

Managing Without Managers: Shaping Management Control in Self- Managing Organizations

How to Overcome Challenges of Job Autonomy?



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ABSTRACT

Recently more and more organizations tend to choose for a different approach regarding their management control: self-management. Typical for these self-managing organizations is less emphasis on controls, direct supervision and procedures and more emphasis on job autonomy. As identified in the literature review, job autonomy can have a lot of advantages for an organization and its employees, but it can also cause some difficulties or challenges for an organization. This can have implications for management control. This Master Thesis therefore examines how management control takes place in a self-management organization and how this relates to job autonomy. The study is performed by means of a case study at Viisi, an organization active in mortgages. Data from interviews with employees, observation of meetings and documents is used to find an answer on the research question. Viisi implemented holacracy 2,5 years ago. This resulted in an increase in job autonomy for the employees. The holacracy structure plays an important role for management control of the organization. A lot of possible difficulties of more job autonomy are overcome by creating different roles with leadership authorities. In this way leadership is contextual and distributed. Everyone is leader in his own role and possesses the decision rights that concern that role and its domains. Other roles are created in order to stimulate coordination, to assign roles, to hire and fire employees, to set goals and to design a compensation model. Viisi's culture and scale also play an important role. Peer control exists but is not experienced as control by employees, because of the open culture at Viisi where feedback is appreciated and stimulated. Furthermore, employees at Viisi have a lot of trust in each other. This trust makes control less necessary and therefore partly replaces control. The relatively small scale of Viisi helps in dealing with the holacracy rules in a flexible way. In this way management control is shaped and job autonomy is sustained. However some difficulties related to job autonomy still exist at Viisi, like uncertainty in decision-making and creating an equal workload.

LIST OF CONTENTS

1. INTRODUCTION	6
Recent developments	6
Implications for organizations	6
Challenges of job autonomy	7
Scientific relevance	7
Problem definition	9
<i>Research purpose</i>	9
<i>Research question</i>	9
Structure	10
2. LITERATURE REVIEW	11
The self-management approach	11
Implications for management control	12
<i>Allocation of decision rights</i>	12
<i>Performance measurement system</i>	12
<i>Reward system</i>	13
<i>Enabling and coercive control</i>	13
Definition of job autonomy	14
The need for self-actualization	14
Stewardship theory	16
Empowerment and control	17
The benefits of job autonomy	18
<i>Local knowledge: improved and less costly decision-making</i>	18
<i>Employee well-being: involvement, satisfaction and agility</i>	19
Autonomy: overwhelming or empowering?	21
Self-management in teams	22
Need for leadership	23
Bad performance	24
Involvement or estrangement?	25
Information asymmetry and objectivity	25
Agency versus stewardship theory	26
Autonomy: a balance between reliability and adaptability	28
Conclusion	28
3. METHODOLOGY	30

Research strategy	30
Case selection.....	30
Research approach	31
Research paradigm.....	31
Plan for data generation	32
Plan for data analysis	34
4. RESULTS	35
The constitution	35
<i>Roles and circles</i>	35
<i>Tactical and governance meetings</i>	36
<i>Application of the constitution</i>	36
Decision-making	37
<i>Accountabilities and decision rights of roles</i>	37
<i>Frustration and uncertainty in decision-making</i>	38
<i>Delaying effect of the rules</i>	38
<i>Separation of role and person</i>	39
<i>Lower threshold and effectiveness</i>	39
<i>The 'safe enough rule' and Getting Things Done method</i>	40
The role of software	40
Role assignment and workload issues.....	41
<i>The role of the StrengthsFinder test</i>	41
<i>How to achieve an equal and fair workload</i>	42
<i>Consequences for employee well-being</i>	43
<i>How to deal with different roles and meetings</i>	45
Peer control and group pressure.....	45
Coordination between circles.....	47
Bad performance and intervention.....	48
Opportunistic behavior of employees	49
The purpose of the circles and roles.....	50
Performance measurement and budgets.....	51
<i>Objectives and Key Results in general</i>	51
<i>Objectives and Key Results at Viisi</i>	51
<i>Spending approvals and budgets</i>	52
Compensation model	53
<i>'Het nieuwe belonen'</i>	53

<i>The Peter Principle</i>	53
<i>Design of the compensation model</i>	54
Solicitation process	57
A lack of leadership?	58
The role of language	59
Hierarchical old patterns	59
<i>The position of the co-founders</i>	59
<i>The position of the lead link</i>	61
Copy of state model	62
Other success factors.....	63
<i>The culture of Viisi</i>	63
<i>The scale of Viisi</i>	63
<i>Trust and collaboration</i>	65
5. CONCLUSION & DISCUSSION	66
<i>Conclusion</i>	66
<i>Limitations of this study</i>	69
<i>Recommendations for future research</i>	70
REFERENCES	73
APPENDICES	77
I. Instruction guide for interviews (including interview questions)	78
II. Instruction guide for observations.....	87
III. Observation report 1: Daily Tactical Meeting 9.15-9.45 (16-04-2018).....	89
IV. Observation report 2: Weekly Tactical and Governance Meeting 9.00-9.45 (24-05-2018)	91

1. INTRODUCTION

Recent developments

We nowadays live in a time and place where freedom and autonomy are seen as two of the most important values in our society. People should be able to make their own choices and they want to be independent. The reason why freedom and autonomy are so highly valued has to do with the idea that opportunities for self-determination are nowadays fundamental for the well-being of an individual and society (Schwartz, 2000). Self-determination is about personality development and self-regulation (Van Lange, Kruglanski & Higgins, 2012).

Important for the self-determination theory is to distinguish autonomous motivation and controlled motivation. Autonomous motivation exists when individuals have the experience of a choice. This motivation is mostly related to intrinsic motivation, which arises because of people's interest in the activity itself, or internalized extrinsic motivation. Controlled motivation is related to extrinsic motivation, which is needed for activities in which people do not have an interest. Self-determination is based on the autonomous motivation, which exists because people strive to personality development (Gagné & Deci, 2005).

This emphasis on self-determination, autonomy and freedom has led to some consequences for our daily life. Constraints on choices tend to disappear more and more. Almost anything nowadays is possible and many people can almost live exactly the lives they want, because of lack of any limitations (Schwartz, 2000). When we go to the grocery store to buy a pack of sprinkles, the range of possible options is enormous. Sometimes it can be difficult to choose. Another example of influence in our daily life of the ideal of self-determination can be found in the work-atmosphere. More organizations nowadays consider to give their employees more freedom of choice and autonomy, because this may lead to more satisfied employees (De Telegraaf, 2015). The recent development of self-managing organizations may be partly explained by this ideal of self-determination and its focus on autonomous motivation.

Implications for organizations

Recently more and more organizations tend to choose for a different approach regarding their management control: self-management. Typical for self-managing organizations is the emphasis on autonomy and less on controls, direct supervision and procedures (Groen, 2016). By providing their employees more autonomy and less constraints, organizations hope that the satisfaction and happiness of their employees will increase (De Telegraaf, 2015). More autonomy will stimulate the intrinsic or autonomous motivation of employees and is expected to lead to more productive or creative personnel (Groen, 2016).

According to the self-determination theory, intrinsic motivation will be present when people have already an interest in the tasks and activities they perform (Gagné & Deci, 2005). The need of self-actualisation and self-determination can trigger this interest in tasks and activities. The need of self-actualisation is the need of an individual to better himself and to achieve personal growth. Performing tasks and activities well can contribute to the fulfilment of self-actualisation, which is the highest need of a human being (Poston, 2009) and is therefore in interest of the employee. However constraints on autonomy can have a demotivating effect. According to Hackman and Oldman (in MacLagan, 2003), autonomy in the workplace is therefore a necessary condition for self-actualisation and personal growth and can stimulate autonomous motivation (MacLagan, 2003).

Another reason for the development of self-managing organizations is the fast-changing reality of today's world. The traditional hierarchical organization structure is designed to achieve stability through centralized control and planning. However nowadays more adaptability is needed, which these traditional structures cannot easily provide. Creativity and innovation is impeded by the hierarchical way of organizing (HolacracyOne, n.d; Barker, 1993).

Challenges of job autonomy

As described, the rationale for organizations to provide their employees more autonomy and freedom of choice is clear. With this self-management approach, organizations try to make use of intrinsic motivation by providing their employees more opportunities for self-determination and self-actualization. This can explain the recent development of the increasing number of self-managing organizations. The advantages of providing employees more autonomy and freedom of choice are nowadays extensively described in the literature. The recent emphasis on these advantages stimulates more organizations to undertake a similar approach. One of the organizations where this new approach appeared to be successful is the Dutch home-care organization called 'Buurtzorg' (Buurtzorg Nederland, 2018; De Blok & Pool, 2016; Groen, 2016). As well national as international organizations got inspired by this success story and followed. However, recently some attention is paid to failures and the possible downsides of this self-management approach. For instance, the self-management approach implemented at the Dutch municipality 'Hollands Kroon' appeared not to work as well as expected beforehand. This raised new questions and doubts. In this municipality it seems the self-management approach and autonomy took it too far (Van Raalte, 2017). Is there something like too much autonomy? Do organizations have to restrict job autonomy? Or can be dealt with these challenges of self-management and job autonomy in another way?

Scientific relevance

As a consequence of the recent development of an increasing number of self-managing organizations and

an increase in the autonomy for employees, interest grows in how management control is actually shaped within these self-managing organizations and how this relates to job autonomy. It is clear that job autonomy changes the nature of the work and work relations of employees, but mixed evidence exists about what this influence of self-management and job autonomy is on work outcomes (Lee & Edmondson, 2017). What are the consequences of more job autonomy on organizational-level and individual-level? Are individuals' jobs actually enriched by greater job autonomy? What implications does this have for management control?

Since job autonomy can bring along as well positive as negative consequences, it will be relevant to obtain an understanding of how self-managing organizations deal with these consequences. An understanding of how self-managing organizations shape management control can give insights in how these organizations make use of the advantages and deal with challenges of increased job autonomy. Self-managing organizations may namely experience difficulties to sustain their formal decentralization when they come to face obstacles (Lee & Edmondson, 2017). Therefore it is important to examine how management control of these organizations deals with obstacles and challenges.

Especially nowadays, when there are a lot of success stories known about the implementation of a self-management approach, it is important to stay critical and focus also on possible challenges of self-management and job autonomy to gain a more accurate, balanced perspective (Bernstein, Bunch, Canner & Lee, 2016). New ideas, like the self-management approach, often look promising, because disadvantages are not experienced yet (Kor, 2018).

To contribute to a more complete understanding of management control related to job autonomy, this Master Thesis will focus on how management control takes place in self-managing organizations. Since there are no managers in self-managing organizations and employees have a high degree of autonomy, it will be interesting to examine how these firms arrange issues as performance measurement, leadership, compensation and the assignment of tasks and responsibilities. These aspects of management control can be related to job autonomy and the advantages and difficulties of it. I will examine how a self-managing organization avails itself of advantages of job autonomy and how it deals with possible challenges of more job autonomy by means of management control.

With a more complete understanding about how management control takes place in self-managing organizations and how this management control is related to job autonomy and its advantages and challenges, the possibility that organizations will be able to successfully implement the new self-management approach may increase. This can be seen as the practical relevance of this paper. The scientific relevance of this study will be the contribution to the existing literature concerning job autonomy and management control in self-managing organizations and the providence of new insights

about how organizations deal with the positive consequences and possible challenges of job autonomy and self-management in their management control.

Problem definition

Research purpose

In order to develop a more complete understanding about management control and job autonomy in self-managing organizations, the purpose of this research is ‘to develop an understanding of how management control takes place in a self-managing organization and how this relates to job autonomy’. By providing a more complete insight about management control related to job autonomy, organizations will be aware of how management control can be shaped and how this is related to advantages and challenges of job autonomy. Therefore organizations may be better able to implement a similar self-management approach in their own organization.

Research question

The research question of this study will be as follows: *“How does management control take place in a self-management organization and how does this relate to job autonomy?”* This question will be examined by means of a case study at Viisi. Viisi is a provider of mortgages and mortgage advices. Their purpose is to change and improve the world of financial advice and create more sustainability. Viisi works with holacracy, the most common form of self-management. Information will be obtained by performing interviews with employees, observations of meetings and analysis of documents.

In this paper I will describe how management control takes place at Viisi and how it is related to job autonomy. I will extensively examine and provide an elaborate description of how this self-managing organization manages itself without managers, to demonstrate how management control is shaped in this organization. I will examine a wide range of aspects which may be related to job autonomy of employees, e.g. the assignment of tasks and responsibilities, performance measurement, allocation of decision rights, leadership and compensation. I will obtain information from documents analysis, interviews and observations. During my research I will also focus on which advantages and challenges of job autonomy employees may experience(d) and how this self-managing organization take advantage and deals with this. This focus on advantages and challenges will provide an answer about how this job autonomy is sustained by overcoming challenges. Self-managing organizations namely may experience difficulties to sustain their formal decentralization when they come to face obstacles (Lee & Edmondson, 2017). It would therefore be interesting to examine how Viisi deals in its management control with difficulties in order to sustain job autonomy and self-management.

Structure

Chapter 2 of this Master Thesis will consist of an elaborate literature review, concerning self-management, implications for management control, job autonomy, self-actualization, the stewardship theory, the benefits of job autonomy and possible challenges of job autonomy. After this part, the methodology of this study will be discussed in chapter 3. Subsequently, in chapter 4 the results of this study will be demonstrated and analyzed. Thereafter, in chapter 5, a conclusion and discussion will follow, in which the research question will be answered, results will be linked with the literature, some comments will be made and limitations and recommendations for future research will be discussed. At the end a list of all used references and appendices with interview questions, instruction guides and observation reports are included (Groen, 2016). *This Master Thesis can only be used by others than the writer after prior written permission of PwC.*

2. LITERATURE REVIEW

The self-management approach

Self-managing organizations are defined as those that “radically decentralize authority in a formal and systematic way throughout the entire organization” (Lee & Edmondson, 2017, p. 35). This means that these organizations eliminate the hierarchical reporting relationship between manager and employee. Checking organizational progress, assigning resources, designing tasks and organizational structure and giving feedback is still important in self-managing organizations, but these authorities are formally distributed to individuals in a temporary way and not based on hierarchical ranks. Self-managing organizations work with highly formalized, but flexible roles. A formal system “codifies how authority is exactly decentralized in the organization through a set of explicit rules or principles” (Lee & Edmondson, 2017, p. 37). This is deemed to be important because departures from the dominant managerial hierarchy are not likely to be sustained without this. This formalization of decentralization however is something different than formalization of work within the organization. In self-managing organizations, decentralization is not limited to teams, but established throughout the entire organization (Lee & Edmondson, 2017).

Typical for self-managing organizations is that “members share accountability for the work, authority over how goals are met, discretion over the resources use and ownership and knowledge related to the work” (Bernstein *et al.*, 2016, p. 7). In most self-managing organizations, teams are the structure and within these teams individual roles are created and assigned together. Teams design and govern themselves (Bernstein *et al.*, 2016). However under self-management, authority is not equalized (Lee & Edmondson, 2017) and there can still be a form of leadership, only this leadership is contextual. Like Lee & Edmondson (2017) explained, leadership and authority is distributed among roles instead of among individuals. Therefore leadership continually shifts when work and roles change. The idea behind self-managing organizations is that these organizations overcome hierarchical constraints and are responsive to the needs of the work instead of to job descriptions and the directives of a superior. Self-management brings decisions closer to the work by discarding approvals and hierarchical reporting relationships which are often present in traditional organizations (Bernstein *et al.*, 2016).

Holacracy is the first specified and most common form of self-management. Holacracy is a form of self-management that provides authority and decision power to fluid teams or “circles” and roles rather than individuals. Governance is formalized in a constitution. Although often thought by outsiders, decisions are not made by consensus. In a holacracy every circle member can propose changes. These proposals are adopted unless there is an objection against it, because it could harm the circle (Bernstein *et al.*, 2016). Instead of re-organizations, holacracy experiences continuous changes. It is responsive to

tensions and opportunities. Role definitions are constantly changed to suit the daily needs of the circle, what differs from static job descriptions (HolacracyOne, n.d.).

