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Transitioning from hierarchical bureaucracies into adaptive self-organizing: The necessity of intrinsic motivation and self-determination

Frank Martela & Tuukka Kostamo

The rapidly changing business environments demand that organizations empower all of their employees to innovate and develop their practices. Bureaucracy, with its reliance on top-down command, can be a major obstacle for such empowerment. Accordingly, self-organizing has emerged as an alternative organizational structure, based on minimal hierarchy and decentralized decision-making power – and a workforce autonomously striving towards a common goal. However, in order to get employees to work towards such a common goal without a need for external controlling, one needs employees to be proactive and self-managing. In order to achieve this, it is necessary that the employees are not only working because of external pressures or rewards, but that they are also autonomously motivated towards their work. Accordingly, successful implementation of self-organizing and other employee-empowering structures requires an understanding of the psychological conditions that facilitate intrinsic motivation.

In this chapter, we will first outline the key characteristics of a bureaucratic organizational structure, arguing that while it was successful in organizing the typical tasks of the industrial-era work, it can become an obstacle in today's more skill and independence-requiring working life. Then we will introduce self-organizing as one solution to the requirements of modern working life, identifying the key ways in which it differs from traditional bureaucracy. Then we will get to the root of the matter by contrasting two ways of viewing the human nature; either as passive, lazy and in need of being pushed around, or as proactive, intrinsically motivated and willing to commit to meaningful goals (McGregor 1960; Ryan and Deci 2017) We will argue that while the former might work in a bureaucratic setting, only the latter is compatible with self-organizing. The latter part of the chapter is dedicated to giving some more practical examples of what practices can support the autonomous motivation and engagement of the employees in self-organizing organizations. In addition to previous literature, case studies and scientific research on self-organizing, we utilize our own observations and interviews with a few leading Finnish path-breakers of self-organizing. The software companies Reaktor, Futurice, and Vincit have all not only grown rapidly and expanded into other countries having offices in Berlin, London, New York, Tokyo and Silicon Valley, but all of them have also won the Best Place to Work For in Europe award in their respective years. They thus provide prime examples of how to conduct profitable and growing business while having employees who are strongly motivated and engaged. In fact, as we argue here, these are not two separate goals, but the reason the three companies have been so successfully economically is *because* they have organized the work to maximize employee engagement and self-motivation.

The rise and fall of the bureaucratic organizational structure

Since Weber (1958, 1946) classically identified the key elements of the bureaucratic organizational structure, there have been repeated debates on the merits and pitfalls of bureaucracy along with calls to move beyond it (Hall 1963; Mansfield 1973; Heydebrand 1989). However, many observers maintain that despite various trends that have “softened” bureaucracy on certain dimensions and made it less prevalent in certain contexts, “empirical studies of changes reveal relatively modest changes in structural terms” (Alvesson and Thompson 2006, 500). Bureaucracy owes its success to its impersonal and rule-bound nature that makes it significantly more effective and less prone to be exploited than preceding organizational structures that were usually based on personal loyalties, blood ties and in general the blending of one’s role in the organization and one’s personal life (Weber 1946). Bureaucracy was based on the idea of technical rationality – that the most effective ways to accomplish certain goals can be identified by experts with appropriate education and situational knowledge – and thus the structure was built to ensure the effective execution of the orders coming from the top. Bureaucracy aims to be a well-oiled machine, where every individual occupies a strictly defined, rule-bound role. For each office-holder, it is enough to accomplish one’s given duties in an efficient manner – to be a cog in a machine – and the structure ensures that each individual’s contribution builds towards the overall goal of the organization as set by its top management. The bureaucracy is thus based on three underlying principles (Martela 2017a; emphasis in original): 1) The work is organized around “rule-governed, strictly-defined and *impersonal roles*” instead of relying on certain individuals and their personal ties. 2) The organization is *rationality controlled* by the top-management “who has the appropriate expertise to make such rational control of the wholeness possible”. 3) The various roles are organized in strict *hierarchies*, “with clear chains of commands and power to make decisions concentrated at the

top.” The clear chains of commands, impersonality and executive efficiency makes bureaucracy “a power instrument of the first order for one who controls the bureaucratic apparatus” (Weber 1946, 987). If you know where you want to go and how to get there, no organizational structure can compete with bureaucracy in its capability to execute your orders and get you there.

