

EXPLORING SELF-MANAGEMENT IN FINNISH SMALL AND MEDIUM SIZED GROWTH COMPANIES

**Jyväskylä University
School of Business and Economics**

Master's Thesis

2024

**Author: Riina Saarinen
Subject: International Business and Entrepreneurship
Supervisor: Muhammad Sufyan**



ABSTRACT

Author Riina Saarinen	
Title Exploring self-management in Finnish small and medium sized growth companies	
Subject International Business and Entrepreneurship	Type of work Master's Thesis
Date 06/2024	Number of pages 51
Abstract <p>For some time, flat organizational structures, decentralization of power and employee autonomy have been on the rise in the business world. These characteristics of self-management are results of organizations seeking for better functioning in an ever more complex environment where quick decision-making and innovativeness are requirements for success. Due to the phenomenon's relative newness, constructs around self-management lack consensus – while some talk about self-management of individuals in hierarchical organizations, some refer to radically new ways of organizing without managers, giving maximum autonomy to self-organizing teams. The aim of this thesis was to study self-management in the context of Finnish small and medium sized growth enterprises. When an organization is new and small in headcount, their operations are often naturally less formalized and lack layers of middle management, but when the organization grows, some structures and formalization of procedures are often needed. Therefore, one could say growth causes constant needs for redesigning self-management if an organization aims to hold on to self-management despite growth. Building on this basis, the author chose to study how growth SMEs support or hinder the self-management of their employees. The study included carrying out qualitative interviews for ten people, each from different growth SMEs, most of whom were CEOs and co-founders of their companies. Using an inductive approach, the gathered data was analysed with methods of thematic analysis. The findings were divided into three categories: individual, organizational and leadership characteristics. Individual characteristics refer to employees' individual prerequisites for self-management and how these prerequisites are supported in the organization. Organizational characteristics refer to organizational design and structures that support employees' ability to self-manage. Finally, leadership characteristics refer to different leadership roles existing in self-managing growth SMEs that influence the self-management of individuals. The thesis contributes to literature in entrepreneurship, leadership, and organizational design by explaining the characteristics of leadership and organizing in the unique environment of growth SMEs that aim to operate according to self-management's principles.</p>	
Key words Self-management, self-organization, self-managing organization, SME, growth company	
Place of storage Jyväskylä University Library	

TIIVISTELMÄ

Tekijä Riina Saarinen	
Työn nimi Tutkimus itseohjautuvuudesta suomalaisissa pienissä ja keskisuurissa kasvuyrityksissä	
Oppiaine International Business and Entrepreneurship	Työn laji Pro Gradu
Päivämäärä 06/2024	Sivumäärä 51
<p>Tiivistelmä</p> <p>Liteä organisaatorakenne, vallan hajauttaminen ja työntekijöiden autonomia ovat olleet jo jonkin aikaa pinnalla liike-elämässä. Nämä itseohjautuvuuden elementit ovat tulosta organisaatioiden pyrkimyksistä parempiin toimintaedellytyksiin koko ajan kompleksisemmässä ympäristössä, jossa nopea päätöksentekokyky ja innovatiivisuus ovat menestyksen vaatimuksia. Ilmiön suhteellisen uutuuden takia käsitteet itseohjautuvuuden ympärillä vaativat kuitenkin vielä yksimielisyyttä – siinä missä osa puhuu yksilöiden itseohjautumisesta hierarkkisissa organisaatioissa, jotkut viittaavat radikaalisti uudensuuntaisiin tapoihin organisoitua ilman keskijohtoa antaen maksimaalisen autonomian itseorganisoituville tiimeille. Tämän työn tavoitteena oli tutkia itseohjautuvuutta suomalaisissa pienissä ja keskisuurissa kasvuyrityksissä. Organisaation ollessa kooltaan pieni, toiminta on usein luonnostaan vähemmän formalisoitua ja vailla keskijohtoa, mutta organisaation kasvaessa rakenteita ja käytänteiden määrittelyä yleensä tarvitaan. Siksi voidaan sanoa, että kasvu aiheuttaa jatkuvaa tarvetta muotoilla itseohjautuvuutta uudelleen, jos yritys toivoo pitävänsä kiinni itseohjautuvuudesta kasvusta huolimatta. Näihin lähtökohtiin pohjaten, tutkin miten pk-kasvuyritykset edistävät tai heikentävät työntekijöidensä itseohjautuvuutta. Tutkimus sisälsi laadullisen haastattelun toteuttamisen kymmenelle henkilölle eri yrityksistä, joista suurin osa oli edustamiensa yritysten toimitusjohtajia ja perustajajäseniä. Induktiivista päättelyä hyödyntäen, kerätty aineisto analysoitiin temaattisen analyysin keinoin. Löydökset jaettiin kolmeen kategoriaan: yksilöllisiin, organisatorisiin ja johtajuuteen liittyviin tekijöihin. Yksilölliset tekijät viittaavat työntekijöiden henkilökohtaisiin valmiuksiin itseohjautuvuuteen liittyen ja niiden tukemiseen organisaatioissa. Organisatoriset tekijät viittaavat organisaatiomuotoiluun ja -rakenteisiin, jotka tukevat työntekijän kykyä itseohjautua. Johtajuuteen liittyvät tekijät viittaavat erilaisiin yksilöiden itseohjautuvuuteen vaikuttaviin johtajuusrooleihin, joita itseohjautuvissa pk-kasvuyrityksissä havaittiin. Tutkimus ottaa osaa yrittäjyyden, johtamisen ja organisaatiomuotoilun kirjallisuuteen kuvailemalla johtajuuden ja organisoitumisen elementtejä itseohjautuvuuden periaatteita toteuttavien pk-kasvuyritysten ainutlaatuisessa ympäristössä.</p>	
Asiasanat Itseohjautuvuus, itseorganisoituminen, itseohjautuva organisaatio, kasvuyritys	
Säilytyspaikka Jyväskylän yliopiston kirjasto	

CONTENTS

ABSTRACT

TIIVISTELMÄ (ABSTRACT IN FINNISH)

1	INTRODUCTION	7
2	CHARACTERISTICS OF SELF-MANAGEMENT	10
	2.1 Individual's self-management in an organizational context.....	13
	2.2 Organizational characteristics of self-management.....	15
	2.3 Leadership and self-management	17
3	DATA AND METHODOLOGY	21
	3.1 Data collection.....	21
	3.2 Data analysis.....	24
4	FINDINGS.....	25
	4.1 Individual characteristics	26
	4.2 Organizational characteristics.....	28
	4.3 Leadership characteristics	32
5	DISCUSSION	36
	5.1 Limitations of the study and suggestions for further research.....	39
6	CONCLUSIONS.....	41
	REFERENCES.....	43
	APPENDICES.....	48

LIST OF TABLES AND FIGURES

Table 1	Definitions of self-management, community-led organizing and self-organizing, as presented in Martela, 2021.....	11
Table 2	Different constructs related to self-management and leading self-management in existing literature.....	12
Table 3	Basic information of the interviewees and their firms.....	21
Table 4	Key findings categorized into main themes and further sectioned in codes.	25

1 INTRODUCTION

In the recent years, self-management in organizations has gained popularity in management literature and media as well as in leadership and organizational culture discussions. As the environment for doing business is ever-more dynamic and rapidly changing, due to quick technological developments for instance, the traditional managerial hierarchy has shown its weaknesses: it works best in stable, not dynamic, conditions and for routine-like tasks that do not change rapidly, whereas complex and surprising challenges would require creativity and efficiency in innovations – due to these limitations, new ways of organizing work have begun to take space (Lee & Edmondson, 2017).

Although self-management is being talked about widely, there seems to be varying understanding and definitions on what it actually means, not to mention organizations' divergent practices in implementing it (Martela, 2020). However, there are some companies that are often being used as case examples of well-functioning self-directed workplaces. In the Finnish business literature and academic research, these benchmarked companies are usually large and well-known companies such as Vincit, Reaktor and Futurice from the IT industry (e.g. Martela & Jarenko, 2017; Martela, 2020 and Savaspuro, 2019). These companies seem to have created a large part of their employer brand and company DNA around self-direction, modern working culture and low hierarchy, and their leadership practices and organizational design are without a doubt result of systematic and dedicated work with somewhat large resources allocated specifically for those matters.

In smaller companies, similar resources are not available and matters related to company-wide leadership practices, organizational culture and human resources are usually dealt alongside other responsibilities, often by the founder-CEO for example (Busenitz & Barney, 1997; Cardon & Stevens, 2004). Despite this, self-directed ways of working and organizing are well present in small companies, too, and their often-entrepreneurial environment and naturally low hierarchy could be thought to offer good ground for self-direction to flourish. However, as it is a trendy topic, companies might make themselves guilty of exaggerating their “level” of self-directed working culture to appeal to new

employees, for example, although they had not possibly considered that carefully on what they actually mean by it, how it shows in daily working life and do they even have prerequisites for it (Martela & Jarenko, 2017).

Moreover, self-management is a complex concept that builds on an entirely different organizational design compared to how we are traditionally used to seeing the power relationships and distribution of responsibilities in the business world. Laloux and Wilber (2014) described the general, hierarchical organizations' worldview as something where employees cannot be trusted but instead need constant supervision and guidance on what they should do. Adapting to an entirely new paradigm where an employee does not have to ask for permission from a supervisor for every action requires time and effort, not only from the employee but from the organization, too. If small companies' human resources (HR) processes and leadership practices are minimal, if not non-existent, how do they ensure their employees truly realize, adapt, and engage to these completely new ways of working?

At the same time, as companies grow in their number of personnel, hierarchy and structure tend to increase and control over employees may rise (Laloux & Wilber, 2014). At this point, one could think that some common frameworks for organization-wide practices could be needed at latest if self-direction was something the organizations wanted to hold on to. In this case, what are the actions firms have taken to maintain self-directedness in an environment that is becoming more complex and could normally lead to increased bureaucracy and structure? Or, could it be that in the middle of a dynamic growth environment that often have more demand than what can be delivered, i.e. are lacking staff resources, self-management is simply a state that is caused by the hurry, forcing employees to survive on their own since managers do not have time to supervise them, rather than a conscious choice, a goal that aims to empower employees and lead to better results?