Implications for management control

“Management control systems are all systems which managers use in order to align the behavior and decisions of employees with the goals and strategies of the organization” (Groen, 2016, p. 6; Merchant & Van Der Stede, 2012). This may be necessary due to personal limitations of employees or due to an incongruence of goals (Merchant, 1982). Within an organization, different tensions may arise. An organization has to find a balance between freedom and constraints, empowerment and accountability, top-down direction and bottom-up creativity and between experimentation and efficiency (Simons, 1995; Groen, 2016). In self-managing organizations management control will probably emphasize freedom, empowerment, bottom-up creativity and experimentation over constraints, accountability, top-down direction and efficiency (Groen, 2016).

Zimmerman (2011) identified three important aspects of management control and the organizational architecture: allocation of decision rights, performance measurement and a reward system.

Allocation of decision rights

A self-managing organization is a decentralized organization with a flat hierarchical structure. Decision rights will be allocated to (lower-level) employees, what provide employees more job autonomy (Lee & Edmondson, 2017).

Performance measurement system

To measure performance it is necessary to establish an expectation and measure deviations between actual performance and this expectation. Organizations can make use of so called ‘action-controls’, ‘result-controls’ and/or ‘personnel controls’. Action controls are controls trying to ensure that employees (do not) perform specific (un)desirable actions and activities. This can be done by the use of behavioral constraints, like physical constraints (e.g. locks, identification) and administrative constraints (e.g. segregation of duties). Another way of action control is action accountability, what holds employees accountable for their actions (Merchant, 1982). Acceptable behavior can be defined in codes of conduct, work rules, policies and procedures (Groen, 2016). Subsequently, actual behavior and deviations from the defined limits will be tracked and rewarded or punished. A third type of action control is pre-action review (e.g. direct supervision, formal planning reviews and approvals of expenditures) (Merchant, 1982).

Result control takes place through results accountability. This requires definition of desired results (e.g. standards and budgets), measuring performance and reward or punish performance

deviations. With this form of control, specific actions are not limited. Therefore employees have more freedom and discretion in how they perform their jobs (Groen, 2016).

Personnel control mainly relies on employees to do what is best for the organization. Personnel control provides assistance for their personnel by improving their capabilities (e.g. selection policies, training programs and improving job assignments), by improving communication (e.g. clarify expectations and roles and information for coordination) and by encouraging peer control (e.g. formation of work groups and establishment of shared goals) (Merchant, 1982; Groen, 2016).

Self-managing organizations are expected to make more use of results and personnel controls. Action controls impede employees' autonomy and discretion. Also, the assumption behind action controls is that higher-level management has better knowledge about which actions are (un)desirable than lower-level employees (Groen, 2016). Extensive job descriptions, standard procedures and direct supervision are not consistent with the idea behind self-managing organizations, which trust in the capabilities and incentives of their employees and strive to empowerment. When results are measurable, results controls can be useful because these controls provide employees discretion about how to perform their job. Most common for self-managing organizations are personnel controls. This is a very subtle form of control; like a self-regulating mechanism in contrast to an obtrusive orchestration mechanism (Mouritsen & Thrane, 2006). Especially peer control may play an important role in self-managing organizations which mostly work with teams with shared goals.

Reward system

Two possibilities for rewarding employees are standard rewards and performance dependent rewards. A performance dependent reward system can be used to extrinsically motivate employees to deliver good performance (Merchant & Van Der Stede, 2012).

Enabling and coercive control

Management control can be used in different ways. A main distinction is an enabling and a coercive use of control. An enabling use of control provides a high degree of authority to employees and emphasizes a facilitating role and empowerment instead of monitoring and direct control. Management with a coercive use of control tries to establish a 'foolproof top down system' (by means of standards and rules) in order to take away as much discretion as possible from their employees. Management that uses control in an enabling way has more trust in their employees and their competences. Employees are considered as a source of useful skills who are able to improve the system (Adler & Borys, 1996; Groen, 2016). Therefore enabling control is more inclined to provide employees autonomy and discretion. Therefore self-management will more likely be an enabling approach to management control. Internal transparency,

global transparency, reparation and flexibility (Adler & Borys, 1996) are features that are expected to be provided by management control of self-managing organizations (Groen, 2016).

Definition of job autonomy

According to Deci (1989), in Gagné & Deci (2005), managerial autonomy support is defined as “managers acknowledging their subordinates perspectives, providing relevant information in a non-controlling way, offering choice and encouraging self-initiation rather than pressuring subordinates to behave in specified ways” (p. 345). Brauchli, Bauer & Hämmig (2014) defines job autonomy as “the extent to which employees are able to decide how and when to do their jobs” (p. 79). Evans & Fischer (1992) define job autonomy as follows:

“Job autonomy refers to the latitude employees are allowed when doing their work and entails the amount of discretion or choice they have regarding the methods or procedures they use, the schedule to which they adhere, and the criteria used for their evaluation. Autonomy offers the individual an objective sense of control within the domain of task methodology and execution, and accentuates the power of the employee to make his or her own decisions”. (Evans & Fischer, 1992, in Brink, Emerson & Yang, 2016, p. 118)

What can be the rationale of organizations to adhere the self-management approach and give their employees more autonomy? Why would an organization replace the traditional top-down bureaucratic structure by a bottom-up structure in which employees receive more autonomy and in which management has consequently less direct control over the employees? According to some authors, more autonomy may provide more opportunity for opportunistic behavior and thus can lead to significant costs. These costs are called agency costs and they arise because agents’ (management) and principals’ (employees) interests differ (e.g. Davis, Schoorman & Donaldson, 1997). This difference in interests is an important assumption of the agency theory. However, there are other theories which argue that this conflict of interests is not that prevailing as agency theorists argue.

The need for self-actualization

Literature regarding the motivation theory of Maslow may already provide an argument why the conflict of interest may be smaller than agency theorists seem to think. Maslow identified a certain order in humans needs. The first needs of a human are physiological needs, like food, water, warmth and rest. These are the most important basic needs. When these needs are fulfilled, a human will develop safety needs, like security and safety. When these needs are not fulfilled, fear will impede a human being to shift

to a higher layer of the pyramid; from the most basic needs to more psychological needs. The first layer of psychological needs are the belongingness and love needs, like intimate relationships and friends. When these needs are not fulfilled, another kind of fear can impede the individual, namely social fear. The next layer of needs are esteem needs, which consist of prestige and feeling of accomplishment. As well respect of others as self-respect is important for fulfilling these needs. Completely on top of the pyramid, the highest need of a human being is self-actualization: *achieving one's full potential*. In order to achieve self-actualization, all lower needs should be fulfilled. For example, when an individual is hungry or does not feel safe, this individual will pay all his/her attention on finding a solution and solving these issues instead of focusing on self-actualization (Poston, 2009; Groen, 2016).

Self-actualization is about bettering oneself as a human being and about expanding ones knowledge and talents. It is getting to know oneself and unconditionally accepting oneself (Poston, 2009; Groen, 2016). Human have the need to “grow beyond their current state and reach higher levels of achievement” (Davis *et al.*, 1997, p. 27).

How can this need for self-actualization provide organizations a rationale to give their employees more autonomy? It can be argued that people possess motivation to achieve self-actualization. Motivation that exists because of the need of self-actualization is an intrinsic motivation, because performing an activity well can lead to fulfillment of the highest human need. People can therefore derive satisfaction from the activity itself.

“Intrinsic motivation involves people doing an activity because they find it interesting and derive spontaneous satisfaction from the activity itself. Extrinsic motivation, in contrast, requires an instrumentality between the activity and some separable consequences such as tangible or verbal rewards, so satisfaction comes not from the activity itself but rather from the extrinsic consequences to which the activity leads”. (Gagné & Deci, 2005, p. 331)

Since self-actualization is about bettering oneself and expanding ones knowledge and talents (Poston, 2009; Groen, 2016), it will not be likely that an individual seeking for self-actualization will exhibit opportunistic behavior. If achieving self-actualization is the interest of an employee, opportunistic behavior will be conflicting with this interest. This reduces the divergence of interests between management and employee. Both parties have an interest in working in the interest of the organization, which will not only yield utility for management in the form of higher profits, but will also yield utility for the employee in the form of a higher possibility for self-actualization. Because the interests of management and employee are now more aligned, there will be less need for controls to prevent and detect opportunistic behavior and more autonomy may be provided to employees. “Effective self-

management is difficult and requires a high level of psychological development and interpersonal skill” (Lee & Edmondson, 2017, p. 52). This demonstrates how self-management can provide employees an opportunity for the achievement of self-actualization. This makes it also less necessary for organizations to use a performance dependent reward system, since employees are already motivated to deliver good performance and are already rewarded for this by the fulfillment of their need for respect, self-respect and self-actualization (Poston, 2009).

Stewardship theory

A theory which is consistent with the view of aligned interests is the stewardship theory. This theory is an opposing theory of the agency theory and has its roots in psychology and sociology. This theory, like the agency theory, also sees people as rational actors who seek to maximize their utility. However this theory does not assume there is a significant conflict of interests between management and employee, because it is assumed that employees obtain a higher utility from pro-organizational, collectivistic behavior than from individualistic self-serving behavior (Groen, 2016). Therefore it is rational for employees to not depart from the interests of the organization. By working in the interest of the organization, also the personal needs of an employee will be met (Davis *et al.*, 1997). Recently work and organizations are more often seen as places for personal meaning. This stimulated interest in improving employee experiences at work. People try to achieve personal fulfillment and mission through their work (Lee & Edmondson, 2017). Employees therefore want to contribute in the success of the organization. This means there is no motivation problem according to the stewardship theory (Donaldson & Davis, 1991; Groen, 2016). Bernstein *et al.* (2016) give an example of an employee who was able to simultaneously improve the group’s performance and pursue a professional growth opportunity, which suggest organizational and individual interests will not necessarily differ.

These ideas have consequences for management control in organizations. According to Davis *et al.* (1997), more empowering and enabling governance structures (e.g. Adler & Borys, 1996) will be appropriate (Groen, 2016). “Managerial hierarchy creates and reinforces status differences that can stifle the developmental and growth needs of its human members” (Lee & Edmondson, 2017, p. 37). Extending autonomy of employees will therefore provide benefits. With more freedom and less controls, employees will still possess enough motivation to act in the interest of the organization. Controls can be diminished, since employees are already intrinsically motivated to behave in ways consistent with the objectives of the organization (Groen, 2016). Davis *et al.* (1997) even argue controls can have negative effects and costs, because controls can reduce this intrinsic motivation of employees by undermining pro-organizational behavior (Groen, 2016). Excessive controls can lead to counterproductive behavior because it makes it easier to rationalize deviant behavior (Brink, Emerson & Yang, 2016).

Empowerment and control

Providing more autonomy to employees can lead to so called ‘empowerment’. Consistent with the self-determination theory, empowerment can be conceptualized as an “expanded discretion that an employee has over how his/her work is to be done in the immediate work environment” (Sia, Tang, Soh & Boh, 2002, p. 25). According to Sia *et al.*, (2002), two important aspects of empowerment are job discretion and procedural formality. Empowerment can be characterized by enhanced job discretion (e.g. job expansion, enhanced flexibility, more decision rights and a better access to information). Empowerment is also characterized by less procedural formality (e.g. standard procedures and extensive job descriptions). There will be more opportunity for flexibility and less checks and controls. Control relates to the visibility of employee actions to management and peers (Sia *et al.*, 2002).

Literature about the relationship between empowerment and control is not conclusive. Some authors argue there are clear boundaries between these two concepts. Empowerment and control are argued to be mutually exclusive and incompatible. Exercise of empowerment implies exclusion of control and exercise of control implies an exclusion of empowerment. An alternative view is that empowerment and control are not inversely related, but “they each contribute independently to the common purpose of aligning individual behavior to the achievement of organizational objectives” (Sia *et al.*, 2002, p. 24). More empowerment does not have to be associated with less control, but they can go together. A right balance between empowerment and control should be established in a control system (Sia *et al.*, 2002).

According to the last view on the relationship between empowerment and control, these two concepts are not mutually exclusive. This statement can even be taken a step further, by arguing that these concepts are not two different concepts: empowerment *is* control. “Management control systems are all systems which managers use in order to align the behavior and decisions of employees with the goals and strategies of the organization” (Groen, 2016, p. 6; Merchant & Van Der Stede, 2012). According to Zimmerman (2011), management control exists of three main concepts: the allocation of decision rights, performance measurement and a reward system. These three concepts should be balanced and coordinated in order to achieve effective management control (Zimmerman, 2011; Groen, 2016). Allocation of decision rights is an important part of management control. The choice to allocate decision rights to (lower-level) employees and provide them job autonomy is therefore part of management control. Subsequently, empowerment is a form of ‘control’. Empowerment and control both have the goal to influence employees in such a way that organizational goals are achieved. Empowerment is only another way of achieving this goal. Therefore empowerment does not lead to less ‘control’. It can be argued that empowerment may indeed lead to less action controls, but result and personnel control (Merchant, 1982) are still suitable forms of control which will not be excluded by empowerment and which will not exclude empowerment.

To take this view into account, when I refer to less control(s) as a consequence of autonomy in this paper, I refer to less action controls, like behavioral (physical and administrative) constraints, action accountability, work rules, job descriptions, policies and (standard) procedures, work rules, direct supervision and approvals (Merchant, 1982), but not to overall management control. Providing job autonomy is a form of control and does not have to lead to less control (e.g. actions of employees can still be visible for management and peers). Job autonomy and results and personnel controls (e.g. peer control) are certainly not incompatible. This view is consistent with the stewardship theory in assuming that allocating decision rights to employees is another way of achieving organizational objectives and will not lead to opportunistic behavior.

The benefits of job autonomy

The need for self-actualization and the therefrom arisen intrinsic motivation provide an argument why organizations may be indifferent between self-management and a more traditional form of management control, since both ways prevent opportunistic behavior and are therefore helpful in achieving an organization's objectives. However arguments why organizations may prefer the self-management above a traditional top-down management are not described yet. What are the possible benefits of a self-management approach and a resulting high degree of job autonomy?

Local knowledge: improved and less costly decision-making

One reason why organizations can choose to provide autonomy to their employees is because they may assume that the lower levels of the organization possess the necessary knowledge. Because the knowledge is located at lower levels, these levels should be better able to make the right decisions (Zimmerman, 2011; Groen, 2016). Lee & Edmondson (2017) state "that managers rarely have the full expertise needed to solve organizational problems" (p. 37). Action controls are therefore less suitable in this case, because higher levels do not possess the knowledge about which actions are (un)desirable (Merchant, 1982). By providing their employees more autonomy and decision rights, the organization assumes that better decisions will be made, what consequently leads to better firm performance (Zimmerman, 2011). It can reduce costs, increase timeliness and improve quality (Fowler, 1992). Employees are able to respond faster to environmental changes and opportunities than managerial controls and reporting relationships allow (Lee & Edmondson, 2017).

Accordingly, decision right theory proposes that employees at the bottom of the organizational hierarchy generally have better and easier access to local information. When management does not provide their lower employees any form of autonomy, all decisions have to be made by higher level managers. The agency theory provides a rationale for this; it can reduce the agency costs. However, in

order to enable higher level managers to make the right decisions, there will be a need to process knowledge and information from the lower levels upward in the hierarchy, which will result in information-processing costs. Examples of these information-processing costs are costs of communication, miscommunication and delays in communication. These decision information costs will increase as a decision right is moved to a higher level in the hierarchy. Consequently, organizations have to find a right balance where agency and information-processing costs will be minimized (Poston & Grabski, 2001). Taking into account the need of self-actualization and the perspective of the stewardship theory, the agency costs will not be high since the interest of employee and management will not differ significantly. This means that the total of agency and information-processing costs will generally be minimized by giving lower levels in the hierarchy decision rights. Providing decision rights to a lower level in the hierarchy can benefit the quality and timeliness of decision-making.

Another cost-related benefit of self-management and job autonomy is the possibility of lower overhead costs, since the hierarchical structure will be flatter and layers of managers can be eliminated (Vermeer & Wenting, 2012; Groen, 2016)).