However, at the same time this capacity of the bureaucratic machine to blindly and effectively execute the top managements’ orders is its greatest weakness. It is dependent on the top management’s vision and expertise, while giving relatively little power to people at the lower ranks to make independent decisions, innovate new practices or to influence the overall vision and direction of the organization. It thus operates on a division of the labour force into the “command centre” and the “machinery”. A narrow group at the top of the hierarchy are responsible for all the vision-setting, strategic thinking, and adaptive responding to environmental pressures, while the rest of the working force is merely executing orders. While such a division of labour can work in contexts where the business environment is changing relatively slowly, and where the nature of the work allows it to be standardized and optimized for efficiency in a Tayloristic manner, many have argued that the world of work is shifting towards directions where these assumptions no longer hold (Alvesson and Thompson 2006; Harris, Clegg, and Höpfl 2011).

First, it has been argued that the business environments have become more volatile and the pace of change has intensified due to globalized competition, improvements in information technology, and the rapid diffusion of innovations. This puts increasing pressure on organizations to be adaptive and able to react fast to potentially disruptive changes. Global corporate giants such as Kodak or Nokia are examples of organizations that failed to react to a rapid shift in market demand and accordingly fell completely out of a market that they

previously dominated. Accordingly, organizations have aimed to address this challenge by loosening the bureaucratic structures to make more room for individual initiative, by building dedicated divisions isolated from the constant pressures to be efficient in order to make room for innovation, creativity, and flexibility (O'Reilly and Tushman 2013), or aiming to shift towards hybrid structures such as the "learning bureaucracy" (Adler 1993).

Second, the nature of work itself is changing due to increased automatization and digitalization. Some experts estimate that one third to almost half of the current occupations in US, Europe and other post-industrialized societies are in danger of being replaced by machines in the next decades (Frey and Osborne 2017; Pajarinen and Rouvinen 2014), while others have reached much more conservative estimates (Arntz, Gregory, and Zierahn 2016). The difference in estimates comes down to the fact that much of the shifting will take place within current positions (Autor 2015). We might have medical doctors also in twenty years, but the nature of their work has considerably changed. As various machine learning enhanced artificial intelligences will mainly take care of making accurate diagnosis, the role of the doctor becomes one of being the human interface between the machine and the patient. How to deliver the diagnosis in an empathic manner? How to motivate the patient to make the necessary changes to their lifestyle? These kind of interaction skills will be much more essential for future doctors than mere technical knowledge of various illnesses. Most importantly, there will be less and less repetitive, low-skill work as this is most easily automatized, and thus the bulk of the work left for humans to perform will involve either creative expertise or direct human interaction (Frey and Osborne 2017; Autor 2015). If your supervisor can tell you exactly what you should be doing, he can soon tell the same information to a machine. Thus, the work that will survive the current

wave of automatization will require proactive individual decision-making and a degree of independence from any strictly defined rules.

This represents a challenge for bureaucracy. It is an efficient way of organizing repetitive work as it allows for standardization and formalization of work through strictly defined roles.

However, when the work requires more independent decision-making from individual employees, the loosening of strict rules and clearly defined roles starts to make more sense.

Bureaucracy is based on the assumption that the necessary expertise to run the company resides at the top. However, in modern expert organizations each individual of the organization from top to the bottom of the hierarchy might be a significant expert in their own field. In this kind of organization, it would be a huge waste of talent to only allow the top management to influence the strategy and operations of the company. Moreover, hierarchical structures and executive control might be directly detrimental for the motivation of the experts (Grant, Gino, and Hofmann 2011), who not only can have strong motivation to perform well but also have a clear vision of how to do that.

To govern a modern expertise organization in a volatile business environment, classic bureaucracy might thus not be best suited for the task. While various hybrid forms and seeking of organizational ambidexterity – where one part of the organization is dedicated to efficiency and another part to adaptability and innovation – might be a partial solution to these challenges, another possibility is to start to build an organization from completely different basic assumptions about human nature and rationality. Enter self-organizing.