Therefore, in this paper, the author's objective is to study self-management in the context of small and medium sized growth enterprises (SMEs) in Finland. More precisely, the author's interest is in how SMEs who identify as self-managed have designed their organizations and leadership to support their employees to act in a way that enhances self-management. The context of growth SMEs brings an interesting aspect to the research as growth might have brought along new factors to consider in terms of cultivating employees' self-management. Moreover, as the concept of self-management can be understood and practiced in so many ways, the author is also interested in finding out what is the type of self-management in growth SMEs in Finland. With this choice of focus for the research, the author wishes to expand her understanding of the leadership, dynamics, and structures of rather newly established, smallish, and growing companies that often meet the criteria of scaleups and have somewhat unique nature when it comes to the "organizational mindset" and ways of working in them.

The research question to which this paper seeks to provide answers to is as follows:

1. How do growth SMEs support or hinder the self-management of their employees?

To gain understanding of the research question, the author interviewed 10 people, each from different companies, of whom most were both founders and CEOs of the companies. Using an inductive approach, the qualitative data was then analysed with methods of thematic analysis. The theoretical framework for this paper was formed to its final shape based on the themes that rose from the interview data. The theory combines topics that provide a solid base for the research objective, including individual-level self-management, self-organizing (i.e. structural choices that enhance self-management), typical organizational characteristics of growth SMEs as well as leadership styles that often occur in self-managing environments. From the empirical research, key findings that support or hinder self-management were also divided into three categories: individual, organizational and leadership characteristics. In brief, it could be described that all of these characteristics are needed to create a fully-functioning self-managing organization – if a part is missing, the execution of self-management remains somewhat vague. This paper contributes to entrepreneurship, organizational design and leadership literature, as it provides explanation of the characteristics of organizing and leadership in the context of growth SMEs. In other words, this thesis adds understanding about how growth SMEs that aim to follow the principles of self-management have chosen to organize themselves and how their operations are led so that self-management is achieved despite the stage of growth the organization may be in.

The structure of the thesis is as follows: in Chapter 2, prior academic literature regarding self-management is reviewed. After literature review, Chapter 3 presents the chosen data collection and analysis methods, followed by findings from the empirical research in Chapter 4. After findings have been presented, the author discusses the findings in relation to prior literature and concludes the paper by giving her suggestions for future research in Chapters 5 and 6.

2 CHARACTERISTICS OF SELF-MANAGEMENT

Self-management is a broad and complex topic that is implemented in various ways (Salovaara, 2020a): one could even say there are as many ways to execute and drive self-management as there are companies doing it. As self-management has become a largely trendy topic in work life related conversations in the past years, the different versions have mixed up and often contradict each other in public discourse. Some talk about self-management referring to an individual's behaviour of taking ownership of her own work while some refer to a company's way of organizing themselves with minimal hierarchy and no middle management, for example (Martela, 2020). Both of these, as well as all the other variations in between, are indeed part of the large phenomenon related to new ways of working and organizing but require some differentiation. However, what makes self-management hard to define is that the term is missing a clear academic consensus, a widely accepted definition for it, as will be shown later in this section, gathering the different constructs together.

While self-management might work as an umbrella term for the phenomenon, the constructs are often discussed from two different perspectives, depending on the lens through which self-management is studied. The first one is often more focused on self-directed behaviour, i.e. how employees as individuals operate in their work (e.g. Deci & Ryan, 1985;). The second one is more focused on organizational design, that is, what sort of structures and hierarchies there are in how companies are organized to enable and support self-management, often called self-managing organizations or self-organizing (Lee & Edmondson, 2017; Martela, 2021). However, some scholars have recently presented that there is also a third category in between the two ends that takes place on a team level and is often referred to as autonomous teams or community-led organizing (*yhteisöohjautuvuus* in Finnish) (Salovaara, 2020b). Martela's (2021) definitions of the three constructs are presented in Table 1, translated to English from Finnish by the author of this paper.

Table 1 Definitions of self-management, community-led organizing and self-organizing, as presented in Martela, 2021.

	Self-management	Community-led organizing	Self-organizing
Focus	Individual	Team	Organization
Definition	Individual's ability to operate autonomously without outside guidance and control	Team's ability to operate autonomously without outside guidance and control	Way of organizing where hierarchy and superiors' power are radically lowered
Opposite	Top-down management	Superior-led team	Hierarchical organization

The above definitions are also used in this paper to describe and make distinction between the constructs, with the difference that self-management is used as a common umbrella term to describe the whole phenomenon of stronger autonomy and collaboration in organizations, whereas if the author only refers to organizational structures, self-organizing is used.

The aim of this section is to discuss prior literature about self-management through three levels. In subsection 2.1, individual characteristics of self-management in organizational context are discussed. This refers to individuals, i.e. employees, whose behaviour meet the characteristics of a self-directed and self-led individual at work. In subsection 2.2, existing literature about organizational characteristics of self-management are presented, which refer to both teams and whole workplaces that are organized and structured in ways that support self-management. In subsection 2.3, previous research on leadership characteristics in a self-managing context are shared.

In all subsections, different constructs that fall under the headline are presented to give a clear general picture of what the existing terminology is related to self-management. However, as the topic is very large, it is rather impossible to go through every construct there is related to self-management and its different nuances, which means that the upcoming listing is not exhaustive, but the aim is to showcase some of the best-known ones. Below in Table 2 is a summary of the different constructs presented in this section.

Table 2 Different constructs related to self-management and leading self-management in existing literature.

Focus level	Construct	Key Characteristics	Featured in
Individual	Self-determination theory	Competence, relatedness, autonomy	Deci & Ryan, 2004
	Self-leadership	"a comprehensive self-influence perspective that concerns leading oneself toward performance of naturally motivating tasks as well as managing oneself to do work that must be done but is not naturally motivating"	Manz, 1986, p. 589
	Self-management	"Individual's ability to operate autonomously without outside guidance and control"	Martela, 2021
Organizational	Teal Organization	Self-governing teams that self-direct to take action based on the purpose of the organization, rather than taking orders from above	Laloux & Wilber, 2014
	Self-Managing Organization (SMO)	Radical decentralization of authority, no manager-subordinate -power relations, reassigning managerial tasks to larger group of people	Lee & Edmondson, 2017
	Self-organizing	"A way of organizing, where hierarchy and superiors' power are radically lowered"	Martela, 2021
	Holacracy	Distribution of power throughout organization, organized around teams, leadership through changing roles, self-governance through self-written constitution	Bernstein et al., 2016
	Community-led organizing	"Team's ability to operate autonomously without outside guidance and control"	Martela, 2021
Leadership	Shared leadership	Leadership shared on many levels in the org., varies based on the situation and task at hand	Aura et al., 2020
	Enabling leadership	Enabling employees to operate to their full	Aura et al., 2020

	potential by contributing them in decision-making, supporting their ownership, communicating openly	
Servant leadership	Empowering employees, humility, authenticity, interpersonal acceptance, providing direction, stewardship	Van Dierendonck, 2011
Coaching	Managers listen, question, help employees to come up with answers themselves rather than giving ready-made solutions	Milner et al., 2018

2.1 Individual's self-management in an organizational context

When researching self-management, a theory that is often referred to as the underlying psychology and one of the inspirations for modern working environments promoting self-management is *self-determination theory* (Salovaara, 2020a), originally formed in the field of empirical psychology by Deci and Ryan (1985). According to Deci and Ryan (2004), just like our organisms have basic physiological needs – like hydration – that are literally vital, we also have psychological needs that are universal and unchanging in nature. This means that a human does not need to be conscious about them but still “ongoingly strives for these nutriments and, when possible, gravitates towards situations that provide them” (p. 7). These needs are competence, relatedness and autonomy; together, they build the foundations for self-determination theory.

Deci and Ryan (2004) define the need for competence as a need to experience ability to practice one's skills and potential and to look for new challenges to strengthen and develop those capacities. In other words, competence is not simply a measurement of having specific skills for a specific need but more a feeling of getting to utilize the skills in meaningful ways, thus leading to confidence with one's own abilities. Then again relatedness, is explained through a need to feel accepted by others, to feel connected with them and be cared for – a need to belong to social circles. Autonomy, on the other hand, is a need to feel like one's actions are originated by personal willingness and individual interest. However, Deci & Ryan (2004) point out that autonomy does not mean that a person could not be affected by external influences or take directions from others, but it means that a person truly agrees with the requests and therefore feels self-determined to execute them.

In summary, self-determination theory perceives humans as active beings who seek to experience competence, relatedness and autonomy in what they do. Therefore, environments where these humans operate can either support and enable fulfilment of these needs or they can prevent the needs from achieving their full potential or repel them completely. (Deci & Ryan, 2004). From this perspective, leadership practices, organizational design, physical working facilities, work community and its atmosphere are all factors that have an effect on employees' overall experience of working in a certain organization and how those employees' self-determination is realized.

One of the pioneers introducing *self-leadership* in organizational and management contexts was Charles C. Manz back in the 1980's (Stewart et al., 2011). He saw self-leadership as self-influence, where an individual leads herself to perform tasks that are naturally motivating to her but also manages to perform duties that need to be done although they do not feel motivating (Manz, 1986). If this early definition of self-leadership is compared to Martela's (2021) definition of *self-management* that highlights individual's capability to operate autonomously without external guidance, one can see the constructs are somewhat similar, thus they are often used as synonyms in everyday language. However, according to Stewart et al. (2011) self-management is more focused on extrinsic motivation and on *how* a task is completed to reach objectives that are set from the outside, whereas self-leadership is a more comprehensive process that addresses "*what* is to be done --- and *why* --- as well as *how* it is to be done" (p. 188). Therefore, self-leadership can also be thought to include intrinsic motivation as its underlying effect.