Employee well-being: involvement, satisfaction and agility

According to the cognitive evaluation theory, feelings of competence and autonomy are important for intrinsic motivation (Gagné & Deci, 2005). Results of other studies demonstrated that challenging activities are very intrinsically motivating (Danner & Lonky, 1981, in Gagné & Deci, 2005). Therefore another reason for providing employees more autonomy can be to make the job more interesting and thus more intrinsically motivating. The opportunity to repair (Adler & Borys, 1996) may also contribute to this. By giving more autonomy to employees, the opportunity to fulfill self-actualization will increase, since more interesting jobs can contribute to personal growth and the expansion of knowledge and talents.

Research indicates that autonomy can have a lot of positive work outcomes. For example, research demonstrated that autonomy-supportive conditions lead to internalization of extrinsic motivation, which makes extrinsic motivation autonomous (Deci, Eghrari, Patrick & Leone, 1994, in Gagné & Deci, 2005). Autonomous motivation is important for employees to accept the organization's goals and for organizational commitment. Research also showed that "autonomy orientation is positively related to self-actualization, self-esteem, ego development, integration in personality and satisfying interpersonal relationships" (e.g., Deci & Ryan, 1985b; Hodgins, Koestner & Duncan, 1996; Koestner, Bernieri & Zuckerman, 1992; Vallerand, 1997, in Gagné & Deci, 2005, p. 339). Managerial autonomy support can lead to positive work outcomes, like job satisfaction, a higher level of trust in management (Deci, Connell & Ryan, 1989, in Gagné & Deci, 2005), greater persistence, psychological well-being (e.g. Baard, Deci & Ryan, 2004; Deci, Ryan, Gagné, Leone, Usunov & Kornazheva, 2001; Gagné, Koestner & Zuckerman,

2000; Ilardi, Leone, Kasser & Ryan, 1993; Kasser, Davey & Ryan, 1992, in Gagné & Deci, 2005), effective and higher quality of performance (Breugh, 1985, in Gagné & Deci, 2005) and positive work attitudes. In addition, feeling autonomous in one's job leads to more job involvement. Job involvement is also stimulated by the fact that employees may have "a greater sense of making real progress on meaningful work" (Bernstein *et al.*, 2016, p. 9). A bigger variation in job activities can lead to clarification of the purpose of activities, which is motivating and stimulating employees' well-being (Vermeer & Wenting, 2012; Groen, 2016). Internal and global transparency help employees to understand the logic and implications of their work (Adler & Borys, 1996).

Major benefits claimed as consequence of more flexibility (Lee & Edmondson, 2017) and discretion are more creativity and efficiency (Bernstein *et al.*, 2016), a lower absenteeism (Van Mierlo, Rutte, Kompier & Doorewaard, 2005) and higher productivity. ". . . People are productive when they are happy; people are happy when they have control over what they do" (Gino & Staats, 2014 as cited in Lee & Edmondson, 2017, p. 43). Another advantage is increased adaptability to changing conditions. In a holacracy, a form of self-management, employees will be more 'experience-variated' than 'experience-concentrated'. Because employees do not occupy functions but multiple and fluid roles, employees do not always execute the same routine tasks. Therefore they will not become specialized and experience-concentrated in a restricted range of activities, but obtain experience in various areas (Thijssen, 1996). This makes employees more flexible when an organization changes. Employees can easier adapt because they possess a wider range of skills. Besides this 'adaptive agility', self-management and holacracy in particular can also stimulate 'proactive agility'. This means that employees are not only able to flexibly adapt to organizational changes, but are also actively looking for and initiating changes which can be beneficial for the organization. "Proactive agility refers to the anticipation of problems related to change, the initiation of solutions, and the eventual solution of change-related problems" (Doeze-Jager, 2017, p. 11). Eagerness to learn, independence and courage are necessary characteristics for proactive agility (Doeze-Jager, 2017).

Other evidence proves that autonomous motivation promotes prosocial behaviors and citizenship in organizations (Gagné in Gagné & Deci, 2005). Organizational citizenship is "voluntary behaviors that are not directly recognized by the formal reward structure but do promote organizational effectiveness" (Gagné & Deci, 2005, p. 351), like helping co-workers and serving on committees.

As we can see, there is many literature pointing out the advantages of providing more autonomy for employees. Existing literature provides enough arguments for organizations to provide more autonomy and develop self-management. But what is known about possible challenges of self-management and a high degree of job autonomy?

Autonomy: overwhelming or empowering?

Schwartz (2000) argued that freedom, autonomy and self-determination can become excessive.

“...American society has created an excess with resulting increases in people’s dissatisfaction with their lives and in clinical depression” (Schwartz, 2000, p. 79). He argues that nowadays, since we have limitless choices in life, everything is supposed to be the best of its kind and to be perfect. Therefore, according to Schwartz (2000), excessive emphasis on self-determination has contributed to unrealistic expectations. People start also to expect perfection in themselves. This results in people experiencing a failure in many situations. Besides, freedom from constraints can make people indecisive about what to do. “Freedom of choice is a two-edged sword, for just on the other side of liberation sits chaos and paralysis” (Schwartz, 2000, p. 87). Uncertainty can be a consequence of freedom and limitless choices can overwhelm rather than empower people. Schwartz (2000) concludes his article advocating that psychology must figure out “...the set of constraints that actually enables freedom rather than impeding it” (p. 87). What implications can this have for job autonomy in a work environment?

Relating Schwartz’s article to job autonomy, it can be argued that (too) much autonomy can possibly lead to indecisiveness of employees. Employees may not be used to have a high degree of freedom and may become overwhelmed by the possible choices they face. This can lead to paralysis or chaos in the decision-making of the organization. Colling & Ferner (1992) found for example that line managers in network services in Britain had problems with adapting to their new responsibilities, because they were used to more centralized cultures. There was a kind of fear for freedom and responsibility. The authors also argued there was a lack of preparation and some managers just lacked the skills required. Although this may be a possible disadvantage of job autonomy, it can also be argued that this is a matter of time to adjust to the new situation: a challenge. Bernstein *et al.* (2016) identified a similar challenge. In self-managing organizations it is important that everybody exercises their power and voices in decision-making, but prior managers may try to reassert control. As well prior managers as subordinates have to unlearn old behaviors and adapt to new situations (Bernstein *et al.*, 2016). As Sia *et al* (2002) concluded, the pre-existing culture can have a mediating effect on outcomes of organizational changes. People are conservative. After changes, they will try to shape outcomes in such a way they will fit the pre-existing culture. When people are not used to empowerment, it is hard to change this (Sia *et al.*, 2002).

Another possible result of increasing job autonomy is an increase in the sense of responsibility of employees. Research showed autonomy can lead to organizational commitment and job involvement. Evidence also exists that more autonomy leads to job satisfaction (Gagné & Deci. 2005). However, it may also be possible that this sense of responsibility, as consequence of more job autonomy, will become so high that it will overwhelm employees. When employees feel too responsible for their job, mistakes or bad performance by them can lead to the feeling of failure, what instead can lead to disappointment and

dissatisfaction. Besides, when employees get too involved in their job, it will be possible they will require themselves to work more than they should. Work overload and stress can therefore follow. How can self-managing organizations shape job autonomy in such a way that it empowers instead of overwhelms its employees?

Self-management in teams

Barker (1993) followed an organization which left the bureaucratic approach of management control behind and started a new approach with self-managing teams. Self-managing teams were thought to make the company more productive and competitive by letting employees manage themselves in small, responsive and committed groups. Employees received a high degree of autonomy and decision rights and less control from higher level managers. In this organization, so called 'concertive control' arose. This form of control is most similar to peer control and personnel control (Merchant, 1982). The locus of control shifted from management to the employees. Concertive control within teams arose by reaching a negotiated consensus about a set of core values on which behavior should be based. Interactions based on these values became a social force that controlled the actions of the team members. The value consensus started to develop into normative, objective and rationalized rules. Employees now felt more watched by all their team members than under the old bureaucratic system. Team members who failed to behave according to the rules were punished with guilt and peer pressure to conform. This form of control appeared to be more powerful and more difficult to resist than the former bureaucratic control. Instead of freeing the employees, concertive control constrained the employees more powerfully and subtly. Since there was no supervisor anymore who told them what to do, employees started to feel a lot more personally responsible for their job. They started to value commitment to quality product delivered on time more than their individual time. When they missed a target, employees felt bad because they saw it as a failure under their responsibility. Employees felt a lot more stress and experienced burn-outs because they got super-involved and felt strong identification with the system (Barker, 1993; Groen, 2016).

This case study shows that job autonomy can have downsides too. When the locus of control shifts from management to the employees, it is likely that employees start to work in teams. Within these teams, a kind of control can arise that is stronger than bureaucratic control. This can put a lot of pressure on employees. Not complying with the normative rules and value consensus led to feelings of guilt and peer pressure. A significant part of the autonomy of employees was given up to the team. Another consequence, as research already demonstrated, is that employees started to feel a strong commitment and a personal responsibility for their job. These effects are seen as positive work outcomes by many researchers, but this case study showed these outcomes can also be interpreted as negative consequences (e.g. feelings of failure, stress and burn-outs) (Barker, 1993; Groen, 2016). Organizations with self-

managing teams are not the same as self-managing organizations, because these organizations do not completely decentralize authority and maintain a hierarchy. However it is very possible that this concertive control that emerged in this organization with self-managing teams can also emerge in self-managing organizations. Moreover, this can even be stronger in self-managing organizations since there is no management at all, what can stimulate peer control among employees even more. The empirical results of this case study contain similarities with the article of Schwartz (2000) and point to challenges for self-managing organizations.

Need for leadership

The wide adoption of the traditional hierarchy can be explained by the conviction that managers clarify roles and responsibilities, contribute to the coordination of (complex interdependent) tasks and provide a simple, efficient way to set goals and solve disagreements (Lee & Edmondson, 2017). Another possible consequence of increased job autonomy and self-management can therefore be that employees will miss a certain degree of guidance. Although bureaucratic control can impede creativity, encourage dissatisfaction and demotivate employees, it provides guidance and clarifies responsibilities. Therefore it can reduce stress and help individuals to be more effective (Adler & Borys, 1996; Groen, 2016). Without this bureaucratic control, employees will have to find responsibilities on their own and they will have to guide themselves. This can bring uncertainty, as Schwartz (2000) also argued. Bernstein *et al.* (2016) found that employees in the holacracy Zappos faced ambiguity and progression, compensation, and responsibilities were not clear enough. “People can grapple with where to focus their attention and how to prioritize and coordinate across circles” (p. 9). The greatest challenge was insufficient leadership. Managing in self-managing organizations is “less about supervision and direction and more about designing, facilitating and coaching” (Bernstein *et al.*, 2016, p. 12). The case study performed by Barker (1993) also demonstrated that at a certain point, people began to ask the coordinators for leadership and direction. Also at the Dutch municipality ‘Hollands Kroon’ the need for a leader arose after a financial blunder. It was argued that at least one person per team should take the leadership (Van Raalte, 2017).

Morgeson, DeRue & Karam (2010) argue that leadership should be considered in a broad view. Team leadership can come from multiple sources at the same time, which are dynamic and change over time. Leadership can be as well formal as informal and can be internal or external to the team. The authors distinguish two different phases in which teams may feel the need for leadership and identified specific examples of these needs in each phase. The transition phase is the phase where the focus of teams is on activities to establish the structure and processes that will enable effectiveness and achievement of goals and objectives in the future. In this phase, important team leadership activities are: “. . . ensuring the right mix of people in the team, defining the team’s overall mission, goals and standards of performance,

structuring roles and responsibilities in the team, ensuring all team members are capable of performing effectively, making sense of the team environment and facilitating feedback processes in the team” (Morgeson *et al.*, 2010, p. 11). In the action phase a team performs activities that directly contribute to the achievement of its goals. In this phase, leadership may be needed for: “monitoring the team and its performance environment, managing the boundaries between the team and the broader organizational environment, challenging the team to continually improve, becoming involved in performing the team’s work, solving problems that the team encounters, acquiring resources for the team, encouraging the team to act autonomously, and cultivating a positive social climate within the team” (Morgeson *et al.*, 2010, p. 20). Employees in self-managing organizations may perceive that these leadership functions which are usually performed by managers are missing. Other ways have to be established in order to overcome this feeling of need for leadership or to fulfill this need for leadership.

Bad performance

When employees have a high degree of autonomy and direct controls and supervision by management is minimal, management will be less likely to intervene when employees deliver bad performance. Firstly, intervention will damage the autonomy of employees and secondly, management may be less informed about (bad) performance of employees because of the less direct supervision. In self-managing organizations it is even likely that there will not be any management. This can have consequences for the overall performance of the firm. However, as demonstrated with the case study of Barker (1993), it is possible that teams will take over the control of management and that these teams will intervene when a team member is underperforming. Although this can be a solution to solve individual bad performance, what will happen if a whole team is underperforming? Will there be an intervention, and how and by who?

In the Dutch municipality ‘Hollands Kroon’, a rebuilding of two offices resulted in 2,4 million in excess of the original 7,5 million budget. Money issues were not communicated to the local council for a long period of time, causing the local council not to intervene in the project. It was argued that there was a lack of internal control within the organization of the municipality. The accountability of the self-managing teams was not clear enough specified and it was not clear to whom teams had to justify their actions. This caused a lack of oversight (Van Raalte, 2017). Although this happened in a municipality with self-managing teams, it can be argued that internal control and oversight may also form a problem for self-managing organizations, since there is no management at all. Especially at large scale it may be difficult to coordinate efforts (Bernstein *et al.*, 2016).

Another disadvantage of less standardization may be a less stable work environment and a less secure access to critical resources, which can form a threat for performance. With more job autonomy it

also may be more difficult for management to find a right way to compensate their employees. Employees all have a different mix of roles, what makes it unlikely to have clear benchmarks or market rates. (Bernstein *et al.*, 2016).

It will be interesting to examine how self-managing organizations deal with these obstacles and challenges like bad performance, performance measurement and intervention in order to sustain the job autonomy in the organization.

Involvement or estrangement?

Another complain at Hollands Kroon was that local councilors barely knew the teams. They did not know the teams and they did not know what the teams were doing (Van Raalte, 2017). It seems that the self-management approach can also cause estrangement, between employees and management, and perhaps also between teams in self-managing organizations. This can lead to a lack of collaboration which can result in inefficiencies (e.g. two teams performing the same task). Also in this situation, more guidance can provide a solution.

Southern NGOs in a case study of Fowler (1992) have similar arguments against decentralization. They point out the risk of fragmentation of the organization, because decentralized entities/teams were operating autonomously and the risk of a weaker organizational identity, due teams diversify and adapt to local settings (Fowler, 1992). Colling & Ferner (1992) also showed the possibility of conflict between individual unit objectives and corporate objectives. Line managers of privatized network services in Britain were “taking seriously the rhetoric of decentralization leading to conflicts between the performance of the business unit and the interests of the corporation as a whole” (p. 211).

A question that follows from above observations is how self-managing organizations establish coordination among different teams or circles and prevent fragmentation and inefficiencies.

Information asymmetry and objectivity

As previously discussed, providing decision rights to a lower level in the hierarchy can benefit the quality and timeliness of decision-making. Lower levels of the organization have better and easier access to the necessary knowledge. Therefore these levels should be better able to make the right decisions (Zimmerman, 2011). This will improve the quality and timeliness of decisions (Fowler, 1992) and will reduce information-processing costs. By giving lower levels decision rights, there is less need to process knowledge and information from the lower levels upward in the hierarchy (Poston & Grabski, 2001). However, although this will reduce information-processing costs, this will also increase the information asymmetry between management and employees (Fowler, 1992). Supervision and oversight of the employees by management may therefore be difficult. From the perspective of the agency theory,

this will increase the opportunity for opportunistic behavior of employees and thus increase agency costs (Davis *et al.*, 1997). But from the perspective of the stewardship theory, which assumes employees are willing to act in the interest of the organization, this increased information asymmetry and decreased supervision can also have downsides. Supervision can still be necessary, for example when employees' competences are not reaching, like it was the case in the municipality Hollands Kroon (Van Raalte, 2017). Increased information asymmetry can impede needed guidance and supervision of employees. Besides, this increased information asymmetry can contribute to the estrangement, also described above by Fowler (1992).

Finally, Southern NGOs argued that decentralization could lead to a reduced objectivity in decision-making (Fowler, 1992). Although lower levels of the organization have better and easier access to knowledge and information, the lower levels of the organization may be more (emotionally) involved into the situation and may not see the bigger picture behind a specific situation, something what impedes objectivity. Also Bernstein *et al.* (2016) argued that employees can be too responsive to local demands (customers in this case study). "Although it's important to be close to your customers, it's also critical to maintain a broader perspective so that you don't follow them off a cliff" (p.12). Sometimes local trade-offs have to be made by management.