Self-organizing – The key to adaptive organizations and proactive employees

The rapid growth of Buurtzorg, the Dutch home-care organization, in many ways epitomizes the current trend towards self-organizing. Founded in 2007 by a team of four people, it has been for

many years the fastest-growing Dutch organization, which in 2015 already employed more than 9500 nurses and had taken over more than 70 percent of the whole market for home-care in Netherlands with its annual turnover of over 300 million euros (Gray, Sarnak, and Burgers 2015). Interestingly, the work is organized around teams of about twelve nurses, who do not have any supervisors to report to, and who have almost complete independence in deciding how they organize their work in their own area. In fact, the back office only employs less than 50 people, who mainly take care of administrative tasks such as accounting. There are no layers of middle managers, and the ensuing savings in salary costs might be one of the key reasons why they are able to offer their services with 20 percent smaller costs than their competitors are offering (Gray, Sarnak, and Burgers 2015). In addition to financial advantages, the self-organizing structure seems to be appreciated by both the employees and the customers: Customer satisfaction surveys have revealed that it has higher satisfaction levels than any of their major competitors, and at the same time it has won the 'Best Employer' award in Netherlands for four times in the 2010's (Beste Werkegevers 2017). The key to its success is an organizational structure where the hierarchy and control is minimal and where individual employees are empowered to make all the key decisions related to their work by themselves or in small teams. Buurtzorg is not an isolated example. Professor Gary Hamel has examined the California-based tomato-processing firm Morning Star, which similarly has been able to manage its three factories, over 400 employees, and 700 million dollar annual turnover without anybody having a supervisor to report to (Hamel 2011). There are no career ladders to climb, the hierarchy is minimal, anyone can make an investment decision, and both people's work roles and their salaries are determined by mutual agreements between the employees. The organization is tied together by a strong mutual purpose and active coordination between the employees. According

to Hamel, the growth rate of the company has been in the double digits while the industry average is around one percent, and by having no middle management the organization saves around 30 percent in annual salary expenses. Given their good economic performance, their ability to attract top talent, and their adaptability, Hamel believes that the time is right for such self-organizing corporations to emerge on a large scale.

In Finland, the call for more self-organizing has been answered by several companies, prime examples being the three software companies Reaktor, Futurice, and Vincit. The oldest of them, Reaktor, was founded in 2000 and since then, it has constantly grown to employ over 400 experts in Helsinki, New York, Tokyo and Amsterdam for an annual turnover of 56 million euros. Similar to Buurtzorg and Morning Star, the layer of middle management is completely lacking in the organizational structure. The guiding mission is to get rid of all the obstacles that could prevent the experts from doing their work well. Instead of central planning, the organization evolves mainly through small experiments conducted throughout the organization. Whoever can conduct an experiment in, for example, new ways of managing the work or in venturing into new business directions. In fact, if someone notices something that could be done better, instead of complaining about it, the person is encouraged to do something about it. The responsibility to develop the company resides thus within every employee. Information about various experiments is distributed throughout the organization so that people can learn from both the successful and unsuccessful experiments. Successful experiments get organically adapted by other teams and through this process, the whole organization is constantly evolving and reshaping itself.

There are a few key qualities that define what we mean by self-organizing as an organizational structure: 1) First, and perhaps most visibly, the hierarchy is kept to the minimum. The

individual employees work alone or in small teams, but there is in essence no one between the team-level and the top management. Instead of clear chains-of-commands, people are assumed to take responsibility and thus, they can be given significant autonomy. 2) At the same time, decision-making power is aggressively pushed downwards. Individual employees are given considerable freedom to make even significant investment or role-defining decisions on their own or in small teams without having to ask for permission from anybody. An employee of Reaktor told us in an interview how there was a million-dollar investment decision to be made about whether the organization should organize the world's first Coding World Championships. The team responsible for the competition went to the CEO to ask about his opinion. The CEO recited what pros and cons he saw in the decision but refused to make the decision. Even in such big decisions, he felt that it was important that the team itself takes responsibility in making the final decision. 3) Related to the previous point, also organizational-level and strategic decisions are not made silently by top-management but typically the top management shares even early-stage ideas and plans with all the employees to elicit their feedback. Thus, the knowledge of the whole organization is recruited to shape the direction and strategy of the company. For example, when Buurtzorg's CEO Jos de Blok has a new idea, he writes a blog post about it into the organization's intranet. In less than 24 hours, the majority of the 9000 nurses have read it and some hundred have also commented on the idea. Based on these comments the CEO can see clearly how well the idea resonates with the practitioners and he can receive several fruitful suggestions about how to develop the idea further.