Self-leadership has proved to result in positive outcomes regarding employees' productivity, confidence, job satisfaction and reduction in absenteeism, among others (Stewart et al., 2011). In other words, it seems that greater self-leadership has positive influences not only for the employer, but for the employee as well. According to Martela (2020), there are three rights provided by the organization and three responsibilities taken by the employee that create the essence of self-management. In an organization promoting self-management, the employer gives their employees rights to do their work, to lead their work and to take part in developing the organization. In turn, this requires that the employees take responsibility for organizing their work, setting goals and objectives for their work and developing the entire organization. In practice, this means that the employees have power over - and responsibility for - prioritizing, scheduling, resourcing, goal setting, task definition, developing organizational practices and defining strategic directions, to name some (Martela, 2020). These rights and responsibilities build the foundation for each employee's self-management, but it is up to the organization how far they want to take self-management; to what extent these rights, that can also be seen as freedom and lack of control, are shared and exercised.

2.2 Organizational characteristics of self-management

This subsection aims to introduce extant perspectives related to self-management on organizational level, i.e., what are the characteristics that define self-organizing and thus, how companies should organize themselves if they wish to enhance self-management beyond their employees' behaviour, which was introduced in the previous subsection.

Perhaps one of the most current academic constructs around self-management, at least in Finland, is *community-led organizing* (*yhteisöohjautuvuus* in Finnish). According to Gamrasni et al. (2021), community-led organizing, for many organizations, is a better description instead of self-management because most often, the goal is not that individuals would each operate alone as they wish, but to collaborate towards shared goals. Community-led organizing means that teams are "organizing and coordinating work together", often in a continuous dialog with their customers (Martela, 2021, p. 14). This, however, does not require minimal hierarchies or lack of middle managers, which according to Martela (2021) would define a company as self-organized. Community-led organizing can take place in varying organizational structures – hence it is not dependent on hierarchies or the lack of them, but more so about how much freedom and independency managers give to these teams and individuals to decide on how they want to work.

On the other hand, Salovaara (2020b), defined community-led organizing not only as a community that runs without managers and has formed its own principles for good co-operation, but also as an "entire system where its parts like structure and procedures support communality and individuality" (p. 18). It seems that terminology is still an ongoing debate among the academia, but Salovaara (2020b) provides some practical principles on how to carry out community-led organizing. He has four main principles: decision-making (ask for opinion from those concerned by the decision), feedback (if you spot a problem, it is your responsibility to address it), setting goals (teams negotiate their objectives together with directors) and solving conflicts (done independently with the help of neutral facilitators and colleagues rather than escalated to the CEO).

Lee & Edmondson (2017) categorized the most drastic solutions to decentralization as *self-managing organizations* (SMOs), referring to organizations that "radically decentralize authority in a formal and systematic way throughout the organization" (p. 39). SMOs are seen as the radical end of self-management whereas organizations that rely on managerial power and hierarchy but seek to include individuals as part of influencing decision-making are classified as incremental attempts towards self-management. Thus, radically self-managing organizations take away the traditional role of the manager having a directory right to her subordinates, and the subordinates having to report to their manager.

Removing the role of managers, however, does not mean that the tasks or the need for the tasks traditionally assigned to a manager, would

suddenly stop existing. Therefore, organizations have to redesign and reassign these tasks in other ways. According to Lee & Edmondson (2017), these duties most commonly include organizational strategy and design, resource and task planning and distribution as well as managing the execution of working and staff performance. In SMOs, these tasks are shared among employees that do not hold a certain position in the company, but the tasks can be managed by basically any employee. Furthermore, the tasks are often decentralized so that no single employee has an authority over them, but they are managed and decided over as a shared responsibility.

One example of a radically self-managing organization is a company called Morning Star. At Morning Star, there are no managers who would for example get to decide on their subordinates' salary raises, but the salaries of each employee are handled in special compensation committees consisting of several employees of the company. The committees' salary decisions are based on information they are given from employees self-assessing themselves based on certain performance metrics that are commonly used in the organization. This way, potential raises are based on the value that each employee has brought to the organization. (Hamel, 2011).

In business literature, one very broadly known pieces of writing about self-management is Frédéric Laloux' "*Reinventing Organizations*" that created a term called *Teal Organizations* (2014). Although this is not as firmly academic literature as perhaps others, it is worth mentioning, as it has gained popularity among business world and company leaders. In the book, different organizational designs are explained through color-coding, finally leading to teal-coloured organizations, the self-managed ones. According to *Reinventing Organizations* (n.d.), Teal organizations are based on decentralizing power and distributing it to teams that govern themselves and often self-assign roles to their team members. In Teal organizations, work is not done based on taking orders from someone above the chain of command, instead, teams and individuals lead themselves to take action where they see it necessary, based on the 'purpose' of the organization, defined together. In fact, Laloux & Wilber, (2014) state the theory is not only focused on describing the different structures and processes in organizations but it is based on the idea of human evolution, more precisely on the evolution of human consciousness that have always brought along new ways of organizing, new paradigms.

According to Laloux & Wilber (2014), this Teal paradigm is a result of yet another stage in human consciousness where organizations and individuals respect a worldview based on freedom, wholeness and trust, to name a few. This rather fundamental and philosophical thought about the root causes behind self-management is shared by others, too: for example, Malone (2004) has stated that organizational decentralization of power, decision-making and responsibilities, which he equates with freedom, might be as revolutionary in the business world as democracy was for governments. All in all, as self-management and self-organization seem to rise from a change in how we see humanity, one could think that a shift from top-down leadership to decentralization does not happen

overnight but requires leaders to truly understand what it is based on in order to lead the change successfully.

Another widely known and utilized framework around self-management is *holacracy*, developed by Brian Robertson in the 2000s. It is a management system that replaces top-down hierarchy by distributing power throughout the organization and giving more freedom to individuals and teams (Bernstein et al., 2016). What distinguishes a holacratic company is its structure that is made of several teams – those teams do not form units or departments, but they are the structure as such. These teams reorganize themselves whenever needed and agree to follow certain guidelines, written by themselves, based on which they govern themselves. In addition, leadership responsibilities are not something certain individuals are given for good, but leadership shifts from individual to individual based on what their roles are at the given moment. (Bernstein et al., 2016).

2.3 Leadership and self-management

This subsection covers leadership in self-managing environments. First, existing perspectives on leadership styles in self-managed environments are introduced, and second, prior literature regarding leadership in growth SMEs are introduced.

2.3.1 Leading self-organizing companies

According to Aura et al. (2020), leading self-management has not yet gained as much attention in research as self-management as a phenomenon has. In their study, Aura et al. (2020) reported that leadership styles that often suit self-managing organizations, i.e. leadership that aims to enhance employees' ability to self-manage, are coaching and shared leadership. In addition, instead of the more traditional middle manager roles, servant leadership or "leadership as a service" might occur. In any case, leadership in a self-managed environment aims at enabling employees to operate in the environment (Salovaara, 2019). This requires communication and open discussion, including employees in strategy processes and decision-making, clear definition of roles and responsibilities, supporting employees in building their self-confidence to take ownership as well as psychological safety. In other words, leadership in self-managing organizations is *enabling leadership* (Aura et al., 2020).

Then again in *shared leadership*, the leadership responsibility varies based on the situation: for example, in a team working together, it might be any team member based on who has the best skills on a certain topic. Shared leadership can also be a transitional phase on the road to complete lack of superiors or official, named team leads (Aura et al., 2020). According to Salovaara (2019),

shared leadership is a – rather logical – result of decentralization of power, as companies have moved on to flatter hierarchies and re-coordinated the power from the hands of e.g. middle managers to more people across the organization. Bernstein et al. (2016) define this sort of leadership as *contextual leadership*, referring to continuous distribution of leadership responsibility between roles depending on the tasks at hand. When leadership duties are under constant change, technology plays a crucial role in reporting roles inside the organization.

As mentioned in Aura et al. (2020), *servant leadership* is another leadership style often thought to suit the purposes of leading self-management. Van Dierendonck (2011) described that servant leadership includes characteristics like empowering employees to gain a feeling of power and personal value that support them towards self-directed decision making as well as humility of the leader, meaning that the leader does not see herself as omniscient but acknowledges her employees' expertise above her own. Furthermore, servant leaders value authenticity and interpersonal acceptance, referring to e.g. accepting mistakes and creating a safe environment for people to express themselves freely. In addition, they provide direction for their employees in a custom-made manner so that employees' personal skills and goals are accounted, and execute stewardship where personal interests and control are left aside and organizational benefits are prioritized (Van Dierendonck, 2011).

Another leadership method aiming at empowering employees in their work is *coaching*. As Milner et al. (2018) put it, coaching leaders' key tools to use for coaching are listening and questioning their employees as well as providing feedback and setting goals. In other words, it could be said that in coaching, the managers are not the ones providing answers and solutions to employees, but the aim is to help the employees come up with the answers themselves. This helps the employee to learn and develop more effectively as well as to perform better in terms of solving challenges independently – with the help of their coaches (Milner et al., 2018).

2.3.2 Leading growth SMEs

There is no single universally used definition for SMEs, but the definition varies according to the country in question. Since the empirical research of this thesis was conducted interviewing Finnish small and medium sized companies, SMEs in this thesis refer to the generally utilized definition of small and medium enterprises in Finland, which derives from the EU. A small enterprise has a maximum of 50 employees and maximum of 10 million euro turnover, whereas a medium enterprise has a maximum of 250 employees and a turnover of 50 million euros at max (*Pienet Ja Keskisuuret Yritykset*, n.d.).

How are SMEs managed and organized, then? According to Luoma & Viitala (2017), in a relatively small business, the general manager often wears several hats when it comes to roles in the company. Usually, for instance, human resources leadership is dealt with by the CEO or another director that, at the same time, takes care of other company governance such as finances. This being the

case, strategic leadership of the human capital often lacks time resources or at least competes for attention with all the other duties the director has on the table. Therefore, the level of attention internal processes, company functions and leadership practices get is strongly dependent on how important the multitasking director sees those matters. Many times, the reality is that these policies and procedures are fragmented, unformalized and lacking coherence and structure. (Cardon & Stevens, 2004; Luoma & Viitala, 2017). At the same time, Baron & Hannan (2002) state that as the choice of organizational model has been proven to have powerful influence on a startup's success, all managers should put as careful consideration into designing what sort of a workplace they want to build for their employees as they do on thinking about their new product's features and scalability. However, this is not often done, yet at the same time, as the authors put it, "that same founder would declare with great passion and sincerity that "people are the ultimate source of competitive advantage in my business" (Baron & Hannan, 2002, p. 29).