Agency versus stewardship theory

Another possible problem that may arise when management provides employees a high degree of job autonomy, is that employees will not act themselves according to the stewardship theory, but according to the agency theory. For example, it can be possible that the lower needs of employees are still not fulfilled, what means employees will not (yet) seek to fulfill the need of self-actualization (Poston, 2009). Therefore, acting in the interest of the organization will be less in the interest of employees. Opportunistic behavior may now yield a higher utility than pro-organizational behavior. Money for example may now play a more important role than bettering oneself. In this situation there will be a motivation problem.

When management treat their employees as stewards, but employees choose to act like agents and misuse management's trust, this will disadvantage management more than when management would also have treated their employees as agents. This can be compared with a prisoner's dilemma and shows the vulnerability of organizations which treat their employees as stewards. The relation between management and employer is dependent on the choices of both parties. ". . . Even isolated defections from a stewardship ethos, left unchecked, can potentially spread mistrust and ultimately contaminate the entire organization" (Segal & Lehrer, 2012, p. 174; Groen, 2016).

Freeriding is an example of possible opportunistic behavior that can happen within teams. The free rider problem "...occurs when one or more members of a group do not do their fair share of the work

on a group project” (Brooks & Ammons, 2010, p. 268). Teams are often composed of individual employees with unequal productivity, ability and motivation. When an organization provides more job autonomy and controls their employees less, the opportunity for free riding will increase. Management will be less likely to notice this opportunistic behavior and thus will be less likely to intervene. Intervention is therefore more likely to come from other employees. This can cause difficult situations, since employees are not subordinated to each other (Groen, 2016). Experiments have demonstrated that free riding cannot be prevented by intrinsic altruistic motives alone. A common identity among employees and monitoring and sanctioning of team members is also necessary to effectively reduce free riding (Weng & Carlsson, 2015). Peer punishment thus plays an important role, what can cause feelings of discomfort among employees.

By means of a survey under accountants, Brink *et al.* (2016) demonstrated that job autonomy can have a direct positive effect on counterproductive work behavior. Counterproductive work behavior is “voluntary behavior of organizational members that violates significant organizational norms, and in so doing, threatens the well-being of the organization and/or its members” (Robinson and Bennett, 1995 as cited in Brink *et al.*, 2016, p. 116). Counterproductive work behavior can cause financial loss, but also a lower employee morale, a lower productivity and an increase in absenteeism. Examples are fraud, theft, falsification of documents and misuse of the company’s time or assets. Antecedents of counterproductive work behavior can be divided in situational and individualistic ones. Situational antecedents are environmental or external factors which foster or discourage this behavior. “Individualistic factors represent unique personal attributes that describe an individual’s internal predisposition that leads the individual to participate in, or refrain from engaging in, deviant behavior” (Brink *et al.*, 2016, p. 117). Situational antecedents can be further categorized in triggers and opportunities. Triggers can be “. . . financial or social pressures, unfair treatment, breaches of psychological contracts, poor working conditions, or other stressors that may lead the employee to feel a sense of injustice, disparity, or outrage” (Brink *et al.*, 2016, p. 117). Opportunities are “situations or perceptions of situations that facilitate or inhibit an act” (Brink *et al.*, 2016, p. 117) by affecting the costs of behavior and the likelihood that this behavior will have negative consequences. Job autonomy is considered as a situational external factor, because it impacts opportunities for counterproductive work behavior (Brink *et al.*, 2016).

As previous discussed, excessive controls can cause counterproductive behavior, since it can reduce the intrinsic motivation of employees by undermining pro-organizational behavior (Davis *et al.*, 1997; Groen, 2016) and because it makes it easier to rationalize deviant behavior (Brink *et al.*, 2016). This suggests that a certain degree of job autonomy can be beneficial. However, job autonomy decreases supervision of superiors and other controls. This is why excessive job autonomy can create opportunities

for counterproductive work behavior, like agency theorists argue and the results of the survey demonstrated. Nevertheless, the results of Brink *et al.* (2016) also showed that this relation between job autonomy and counterproductive work behavior is mediated and even reversed by job satisfaction and perceived organizational support. Job autonomy has a positive effect on job satisfaction and perceived organizational support. By providing employees job autonomy, individuals are more able to fulfill their need for self-determination. Besides, management demonstrates their trust in employees, what enhances the perceived organizational support of employees. Both job satisfaction and perceived organizational support appear to have a negative relationship with counterproductive work behavior, what results that in the aggregate job autonomy has a negative effect on counterproductive work behavior. This study shows job-related attitudes are important in preventing job autonomy to cause counterproductive work behavior. In organizations where employees are not treated well, the positive association between job autonomy and counterproductive work behavior will become stronger and mediation will become less strong (Brink *et al.*, 2016). The findings of this study partially support the agency as well as the stewardship theory.

Autonomy: a balance between reliability and adaptability

Many arguments formed about job autonomy can be shaped in both directions. Autonomy can lead to job involvement, but it can also lead to over-involvement. Autonomy can have a certain positive effect, but can also result in the opposite direction of this effect.

According to Bernstein *et al.* (2016), the degree of desired job autonomy and self-management is a matter of balancing the need for reliability and adaptability. Too much standardization can make businesses reliable, but insensitive to changes in markets. Too much emphasis on adaptation can cause organizations to fragment and lose economies of scale and focus. All organizations must achieve both reliability and adaptability, but in every organization the balance between these two will differ, e.g. depending on the stability of the environment or the degree of routine of tasks (Lee & Edmondson, 2017). However, due to the rapid-changing environment we live in nowadays, adaptability will become more and more important (HolacracyOne, n.d.). This highlights the potential for a self-management approach.

Conclusion

In short, more job autonomy for employees can have advantages but also difficulties. Decision-making can be faster, better and cheaper and well-being of employees can increase. However, more job autonomy as a consequence of self-management can also bring challenges for an organization. Employees may not be used to make decisions on their own, what can cause them uncertainty, indecisiveness and fear. Teams and peer control can be powerful and put a lot of pressure on employees. Employees can experience a lack of leadership and it can be unclear who can intervene in situations with bad performance.

Furthermore, working in teams can cause fragmentation and inefficiencies when there will not be enough coordination between teams. These advantages and difficulties may have effects on how management control is shaped in a self-managing organization. How does an organization deal with issues as performance measurement, coordination, leadership, compensation, assignment of roles and decision-making and does this overcome the potential difficulties and make use of the potential advantages of job autonomy? Examining how a self-managing organization deals with difficulties will give insights how management control is related to job autonomy and how this will be sustained.

This literature review will play a role on the background during my case study. This literature review is used to identify possible advantages and challenges that Viisi may experiences and deals with. In the case study I will try to find answers on the questions that arose from this literature review. With this literature review as background it may be easier to recognize certain aspects in the organization, but I will not actively look for these specific aspects. I will stay very open for other possible advantages and challenges which are not covered by the literature review. The theoretical review can be seen as a not all-inclusive list of advantages and challenges of job autonomy. The aim of this case study is not to test the theories described in the literature review, but to stay open-minded and let the data speak, in order to derive a new understanding that may contribute to the literature.

3. METHODOLOGY

Research strategy

In order to find an answer on the research question, I will perform qualitative research (Groen, 2016). Qualitative research has the potential to examine phenomena in depth and focuses on access to words, thoughts and feelings (Lee & Lings, 2008). Therefore thick case studies performed in the real world of actors are suitable (Chua, 1986), what leads to detailed descriptions about real-life phenomena. *How* management control takes place is not a research question which can be easily captured and measured by quantifiable terms in order to standardize research (Groen, 2016). “. . . Quantifying the social world means imposing a worldview upon reality, since the social world is constructed of language and meaning - the nuances of which are lost if they are quantified” (Lee & Lings, 2008, p. 84). Quantitative research requires reduction of the complexity of the context, what will be at the expense of important details (Lee & Lings, 2008). Interpretive case studies “emphasize observation, awareness of linguistic cues and careful attention to detail” (Chua, 1986, p. 614). It has the potential for an open and flexible research approach to the phenomena and the researcher does not need to abstract oneself from the research context (Lee & Lings, 2008). This will lead to a higher internal validity and is appropriate for a ‘how’-question (Groen, 2016). Qualitative research systematically watch people in their own territory and let them speak in depth about their thoughts and feelings (Chua, 1986). Relevant actors should be able to express their thoughts, opinions and feelings in order to be able to discover how management control and job autonomy gain meaning in an organization. This can be done by taking interviews. Job autonomy is about processes, experiences and meanings which are best studied in the everyday world, by a researcher’s own presence in the organization and not at a distance. Phenomena will not be taken out of their own contexts, what also increases the internal validity (Bleijenbergh, 2015; Groen, 2016). A common claim made is that results from a case study are not generalizable. However, this is not a weakness of case studies since they are not aimed at creating general laws. By performing a case study, a detailed but local understanding is obtained. Knowledge is context-specific (Schwartz-Shea & Yanow, 2012) and “there is no objective reality to generalize about” (Lee & Lings, 2008, p. 86). Instead of generalizability, rigour is of importance in interpretive research. By showing clearly how the research is carried out and by thick descriptions of the context and results, readers can judge for themselves whether results are relevant and also applicable to other contexts. People can translate the results of a particular case study to other contexts (Schwartz-Shea & Yanow, 2012; Lee & Lings, 2008).

Case selection

For this research I will perform a single case study selected by purposive sampling (Lee & Lings, 2008).

The organization in which I will examine the research question of this study is Viisi. Viisi is a financial consulting firm that was established 7 years ago. The purpose of Viisi is: “Let’s change the world of finance. Make it better, more sustainable and long term oriented”¹. The founders of Viisi perceived self-management as the best way to work towards this goal. Viisi therefore implemented holacracy 2,5 years ago. Power was distributed among employees, managers were eliminated and work was divided in roles with related responsibilities. Employees now have a wide range of roles and work in autonomous circles of related roles. Within these circles they discuss, set goals and make decisions. By means of a constitution, the rules of this decentralization are formalized (Groothengel, 2018). This makes Viisi a suitable case study to examine how management control takes place in a self-managing organization and how it is related to job autonomy. Because Viisi has worked with a more traditional hierarchical management approach before, this case study is also suitable to examine how a self-managing organization deals or has dealt with old patterns of behavior. Most self-managing organizations are start-ups, what reduces the opportunity to examine this for self-managing organizations. Because of practical considerations, the research will be performed at the head office in Amsterdam (West).

Research approach

An inductive research approach will be suitable for this research. Induction is “the process of moving from specific observations to a more general theory” (Lee & Lings, 2008, p. 28). As already discussed, the literature review will play a role on the background during the case study. This will lead to a more open approach. With the literature review as background it may be easier to recognize certain aspects in the organization, but I will not actively look for these specific aspects. The aim of this case study is not to test the theories or hypotheses described in the literature review (Chua, 1986), but to stay open-minded and let the data speak (Lee & Lings, 2008), in order to derive a new understanding out of the data that may contribute to the literature. Therefore I will try to avoid any steering during the interviews.

Research paradigm

A research paradigm is a basic belief system based on ontological, epistemological and methodological assumptions. These assumptions have consequences for the range of problems studied, the research methods used and the possible insights that could be obtained (Chua, 1986). The research question of this paper will be examined from an interpretive research paradigm. This paradigm emphasizes the role of language, interpretation and understanding in social science. A corresponding ontological assumption of this paradigm is that reality is emergent and subjectively created. “... Actions are intrinsically endowed

¹ <https://www.viisi.nl/>

with a subjective meaning by the actor ... and cannot be understood without reference to their meaning” (Chua, 1986, p. 613). These meanings become intersubjectively real through a process of continuous social interaction. This means that there is no neutral objective world ‘outside’ because people are active makers of reality (Chua, 1986; Schwartz-Shea & Yanow, 2012; Groen, 2016). This also means that there is no strict distinction between subject and object. Researchers are considered to generate (not collect) data in interaction with the participants, the context and data resources. “. . . Data does not exist independent of the research itself” (Lee & Lings, 2008, p. 226). The aim of interpretive research is to obtain an understanding of reality and insights in meanings, actions, language, interpretations and intentions (Bleijenbergh, 2015; Groen, 2016) and to make sense of human actions, not to control empirical phenomena (Chua, 1986). Meanings, actions, language, interpretations and intentions are best studied by qualitative research, which is focused on collecting and interpreting linguistic material (Bleijenbergh, 2015; Groen, 2016). Especially interviews lend themselves for this objective.

The research question will be examined from the perspective of actors. In order to identify experienced advantages and challenges of job autonomy it is necessary to speak with and observe these actors to see what they encounter and how they react. Feelings, thoughts, interpretations and experiences are important data but cannot be objectively measured. “. . . In order to access inner subjective experiential information from individuals, you must get them to describe it. One can never access experience from outside it” (Lee & Lings, 2008, p. 81). Therefore by means of interviews and observations they can be interpreted by the researcher.

Plan for data generation

Data will be generated in three different ways. I will start my research with an extensive analysis of all provided documents by Viisi. Documents I would like to analyze are for example the organizational structure, Slow Management magazine, the website of Viisi, the constitution of Viisi, the presentation of the compensation model and the software they work with.

Besides an analysis of these documents, I will also perform observations. I will start with attending a Taster Workshop organized at Viisi by Organization Builders. This is a workshop meant for founders, owners and managers who are interested in another way of managing their organization and want a hands-on experience. This Taster Workshop will not be part of the empirical material, but it will provide me a good introduction in holacracy and all related key terms. There will be a co-founder of Viisi present who will tell how they implemented holacracy in their organization and how it works at the moment. After this Taster Workshop it is possible to ask this employee questions. After the analysis of documents and the Taster Workshop I will observe 2 tactical meetings of the Growth circle of Viisi. Tactical meetings focus on the operational work of the circle. The purpose of the meetings is to deal with

issues that have come up during the week and remove obstacles. They focus on using the current structure of roles to get work done effectively and efficiently. Anything that can be done in a tactical meeting can also be done outside these meetings. The meetings are held daily and once a week there is a more elaborate weekly tactical. I will attend both a daily and weekly tactical meeting. Besides a tactical meeting, I will also observe a governance meeting of the Growth circle. Governance meetings are focused on regulating the structure of the circle. Changing the structure of the circle can only be done in governance meetings. Governance meetings are held less frequently than tactical meetings, when they are considered necessary². The observation of these meetings will be non-participative, since all employees of Viisi know I am there for a research purpose (Groen, 2016). Observations are suitable to examine phenomena in its natural environment, what reduces socially desirable behavior (Groen, 2016; De Lange, Schuman & Montessori, 2011). Especially because I will observe a meeting, it will be unlikely that individuals will behave themselves differently, since they will be observed in a group. During this observation I will look for information that tells me more about how processes as performance measurement, assignment of tasks and responsibilities, allocation of decision rights and leadership are dealt with. I will especially pay attention to arising challenges and how these are handled during the meeting. Also I will pay attention to the way of communication and atmosphere. During the observation I will take notes of all relevant information, which I will interpret and analyze as soon as possible after the observation. It is important to separate the registration and interpretation of data (Groen, 2016; De Lange *et al.*, 2011). I will write observation reports, which can be found in the appendices.