4) Fourth, to ensure that employees are able to make decisions that advance the goals of the organization, transparency of information is the norm. One reason why "rationality" resides at the top of organization in bureaucracies is that only the top management has enough information

about the wholeness to make decisions that are beneficial from the point of view of the organization. By distributing information to all employees and making key financial and other information freely available, the organizations empower people at all levels of the organization to make wholeness-benefiting decisions. 5) Fifth, in addition to having relevant information available, the autonomously operating employees need a clear vision of where the company is heading. Instead of coordination operations through rules and strict roles, people's actions are aligned through a common direction; everyone knowing what is the key goal of the organization and the key strategic milestones to get there. 6) Sixth, instead of being strict and bound by encoded rules, people's roles are fluid and constantly evolving. If an employee observes a need in the organization, the employee can assume responsibility for taking care of that need. Often employees negotiate their roles and mutual responsibilities with their colleagues directly. For example, in Morning Star each employee negotiates a "Colleague Letter of Understanding" with those colleagues and associates most affected by one's work (Hamel 2011). This results in roughly 3000 formal relationships among the organizations employees that in essence define its operating structure for the next year.

Intrinsic motivation and self-determination at work

Behind both bureaucracy and self-organizing are a few hidden assumptions about the nature of human motivation and rationality. As regards the latter, bureaucracy is based on the assumption that a single individual equipped with the right expertise and education can rationally guide the whole organization in the right direction. Self-organizing dismisses this grandiosity of a "rational man" (in these old-fashioned visions it usually is a "man") and instead is based on the assumption that most adaptive and efficient organizational action is the emergent result of the

interaction of autonomous agents, given that they have enough freedom to shape their actions and interactions according to their contextual wisdom. The other key underlying assumption is about the basic nature of human beings: Are humans in the bottom line passive or active? Behind the controlling nature of Weberian bureaucracy, especially in its Tayloristic forms (Taylor 1914), is a belief that humans are essentially passive and need some extrinsic incentives to be moved into action. For workers to be motivated, there thus needs to be clear standards for performance, rewards that are directly tied to that performance, and constant monitoring of employee behaviour and output (Deci 1972). As an example from modern service industry, Bain and Taylor (2000, 10) describe a call centre where employee call durations and times in-between the calls are monitored “in fragments of a second”, and where the managers unannounced listen to the calls made by operators to ensure compliance with the scripts. The underlying assumption is that without such constant monitoring, the employees tend to seek loopholes and ways to exploit the system for personal benefit or for mere slacking. And in fact the call centre managers are right in their assumptions: Bain and Taylor (2000) describe several ways through which the employees exploit the system to generate situations where the monitoring systems records them as working, when they in fact are chatting with the person next to them.

However, as already McGregor (1960) noted, there are two competing assumptions about motivation around which the organization can be built. In addition to believing in the laziness of the employees, one can also believe in their active nature and their intrinsic willingness to want to perform well. Within psychology, this same distinction finds shape in the behaviouristic belief that human behaviour is primarily influenced by external reinforcement, which stands in stark contrast to more organismic view of human beings as essentially active and growth-oriented (Deci and Ryan 2000; Ryan and Deci 2017). More particularly, research has separated two basic

forms of motivation, autonomous and controlled, which have been shown to have very different outcomes as regards not only performance, but also subjective wellness, health and vitality of the people in question. In autonomous motivation, the person feels that the motivation emanates from the self; the activity is self-chosen and volitional. There are two main types of such autonomous motivation: intrinsic and integrated. Intrinsic motivation means that the activity is its own reward. The act itself is so interesting, satisfying or gratifying that we are drawn to do it and when we are able to do it, we feel it as energizing. Integrated regulation, in turn, means that the activity is so strongly congruent with our values and personal interests that we have a deep feeling of wanting to perform it.