Moreover, according to Cardon & Stevens (2004), there is a difference in the issues related to HR practices in companies that are small due to their newness but on the road to grow and in companies that are small but already well established and not so clearly growth-oriented, i.e. will remain small throughout the firm's lifecycle. Therefore, liabilities of smallness and newness should be seen as separate, since newly-founded companies face challenges related to lack of legitimacy and experience on top of size-related resource constraints, while some firms may be small but have decades of experience and thus legitimacy and structure in their leadership and policies (Cardon & Stevens, 2004). Thus, it could be argued that small size in itself might not be the sole reason for unformalized organizational design and leadership if the size remains about the same throughout the company's lifecycle and the company has years of operations behind it, i.e., years of time to develop internal practices and leadership culture. Rather, it is the company's young age and swift changes in the size of staff why those practices have not rooted and why the practices are under constant pressure to develop to match the needs of a growing organization.

This is supported by Greiner (1998), who identified age and size of the organization as key elements in organizational evolution, among stages of evolution and revolution as well as the industry growth rate. If a company remains the same size, it can hold on to its original managerial practices, but if it is a growth company in question, number of new roles, functions, complexity of the organization and matters that need to be managed and taken into consideration grows at the same pace. Therefore, although in newly-established, small companies such as startups, it is common to be informally organized and lacking structure, it is not atypical to introduce layers of middle management, structure and rules to keep the organization under control as it grows to new levels (Laloux & Wilber, 2014). Hence, one could draw the conclusion that self-management might be easier to maintain when the company is somewhat small in size – once it grows, conscious choices for flat hierarchy and autonomy need to be done in order to not move to the more bureaucratic end of organizations.

All in all, a conclusion can be drawn out that the existing literature and perspectives on self-management are still rather fragmented: both the vocabulary and the definitions of self-management are somewhat diverse. Perhaps the definitions are still in need of harmonisation, as the subject is still somewhat new in the field of organisational design and management. Moreover, there was little literature on self-management specifically from the perspective of small and medium-sized growth enterprises. It can therefore be concluded that there is a need for further research on the research question of this study.

3 DATA AND METHODOLOGY

3.1 Data collection

The empirical data for the research was collected through interviewing 10 people who all represented different firms. The firms that were asked to participate in the interview had to meet the criteria of a) being small or medium sized in headcount, i.e. less than 250 employees and less than 50 million euros in turnover (Tilastokeskus, n.d.), b) being a growth company, and c) promoting self-management in their operations. For this research, a firm was identified as a growth company if its turnover and headcount had had a growing trend in the last years (see Table 3). This means that although the EU and OECD define growth businesses through certain annual growth percentages in the number of employees (“Growth Enterprises,” n.d.), these growth rates were not taken into consideration when searching for potential companies, as it would have made it significantly harder to find companies that meet both the official growth company definition as well as the self-managing organizational culture and design.

Table 3 Basic information of the interviewees and their firms.

Interviewee code name	Role of the interviewee	Year of founding	Industry	Number of employees, 2018	Number of employees at the time of the interview (4-5/2021)	Turnover (rounded), 2018	Turnover(rounded), 2021	Duration of the interview (minutes)
-----------------------	-------------------------	------------------	----------	---------------------------	---	--------------------------	-------------------------	-------------------------------------

Int. 1	CEO, founder	2007	Computer hardware and software consulting	42	63 or 64	3,6M	6,9M	47
Int. 2	CEO, co-founder	2013	Software design and manufacturing	14	25	1,3M	2,7M	56
Int. 3	CEO, co-founder	2010	Software design and manufacturing	53	67	7,4M	8,3M	54
Int. 4	CEO, co-founder	2009	Advertising agency	34	about 60	4,9M	13,7M	63
Int. 5	CEO	2012	Software design and manufacturing	31	41	3,0M	4,0M	57
Int. 6	CEO, co-founder	2008	Other software publishing	13	over 50	1,0M	6,2M	88
Int. 7	Business Designer	2011	Structural engineering service	58	92	6,5M	9,5M	56
Int. 8	Former CEO, current board member	2016	Software design and manufacturing	10	21	0,6M	1,8M	
Int. 9	CEO, co-founder	2011	Other technical testing and analysis	13	26	1,8M	3,1M	90
Int. 10	CEO, co-founder	2014	Software design and manufacturing	58	over 90	7,1M	11,1M	55

As mentioned, one of the criteria for the firms interviewed was that their size should be small or medium in terms of number of employees. Four of the interviewed companies were small businesses, i.e. had less than 50 employees, whereas six of the companies were medium sized with their more than 50 but less than 250 employees. The case companies were founded between the years 2007-2016 and majority of them after 2010. This means that at the time of the interviews, none of the companies were less than 5 years old, but most of them were maximum 10 years old.

The information based on which the firms were qualified as ones that promote self-management in their operations was found through the firms' websites. Many of the firms stated quite clearly on their website that self-management is part of their organizational culture and/or that they have low hierarchy in the way they are structured, which was an immediate sign to the author that they could be a candidate for an interview. However, not all firms use these exact words to describe their culture or organizational design but the message about them is delivered differently. Therefore, the author also looked for keywords that are generally used for describing self-management like transparency, openness, independent decision-making, freedom, continuous

learning and shared responsibility. Based on the career pages' content, interview candidates were asked to participate through direct messages on LinkedIn. For anonymity, direct excerpts of the self-management descriptions are not included in this paper, but keywords of their content are shared in Appendix 1.

Most of the interviewees were both CEOs and founding partners of the chosen companies (see Table 3). The reason why the author primarily focused on getting interviews from co-founders in leading positions was that they were thought to have first-hand information about the company's development right from the beginning and therefore they could be the most suitable ones to analyse events throughout the organization's growth journey and thus provide meaningful insights regarding the research objective. In addition, it was thought to be quite likely that they have been part of the decision-making process of designing the organizational culture and leadership "philosophy" of their company, especially since smaller companies rarely have separate HR roles at least in the director level.

For anonymity, interviewees were codenamed and numbered as Interviewees 1-10. Originally, all interviewees gave their permission to share the name of the company they represented in this paper, but the author chose not to do so, as it would not have provided additional value for this paper. However, information such as year of founding, industry, headcount, and turnover are provided in Table 3, especially with the intention to showcase how the firms' turnover and number of employees have developed - thus giving a clearer context of what the researched firms are like. Year of founding, industry, number of employees in 2018 as well as turnover figures are derived from asiakastieto.fi, and the number of employees at the time of the interview was asked directly from the interviewee.

The interviews took place in April and May 2021. They were conducted face to face but using a videoconference platform due to the Covid-19 situation. The interviews took approximately 1-1,5 hours each (see Table 3). The empirical data from the interviews were gathered using a semi-structured approach, also known as a theme interview (Valli & Aarnos, 2018). This meant that the author had come up with themes for the interviews that she thought as relevant for the research objective as well as some guiding, exemplary questions that could help her carry out the interviews. However, what was lacking was an exact list of questions asked in an exact order - hence the interviews were not structured interviews (Valli & Aarnos, 2018). The final questions posed and the order in which they were presented varied based on the flow of the conversation.

The interview themes covered topics like how the company defined self-management from their perspective, how they had arranged their internal operations to support it, how they had developed and changed the company's internal operations over time and what sort of factors had growth brought along to the ways the company is organized and developed. According to Valli & Aarnos (2018), themes can be formed based on intuition, literature or certain theory. In this case, the themes were chosen as a combination of intuition and literature. The author had studied existing literature regarding self-management,

which is why she had a rather solid understanding of the different aspects and characteristics of self-management, but she also included themes that she herself thought to be interesting and relevant to talk about for the sake of the research question. A more comprehensive listing of the themes and support questions can be found in Appendix 2. The interviews were recorded, and the records were later transcribed word-to-word by the author of this paper.

3.2 Data analysis

The data analysis process was based on the interview transcriptions, i.e. written language. The analysis was made using thematic analysis, where the author first coded the interview data and ultimately came up with themes including multiple codes (Maguire & Delahunt, 2017).

Codes and themes in the data were distinguished using an inductive approach, driven by the data itself. According to Braun & Clarke (2006), this type of analysis is “a process of coding the data without trying to fit it into a pre-existing coding frame” (p. 12), which is why the themes derived might not have much to do with what was specifically asked from the interviewees. In fact, when analysing the transcripts and making initial codes of them, the author did not pay attention to what was originally asked from the interviewees, but how interviewees described different aspects discussed. The inductive approach was also apparent in the sense that the research question was developed to its final shape based on the findings of the data, rather than vice versa (Braun & Clarke, 2006). The author sought to identify the themes from the data at an interpretative level, giving the analysis phase a latent approach with an objective to interpret the meanings of what the interviewees *de facto* said (Maguire & Delahunt, 2017).

In practice, after the data had been transcribed, the author began to extract quotes from the transcriptions. This phase resulted in slightly over 600 quotes that were seen meaningful for the research in one way or another. After this, the author summarized the core of the quotes to shorter digests, which she then went through again a couple of times. As she began to notice similarities in these digests, she defined the codes seen in this paper, all of them including multiple similar digests. After coming up with the codes, she analysed the codes by searching for common themes, leading to the three chosen themes presented in this paper – individual, organizational and leadership characteristics.

4 FINDINGS

In this section, the purpose is to present findings from the data gathered in the interviews. The findings are presented so that they respond to the research question of this paper, i.e. How do organization and leadership characteristics support or hinder the self-management of individuals among growth SMEs. The findings are divided into codes that explain both supporting and hindering effects of self-management. These codes are further grouped into larger themes that are also used as subheadings in presenting the findings.

A list of key findings is presented below in Table 4. After the table, findings are explained more in depth through the given codes and themes. In addition, corresponding data quotes that illustrate the origin of the codes are presented.

Table 4 Key findings categorized into main themes and further sectioned in codes.