After document analysis and observations, I will to start to prepare interviews for unanswered questions or for aspects I would like to examine more in-depth. With the interviews I will obtain more in-depth insights about management control, job autonomy, self-management and challenges. During the interviews persons will be able to express their feelings and thoughts, what can stimulate the interpretation of meanings, actions, language and intentions. In order to obtain in-depth insights, I will use semi-structured interviews with open questions. The prepared questions will provide me guidance, what increases reliability, but respondents will have the opportunity to formulate their own answers and I have the opportunity to elaborate a question, ask more questions or to skip a question. This flexibility is meant to increase the internal validity of my research (Groen, 2016) and is needed because there will be a lack of control over settings and participants (Schwartz-Shea & Yanow, 2012). Seven interviews will be planned with employees of Viisi from different circles, e.g. the Growth circle, People First circle, Realizing Dreams circle, Smooth Operations circle and the Happiness Factory circle. For more information about the interviewees, read the instruction guide in the appendices. Interviews will be recorded and worked out

² <https://www.holacracy.org/tactical-meetings?hilite=%27tactical%27>

in transcripts afterwards, as soon as possible. Transcripts help to get involved and connected with the data. I will make use of coding, which is the labeling of units of texts to capture the meaning of this text. This has to be executed in a consistent way in order to enhance reliability and rigour (Lee & Lings, 2008). The interview questions and the instruction guide will be found under appendices. Information obtained from the interviews can play a confirmatory role of already obtained information or can be new (disconfirming) information. Also information from informal conversations will be used to find an answer on the research question. By using these three different data sources, the richness of my data set will be enhanced. Although often argued, triangulation will not per se enhance validity, since there is no real truth. Looking from different perspectives at the phenomena will therefore not bring me closer to the 'truth'. However it does enable intertextuality, which is “. . . active sense-making of the researcher, seeing “intertextual” links across data sources in ways that contribute to the interpretation of those data” (Schwartz-Shea & Yanow, 2012, p. 86). Diverse forms of evidence can be read across each other to reveal different interpretations. This intertextuality leads to the thickness of interpretation (Schwartz-Shea & Yanow, 2012). The overall purpose during my data generation is to 'live the experience' of the employees of Viisi.

Plan for data analysis

After data reduction, the rich data set will be reduced to the core ideas. To ensure validity, I will reconsider if my analysis reflect my data, if found patterns reflect all data and I will aim to let the data speak for itself. I will consider the trustworthiness and justifiability of my results, where reflexivity will play an important role (Lee & Lings, 2012). To avoid over-interpreting, I will challenge myself by keep re-examining my initial impressions, pay attention for inconsistencies and silences and search for disconfirming evidence (Schwartz-Shea & Yanow, 2012).

4. RESULTS

Viisi is an organization active in the mortgage market. The culture of the organization is described by one of the co-founders as a combination of the Dutch merchant culture and the German process-orientated and standards culture. All four co-founders worked together in a German company before they founded Viisi. Viisi focuses on young high educated people. They stand up for starters in the housing market and strive for better access for them. The process of mortgage providence works as follows. When people register their personal information, they are called a 'lead'. A phone conversation will follow, in which information will be provided about the amount of the mortgage. After the lead has bought a house, a mortgage conversation will be held in the office. Now the lead becomes a 'client' and will sign. In this process, employees have a high degree of job autonomy. How is management control shaped in this organization working with holacracy and how is this related to this high degree of job autonomy? What advantages does this bring along and how does Viisi deal with encountered difficulties and challenges?

The constitution³

Viisi works with holacracy, which is a form of self-management that works with roles and circles. Each circle consists of related roles.

Roles and circles

A role can have a purpose, which is "a capacity, potential, or unrealizable goal that the role will pursue or express on behalf of the organization"³. A role can also have one or more domains, which are things that are exclusively controlled and regulated as its property by the role. Domains are delegated to roles by the circle. Lastly a role can have accountabilities. For each role you have the following responsibilities: tension processing, purpose and accountabilities processing (by defining next actions and projects), projects processing, tracking next-actions, projects and tensions and directing attention and resources. You have a transparency, prioritization and processing duty. In a role you have the authority to execute any next-action you reasonably believe is useful for fulfilling your purpose or accountabilities, except when this will cause a material impact within a domain owned by another role. In that case permission is required. Roles are defined or amended in governance meetings of the circle.

Each circle has a lead link. "The lead link inherits the purpose and any accountabilities on the circle itself and controls domains defined of the circle, just as if the circle were only a role and the lead link filled that role"³. A circle cannot add accountabilities to the lead link role or modify its purpose or

³ <https://www.holacracy.org/constitution>

remove the role. If multiple persons are assigned to one role, the circle can decide which of them will be core circle members as a result of that role assignment, and thus required to attend governance meetings for that role. The lead link can assign people to roles. For unfilled roles, the lead link is considered to be fulfilling the role. Persons can resign from roles by giving them back to the lead link. Required elected roles in the circle are the facilitator, the secretary and the rep link. All core circle members can fulfil one or more of these elected roles, except for the lead link. The lead link cannot also be facilitator or rep link of the same circle. A circle can expand roles into full circles, which then become sub-circles of the super-circle. This can be done in a governance process. Each circle normally elects a rep link to its super-circle. “A circle may create a cross link policy to invite any entity or group to participate within another circle’s governance process and operations”³.

Tactical and governance meetings

Every core circle member can propose governance changes in governance meetings. At Viisi it is also possible to change structures per mail agreements. Before a proposal is adopted, all members should have had the chance to express tensions regarding the proposal. If there are any objections, the proposal cannot be adopted and objections should be addressed by adjustments. For a proposal to be considered valid by the facilitator, it must reduce a tension of the proposer. A proposal must help the proposer to better express the purpose or an accountability of one of his roles. For a tension to become an objection, the proposal should degrade the circle’s capacity, the tension should be new and not a prediction and the proposal should limit one of the objector’s roles. Another valid objection is when the proposal breaks the rules of the constitution. Anyone who fails to attend a governance meeting is considered as having no objections.

Tactical meetings are held to share the completion status of recurring actions, to share regular metrics, to share progress updates about projects and to share tensions limiting roles. The agenda item owner is allowed to engage others in their roles and duties as desired, to solve the tension. The secretary should capture and distribute any outputs to all participants (next-actions, projects) in GlassFrog. These and more rules can be found in the holacracy constitution.

Application of the constitution

Most interviewees of Viisi indicated that they have not read the entire constitution. They told it was easy to learn the rules by doing, by immediately participating holacracy meetings in practice and with the help of colleagues explaining the rules during the meeting when a person made a mistake. During the implementation phase of holacracy, circles were formed and meetings were facilitated by OrganizationBuilders, an agency helping organizations to implement holacracy. However one of the co-

founders advised other organizations to first start with only using the meeting structure of holacracy and to not immediately change the organizational structure to circles. In this way, employees will gradually experience the benefits of holacracy and will encounter less difficulties and big changes in once. One of the co-founders also indicated that he is not a big fan of the constitution. He signed the constitution as a formal way to transfer his authority to the organization, but nowadays he regrets to have signed the constitution. He thinks the constitution does not suit holacracy and he experienced that it can work obstructive. Interviewees also indicated multiple times that the constitution is not one to one implemented at Viisi. The co-founder indicated you cannot break the rules of holacracy, but you can supplement it with new rules, like amendments for the constitution. By doing this, holacracy can suit the needs of a particular organization better. For example, Viisi decided to experiment with an elected lead link soon, because this will better suit the ideas of their particular organization. This idea was initiated by the lead link of the Viisi circle, one of the co-founders. However, tensions about the constitution rules can also come from lower circles and can be brought upwards to the Viisi circle. Furthermore, employees often discuss or ask colleagues for help outside the meetings and outside the formal holacracy. Especially in smaller circles it is possible to flexibly deal with the rules in practice if this is more effective or efficient in a certain situation, as long as the principles will be adhered.

According to interviewee Y:

“We are, certainly within the circle Happiness Factory, relatively free. We do stick to the principles, but we also look how it works for us within the circle. That we are not all bending over backwards while we actually can function better in a slightly different way, within a tactical meeting for example.”

Decision-making

As identified by the literature, more job autonomy can lead to cheaper, faster and better decision-making and a higher employee well-being (Zimmerman, 2011; Fowler, 1992; Gagné & Deci, 2005). Does Viisi experience the same advantages resulting from job autonomy? How does decision-making take place?

Accountabilities and decision rights of roles

The way of decision-making at Viisi is really structured. This structure is captured by the constitution of holacracy. Decisions are made by the role who senses a tension and wants to solve this tension in order to perform his or her job better. Roles have authority within explicit boundaries, like impacting domains of other roles. Everybody has their own roles and their own accountabilities and responsibilities. This shapes clear expectations of each other and works motivating according to the employees, because they have the decision rights to immediately solve their own tensions which are affecting their work. Improvements

which enable their own work can be made at high speed, since there is no need to ask the approval of a manager first. Every interviewee described the decision-making as very effective, since everyone can make their own decisions at the meetings and discussion about these decisions is brought to a minimum. In tactical meetings the proposer is able to involve others by asking them for an action, output, project or information. In governance meetings each person can give only their reaction, without discussion, in the reaction round. The proposer does not have to do anything with these reactions. In the objection round, each person can make an objection, which should be integrated into the proposal when it is valid. However it is always possible to put a new tension related to the new output on the agenda. A special role in the meetings is the role of facilitator. The facilitator has to facilitate the meetings and ensure that the practices are aligned with the constitution. The facilitator has to take care that the meetings do not take too much time and are effective.

Frustration and uncertainty in decision-making

The fact that discussion is restricted in holacracy is also one of the difficulties of holacracy that some employees experience. They indicate that when you are motivated, it is hard to not immediately give your opinion on proposals or outputs. In the beginning some employees experienced frustration because they could not react when they wanted to react during the meetings.

According to interviewee X:

“When you are motivated, it is in your nature to have an opinion about something. Within the organization Viisi, I think this opinion is strongly present. Thus, it [holacracy rules] quite impedes a kind of discussion that may have yielded something, because you are actually not allowed to discuss in a tactical meeting”.

Furthermore, as also recognized in the literature review (Schwartz, 2000), some employees indicated that they sometimes find it difficult to make a decision on their own. Some indicated to prefer to discuss and check their ideas with colleagues first. However, most employees experienced this fear or uncertainty mostly at the beginning, after the implementation of holacracy, and are making their own decisions nowadays more easily. It is of course still possible to ask colleagues for help or their opinion outside the meetings, which is very common at Viisi. However, it remains the responsibility of the role.

Delaying effect of the rules

The structure and amount of rules lead in most situations to effective meetings. However, these rules can sometimes also have a delaying effect. If a certain output gives another employee a new tension, this

employee cannot immediately react, but has to wait until his own tension will be discussed. Theoretically it is therefore possible to get tension above tension above tension. But usually the facilitator, who is responsible for the time, will then intervene and let the roles in question have a discussion outside the meeting, less formally. It also happens a lot that a specific role is giving himself tasks during the meeting. This may look unnecessary to do inside a meeting, but circles prefer this in order to keep the overview. This can however slow down the speed of the meetings. Also it is for example necessary that the proposer of a proposal states to have no objection against his own proposal. Furthermore for certain decisions or actions, it is for example necessary to first open a governance meeting. In the constitution it is therefore stated that sometimes it is allowed to act outside the authority of your roles or to even break the rules of the constitution. This is called an 'individual action'. This is possible when this action would resolve or prevent more tension for the organization than it would likely create and is serving a purpose or accountability. The individual should reasonably believe that he cannot delay the action to request the required permission or to propose a change during a governance meeting. Because of this rule, some delay because of the holacracy structure can be avoided. For example, some tasks can already be performed without a prior created role for this.

Separation of role and person

A last difficulty experienced by employees is to separate role and person from each other when giving and receiving feedback. Especially in the beginning this was something they had to get used to. Now another complaint is that meetings can sometimes feel impersonal, because people are addressed as role and not as person. This however lowers the threshold for employees to provide feedback and share tensions and this impersonality is compensated by the personal check-ins and check-outs which take place every tactical and governance meeting.

Lower threshold and effectiveness

Despite some difficulties, all employees regard the benefits of the holacracy rules to outweigh the difficulties. Every employee is provided the space to calmly discuss tensions and colleagues will not be able to directly give a reply. It is stimulated and appreciated when people express tensions and give feedback, since this is input to improve the organization. The meetings structure makes the threshold for people lower to share tensions and ensures that not only experienced or extrovert, but also less-experienced or introvert people actively participate in the meeting. Most of all, the meetings are very effective and fast, because it is not always necessarily to give an opinion about everything and to integrate everyone's opinion in a proposal.

According to interviewee V:

“I think it [holacracy] is perfect because I think you are really stimulated to give your own opinion and this is also appreciated. Sharing tensions is in fact just providing input to improve the organization, and then people should listen to you. People’s voices cannot be strained. ... So in that respect it is a very structured way to get things out of people who may not have expressed that in a different environment.”

The ‘safe enough rule’ and Getting Things Done method

The holacracy rule maintained in decision-making is always: “is it safe enough to try?”. Important for this rule is the thought that the decision can be adjusted again on a daily basis. Action is preferred above perfection; important for a decision is that it will be a step forward, not that it is the best step forward, because it can easily be adjusted again. This means that outcomes from tactical meetings will not necessarily be the most efficient outcomes, but employees is given the freedom and trust to experiment, to try different ways and to learn by doing. It also restricts discussion and cause high speed decision-making.

The way of decision-making at Viisi corresponds with the ‘Getting Things Done’ method of David Allen⁴. This is a method to save, track and retrieve all information necessary to carry out tasks. All tasks which can be carried out within two minutes should be done immediately. All tasks which take longer should be written down on a task list. For every project it should be clear beforehand what has to be achieved and which specific actions are needed to be performed. Composing ‘next actions per context’ will help people to remember what to do at the right time and right place. Therefore at Viisi, a project is defined as everything that consists of more than one next action and an action is described as the first following action. Projects are described as the desired results in which the past participle is used, in order to stimulate employees.

The role of software

Viisi uses the software GlassFrog⁵. This is the official software to support holacracy. It is a cloud-based tool developed by the developer of holacracy himself. Viisi uses GlassFrog to empower every team member to sense tensions and to come up with and make organizational improvements. This is mainly possible because GlassFrog provides organizational transparency. It visualizes the company’s structure, which consists of circles with roles. Therefore every team member is able to know who does what in the organization and to obtain the information he or she needs to perform a job. Anyone in the organization can see everything. GlassFrog also plays an important mediating role in decision-making by providing structure for the meeting. Everything discussed is entered by the secretary into GlassFrog, according to a

⁴ <https://gettingthingsdone.com/>

⁵ <https://www.glassfrog.com/>

fixed structure. This replaces the minutes of the meeting. Meeting outputs and following changes in roles and responsibilities are all captured by this software in real time, during the meeting. Proposals are followed and updated and projects and actions are added, updated, sorted and prioritized by circle, role, date and outcome by this software. GlassFrog has influence on the practice of meetings by structuring these meetings. Like assumed by actor-network theory, not only human but also objects can have an active mediating role and can even become black boxed (Themsen & Skaerbaek, 2012). Via GlassFrog, all outputs will be e-mailed to the circle members and will be coupled with their to-do lists automatically. The organizational structure in GlassFrog is also made public on their website⁶. For communication, Viisi also works with Slack, a chat program with different channels, and with intranet.

Role assignment and workload issues

Roles are being created and defined by circle members in governance meetings. New or changed roles can be solutions for sensed tensions. It is important that all circle members express tensions, so they can be solved. The lead link has the responsibility to assign all roles to persons, which are most of the time circle members, but can also be persons from outside the circle. The assignment of newly created roles does not happen during the meeting, but after the meeting. During the meeting circle members can express preferences for roles. Everyone is able to give a role back to the lead link. The lead link can also choose to reassign a role to someone else. As long as a role is not assigned to a person, the role will be fulfilled by the lead link. In assigning roles, the lead link has to take into account the workload of persons and a person's preferences, talents and competences. Here the StrengthsFinder test can play a role.

The role of the StrengthsFinder test⁷

The StrengthsFinder is a test made by every employee of Viisi. This test identifies personal characteristics which are related to work. The test takes approximately 45 minutes and exists of 177 statements for which an employee can express a heavy or slight preference. At the end of the test, the preferences are classified and arranged in 34 themes/talents. Every employee receives a description of their 5 biggest talents. Below each talent are multiple layers and interpretation of these talents is important, because they can work out differently for different people. People with the same talents can still be completely different people. Character still plays an important role and also combinations of talents can cause different effects. Talents are important motives in behavior and can give people positive energy. Therefore, every employee has a plate with their biggest talents on their desk, what makes their talents visible for all other employees. This

⁶ <https://app.glassfrog.com/organizations/3929#circle-18061>

⁷ <http://www.gallup.com/press/176429/strengthsfinder.aspx>

stimulate employees to make use of each other's talents and ask help more easily to the right people. The test is also used for a better understanding of each other's behavior. The role of the StrengthsFinder in the assignment of roles is still in development and so far not explicitly used yet. Viisi is trying to relate each role in the organization to talents, in order to couple this test with role assignments by the lead link. Some roles can for example cause a high workload for some people, while it would cause a low workload for other people. By using among other things the StrengthsFinder, Viisi is trying to find a right match between roles and the talents and competences of persons. However, the StrengthsFinder only is not regarded to be sufficient to achieve this. It requires a bigger picture and probably other tests. When persons fulfil roles which suits their talents and which they like, they will be more intrinsically motivated and stimulated to improve themselves and obtain more energy from their work. This demonstrates how important the assignment of roles can be. Furthermore the StrengthsFinder is used to make the solicitation process more objective, since recruiter have a tendency to hire the same kind of people as themselves. It is used for awareness of other talents that are all needed in an organization.