Sometimes these two autonomous motivations can be congruent, other times only one of them is present. As a personal example, Frank enjoys downhill skiing very much. Being able to rapidly ski down steep hills is very rewarding and a source of very deep flow experiences. The intrinsic motivation is high in skiing, but on the other hand, it does not provide much integrated motivation as it does not really advance any important personal values. Teaching a lecture, in contrast, is high in integrated motivation as one is able to transmit important insights to future generations, but not always so intrinsically motivating as preparing a lecture takes much effort and can be quite exhausting. Writing, on the other hand, is an activity that Frank finds both highly intrinsically rewarding and integrally valued. He loves the process of writing while, at the same time, feeling that it is one of the primary ways through which he makes his contribution to the world and a small “dent in the universe”.

When people’s autonomous motivation is strong at work, this has several positive consequences for both the organization and the employee (Deci, Olafsen, and Ryan 2017). Autonomously motivated employees are rated as more creative by their employers (Hon 2012) and more prone

to share knowledge with others (Foss et al. 2009; Stenius et al. 2016), which is a key success factor in knowledge-intensive organizations. Two studies also showed that initiative predicted better objectively measured performance for only those employees who were autonomously motivated (Grant et al. 2011). In a comparison of three thousand Dutch companies, employee perceptions of higher job autonomy was connected to higher turnover growth, especially for those companies that were less than five year olds, in which job autonomy also predicted higher growth of profitability (Preenen et al. 2016). Autonomously motivated employees also have higher work satisfaction (Richer, Blanchard, and Vallerand 2002), are less prone to suffer burnout (Fernet, Gagné, and Austin 2010), are less exhausted, have less turnover intentions, experience less physical symptoms, and accordingly have less absenteeism (Williams et al. 2014). In other words, not only are autonomously motivated employees performing better, but also their wellness is better.

In a particularly interesting recent meta-analysis, Cerasoli and Nicklin (2014, 980) examined almost two hundred separate studies and concluded that intrinsic motivation is “a medium to strong predictor of performance”. Most relevantly for the present discussion, they found that while both intrinsic motivation and extrinsic incentives had comparable predictive power as regards quantity performance, intrinsic motivation explained a much greater proportion of variance in quality performance. This means that if you want to get good performance out of employees in a job where quantity of output matters but the quality is not so important, both fostering autonomous motivation and providing extrinsic incentives such as monetary rewards seem to be effective strategies. In repetitive assembly line work, operating from the belief that employees are lazy and need to be monitored and rewarded for good performance seems to be a framework that can produce results. However, when quality is the primary characteristic sought

from performance, extrinsic rewarding simply do not seem to yield similar returns. In these situations, making sure employees are intrinsically motivated seems to be much more important for performance. Given the on-going transformation of working life, the work where quantity matters are increasingly replaced by automatization. The future of work resides in places where quality really matters, which means that the future of management and leadership resides in ensuring and fostering the autonomous motivation of employees.

This emphasis on autonomous motivation is even more important in building organizations relying on self-organizing. As noted, a key background assumption of self-organizing is a belief in the self-directedness and proactivity of employees. As monitoring and direct supervising is kept to a minimum, the employees need to be able “lead themselves” and take personal initiative to ensure the accomplishment of necessary tasks. The whole structure of the organization is built around the assumption that the motivation and willingness to perform well is an intrinsic quality found in employees, and the role of the organization and management is to foster that quality and make sure that all hindrances are kept to a minimum. As a manager, taking the leap from controlling employees to trusting them can be scary. No longer being able to monitor and control them, one simply has to learn to support their autonomy and trust that they return the favour by showing increased initiative, self-directedness and higher-quality performance. Luckily, a strong body of scientific work has shown that people indeed are by their very nature active, growth-oriented and willing to give their best performance in activities they find interesting and enjoyable, and for goals they find worth striving for (Deci and Ryan 2000; Ryan and Deci 2017). In other words, if you want to build an organization based on self-organizing, you first need to believe in the existence and the power of autonomous motivation that is not dependent on extrinsic incentives, and then you need to know how to foster it. Accordingly, we will next offer

a few guiding ideas about how to foster autonomous motivation at work in order to build a well-working organization based on self-organizing.