Themes	Codes for supporting effects	Codes for hindering effects
Individual characteristics	<ul style="list-style-type: none"> • Previous experience in self-management • Cultural match of new hires • On-boarding 	<ul style="list-style-type: none"> • Cultural mismatch of candidates • Lack of experience in working life • Strong background in hierarchical organizations
Organizational characteristics	<ul style="list-style-type: none"> • Adequate amount of communication • Transparency of information • Suitable communication channels and tools • Salary transparency • Scalable structure of autonomous teams built around customers • Adequate formalization of practices 	<ul style="list-style-type: none"> • Flood of information • Salary secrecy and lack of peer-based compensation processes • Unscalable structures and organizing • Overly formalized practices and processes

Leadership characteristics	<ul style="list-style-type: none"> • Directors' engagement to self-management • Suitable leadership role of the CEO • Peers as internal coaches • Sufficient human resources management • Team leads as unofficial superiors 	<ul style="list-style-type: none"> • Lack of HR support systems • Dedicated roles passivating individuals' ownership
----------------------------	---	--

4.1 Individual characteristics

This section covers one of the three main themes, Individual characteristics, that includes effects that either support or hinder self-management. These effects are further explained and examined in this section, organized under subheadings that gather a bunch of effects together.

4.1.1 Cultural match and on-boarding

One factor for supporting the flourishing of self-management in the organizations was found to be recruiting people who are thought to be a good fit for the culture already from the start. All interviewees described that the *cultural match of new hires* is at least to some extent an important factor in making a recruitment decision, so that new hires have ability to operate in a self-managed environment and see self-management as a positive factor. This is important, because all individuals have a role in nurturing the wanted culture with their own behaviour.

It also depends a lot on the kind of organisations you've been involved in before. We have some people who have come from self-directed organisations, so of course it's much easier for them to adapt. (Int. 8)

For some, it was a definite must that a new hire needs to have readiness and will to work in a self-managed environment, whereas some interviewees stated that although their culture is discussed in job interviews, they do not highlight a candidate's suitability to self-management in making recruitment decisions. Even so, interviewees seemed to have a consensus that if a candidate cannot even imagine a culture with self-management, it is the end of discussions, since a very negative stance could poison the whole organization and turning a denialist into a believer would take too much effort away from something more meaningful. Therefore, individual's cultural match can be seen as a supportive factor for self-management, and the *cultural mismatch of candidates* as a hindering factor.

Well, it's already a topic of discussion in the recruitment phase and I think it goes more so that we scare away those who are perhaps not mentally ready for this, so in some cases people will even flee and think that a more traditional organisation is more suitable for them, and it's very good if that understanding comes already in the recruitment phase, and of course sometimes when recruiting we recognise that the fit is not good, so it's already talked about at that point. (Int. 3)

According to the interview data, the process for how an individual's suitability was scoped was rather informal in most cases. Some SMEs had specific questions or frameworks in use to help in defining it, but most often not. If an individual's fit for the culture truly is as important as stated above, a lack of formalized process for finding out the culture match could be seen as a risk for self-management especially when recruitment responsibilities are shared across the organization and practices therefore vary.

Based on the interviews, *on-boarding* also had a role as a supportive factor. As a new employee, much of adopting the self-managed way of working was based on following and observing how others operate in the environment and ultimately start acting accordingly. Some interviewees also mentioned that they have a formal process for on-boarding that includes a separate section about the company's culture and what self-management means in practice at the workplace. However, it could be argued that some more effort in educating new employees at the on-boarding stage could help them in internalizing what sort of behaviour is expected from them in a self-managed environment, thus enabling them to fully implement self-management right from the start, despite potential lack of experience from it.

4.1.2 Previous experiences in working life

Another finding related to individual's prerequisites affecting self-management was about having *previous experience in self-management*. Majority of interviewees mentioned that there are differences in the level of self-directedness between employees, and if an employee has previously worked in a self-managed organization or already has multiple years behind in one of the case companies, it is much easier for them to operate in a self-managed environment.

Thus, previous experience in self-management seems to be a supporting factor in the self-management of an individual, which also leads to positive outcomes in the self-management of teams and the whole organization. These self-management seniors were described to be important players for the whole organization, as well:

What helps a lot is that we've gotten new, senior-level employees who have previous experience from self-managed organizations and who act as ambassadors for building our procedures and defining them, and also spreading awareness about what sort of behaviour is wanted and what not (Int. 1)

The role of (senior) peers in supporting colleagues to thrive in a self-managed environment was an interesting finding in the sense that this is most

likely a very unofficial role, yet it seemed to appear in multiple growth SMEs interviewed. Not only do they work as ambassadors for self-management and support others in it, but the more experienced seniors often also have responsibilities as team leads, internal coaches and so on. In this sense, it seems that employees with more seniority have very essential roles in self-managed firms, whether the roles are unofficial or official, given ones or taken ones.

On the other hand, what was found to be a hindering effect of self-management was not only lack of experience from self-management, but *lack of experience in working life* in general. In several interviews, it came up that young people who do not have a lot of experience from working life, often wish for more direct guidance and to outsource taking responsibility, meaning that they hope someone else would give them directions and tell them what to do. While this is understandable, young employees are clearly a group that need extra support in how to operate in a self-managed environment.

And especially younger people might hope that someone would say that hey, should I now do this or that, and then when the decision must be made by yourself or together with a group and take responsibility for the fact that there is not necessarily the right option, you can do this or that and they have different consequences, so this is quite difficult. (Int. 4)

Another group that needs extra support to make it in a self-managed environment is people who have *strong backgrounds in hierarchical environments* that are led from top to bottom:

Especially as the firm grows and some more experienced people are hired to help out, these senior employees might say something like “no way this is going to work, I’ve been part of 10 companies and none of them has worked without middle managers” and so on. (Int. 9)

4.2 Organizational characteristics

This section covers the second theme of the three main themes, Organizational characteristics, that include effects that either support or hinder self-management. These effects are further explained and examined in this section, organized under subheadings that gather a bunch of effects together.

4.2.1 Communications and information flow

One topic that was frequently mentioned in the interviews was communications and transparency in information sharing. This was a factor on which all interviewees seemed to agree and there were a lot of similarities in how they described that the importance of communications grows as the company grows. Growth in headcount makes it harder to make sure everyone has the same information, which is why some practices to what, where, when and how

information is communicated is needed – as long as it is an *adequate amount of communication*. In a self-managed environment, *transparency of information* is crucial since people cannot make independent decisions that are in line with other decisions and goals in the company without sufficient information. In the companies interviewed, this meant that they aim to be as transparent as possible: in most cases, everything that can be shared, is shared, starting from company's financial figures, sales, meeting notes, employee satisfaction scores and so on.

However, many interviewees stated that there can also be too much information causing a *flood of information* that exhausts and makes it hard to deliver the most important information to everyone – not to mention making sure people have internalized it so that they can actively use it in their decision-making.

The downside is that if you communicate everything, you communicate nothing. When there's a flood of information, people cannot keep up. (Int. 10)

Most interviewees described that they have regular meetings with the whole company where key information is shared in order to make sure everyone is on the same page. In addition, they have digital communication tools with open channels for open conversations that enable asynchronous communications and a chance for everyone to participate in discussions no matter where they work, or which position they have in the company. Thus, *suitable communication channels and tools* that make information sharing and open discussions possible are key elements in supporting self-management.

4.2.2 Salary practices

When it comes to salaries in the interviewed organizations, there was some variation in the practices. In the name of *salary transparency*, some companies had some data available for employees, like salary ranges by job titles or biannual salary statistics. One of the interviewees mentioned their employees can voluntarily share their salary in a company-wide salary wiki. Total transparency regarding salaries was mentioned only in one interview, meaning that all salaries on a personal level were shared information inside the company and that there was a separate compensation group who analyse the general pay levels in the company and give their recommendations on raises.

You asked about determining the salary, so we have a kind of remuneration group, and with them once a year we look through everyone's salaries, we collect data and then make a certain proposal based on it, which is discussed with people and negotiated and published. So, our salaries are also public, or internally public, open. (Int. 5)

In all other companies, the CEO or other C-level people were the ones who made the decisions regarding salaries and pay raises – in this sense, *salary secrecy and lack of peer-based compensation decisions* were present.

We published rough salary ranges for the whole company regarding the different positions, like what our internal salary levels are --- but salary negotiations are usually held with me or our COO. (Int. 4)

But then when it comes to the employment relationship, we have one person, me, who is responsible for employment contracts and the salary process is very straightforward, so that either the employee or the employer takes the initiative and then we discuss. (Int. 3)

In other words, salary practices did not differ from more hierarchical and traditional organizations, as salaries were not communally decided on, for example. This can be seen as a hindering effect for self-management, as individuals are not given power to influence compensation levels or processes, causing a mismatch to most other self-management-driving practices that were in place in the companies.

4.2.3 Organizational structure

Another large factor in supporting or hindering employees and teams' ability to flourish in a self-managed environment was how the organizations were built in terms of their structure. Among the interviewed companies, there were several that had undergone some sort of reorganizing to further develop their structural scalability as they grew and to get full potential out of autonomous teams that can make independent decisions and react to customers' needs as flexibly as possible. All the ones who had undergone reorganizing, had chosen to switch from function-based teams to autonomous teams that were built around customers. Usually, this had taken place when the company had around 15-25 employees. These new teams included specialists from different functions enabling them self-sufficiency in what they can offer and deliver to the customer.

We first started to pilot and then to introduce this kind of self-directed teams --- the idea was that we should be organised around our customer relationships, that is, we should have teams and each team should be responsible for certain customer relationships and then the team should be as self-sufficient as possible in relation to the customer's needs. --- and the idea was that if we have a growing number of self-governing teams that are relatively autonomous, it is also a way to manage the growth without having ridiculous bottlenecks in different places. (Int. 3)

In other words, this sort of team structure results in several "mini organizations" inside the organization, where these mini organizations work rather independently for their own customers. This sort of organizational design that has *scalable structure of autonomous teams built around customers* seemed to be very critical in how a growth company can continue to function as a self-managed environment without bottlenecks despite growth - and at the same time, enabling growth even further.

On the other hand, interviewees described that the *unscalable structures and organizing* that they had before they decided to transform their organizational structure was really hindering the employees' ability to self-manage. Before choosing to form autonomous teams around customers, the companies had been somewhat structureless, or the structure had not been thought of actively.