How to achieve an equal and fair workload

A lead link strives to assign roles to persons in such a way that all circle members have an equal workload. This however is very hard in holacracy, because all circle members have different roles, which are not easy to compare. Some persons may have five big roles, some persons may have 70 small roles. Workload is hard to measure, and if it is measurable, it is at the time when it is already too late, after the assignment of roles. At Viisi, it is seen as the responsibility of every employee to timely indicate when they have a too high workload. Sometimes it is also stimulated by other employees to give back a role, when they notice an employee is neglecting other roles because of a too high workload. Each circle tries to make the workload insightful, since making things transparent is the basis of solving tensions. Some circles discuss workload as a metric during tactical meetings. The Happiness Factory circle included the question 'Do you feel ok about your workload?' in the checklist during the meeting. In case someone answers no, the circle can discuss how they can help and solve this. As stated by employees, having a good insight in each other's workload is easier for smaller circles.

Giving back a role may be hard, because you know that the role then will have to be fulfilled by another circle member. Some employees indicated this is hard for them, because they do not want to occupy another employee with the role. When a circle is small, this may be even harder. However, none of the employees indicated they ever feel any group pressure when giving back a role. Sometimes this is even stimulated. Employees have trust that everyone is working hard and when someone wants to give back a role, they do not judge but start a conversation to see how they can help. There are no tensions experienced around this.

According to interviewee Z:

“I cannot compare myself with another colleague. There will be colleagues that can handle more than I can, and there will be colleagues that can handle less than I can. You know, you have to take account of people. ... And you can think, how can you experience a high workload? But I cannot give a judgment on that if that is correct or not. Not everyone can handle the same amount of work and you have to take that into account.”

Another thing how Viisi wants to make it easier to give back a role, is by assuming unlimited resources. When considering to give back a role, an employee has to consider only his own situation and assume unlimited resources. Also circles try to help each other when one circle is busier than another, in order to equal the workload. The same happens inside a circle, outside the formal holacracy. However, almost all employees indicated that the Realizing Dreams circle has a higher workload than the other circles. Also between advisers, there is an unequal workload because this is always dependent on the amount of clients one has and how complicated these clients are. Realizing Dreams also works with a higher time pressure and with deadlines, because they work with clients who can be unsatisfied when work is not finished on time.

When a role is given back, the role ends up at the lead link again. When the lead link cannot find another person who is willing to fulfil the role, the role has to be fulfilled by the lead link himself. Therefore it can happen that roles for the lead link pile up. In practice, these roles will stay on hold and the role will be neglected.

Consequences for employee well-being

As described in the literature review, a high degree of autonomy can also work overwhelming (Schwartz, 2000). A high degree of autonomy can cause people to feel more involved in their work and feel more responsible for their work (Gagné & Deci, 2005). A too high feeling of responsibility may result in work overload and stress. Is this also the case for the employees of Viisi? How do they experience their workload?

Employees at Viisi indicated that they always had a high degree of autonomy, but that with holacracy their autonomy has even increased and is more structured and captured in the constitution. They do not have to ask permissions and are free to experiment. Most employees also indicate that they feel more involved in their work since the implementation of holacracy, because their tensions are immediately discussed and tried to be solved. Therefore it is easier to control and shape their work, because they can take initiatives themselves. They also feel more responsible than before. Working with a

purpose and being able to come up with own ideas works motivating. On the question what is one of the best things of working with holacracy, interviewee W answered:

“That it is really easy to address and improve difficulties you encounter during a process. The speed of it. The speed of carrying out improvements for your own process. You do not have to go to a manager or anything, or to ask, and that manager will undertake action or not. The initiative really lies entirely with yourself, so that is nice. That you control it all.”

However, there are no signs that this higher autonomy, involvement and feeling of responsibility has led to a higher workload and more stress for the employees at Viisi. The activities for employees active in the Realizing Dreams and Smooth Operations circle did not really change after the implementation of holacracy. Other employees also indicate that they do not find it hard to stop working at the end of the day.

According to interviewee X:

“Most of the time I have a certain goal for the day, a few things I would really like to tackle. And most of the time I succeed in this and I go home really relaxed. If I do not succeed, I move it on to the next day and I still go home relaxed. That’s how it works for me. But I do like to keep being busy with it at home. Not that I am really going to do things, but I do always check. Nowadays I set up push notifications on my phone when there is a new lead. Just because I find it interesting how it develops itself.”

Although it is their own responsibility to make sure they can fulfil their roles in a 40 hour workweek, colleagues also make sure employees do not structurally overwork. When this happens, they will start a conversation with this employee about the option to give back roles. For some employees the workload has increased, because they developed themselves and learned things in new roles. Learning new things always cost more time, what increased their workload. However these employees indicated they do not consider the increased workload as a problem and as a consequence of more job autonomy. They only like the new possibilities made available by holacracy.

Besides peer control, Viisi created different roles to monitor and maintain employee well-being. For example, there is a ‘fulfilment coach’ role. This role has as purpose ‘stimulate a high happiness and low stress factor of employees’. The accountabilities of this role are for example to monitor happiness and stress factors, to coach employees in lowering stress and enlarging happiness and to guard the maximum workload of new employees. Another role is ‘work coach’, which purpose is ‘to stimulate development of Smooth Operations colleagues by giving feedback on the job, to assist with advice and action and to

contribute to a healthy workload'. There is also a 'trust person' role, who employees can ask for advice and help. Lastly, employees are assigned a 'buddy', to keep an eye on each other's well-being. These roles can start a conversation with an employee when they or other colleagues signaled that this is necessary.

How to deal with different roles and meetings

Typical for holacracy is that employees fulfil many different roles. For each of these roles they have responsibilities. Employees indicated that with so many different roles, sometimes it can be difficult to decide what to do when. It is therefore important to set priorities. Officially, this is the responsibility of the lead link. The lead link can give some projects A priority, because he is responsible for the circle. However most of the time the priority is indicated by proposer but can be changed by the role itself. Also the Getting Things Done method can be used in dealing with different roles and tasks. However, employees stated that the lowest priorities projects are often neglected until someone senses a tension. During a meeting there are barely updates about B projects. Especially in the beginning, employees indicated they took too many roles. Nowadays they learned to give back roles when they notice other roles are being neglected.

According to interviewee X:

"There are projects which are already on the project board for half a year, or four months, where we do not have time for because we do not think that the projects are important enough to address, because in the meantime there are always more important things coming in, which we have to tackle right at that moment".

Secondly, it is typical for holacracy to have many meetings. Since most employees have roles in different circles and each circle has daily meetings, the amount of meetings may be overwhelming. Despite the effectiveness and speed of the holacracy meetings, employees indicated to still spend a lot of time in meetings. Among employees there were different opinions about this. Some think discussing and updating topics at the start of every day in a meeting is efficient for the rest of the day. Other employees indicated that on busy days, meetings are canceled when nobody senses tensions. To reduce the meeting time, Viisi nowadays also works with roles which are excluded for meetings, unless they have a tension. With these measures, Viisi attempts to control and deal with the different roles and meetings.

Peer control and group pressure

Like some literature described, within teams a kind of control can arise that is stronger than bureaucratic

control. This form of control is subtle but can put a lot of pressure on employees. It also happens that employees have to give up significant parts of their autonomy to the team (Barker, 1993). To what degree do employees of Viisi experience peer control and group pressure? Is this experienced as something positive or negative by employees? How is dealt with this?

As already described, employees at Viisi do not experience any group pressure when for example giving back a role. Sometimes it is even stimulated. One employee said it is a matter of trust. You have to trust that everyone is doing their best and working hard. It is not possible to compare yourself with others, because everyone experiences workload differently.

The culture of Viisi is very open. Peer control and feedback is really important for Viisi. Especially because of the ‘safe enough rule’ it is important to express tensions when these are experienced. There are no progress interviews with managers at Viisi. Progress is already discussed during the meetings, by feedback and automatic peer control, which replace the interviews. One of the co-founders stated that group pressure can be experienced when someone will structurally neglect his work and others will have a lot of tensions about this. All these tensions can cause pressure by the group on this employee. According to the co-founder this is a good way to motivate the employees.

When certain actions or projects are assigned to a role, employees indicated to trust that this role will undertake actions to solve their tensions. If this is not happening, it is also important that the role which experiences a tension will ask for explanation, in order to see how this can be solved. Employees indicated that giving feedback is really easy to do at Viisi. Therefore existing peer control at Viisi is not experienced as control. At the meetings is a positive and relaxed vibe. People give each other feedback and ask for explanations, but do normally not pressure each other. It also helps that everyone has to opportunity to express his tensions at the meetings. Another thing that reduces the feeling of peer control and group pressure is that role and person are separated from each other. Feedback on a role is not feedback on that person.

The Golden Rule at Viisi states to treat others like you want to be treated yourself. When giving feedback, it is important to provide space for explanation about why someone did something in a specific way. Because employees are used to regularly give and receive feedback, feedback is not experienced as control, but as positive and helping. None of the employees indicated to have the feeling to be controlled by others.

According to interviewee Y:

“At the moment something does not go well, we can point it out to each other. This ensures that the feeling of control is not there, because you already always control the work with everyone, not necessarily one person.”

When you are assigned a role, you are autonomous in that role. It is a signal of trust to fulfil that role in that way you think is best. Employees indicated that sometimes they even ask for control or feedback themselves when they are having any doubts. One employee for example had to make a decision which involved a relative big amount of money. Before he decided, he asked a finance role for some form of control.

Coordination between circles

What arose from literature, is the risk that self-managing teams start to function as isolated islands. Teams start to focus on their own work and stop to collaborate with each other, what can lead to inefficient outcomes. Fragmentation of the organization can be a result (Fowler, 1992; Van Raalte, 2017). A question that follows from the literature was how a self-managing organization can establish coordination among different teams and circles to prevent fragmentation and inefficiencies. How does Viisi ensure that their employees and circles keep the bigger picture in their mind when performing their activities? At Viisi all circles are grouped per circle at the workplace. The Growth circle works together in one room, Realizing Dreams in another room, and Happiness Factory and People First share a room. Is fragmentation and lack of collaboration and coordination also a problem at Viisi or how is this prevented within Viisi?

Firstly, Viisi exists of a big Viisi circle with smaller sub-circles. Therefore the different circles form also a bigger circle together. In weekly tactical meetings of this Viisi circle, circles can collaborate and discuss tensions with other circles from the perspective of their 'own' circle. Also things that have to do with the organization as a whole are discussed in these meetings. The lead link and rep link of all underlying circles attend these meetings. Besides this, every Thursday there is a Viisi tribe update in the canteen, where updates and presentations about several subjects within Viisi can be given. Here it is also discussed how every circle is doing and with what they are occupied.

Furthermore, every circle has a rep link role. In this role you represent the circle towards other circles. If there is a tension in a circle which cannot be solved within the circle, but it needs to be solved by another circle or the circle needs input for a decision from another circle, this rep link should directly address the right role for this or should address the rep link or lead link of the other circle in the meeting of the Viisi circle. If in a meeting, tasks are assigned to non-circle members the rep link has to provide the other circle and the role explanation about this action or project.

Besides this rep link role, Viisi nowadays also works with cross link roles. Not all circles have a cross link role, but circles who have to collaborate a lot with each other and are somehow dependent on each other have one. A cross link is a link between two circles, for example between Growth and Realizing Dreams. The cross link of Growth will attend the meetings of the Realizing Dreams circle and

the cross link of Realizing Dreams will attend the meetings of the Growth circle. In this way, circles can keep each other posted and can directly solve tensions when they need something from each other. They can have direct answers on questions. Agenda points of one circle can be taken to the meetings of another circle by the cross link. Before the use of cross links it was common to have as output of a meeting to check something at another circle. This had to go via the rep link and worked somewhat delaying. Now this is solved by these cross links.

Besides these formal ways of coordination, there is many contact between circles on the work floor. It is always possible to just directly approach someone, outside the official holacracy route. Another measure that stimulates circles to see the bigger picture of the organization is the decoupling of performance and compensation. Because of this employees will be less focused on the performance measures of the circle, but are more incentivized to perform work that contributes to organizational goals and strategy. Also the way of hierarchical purpose setting can contribute to this.

Employees indicate that sometimes it happens that circles work independently of each other and cause misalignments. However this can be solved quickly by using the rep or cross link role. When there are real conflicts between circles, the lead links of these circles have the task to find a solution and share this solution with their circle.

Bad performance and intervention

The question that arose from the literature was if self-managing organizations do have sufficient internal control and oversight (Van Raalte, 2017). Because management is absent, intervention by management when circles are underperforming is not likely at Viisi. Employees outside the circle may be less informed about the bad performance of one circle, because there is no direct supervision and intervention will damage the autonomy of the employees. What will happen if a whole circle is underperforming? Will there be an intervention, and how and by who?

Firstly, all interviewees indicated that all circles have capable people who should be able to solve problems themselves in most cases. Also it is always possible to ask other people from other circles for help, outside holacracy. They also indicated it has not happened before at Viisi that a certain circle was structurally underperforming. They suggested that when an underlying circle is structurally underperforming, the lead link or rep link of this circle can always express and share this tension at the tactical meeting of the surrounding circle. When everyone is aware of the tension, they can help and think of solutions. Also the lead link of the surrounding circle can reconsider the amount of resources provided to the underlying circle. For example, the Realizing Dreams has often a high workload. When this workload becomes so high that they cannot deal with it within the circle itself, they can ask for new circle members. A solicitation process will then be started by the People First circle.

When a circle is underperforming, there is a big chance other circles are sensing tensions about the performance of this circle, because they are partly dependent. These other circles can also bring the performance of one circle under attention at the meeting of the surrounding circle. Here the role of feedback is important again. By giving timely feedback and expressing tensions, intervention can take place on time by the circle itself or by other circles, before a circle is structurally underperforming. Everyone in the organization can express tensions. Before the surrounding circle will intervene, for example by providing more resources, it is thus necessary that one of the sub-circles (the underperforming circle or other circles) signaled tensions to the surrounding circle.

Opportunistic behavior of employees

Although Viisi believes in the intrinsic motivation of its employees, it may always be possible that an employee is structurally not doing his or her best. This is described in the literature by the agency theory (Donaldson & Davis, 1991). A common form of opportunistic behavior is free riding. Teams are often composed of employees with unequal productivity, ability and motivation. When an organization provides more job autonomy and controls their employees less, the opportunity for free riding will increase. Since there is no direct supervision of employees, intervention is more likely to come from other employees. This however may cause difficult situations, since employees are not subordinated to each other (Weng & Carlsson, 2015; Groen, 2016). How does this work within Viisi? For example, how is dealt with the situation of firing an employee?

Since there are no manager to deal with these situations, Viisi created specific roles which should be addressed in this kind of situations. Most of these roles are placed in the People First circle. When it is noticed that someone is not feeling comfortable or happy, the ‘fulfilment coach’ role will start an open conversation with this person to find out the problem or cause of this behavior. When Viisi turns out to be not the right work place for the employee, it will be decided together that the employee should have to find another job. When there are other (personal) reasons for his or her behavior, other employees of Viisi can take this into account. For example, the person in question may prefer to have other roles, which better match his or her competences and talents. For Viisi the happiness of employees is more important than the interest of the organization. If a good employee wants to leave the organization, this will not be hindered, but only stimulated. Intrinsic motivation is regarded as the most important aspect.