How to put autonomous motivation and self-organizing to work in practice?

Both self-organizing and autonomous motivation as such, but especially when they are properly combined, sounds promising and attractive. How to make it happen? How to build an organization where employees are engaged and intrinsically motivated while having an organizational structure that supports independent decision-making and initiative?

A key for making employees experience autonomous motivation is to make sure that their basic psychological needs are satisfied at work. Three such needs have been identified (Deci and Ryan 2000; Ryan and Deci 2017), and a fourth one suggested (Martela 2017b) but despite some interesting empirical research not yet generally accepted (Martela and Ryan 2016; Martela, Ryan, and Steger 2017): 1) Autonomy is about the sense of volition and one's actions feeling self-chosen. 2) Competence is about the sense of mastery, efficacy, accomplishment and learning. 3) Relatedness is about being in caring relationships and feeling a sense of connection to other people. The fourth one that, at this stage, should be treated as a mere candidate is about beneficence, a sense of having a positive impact in the lives of other people. Following our previous work (Martela and Jarenko 2015) we organize the proposed practices around these basic needs or satisfactions.

As regards fostering autonomy, one former supervisor described his experience with Futurice in the following terms: "I finally get it. You have 150 CEOs here who set their targets themselves" (Martela and Jarenko 2015, 92). He noted how the employees do not need managerial guidance. Furthermore he continued: "They don't want it. They don't accept commands." Having gotten used to being in such a managerial guidance position, this person quickly left the company. From

the point of view of the managers, self-organizing really means “hands off.” When the employees have gotten used to the decision-making latitude, setting their own targets and schedules, they might grow quite hostile to any traditional manager trying to push them around. Accordingly, the main aim of the manager in such organizations is to make oneself as useless as possible. The less the employees need the manager, the better the manager has succeeded in fostering self-directedness.

Thus, the key to fostering initiative, self-determination and autonomy is to minimize all the hindrances that block the employees from concentrating on doing good work. Bureaucracy, having to ask permission for everything, various monitoring and controlling practices, all these are major ways to signal to the employees that they are not trusted and that they should not show initiative. Thus, these structures should be kept to a minimum. In addition to intervening as little as possible to the actual work of the employees, the same employees should be given voice and power to influence the organizational practices and strategy. If the employees feel that something could be structured better in the organization, instead of complaining about it among themselves (as is the practice in many traditional organizations), they should feel empowered to immediately change the structure. As a trivial example, in Futurice a few employees decided that one wall in the office should be black. During the lunch hour, they went to the shop to buy the paints and then painted the wall black. It never occurred to them that they would need to ask for permission for such an act. More substantially, in the same organization a few employees having an after work beer found themselves complaining about the internal communication platform the organization was using. They decided to test a new one. In a few weeks, the whole organization had made the switch to this new communication platform without anyone thinking that they should ask permission for this switch from the top management. When employees are given

autonomy to both make key decisions about their own work and to develop the whole organization further, the evolution of the organization becomes organic, taking place almost automatically by different people testing different solutions, and the most fruitful solutions being adapted throughout the organization.

When employees are given such freedom and autonomy in their work, however, it is important to ensure that everyone have the required competence to survive and thrive in such environment.

One key in building such competence is to make all the information freely available. One reason why in traditional bureaucratic organizations only top management is able to make key strategic decisions is that only they have the required information to make contextually wise decisions.

When giving decision-power to the employees, one thus has to ensure that they have adequate knowledge about the state of the company. “In order for everyone to be able make decisions, everyone must understand clearly the goals of the firm and be aware of the current true state of the firm,” as one of the founders of Futurice explained to us (Martela and Jarenko 2015, 113).

Transparency thus means that, for example, all financial information is shared with all the employees. Vincit even made everyone’s salary levels visible to the employees to try to ensure that no one would feel that they are getting less than what others in the same position are getting.

Furthermore, one should make sure that there are adequate channels for distributing information.

Designing the internal communication platforms, the necessary weekly or monthly gatherings and other forums for information sharing becomes one of the key tasks. The awareness of people in the company is only as good as the information distribution channels, so they should be constantly improved to make sure that they are up to the task.