In a small organization, for us it worked up to 10-15 people, with a very flexible, small structure but then when you grow structures are needed, without structures it would not work as a bigger company. But self-governance does not mean that there would be no structures. (Int. 9)

Despite this, almost all interviewees stated that self-management had been part of the company culture from the very beginning. This seems like self-management had taken place rather naturally, as part of the lean and reactive startup culture, and more on the individual level. However, as the company reached a certain size range, they had to make an active decision on whether or not to add a layer of middle management, for example, to control and coordinate the everyday operations, or to take the next step towards further self-management in an organizational level, i.e. self-organizing, that would enable the employees to continue self-managing.

4.2.4 Formalization of practices

All interviewees mentioned that along with growth, as the number of people has grown, there is a need for clearer definition and better documentation about what is meant by self-management in the company and how they want to practice it. This is because as headcount grows, the company has to make sure that everyone has the same understanding about what sort of culture and behaviour is the ideal target in order to guide people to practice these ideals in their everyday working life, hence contributing to the shared standards of self-management. Therefore, *adequate formalization of practices* is needed and the need for them grows as the company grows.

What had these companies formalized in practice, then? They had defined decision-making processes, purchase guidelines, roles and responsibilities, values, strategies, on-boarding processes, expectations towards employees, feedback systems and service models, to name a few. Overall, along with their growth, the companies had gone through maturation in terms of how sophisticated and formalized their operational procedures are:

What is different nowadays compared to the first years of operation is that we have gone to a direction of doing business more professionally; it is structured, planned and includes clear rules how things are done and how things are taken forward. (Int. 8)

However, several interviewees also mentioned that *overly formalized practices and processes* can have a passivating effect, which would mean that they can hinder the self-management of individuals. Some interviewees shared a concern that if they guide people too much about how to do their jobs according to self-management's principles, they end up risking the employees' autonomy which is against the purpose of self-management.

Still today, our basic rule of thumb is that if a person has a problem, the answer is to think what she herself would do about it, rather than going to the bookshelf and taking a document that shows a process for it and start acting according to the process. (Int. 3)

What I think is that it's easy to create a paradox [in formalizing practices]: for example, we're now making a culture handbook for speeding up on-boarding. But if we make a handbook about how to be self-managed, that's rather ridiculous. (Int. 6)

4.3 Leadership characteristics

This section covers the last theme of the three main themes, Leadership characteristics, that include effects that either support or hinder self-management. These effects are further explained and examined in this section, organized under subheadings that gather a bunch of effects together.

4.3.1 Role of the directors

The interviewees seemed rather unanimous in that *directors' engagement to self-management* is crucial for self-management to thrive and take place effectively and long-lastingly. If leaders are committed to holding on to the idea of self-management, they can, with their own actions sustain and enhance self-management in the organizations, when operations or behaviour is intentionally or unintentionally moving to the more traditional end:

Yes, I would say that it requires someone who kind of believes in it and kind of sees it. I mean, it requires someone who can understand the big picture and see it, because self-management does not take place accidentally, or you know, it does require different kind of thinking. (Int. 9)

Some interviewees reported that since it is so easy to slip into a more traditional way of doing things, they, as leaders (CEOs), had to take a very active role in guarding self-management's fulfilment in situations where employees have seemed to fall on the wrong track. In these contexts, the leaders have acted as self-management's guardians in reminding people e.g. not to make any groups

too decisive with centralized decision-making power or reminding that if things are done in a certain way, the course will turn towards a more traditional way of operating.

In addition, according to the interviewees, executives' commitment is needed e.g. in situations where wishes about forepersons are expressed by employees, or where employees are trying to externalize decision-making by escalating it to the executives. However, the interviewees' experiences about how much "reminding" the employees require about acting self-directedly varied. Overall, it seemed like often it is not needed in everyday operations, in tasks that are closely related to their core responsibilities, but in organization-level development contexts that employees might not be so familiar with or that are bigger entities and therefore hard to conceptualize, it might require someone who understands the principles of self-management truly deeply to make sure new company-wide bodies, structures or procedures still follow the principles of self-management.

Another factor that stood out in how CEOs described their own role in supporting self-management of employees was leading by example. Interviewees mentioned that it is important for them to follow the basic principles of self-management in their actions, so that self-management is a believable choice of leadership and organizing. CEOs described that staying true to self-management in their leadership position means that first of all, they need to show trust towards their employees by not providing direct answers to challenges in order to avoid leading from above. This requires patience to not get involved in everything among the first ones but giving room to employees to get around a challenge and solve it. In addition, they reported that to enhance a self-management-positive culture, they need to encourage employees to challenge the thoughts of the CEO - and CEOs themselves need to internalize the fact that they might not know best:

We try to avoid a thought about the superior being the master of everything. (Int. 5)

Trust towards employees also showed in how CEOs described the importance of letting go of control over everything and tolerating insecurity:

When you lead this sort of organization, it demands courage to let go, which actually scares a little, that I'm not exactly sure what's going on everywhere --- and it's not just about me but concerns other leaders such as team leads, too, that they let go of control and trust that other people can do it. (Int. 4)

Hence, it can be argued that a *suitable leadership role of the CEO* is essential for driving positive results in terms of how her employees practice self-management.

4.3.2 Human resources management

In almost all of the interviewed companies, the CEO was the only official superior for the employees in terms of having a directory right as the employer's representative. This was a factor that had not changed along with growth, and the interviewees did not report a need to change it. However, what had changed was how the traditional superior's duties related to human resources management are coordinated and executed.

In most cases, the CEO had been the only point of contact in HR matters in the beginning. Several interviewees mentioned that after going above a certain number of staff, this resulted in challenges, as CEO obviously has other duties besides acting as the contact person related to HR matters. One of the challenges was that the CEO did not have enough time for all employees personally: to truly know how they are doing, in which matters would they want to develop at, how do they see their future role in the company and so on. This *lack of HR support systems* can be seen as a hindering effect to individuals' self-management, since there is a risk that people feel that they are left alone and unseen in terms of their career development and any questions and concerns they have regarding doing their everyday job. This is especially risky in situations where there is a feeling of exhaustion or burnout that would require help and intervention. Thus, lack of proper and sufficient HR support systems can be seen as a hindering effect for self-management through the factors of competence and relatedness in self-determination theory (Deci & Ryan, 2004).

How had companies overcome these challenges, then? After struggling with them for a while, the companies had invested in *sufficient human resources management*. Some common ways for tackling it was a) hiring a separate HR person b) creating an internal coaching system and c) giving team leads some of the traditional tasks of a superior. Only one company of the interviewed ones had added a separate level of middle management after reaching a certain size range so that team leads became official superiors, but most companies had delegated the traditional superior tasks in other ways.

The companies that had hired a separate HR representative described that HR's role included the very traditional HR duties: leading and coordinating the company-wide practices for career planning, skills development, recruitment, employee wellbeing, et cetera.

Even though we're self-managing, we still need common frames, so from the HR perspective the HR person brings personal career planning and goal setting and so on. And it's not like this person is providing these services to everyone, but she's developing the big picture of these internal services. (Int. 5)

However, a few interviewees mentioned that instead of a dedicated HR role, they have chosen to split and coordinate the HR tasks to multiple people inside the company or have automated them. These interviewees shared a concern of centralized, *dedicated roles passivating individuals' ownership* of their own development and taking responsibility of their own actions:

You need to be careful in not creating an illusion of having a dedicated role or group that develops certain things, because at worst it can passivate other staff and lessen their self-leadership. (Int. 3)

In addition to gaining specialized expertise through hiring HR representatives, several companies had harnessed peers to coach each other as one way of tackling their growth and need for new HR management resources. In other words, *peers as internal coaches* became another added support system for employees to succeed in the self-managed environment. Some interviewees mentioned these coaches are often people who already have some years of experience from the company and their role is to act as partners for sparring and coaching employees regarding their current and future role in the company. Moreover, the coaches give peer-to-peer support for navigating in the self-managing environment:

The named coach coaches a person with a certain frequency in her development, and in those sessions, it might be recognized that there are a lot of aspects in which a person could develop herself, and for some it might be the ability to self-manage in itself where development and support is needed. (Int. 3)

Thirdly, along with growth and restructuring, companies had named team leads for each team to make sure teamwork runs smoothly and each team has a representative in company-wide discussions. Many interviewees highlighted that the team leads are not the same as middle managers in the sense that they would have any official duties of superiors. However, *team leads* could be seen as *unofficial superiors* since they seemed to have similar tasks to those of superiors such as information sharing, coordinating team operations, providing psychological support and building team spirit, as Salovaara & Vuori (2021) put them. What comes to the team leads' leadership styles, there were single mentions about team leads receiving training for leadership, so that they would have the prerequisites to lead "correctly", in a way that suits the self-managing environment and supports team members in their self-leadership. However, this is potentially a factor that could require paying more attention to, so that team leads have the tools and understanding they need to lead people in a way that does not hinder team members' self-management but supports it.

5 DISCUSSION

The purpose of this thesis was to provide answers to how growth SMEs support or hinder the conditions for self-management among their employees. The findings were divided in three themes: individual, organizational and leadership characteristics.

It was found that previous experience in self-management helps employees to navigate in a self-managing environment. It was also pointed out that lack of experience from working life – be it in a self-managed organization or not – makes it harder for employees to understand and execute their very independent role in taking responsibility and ownership in a self-managing environment. In these cases, one could think that communications about expectations towards the employee regarding her duties and way of working in the workplace are key elements in helping the employee not feel left alone in the self-managing environment. In addition, strong background in hierarchical organizations was, according to the study, another factor that might make it harder to fit in or to believe in a completely different organizational design and management style. All in all, it was clear that it is truly important to recruit people who are a) aware of the self-managing organizational structure and culture and b) seem like a good fit in it. This way, the organization gains employees who foster the chosen way of organizing and working and, through their own commitment to working in a self-directed manner, help to develop the organization further in its self-management.

When it comes to organizational characteristics, it seems like prior literature regarding organizational structure of newly established companies hold true in the scope of this study's case companies, too. As presented in Cardon & Stevens (2004) and Luoma & Viitala (2017), it was also found in this study that growth SMEs, in their startup phase, are often organized relatively informally and organically and the business runs with minimal procedures and structure. As described in the findings, this works quite well until a certain point of growth is achieved: at that point, organizational structure and company-wide practices need to be thought out to ensure this sort of factors do not create bottlenecks for the business and further growth. In other words, a conscious choice of the

company culture and organizational design needs to be done, at latest, in this phase – it is a crossroad where decisions need to be made whether the company should add more layers of (middle) management, control and structure, or should it put effort in keeping the self-managing environment despite the growth.