Besides the ‘fulfilment coach’, also the ‘work coach’, ‘trust person’ and ‘buddy’ can signal opportunistic or other deviant behavior. It is everyone’s responsibility to give feedback on roles and, in this case, also on persons. Important is the Golden Rule. Treat another like you want to be treated yourself. If anyone thinks someone’s behavior is not appropriate, that person should say something about it. When a person is continuously neglecting his work, other employees will express tensions. When

nothing changes, all these tensions can become a form of group pressure for this person to change his behavior. Furthermore the lead link has the ability to reassign certain roles to other persons.

If it is really necessary to fire an employee, this decision will be made by the ‘career doctor’ role, which is placed in the sub-circle ‘Life is a Journey’ of People First. This means there is no direct line between chief-subordinate in firing an employee, but another circle will be involved; People First. This career doctor will have again a conversation with the specific employee to tell him or her what they signaled and to ask how they think about it. This conversation will often happen together with the ‘fulfilment coach’. The most important in this process is to express all thoughts and feelings towards each other, in order to come to the best solution. When there are structural tensions about someone’s performance, this is an indication for the employee that he or she is not at the right place. It is likely the employee is already not happy himself because of these experienced tensions.

According to interviewee Z:

“Of course these are difficult conversations, but if someone is not feeling comfortable or at home, for whatever reason, so because he does not function or because the person is not happy, you have to dare to spell this out. And that is not easy, but in the end I think you mostly do it to protect that person. Those are difficult conversations that we have. Luckily rarely, but you cannot avoid it.”

Because Viisi is mainly working with young high educated people, the fear for unemployment will not play a big role in the decision to leave the company. Employees have enough other chances. Therefore employees can focus on what is the best place for them to work and it is easier for them to leave if this is for the best.

An extensive selection procedure and a right role assignment take place in order to prevent situations of opportunistic behavior. In the selection procedure a lot of attention will be paid to the cultural fit and intrinsic motivation of new employees.

The purpose of the circles and roles

One of the few things that is hierarchically set in Viisi is the purpose. The organisation Viisi as a whole is a circle. The lead link of this circle decides the purpose of this Viisi circle. At Viisi, the lead link of the Viisi circle is one of the co-founders. The purpose of the Viisi circle is ‘let’s change the world of finance. Make it better, more sustainable and long term oriented’. The lead links of the circles which are part of the Viisi circle can decide their own purpose per circle, but this purpose has to serve the purpose of the surrounding circle. For example, the purpose of the Growth circle is ‘Every academic has a Viisi mortgage’. The more academics have a Viisi mortgage, the higher the influence of Viisi in the financial

world will be. Although the purpose is officially set by the lead link of each circle, the other circle members can always put a tension on the agenda if they do not agree with the purpose. The lead link can then decide to change the purpose or not.

Every role also has a purpose. Employees feel therefore involved in the process to achieve the highest purpose. In daily activities they can ask themselves if what they are doing contributes to the purpose and objectives.

Performance measurement and budgets

In Viisi there is no management who measures and tracks the performance of the organization and circles. However, does Viisi still make use of performance measurement? Who does this and with what purpose?

Objectives and Key Results in general

Every tactical meeting, circle member can give updates about their projects. Furthermore, just like traditional organizations, Viisi measures performance. Viisi works with OKRs. This is a goal system and stands for Objectives and Key Results⁸. It is “a tool to create alignment and engagement around measurable goals”⁸. OKRs are formulated as follows: “I will ... (objective) as measured by ... (set of 2-5 key results)”. An objective is a short, motivational, challenging qualitative description of what you want to achieve. A key result is a set of quantitative measurable metrics that measures the progress towards the objective. OKR makes use of agile goals with shorter goals cycles, in order for organizations to respond to changes. Secondly, OKRs should be easy to understand and simple. In order to create alignment in the organization, all OKRs should be public and accessible to everyone in the organization. OKRs do not cascade, this costs too much time and results in less engagement and understanding. OKRs are therefore set simultaneously bottom-up (tactical and operational OKRs) and top-down (strategic OKRs). OKRs target bold, ambitious, challenging goals. These goals make employees rethink about the way they work. Goals that are always achieved for 100% are too easy. A recommendation is to set goals you can only achieve for 70%. Lastly, rewards, compensation and promotions should be decoupled from OKRs in order to enable ambitious goals. “OKR is a management tool, not an employee evaluation tool”⁸.

Objectives and Key Results at Viisi

At Viisi goals are set in each circle for each quarter and for each year. In theory, this is a responsibility of the lead link of the circle, but at Viisi all circle members/roles participate in goal setting, which was also requested by the ‘OKR evangelist’ role. Also the measurement of progress is done by the circle members

⁸ <http://felipecastro.com/en/okr/what-is-okr/>

or by particular roles. The progress is being discussed in most circles during tactical meetings on the basis of metrics to evaluate the circle's performance and the OKRs. The OKRs are part of the discussed metrics. During the meeting all members are asked if they have confidence to achieve 60-70% of the OKRs. Since there are no higher managers, circles should assess themselves by using performance measures. Viisi uses the progress on OKRs only for operational purposes. Compensation and performance are decoupled from each other. The idea behind this is that there are other motivation means than salary. OKRs are used as a bridge between daily activities and the purpose of circles. An objective is smaller and more short-term than the purpose and key results are measured by metrics. These measures are used as feedback for roles to be able to fulfil their roles better and to identify possible improvements. Therefore a new OKR can be requested by any role if this role senses a tension. OKRs should be considered in the performance of daily activities, in order to keep the goal in mind. In the office there is also a screen available with some metrics, visible for every employee. These are mostly metrics about the number of new leads from the Growth Circle. Employees can use this information to see how well the organization is performing and to see what they can expect.

The OKRs are supposed to be ambitious or almost unrealistic. This is supposed to motivate, to get the best out of the employees and to stretch the employees in their way of thinking. Employees are stimulated to think how they can make the OKRs more realistic. However, in some circles the OKRs do not function as supposed because they are already achieved. Another difficulty with OKR's is that motivation differs per employee. Some employees are motivated by targets, others not. Some employees are motivated by ambitious targets, some by realistic targets. Besides, the activities of some circles do not directly contribute to the OKRs, what leads them to pay less attention to the OKRs during work.

According to interviewee X:

"It is about you thinking, how can I reach that 1? That you start to look at your work and projects in such a way. Like, what do I have to do to go from that 60 to that 80? To get from that 0,75 to that 1. To stretch yourself, like ok maybe I should do that. And then it forces you to kind of think about how you can get the best performance."

Spending approvals and budgets

In circles there are roles which have to make spending decisions. In normal cases, these roles have the freedom and autonomy to make these decisions on their own. However, if a purchase will exceed a certain amount, it is necessary to ask the approval of one of the co-founders.

The budget of Viisi is made by the Chief Financial Officer, a role. The lead link of every circle is responsible to keep to the budget and to not exceed the permitted costs.

Compensation model

A difficult issue in holacracy organizations is the way of compensating employees (Bernstein *et al.*, 2016). After the implementation of holacracy at Viisi, a new compensation model was designed. This was necessary because functions and formal performance interviews were eliminated in the holacracy. Without having formal functions but all kinds of different roles, how did Viisi decide how much an employee should earn?

*'Het nieuwe belonen'*⁹

The compensation in Viisi is partly based on the book 'Het Nieuwe Belonen' of Kilian Wawoe (Douwes, 2018). His research showed that performance interviews are costly, demotivating and cause frustration under managers and employees. Therefore Wawoe advocates to abolish these interviews and to focus on the future instead of on the past by means of continuous coaching to improve performance. Wawoe also advocates that setting performance targets in the beginning of the year and measure and evaluate these targets at the end of the year as a basis for bonuses is not effective anymore. This way of compensation will indeed lead to extrinsic motivation, however intrinsic motivation is stronger and also cheaper to organize. Performance rewards can also lead to undesired behavior and barely contribute to more satisfaction. 'Het Nieuwe Belonen' consists of compensation based on Human Resource analytics, which can ensure the fairness of compensation. Performance will only be evaluated with sufficient or insufficient and there will be more attention for the development of competences, feedback and ongoing goal setting in performance management. A variable profit sharing in combination with a team bonus will be suitable. Salary does not play an important role in the satisfaction of employees. Other factors, for example the boss, play more important roles. Fairness and conversations are important in order for a compensation model to succeed.

*The Peter Principle*¹⁰

Viisi supports these thoughts. Viisi thinks that people will work hard because they are intrinsically motivated and not because of salary incentives. There are other motivation means than salary and performance differences should be addressed operationally in work, not by salary differences. Important for Viisi is the development of employees' talents, as well horizontal as vertical development. In order to obtain a higher salary at Viisi, you do not necessarily have to develop yourself horizontally, by for example promoting to manager (which Viisi does not even have), but you can also develop yourself vertically. This focus on not only horizontal but also vertical development should counteract the Peter

⁹ <https://www.xperthtractueel.nl/belonen/kilian-wawoe-hr-geef-nieuwe-belonen-handen/>

¹⁰ https://en.wikipedia.org/wiki/Peter_principle

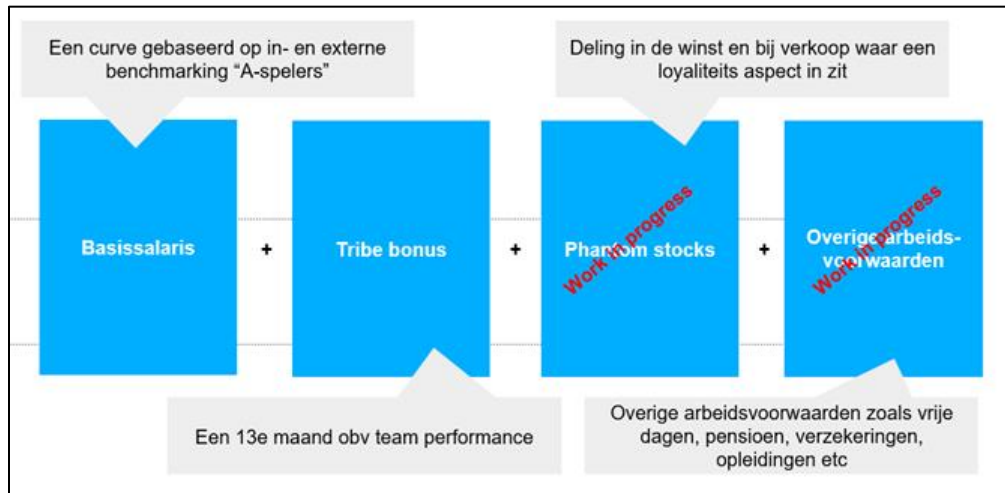
Principle (Lazear, 2001). This principle is mostly applicable for hierarchical organizations and states that the selection of a candidate for a new role or position is based on the performance in their current role, rather than on abilities relevant to the new role. Because of this, employees will be promoted until the horizontal level in which they can no longer perform effectively: ‘the level of their incompetence’. Therefore roles tend to be fulfilled by employees who are incompetent to carry out the duties and work is only accomplished by those employees who have not reached their level of incompetence yet.

Design of the compensation model

Because Viisi does not work with managers, there are no assessments by managers. The compensation model is designed by the compensation architect role which is fulfilled by 3 persons. Important for Viisi is transparency and openness. Before the compensation model was designed, salaries of all employees were revealed and speed dates were held with all employees. During the speed dates, employees had to give their opinion about the fairness of their own salary and the salary of other employees. These speed dates were used to check underlying assumptions of the compensation model. What became clear from these speed dates was that employees were thinking in terms of what is best for the organization instead of trying to obtain the highest salary as possible for themselves. Employees also indicated that they prefer a good basis income instead of personal bonuses. As a result, Viisi decided to decouple performance measurement from compensation, because coupling can lead to wrong incentives and behavior when for example the measure becomes the target. Employees may for example only be willing to perform tasks that will higher their performance measures. This can harm the overall strategy and bigger picture of the organization, especially at decentralized organizations. Another benefit of decoupling performance and compensation is overcoming the Peter Principle. Because roles like the lead link role do not lead to a higher salary, less capable lead links will find it less difficult to give their role to another person with better capabilities and do not keep the role only because this will result in a higher salary. In this way the compensation model of Viisi does not interfere with the organization of the work.

The compensation model of Viisi offers a relatively high base salary and does not have personal bonuses, which are considered to demotivate employees. Viisi does work with a team or ‘tribe’ bonus. This bonus is a thirteenth based on the firm performance and is relatively the same for everyone. The amount of this bonus is decided in a governance meeting of the Viisi circle. Loyalty will be rewarded by providing employees Phantom stocks. However this and other working conditions are still being developed.

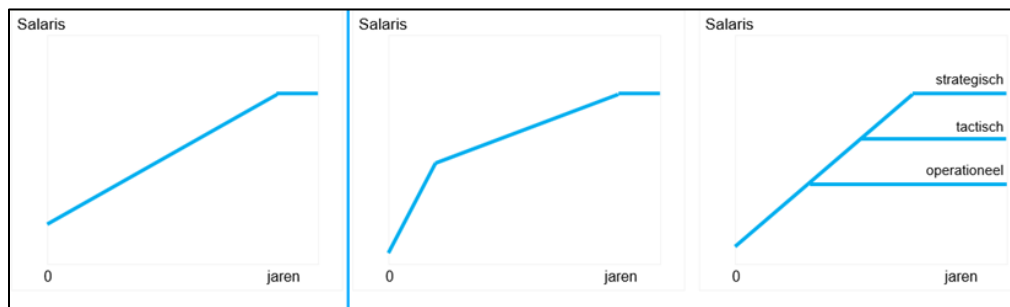
Figure 1: The components of the compensation model



Note. Reprinted from Powerpoint “Viisi Salarismodel”, by Viisi. (2017, 11th of December).

The compensation model exists of multiple curves. Each curve has its own growth path which is internally and externally calibrated. Employees could give the compensation architects input for calibration, by providing them information about the salaries of friends and old-colleagues. Viisi has chosen for a curve with a high starting point, an equal increase per year (simple line up) and an end point for simplicity and to avoid discussion and undesired behavior. Undesired behavior that may be provoked by the shape of the second curve, is that employees will leave the firm as soon they achieve the amount of work experience where the yearly increase will decrease (the nod in the curve). Undesired behavior that can be stimulated by the third curve is that employees will perform roles and tasks at a level that may be less suitable for them, just because it pays more. When not differing in, for example, strategic, tactical and operational level, employees are more incentivized to work at the right level that matches their competences best.

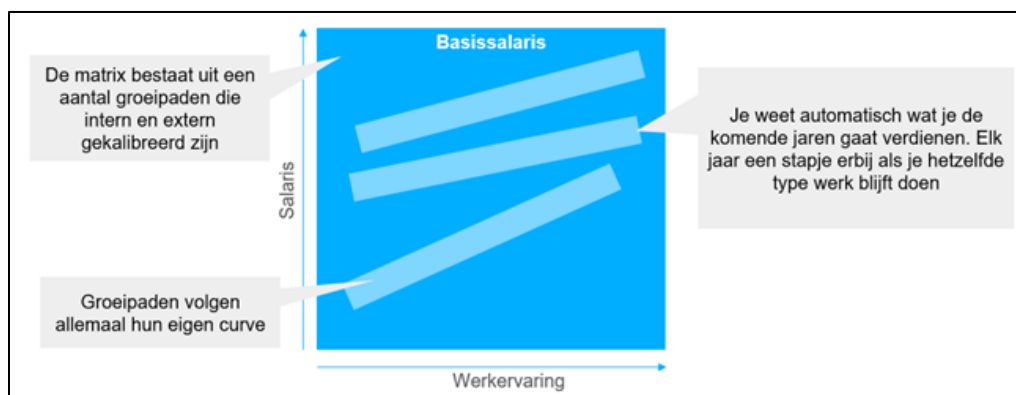
Figure 2: Considerations for curves



Note. Reprinted from Powerpoint “Viisi Salarismodel”, by Viisi. (2017, 11th of December).

The compensation model provides a long term perspective and transparency. Each curve has a starting point, an equal increase every year and an end point, which differ per curve. Every year of extra work experience, the salary will increase with a fixed amount. The standard formula for work experience is years after graduation for which relevant work experience counts as 1 and non-relevant work experience counts as 0,5. After reaching the end point of a curve, the salary will increase each year with a correction for inflation of 1,5%. The compensation model is transparent, as well intern as extern. This enables employees to calculate their salary from their start until retirement. This gives employees certainty. Salary conversations are not held at Viisi.