In addition to transparency, one should try to ensure that everyone knows where the company is aiming to go, in order to be able to contribute to that direction. In other words, having a clear

vision and direction helps to make sure that all the autonomous agents are going in the same direction. This can take the form of an overarching mission that the organization is pursuing, but it can also be about more strategic goals that the organizational members have agreed on: “This year, we have three priorities.” These organization-level priorities and directions help individual employees to align their individual contributions.

Furthermore, it is important that the employees feel that when they are stuck or when they lack the necessary skills to complete a certain task or to make a certain decision, they know where to turn to. Having a supportive network can rely on colleagues, but one can also build systems that are more formal, such as the Leadership as a Service system that is in use at Vincit. They have an online system through which the employees can book various “leadership services” for them. No matter whether they need training in specific skills, mentoring from a senior colleague, more general career advices, or even some therapeutic counselling as regards some personal problem, they can book a meeting with a professional through the online system. The employees have the responsibility to find out what kind of support they need, but once they have recognized a need, they know where they will get the help and training they want.

In successful self-organizing, where people depend on each other instead of formal managers, relatedness and a sense of community is also important to make people feel home and to make them want to contribute to the common good. If you want people to give their best effort to the organization, you cannot treat them as a commodity that can be discarded whenever needed. To ensure employees’ autonomous commitment to the common good the commitment must be bi-directional: The organization has to show that they are truly committed to their employees and have their best interest in mind.

In bureaucratic organizations, one key obstacle to such mutual trust and commitment are the status hierarchies where one builds various explicit and implicit barriers for people to truly meet each other. Having different coffee rooms for different divisions or for management and employees sends a clear cultural signal that such barriers between groups exist. They also lower the frequency of informal meetings that play a key role in building trust and connections throughout the organization. Thus – although certain functional hierarchies are often effective in organizing various tasks – getting rid of all signs of status hierarchies is a step towards self-organizing and self-determination. At the same time, effort should be put into making possible various formal and informal meetings between people from different divisions in order to prevent the all too common tendency to narrow the sociality to one's own small community. Personal contacts help fighting such silos and are a key to ensure the smooth distribution of knowledge and information around the organization (Pentland 2012).

Furthermore, conflicts are an inevitable part of any human community. In bureaucratic organizations, the employees easily rely on their supervisors to come and sort various conflicts out. In self-organizing, the lack of supervisors means that the employees must have capabilities for dealing with such conflicts themselves. Accordingly, most self-organizing companies have developed explicit procedures for dealing with situations where one party is not fulfilling one's responsibilities or when other conflicts emerge. Laloux (2014, 114), in investigating 12 such organizations, found the mechanisms often converged around the same idea: First the disagreeing parties are supposed to have a one-on-one discussion, the mediation by a trusted peer, and finally mediation by a panel". Based on his observations he concluded that "conflict resolution is a foundational piece in the puzzle of interlocking self-management practices".

Finally, the autonomous motivation of the self-directed employees can be enhanced by making explicit the positive contribution that their work has on other people. Several research studies have shown how this can be a very effective strategy in increasing the motivation and productivity of employees (Bolino and Grant 2016). For example, Adam Grant (2008) demonstrated that university fundraisers more than doubled the money they were able to gather to the university when they had a five-minute encounter with someone who benefited from the money they gathered. The sense of making a contribution can be enhanced if the organization has some overarching mission that it is striving to fulfil. Such an organization might be very attractive for all those people who not only seek money from their work but also want to do something meaningful. In addition to a grand mission, the sense of prosocial impact can be enhanced through practices that are more mundane, such as sharing in Monday meetings a few moments from the last week when one has been able to delight a customer. Often much of the positive impact employees have is not directed outwards, but can take place within the organization, when being able to help a colleague. Making these moments visible and learning to appreciate them can thus be a surprisingly easy way to strengthen people's sense of commitment and motivation.

Here are thus a few guidelines on what kind of structures and practices can enhance people's autonomous motivation and make self-organizing possible. Next, let us have a quick look at how these practices affect leadership in the organization.

What kind of leadership is needed in self-organizing organizations?