Here, developing the company structure towards autonomous, multi-skilled teams that include team members from all functions of the company and manage their own customers, but instead of a superior have team leads with no official superior role, was found as a supportive effect for self-management, whereas unscalable structures such as function-based teams were seen as a hindering effect. In addition, formalization of practices was found as a necessity after a certain growth level, but the adequate amount of formalization seemed to be a tricky one – there needs to be enough of it, but not too much, as overly formalized practices might create a paradox in terms of the basic building block of self-management, autonomy of individuals. Other supportive factors were related to transparency of information and sufficient communications in channels that support company-wide openness. Again, the amount of information sharing turned out to be the key here: a flood of information does not help anyone in self-directing, but more likely exhausts.

However, one factor that seemed to be strongly contradicting the otherwise rather modern and decentralized practices in the companies was salary practices. They were still almost completely on the shoulders of the CEO – one could say self-management's decentralization does not show in salary processes at all, but a traditional power structure applies. This is contradictory to pioneers like Morning Star where the power is in the hands of peers (Hamel, 2011). It can be argued that in a self-managing growth company, as headcount grows and one person cannot keep track of everyone's achievements and work quality anymore, salary practices should be updated towards stronger salary transparency and peer-based compensation processes, which would ensure salary practices to be better in line with other practices in the companies that encourage self-management. This is because one person having all the power regarding salary decisions hinders others' autonomy, shared decision-making and chance to influence, the basic building blocks of self-management. Furthermore, as self-managed environments seem to include unofficial responsibilities and joint liabilities in terms of co-operating beyond job descriptions, it might not be sustainable nor fair that a person (i.e. the CEO in the case companies) who does not work with the people on a daily basis decides on their salaries. This is because there is a risk that the employees' extra efforts and responsibility-taking is left unseen when they are not officially part of their role descriptions. Having said this, the upcoming EU legislation regarding salary transparency will surely make a difference to how openly salaries are discussed and shared (*Palkka-Avoimuusdirektiivi EU-Parlamentissa Maaliin – Mikä Muuttuu?*, 2023), although non-standard practices regarding who decides on salaries might still be left for the extremely progressive pioneering companies.

Leadership characteristics that were seen hindering self-management were, on the other hand, lack of HR support systems, but on the other, too firmly

dedicated roles in e.g. handling HR that passivate individuals' ownership of the matters. From the author's perspective, it could be concluded that lack of proper HR support systems might be a problem for any kind of company, but especially for self-managing ones, because the number of superiors is minimized as well. At the same time, some of the companies stated that if there is a dedicated person to handle the HR matters, for example, it might passivate people in terms of simply waiting for the named person to take care of some things they could have handled themselves or collectively with peers in the workplace. Again, it is a matter of finding the right balance. In the light of what Martela (2020) defined as employees' responsibilities in a self-managing organization in return to the freedom they are given by their employer – organizing their own work, setting goals and objectives for their work and developing the entire organization – it seems like these Finnish growth SMEs have successfully realized that a well-functioning self-managing environment is, indeed, a two-way street: to support their employees to take responsibility and act autonomously, the organizational practices and roles cannot be too tightly determined, but in fact, a certain level of ambiguity and vagueness to common matters might be needed.

Then again, leadership-related factors to support self-management in the workplaces included matters related to the sole superior's role, i.e. the CEO's role, as well as matters related to support functions, i.e. leadership practices that compensate the minimalistic management structure. Besides CEOs' being the only superior, i.e. legal representative of the employer in most companies, it was found that CEO's role in running the self-managing organization was essential in terms of acting as the main advocate for self-management. This was done through leading by example and making sure organizational practices do not develop in unwanted directions in the midst of growth. Therefore, the directors' true engagement to self-management was found critical, as well as CEOs showing leadership that suits a self-managing workplace.

In addition, it was found that there were several support mechanisms for replacing minimal number of superiors and making sure employees get the kind of management support they might need. First of all, much like Luoma & Viitala (2017) point out, after a certain point of growth, introducing sufficient human resources management practices were seen important. In addition, as the companies had grown and restructured themselves to account-based multi-function teams, team leads were also introduced as unofficial superiors as well as internal coaching practices, where more experienced colleagues coached others. Comparing these findings to the different leadership styles introduced earlier, it can be evaluated that the most recurring leadership style characteristics found were enabling leadership, shared leadership and, naturally, coaching. Especially in what the CEOs themselves told about their own role in the organization, it could be described as leadership that seeks to enable employees to operate in the most ideal way in the organizational environment through open discussion, including employees in decision-making and supporting employees' confidence to take ownership in their roles (Aura et al., 2020; Salovaara, 2019). In addition, shared or contextual leadership – i.e. sharing leadership responsibilities

from the hands of the few to multiple people in the organization based on the context at hand and who has the best skills for it (Aura et al., 2020; Bernstein et al., 2016), can be seen in how widely the different leadership-related responsibilities are shared in the organizations.

On top of employees working as team leads and internal coaches, it was also found that the employees who had worked in the self-managing companies for the longest and had already deeply internalized the company culture often acted as some sort of unofficial advocates for self-management inside the company, too. It seemed like the experienced colleagues wore many hats on top of their actual title and core profession and, in many ways, had an essential role in the company. After all, all these extra roles were an important part of how the company functions. Therefore, it would be interesting to understand what the employees think of this arrangement themselves: does it bring extra meaning to their work? Is their importance being noticed in the daily life? Is their input being compensated in a suitable manner? This can be a critical issue in a person's commitment, so that they perceive the expectations towards them as fair and not exploitative – so that the amount of responsibility and compensation for it are met.

5.1 Limitations of the study and suggestions for further research

Regarding limitations of the study, some were identified. First of all, since all the case companies chosen were Finnish companies, the findings of this study cannot be generalized to other countries without cautiousness. At minimum, the findings should be read keeping the cultural context in mind, since cultural norms regarding e.g. power distances could largely affect how self-management functions in other cultures. However, this could be a very interesting avenue for further research, since this type of growth companies often reach out to new markets once growth in Finland reaches its peak. At this point, growing to an international company, the companies need to take the potential cultural differences and their effect to the self-managing company culture into account. Hence, a possible scope for examination could be the potential cultural specificity of self-management and the differences in self-management between countries in international firms.

In addition, company age was not analysed in this study. Although the case companies were all rather young and in the same age range, one avenue for further research could also be whether there is a difference in, let's say, companies under five years of age and companies that are older, about how mature, formalized or develop, the processes are that drive self-management.

This study was conducted interviewing mostly founder-CEOs, which means that the data includes their views of their companies. Since this study only gives light to one person per company, a study where a single company is chosen and multiple people from the company are interviewed could be interesting, too. Do the employees perceive the supportive and hindering factors for self-

management in the same way? Is there something else they would point out that the CEO has not been able to see from her position?

Moreover, as this study focused on growth companies that identified themselves as self-managing ones, it could be fruitful to compare them to growth companies that have not identified themselves as self-managing ones. Here, it could be studied whether self-management still exists, and in what ways. Does it, for example, only show in the individuals' behaviour or in the leadership styles that happen to support self-management, but does not show in the way the company is structured or how its practices and processes are formed? All in all, there is plenty of room for further research about self-management in the scope of small and medium enterprises.

6 CONCLUSIONS

In conclusion, self-management in growth SMEs is supported through multi-level factors, which together create a solid ground for self-management to flourish. It is critical to employ individuals whose personal characteristics and ways of working are suited for the culture, but the self-directed individuals cannot self-manage to their full potential if the organizational structures and leadership do not enable it. Hence, it is also crucial for employers and directors to build the sort of workplace where self-management is possible. However, according to the findings, it can be concluded that there were no signs of using self-management as simply a slogan or sales gimmick without actually being it, of which Martela & Jarenko (2017) warned – these growth SMEs had truly taken time and effort to design their companies to support self-management at every level of their operations and were clearly committed to it. Comparing the findings to Martela's (2021) three-level categorization of self-management – those being self-management at the individual level, community-led organizing at the team level and self-organizing at the organizational level – it can be rather safely stated that these growth SMEs execute self-management at all levels. Martela (2021) defined self-organizing as a way of organizing through radically lowering hierarchy and the power of superiors – this was very true in the case companies with minimal number of superiors, no middle management and giving autonomy to self-governing teams.

All in all, it can be stated that in the growth SMEs, all development and progress are a continuous, ongoing process, both due to the growth of the company and due to the nature of self-management. This seemed to be very well internalized in the case companies – during their somewhat short history, their practices and processes had been under constant change, but it seemed like this was not in any way a problem in the companies, but the changes and development were seen as a positive factor and something that is part of the companies' DNA. In addition, what seemed to be in the very core of these self-managing growth SMEs was looking for balance: be it HR processes, amount of transparency and communications, cultural match of the employees or formalization of practices, it was all about searching for the correct balance

between creating a workplace that does not just leave employees to survive in a completely unformalized, chaotic environment and a workplace that is not built around too strict hierarchies, practices and control. Somewhere between these two ends is the workplace these self-managing growth SMEs seek after: an environment that truly encourages people to self-direct, an environment that work efficiently and creates innovative solutions with high employee engagement throughout the organization. From this perspective, self-management can be seen as a very suitable framework for growth SMEs – after all, deep down in the nature of self-management lies learning, testing, continuous improvement and ability to adapt to the changing business environment.