The bureaucratic ideal of the "rational man" with all the right knowledge to guide organizations has been accompanied by a traditional view of leadership: leaders lead, others follow. Thus,

other actors are often reduced to mere sheep or even alienated robots (Gemmill and Oakley 1992). This one-sided view of leadership interaction is replete in both academic and business leadership literature. For similar reasons as regards bureaucracy, this kind of an approach to leadership is becoming obsolete in the rapidly changing environment. Because organizations need the input and creativity of all of their employees to really flourish, more inclusive leadership approaches are needed.

A promising idea for a more inclusive leadership approach is servant leadership (Greenleaf 1977). Servant leadership seeks to turn the picture of an all-powerful leader on its head: above all, leaders should be servants to their followers. This means caring for them, helping them in their endeavors, and promoting their learning and growth. This approach fits well with the ethos of self-determination and the positive view of human nature we endorse in this chapter. This approach is put to practice in Vincer through their Leadership as a Service system.

However, although such servant attitude to leadership is a good start, more than that is needed. The servant leadership approach still gives leader the center stage. A more radical approach to leadership is provided by relational leadership theory. This perspective “changes the focus from the individual to the collective dynamic” (Uhl-Bien 2006, 662). Leadership is something that emerges from the social processes in a specific setting. This approach highlights that everyone in the organization participates in leadership and that the different interrelationships between people are the key to good leadership.

Thinking about leadership from the relational perspective gives us better tools to understand leadership in the self-organizing organization. As we have argued in this chapter, minimal hierarchy, people’s autonomous motivation and involving more people in the decision-making process are some of the important features of self-organizing organizations. This invariably

means that how we think about leadership should also change. In this approach, everybody becomes, to an extent, a leader: a feature Raelin (2011) calls “leaderful”.

In such a leaderful organization, employees are given a lot of freedom to exercise their own judgment so they can better achieve autonomous motivation and through this excel in their work.

This also radically changes the role of the formal leaders in the organization. We see that the servant leadership approach complements relational leadership: formal leaders should be servants to their followers so that they can fulfill their own leaderful behavior. This kind of an approach was described by Ville Valtonen, who aptly crystallized the leadership philosophy of Reaktor (Martela and Jarenko 2015, 97): “Leadership is a support function that removes the obstacles from the professional’s way so that she or he can accomplish the coolest stuff in the world!”

Conclusions

Behind the transition in organizational structure from bureaucratic to various forms of post-bureaucratic, non-hierarchical and self-organizing structures, there is also a deeper shift in our basic assumptions about human beings. These fundamental beliefs about human nature directly affect how we treat employees as leaders and what kind of structures we see as viable in ensuring employee commitment to common goals. While a dependence on monitoring, control, sanctioning and extrinsic rewards has been the backbone of bureaucratic organizations, these structures can be even counterproductive if one’s aim is to build a self-organized organization with proactive and self-determined employees. To build a successful enterprise relying on self-organizing, one must ensure that one is operating from an active, growth-oriented view of the human nature.

Self-organizing is a revolution whose time has come. That is at least what we hope for. Apart from the financial reasons to move towards more self-organizing in turbulent business environments requiring innovations, adaptability and expertise, we see a deeper reasons why this would be a desirable transition. Humans are, at the bottom line, active, self-directed organisms who thrive in environments where they can express themselves and use their talents to achieve goals they believe in. Hierarchical, bureaucratic organizations are sometimes effective in thwarting such initiative and self-directedness in humans, making them suffering but efficient cogs in a machine. We would like to see a future where more and more people would be freed from such need thwarting environments, and instead, could work in organizations where they are excited to come to the office on Monday mornings. This might sound idealistic. There surely are many political and other barriers before such a vision could be realized on a global scale. However, we want to do our own small part in identifying the reasons for why more organizations should make the transition to self-organizing, and how to make that transition. Although the world is large and complex, every organization that makes the switch and starts believing in the potential of their employees is a small step in the right direction. When an organization switches from controlling, monitoring, rewarding and punishing to encouraging, trusting, facilitating and empowering, this transition is able to liberate at least some people to work in a context where they can express their humanity and their potential and accordingly truly thrive as human beings. This is a future worth striving to realize.

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