REFERENCES

- Aura, O., Ahonen, G., Hussi, T., & Ilmarinen, J. (2020). *Itseohjautuvuuden johtaminen 2020 – Tutkimusraportti*.
https://www.ossiaura.com/uploads/1/6/5/4/16543464/itseohjautuvuuden_johtaminen_2020_www.pdf
- Baron, J. N., & Hannan, M. T. (2002). *Organizational Blueprints for Success in High-Tech Start-Ups*: 44(3), 32.
- Bernstein, E., Bunch, J., Canner, N., & Lee, M. Y. (2016). Beyond the Holacracy Hype. *Harvard Business Review*, 2016(July-August).
<https://hbr.org/2016/07/beyond-the-holacracy-hype>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
<https://doi.org/10.1191/1478088706qp063oa>
- Busenitz, L. W., & Barney, J. B. (1997). Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making. *Journal of Business Venturing*, 12(1), 9–30.
[https://doi.org/10.1016/S0883-9026\(96\)00003-1](https://doi.org/10.1016/S0883-9026(96)00003-1)
- Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: What do we know? *Human Resource Management Review*, 14(3), 295–323. <https://doi.org/10.1016/j.hrmr.2004.06.001>
- Deci, E. L., & Ryan, R. M. (1985). *Intrinsic motivation and self-determination in human behavior*. Springer. ProQuest Ebook Central
<https://ebookcentral.proquest.com>

- Deci, E. L., & Ryan, R. M. (2004). *Handbook of Self-Determination Research*. The University of Rochester Press.
- Gamrasni, M., Koistinen, J., Kostamo, T., Laintila, O., Launonen, R., Malkavaara, H.-L., Martela, F., Mäkkeli, J., Salovaara, P., & Vuori, J. (2021). *Matkaopas yhteisöohjautuvuuteen*. Haaga-Helium julkaisut. <https://www.haaga-helia.fi/sites/default/files/file/2021-04/matkaopas2.pdf>
- Greiner, L. E. (1998). Evolution and Revolution as Organizations Grow. *Harvard Business Review*, 5(May-June). <https://hbr.org/1998/05/evolution-and-revolution-as-organizations-grow>
- Growth enterprises. (n.d.). *Ministry of Economic Affairs and Employment of Finland*. <https://tem.fi/en/growth-enterprises>
- Hamel, G. (2011). First, let's fire all the managers. *Harvard Business Review*, 89(12), 13.
- Laloux, F., & Wilber, K. (2014). *Reinventing organizations: A guide to creating organizations inspired by the next stage of human consciousness*. Nelson Parker.
- Lee, M. Y., & Edmondson, A. C. (2017). Self-managing organizations: Exploring the limits of less-hierarchical organizing. *Research in Organizational Behavior*, 37, 35–58. <https://doi.org/10.1016/j.riob.2017.10.002>
- Luoma, M., & Viitala, R. (2017). *Katveesta kilpailukyöyn ytimeen: Kehittyöä henkilöstöjohtaminen pk-yrityksissä*. BoD - Books on Demand.

- Maguire, M., & Delahunt, B. (2017). *Doing a Thematic Analysis: A Practical, Step-by-Step Guide for Learning and Teaching Scholars*. 8(3).
- Malone, T. W. (2004). The future of work: How the new order of business will shape your organization, your management style, and your life. *Choice Reviews Online*, 41(11), 41-6630-41-6630.
<https://doi.org/10.5860/CHOICE.41-6630>
- Manz, C. C. (1986). Self-Leadership: Toward an Expanded Theory of Self-Influence Processes in Organizations. *Academy of Management Review*, Volume 11(3).
- Martela, F. (2020). Neljä teesiä itseohjautuvuudesta – Askeleita kohti yhteisöohjautuvuutta ja itseorganisoitumista. *Työn tuuli*, 29(2), 8.
- Martela, F. (2021). ITSEOHJAUTUVUUS ON YHTEISÖOHJAUTUVUUTTA – JA SEN LUPAUS ON SUURI. In *Matkaopas yhteisöohjautuvuuteen*. Haaga-Heliana julkaisut. <https://www.haaga-helia.fi/sites/default/files/file/2021-04/matkaopas2.pdf>
- Martela, F., & Jarenko, K. (2017). *Itseohjautuvuus: Miten organisoitua tulevaisuudessa?* Alma Talent Oy.
- Milner, J., McCarthy, G., & Milner, T. (2018). Training for the coaching leader: How organizations can support managers. *Journal of Management Development*, 37(2), 188–200. <https://doi.org/10.1108/JMD-04-2017-0135>
- Palkka-avoimuusdirektiivi EU-parlamentissa maaliin – mikä muuttuu? (2023, March 30). <https://www.sttk.fi/2023/03/30/palkka-avoimuusdirektiivi-eu-parlamentissa-maaliin-mika-muuttuu/>

- Pienet ja keskisuuret yritykset.* (n.d.). EUR-Lex. <https://eur-lex.europa.eu/FI/legal-content/glossary/small-and-medium-sized-enterprises.html>
- Reinventing Organizations. (n.d.). *Teal Paradigm and Organizations.*
<https://reinventingorganizationswiki.com/en/theory/teal-paradigm-and-organizations/>
- Salovaara, P. (2019). Itseohjautuvat organisaatiot – Mitä on johtajuus ilman esimiehiä? In *Siedätystä johtamisallergiaan!: Vastuullinen johtajuus itseohjautuvuuden ja luovuuden tukena työelämässä.* Edita.
- Salovaara, P. (2020a). *Johtopäätös: Yhteisöt ja organisaatiot pomokulttuurin jälkeen.* Kustannusosakeyhtiö Teos.
- Salovaara, P. (2020b). Oikea sana, väärä ilmiö? Itseohjautuvuudesta yhteisöohjautuvuuteen. *Työn tuuli*, 29(2), 7.
- Salovaara, P., & Vuori, J. (2021). Miten yhteisöohjautuvat organisaatiot estävät valumisen harvainvaltaan? In *Maineensa veroinen itseohjautuvuus? Tutkimustuloksia itseohjautuvista organisaatioista.*
http://www.moderesearch.fi/files/2021/03/MODE_Tapahtuma2021_Powerpoint_netisivut.pdf
- Savaspuro, M. (2019). *Itseohjautuvuus tuli työpaikoille, mutta kukaan ei kertonut miten sellainen ollaan.* Alma Talent Oy.
- Stewart, G. L., Courtright, S. H., & Manz, C. C. (2011). Self-Leadership: A Multilevel Review. *Journal of Management*, 37(1), 185–222.
<https://doi.org/10.1177/0149206310383911>

Tilastokeskus. (n.d.). *PK-yritys*. https://www.stat.fi/meta/kas/pk_yritys.html

Valli, R., & Aarnos, E. (2018). *Ikkunoita tutkimusmetodeihin: 1, Metodien valinta ja aineistonkeruu: Virikkeitä aloittelevalle tutkijalle* (5., uudistettu painos). PS-Kustannus.

Van Dierendonck, D. (2011). Servant Leadership: A Review and Synthesis.

Journal of Management, 37(4), 1228–1261.

<https://doi.org/10.1177/0149206310380462>

APPENDICES

APPENDIX 1: “Keywords regarding case companies’ self-management”

Keywords about case companies based on which they were identified as self-managed by the author. The keywords are made by the author, based on the texts the chosen companies present about themselves on their career pages on their websites. Only the keywords instead of full original sentences are showcased here to ensure better anonymity.

Interviewee 1

Low hierarchy --- chance to influence one’s own work --- freedom and responsibility --- meaningfulness --- progressiveness

Interviewee 2

Autonomy --- self-management --- openness and transparency --- no middle-management --- employees lead their own work

Interviewee 3

Self-organization --- sense of community --- adaptable and agile --- chance to influence --- no superiors --- no needless bureaucracy --- employees are trusted

Interviewee 4

Self-management --- freedom --- ability to be your true self --- continuous learning --- chance to influence

Interviewee 5

Openness --- extremely low hierarchy --- shared decision-making --- freedom --- shared development of organization

Interviewee 6

Not much hierarchy --- co-created strategy, values, mission --- minimal structures --- transparency --- shared purpose --- people can be their full selves at work

Interviewee 7

Self-management --- no organizational charts --- open communication --- co-operating --- taking responsibility --- shared development of organization

Interviewee 8

Agile --- low hierarchy --- openness --- chance to participate and influence --- freedom in decision-making --- continuous development

Interviewee 9

Honesty and trust --- celebration of failures --- continuous improvement --- shared learning --- self-leadership --- transparency

Interviewee 10

Independent decision-making --- freedom and responsibility --- information is shared openly --- transparency --- experimentation --- shared learning --- personal growth

APPENDIX 2: “Themes and example questions for the interviews”

Demographic information

Year of founding

Since when has the interviewee been part of the company?

Interviewee’s current role in the company

Current number of employees

The company’s self-management

How would you describe self-management in your organization?

What is the organizational structure of the company?

Is there middle management or superiors?

What sort of practices are there e.g. for giving feedback, performance reviews, wage negotiations or goal setting?

What does openness and transparency mean in your organization?

How is strategy work done in your organization – who does it or who gets to influence it; how changing or unchanging is it?

Does the “level” of self-management vary inside your organization? Why?

What sort of leadership do you have in your organization?

What sort of challenges have you experienced in self-management?

Designing and developing self-management in practice

How did it all start – when did you begin to enhance self-management, or has it been there right from the beginning? Was it a conscious decision? Who brought the idea to the table?

What were the reasons to start promoting self-management in the beginning?

What is the motivation today for being a self-managed organization?

What kind of roles do you currently have for developing the culture and leading the “people operations”? Has it changed over time (how, when, why)?

Have you, as an organization, had enough (time and people) resources for focusing on developing the culture, HRM and internal operations?

Have you, in your own role, prioritized the above issues somehow?

Does self-management challenge your own leadership? How?

How do you support the employees’ ability to operate in a self-managed environment? Have they had challenges in realizing its purpose or operating according to it?

How does self-management show in recruiting new staff – do you take a person’s want and ability to operate self-directedly into account in recruiting? How do you train new employees to your culture?

Company growth and self-management

What sort of new questions or challenges has growth brought to consider from the perspective of self-management?

Do you think that the company's size has affected how self-management works?

Has self-management been an advantage in terms of growing?

How would you describe the organization's evolution in terms of self-management; how have e.g. internal practices or culture developed throughout the years? Have there been some radical changes along the way?

Do you think that self-management is a "good match" to a growth company environment?

How do you see the company's future in terms of self-management - is it there to stay?

What sort of issues do you have on the table currently in terms of your organizational structure or practices?

Do you see any threats or challenges to your self-management or low hierarchy, if the company grows further?