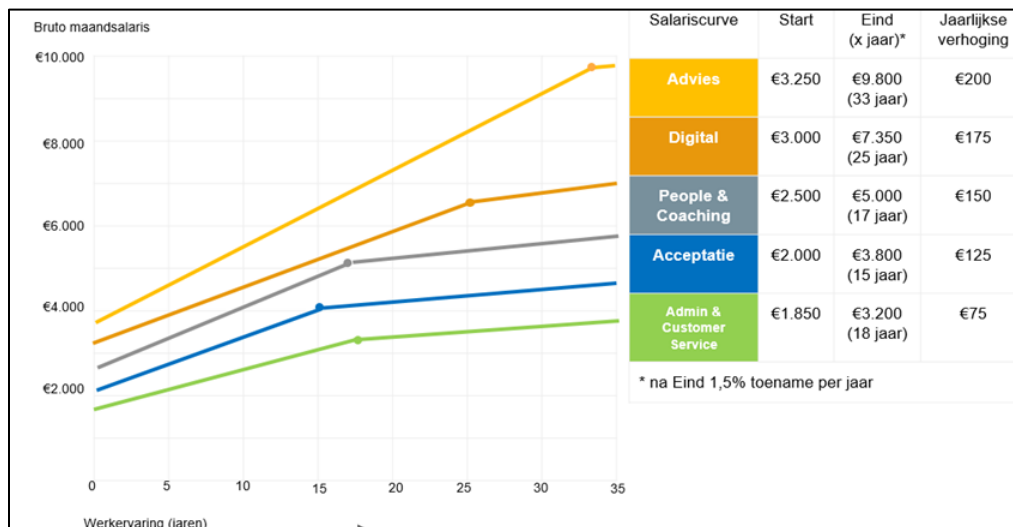
Figure 3: The basis of the compensation model



Note. Reprinted from Powerpoint “Viisi Salarismodel”, by Viisi. (2017, 11th of December).

On which curve an employee is placed, is defined by 80% of their work or roles. The lead link does not take the curve of an employee into account when assigning roles. It is the employee’s own responsibility to indicate when he or she is not on the right curve anymore because of changes in roles. It is possible to switch between curves after working between 6 to 12 months for the new curve. When switching curves, it will be possible that an employee will go back in work experience years. The five different curves of Viisi are: Advice, Digital, People & Coaching, Acceptation and Administration & Customer Service. For each curve the salary over time and the profile that fits the curve is described. External calibration has taken place and every change in salaries as a consequence of the new compensation model is described. Most employees started to earn more as a result of the new compensation model. One employee had a too high salary, what made Viisi decide to ‘freeze’ his salary for 2 years. The Chief Financial Officer keeps an eye on the liquidity of Viisi and the affordability of the compensation model. The budget of this model is based on the revenue obtained by the advisors. The starting point, yearly increase and end point per curve are as follows:

Figure 4: The growth paths of the five curves



Note. Reprinted from Powerpoint “Viisi Salarismodel”, by Viisi. (2017, 11th of December).

Solicitation process

At Viisi, an extensive selection procedure takes place. Before an interview takes place at the office, all candidates have to make the StrengthsFinder test. This is used for some awareness under the recruiters, since a mix of talents is needed for Viisi. However, what is most important for Viisi is that a new employee really fits into the culture of Viisi and shares the same core values. This is among other things an important way to prevent opportunistic behavior and to find intrinsically motivated employees. Therefore a cultural fit interview takes place at the office after an introduction by phone. Most important for Viisi’s culture is the Golden Rule. Furthermore, important characteristics for new employees named by interviewees to fit into the culture of Viisi are: having trust in other people, the ability to let things/control go, self-knowledge, taking initiative, being open for giving and receiving feedback, having discipline, having a high feeling of responsibility and having empathy. Furthermore, Viisi thinks it is also important that at least two of the co-founders see a new solicitant during the solicitation process. The co-founders are the ones who started and built the organization and chose for a certain culture. Therefore they can assess best if someone would fit at Viisi.

Viisi still works with job descriptions with function titles in their vacancies. Although they do not have real functions, they use job descriptions because this is more understandable for the rest of the world, outside holacracy. When a solicitant comes to visit Viisi, they explain how it works within Viisi and that the solicitant will be hired for an amount of roles in a circle. A new employee is thus hired for some specific roles, which fall for eighty percent of their time in one certain circle. However, during time these roles can of course change.

When new employees start at Viisi, they immediately start joining the work activities and meetings. They first start for two months in the Happiness Factory circle, the support circle. In this circle they will only fulfil roles that are also fulfilled by other people, so they can ask them for help. There is also a work-in coach for the new employees, the role ‘inwerkcoach Happiness Factory’. This role is responsible to guide the new employees and to help them learn their new roles. After these two months, the new employee will go to the Smooth Operations circle, where he or she again fulfills roles with other people and gets a work-in coach. Consultants will go to the Realizing Dreams circle after four months. Here they will be coupled to a buddy, an experienced adviser who will help them to become an independent adviser on their own. During this procedure, there are regular evaluations. In the first month this will take place every week. Here mutual feedback can be given.

A lack of leadership?

In case studies from the literature review it was found that employees sometimes missed having a leader or manager. They missed someone who clarifies roles and responsibilities, who coordinates interdependent tasks, who sets goals and resolves conflicts and disagreements. In general, employees experienced a lack of guidance (Lee & Edmondson, 2017; Adler & Borys, 1996). How does Viisi overcome this lack of leadership by management control?

At Viisi, none of the employees interviewed stated to miss a leader or manager. The most employees were even in favor of abolishment of managers. A response of interviewee V on the question if he sometimes misses to have a manager or leader, interviewee V answered:

“No, absolutely not. Abolish them. Get rid of all managers. “

A lack of leadership at Viisi is overcome by the design of different roles which perform tasks which are normally performed by a manager. Everyone is ‘leader’ in their own role. For example, the lead link is responsible for assigning roles, setting goals and setting a purpose, the ‘career doctor’ is responsible for firing an employee and there are different roles for the selection procedure of new employees. There are rep links and cross links who encourage coordination between circles. There are ‘inwerkcoaches’ who help new employees to find their way in the organization. There is a circle called Viisi Academy, which is responsible for things like education, training and development of the employees. There is a ‘fulfilment coach’ who helps employees with finding a right balance of happiness and stress. There are ‘compensation architect’ roles who design the compensation model for the employees. And most important, employees find support and guidance with each other. They can always ask colleagues for their

opinion or advice. They learn from each other, because employees are always prepared to help each other with difficulties. In this way, the need for a manager or a specific leader is overcome.

The role of language

At Viisi, language is used consciously. As visible in GlassFrog, roles do not have 'normal' names, like most functions in hierarchical organizations. Names as 'Website Wizard, Email Chief, Feestbeest, Borrelaar, Hardloper, Mortgage Guru, Applicant Rookie, Wingman, Buddy and Laptopper' are chosen by members to describe roles. Also the rooms in the head office have names, like 'Flow', 'Getting Things Done', 'The Goal' and 'Start With Why'. These are names of management books, which Viisi thinks are inspiring. Viisi has a reading culture. New employees always get a package of inspiring book as welcome gift and to better understand the philosophy of Viisi and there is even a library in the office.

Language at Viisi is used to make things explicit and easy understandable. For example, responsibilities of roles are described as ongoing activities. Projects are described as the desired results in which the past participle is used, to motivate the members. A project is everything that consists of more than one next action and an action is described as the first following action.

Besides, the name 'GlassFrog' is carefully chosen by the developer of this software. A glass frog is a frog with a transparent skin, what makes the organs of the frog visible. Therefore the name of this software mirrors the transparency that it provides. Secondly, holacracy sees an organization as a living organism. A last reason for the name GlassFrog is that frogs are seen as early indicators for ecological issues and the software used in holacracy is meant to enable members to sense tensions in order to improve the organization timely.

Hierarchical old patterns

In self-managing organizations it is important that everybody exercises their power and voices in decision-making. However, managers who used to supervise certain activities may sometimes try to reassert control. Both prior managers and subordinates have to unlearn old behaviors and adapt to new situations, but people are conservative (Bernstein *et al.*, 2016; Sia *et al.*, 2002). In holacracy, management transfers, distributes and completely decentralizes authority to non-hierarchical roles. This happens in a formal way, by signing the constitution. However, even in a self-managing organizations working with holacracy, some hierarchical old patterns may still persist. Are there still old hierarchical patterns within Viisi and do these patterns form a threat for the job autonomy of employees?

The position of the co-founders

One of these old patterns at Viisi is the role of the co-founders. All employees, including one of the co-

founders, acknowledged that the co-founders still have a special position within Viisi. They have a lot of experience and fulfill therefore important roles within Viisi, for example the lead link role of the Viisi circle. Employees stated they have some more prestige and therefore there will be a higher threshold for employees to share critical tensions that concern roles of co-founders than of others, especially for new employees. However all employees found this is not bothering, but completely normal and a consequence of a natural implicit hierarchy. It does not form a threat for the job autonomy of the other employees. They also acknowledged the importance of sharing tensions, also if these tensions concern one of the co-founders. New employees are stimulated to do this.

According to interviewee X:

“It is for example for someone who, just an example, for someone who works here for example two months difficult to express a tension that is critical to someone who founded the organization. Because there is of course a kind of natural hierarchy. If someone recently works somewhere and someone has the organization already six or seven year as a co-founders, I think it will be a high threshold for that employee to express a critical tension that a co-founder should solve. Those are things we really have to pass and it is really important that everyone can put any tension on the agenda, because else you cannot perform your job in a nice way.”

Employees indicated that co-founders sometimes still try to direct things by requesting employees certain things. This is also a consequence of their experience. However they also indicated that holacracy allows employees to disagree with requests or also request co-founders certain things. In principle, holacracy should therefore be insensible to these kind of things and indeed discourage this way of thinking. However, they agree that in practice, making objection against a role fulfilled by co-founders or requesting co-founders something is still something you do less easily. Therefore co-founders are often in the position to direct or to push certain things through.

Furthermore, two of the co-founders have to see a new employee during the solicitation process. Also roles have the freedom and autonomy to make spending decisions on their own, but if a purchase will exceed a certain amount, it is necessary to ask for approval from one of the co-founders. The co-founders also have sign authority. However, this is unavoidable because of external regulations and the person who asked for the sign of one of the co-founders will still have the responsibility of this decision. These things may place the co-founders in a kind of higher position than the other employees, but in some cases it is necessary. Besides, one of the co-founders indicated that they gradually try to distribute the important roles they fulfill to other equal experienced employees.

Besides this, employees indicated that there are always some natural leaders. These are people who can easier express their opinion and exercise influence on others. Their ideas will be more often adhered. This is attempted to be limited by the structure of meetings provided by holacracy. However, holacracy does not come without some hierarchy. It is hierarchical downwards, because things like the purpose and appointments of lead links are set up from the super-circle downwards to the lower circles. However, tensions can always come from lower circles up to higher circles, what give them also influence and initiative, something that is unlikely in most traditional organizations.

The position of the lead link

Another hierarchical pattern is the position of the lead link. Although none of the employees regard the lead link as a kind of leader or main person of contact, theoretically this role has a relatively important role within the circle. It is responsible for the entire circle. A lead link has authority over the resources and the distribution of the resources of the circle. The lead link has the responsibility to assign and reassign (in case of bad performances) roles to circle members and has the responsibility to set the purpose of the circle and the OKRs. As stated in the constitution: “A circle’s lead link inherits the purpose and any accountabilities on the circle itself, and controls any domains defined on the circle, **just as if the circle were only a role and the lead link filled that role**”³. Furthermore, a lead link is not chosen by its circle members, but appointed by the lead link of the surrounding circle. This means that the lead link of the Viisi circle can decide all lead links of the organization. Prior team managers were appointed as lead link of the other circles by the co-founder, the lead link of the Viisi circle. This was in order to prevent feelings of loss of power and authority among these team managers. However employees do not experience the lead link as a leader. They indicated they trust the lead link to not act like a leader of manager. It is always possible for circle members to give back a role, what slightly reduces the authority of the lead link, but Viisi decided to undertake more measures to change their organization in order to better fit their ideas.

One of these measures is the way of setting OKR’s. The ‘OKRs evangelist’ requested all lead links to set these OKRs together with all circle members. The lead link is not the only circle member fulfilling roles, so it would not be appropriate if the lead link would set the OKRs for the circle on his own, according to the OKRs evangelist. As one employee stated, by doing this, you implicitly create a manager. Therefore all OKRs at Viisi are set together with all circle members.

Another idea of Viisi is to make the lead link electable. This idea was initiated by the lead link of the Viisi circle, because it will better suit the ideas of the organization. Viisi intends to start experimenting with this idea soon. Despite the fact that the way of appointing lead links is stated in the constitution, Viisi chooses to deviate from this. The employees of Viisi think that appointing lead links by

the lead link of the surrounding circle stimulates the old hierarchical structure of a traditional organization and may sooner create a manager feeling, something that they do not want. Because the lead link role should not be a more special role than any other role, everybody should be able to be lead link.

According to interviewee Z:

“I think that is for example one of the rules that I think, why? Then you again create a kind of manager feeling, like the person of the surrounding circle can decide who will do the lower circle. ... Let the team decide, who would be the best lead link? ... It is also not a status symbol to be lead link. So everyone should be able to be it. So why is the lead link instinctively hierarchically chosen by the lead link of the surrounding circle?”

Another measure that reduces the position of the lead link is the decoupling of performance and positions from compensation. This helps to overcome the Peter Principle. Less capable lead links will have less difficulties to transfer the role to a more capable person when position and compensation is uncoupled. Therefore roles will go to the persons with the best capabilities for it. This overcomes the problem of incompetent managers, as described by the Peter Principle.

Copy of state model

The structure of Viisi is somewhat similar to a distributed state model. In a state model there is decision-making at municipality-level, province-level and national-level. At Viisi this can be seen as decision-making at different circle levels, like the super-circle, circles and sub-circles. Decisions are made at the appropriate level, where the necessary knowledge is. All central functions are tried to be automated or distributed. Decision-making and functions are preferred to be performed at the lowest level suitable, but some issues, like holiday planning, are not suitable to be distributed to sub-circle level. This resulted in chaos. A bigger overview was needed, since circles are dependent of each other. The People First circle is a central facilitator for all locations. However, they try to let the location do as much as possible. For example, when a location needs new employees, the People First circle has the task to find new employees. However, People First will ask the location to provide them a suitable vacancy instead of making one themselves. Also the process during governance meetings is similar to the process for the constitution of a country. During this process there is also a clear structure about when people can give their reaction and when not. Proposals for amendments can be objected, like in the process of holacracy governance meetings.

Other success factors

Overall, the holacracy implementation at Viisi was a success. All interviewees said to appreciate the job autonomy, freedom and trust provided. They feel involved and are satisfied with their job. Decision-making takes place very fast and effective and responsibilities are clear. All employees talked with enthusiasm about holacracy, although some also pointed out some disadvantages or difficulties of this self-management approach. Management control takes place in such a way that many difficulties related to job autonomy are overcome. However, there are some other important factors that played a role in how management control is shaped within the organization.

The culture of Viisi

With difficulties is mostly dealt by means of a really open culture, where feedback is appreciated and stimulated. Any sensed difficulty, problem, or tension is expected to be shared and discussed within the teams/circles. Obstacles should be tackled early for holacracy to succeed. Therefore sharing of tensions and giving feedback is stimulated at Viisi. Especially because Viisi works with the 'safe enough rule' it is important in order to adjust decisions or outputs on a timely basis. Peer control is present but not explicitly experienced by employees, because it takes place automatically. Really important for the culture of Viisi is the Golden Rule: treat others like you want to be treated. Alongside the strict distribution of roles, people are always willing to help each other, what takes place inside and outside the holacracy. This open culture at Viisi may be one of the keys for a successful self-management approach. The culture of an organization is not something that will change by implementing holacracy. In self-management it is important that employees are direct and share their thoughts and feelings when giving feedback. Giving feedback and share tensions are inputs to improve the organization. This directness and openness is of course also typical for the Dutch culture, which can perhaps explain the recent increase of self-managing organizations in this country. The openness and transparency of Viisi is not only internal, but is also expressed external. Their organization structure in GlassFrog is available on their website and a Taster and Safari workshop is offered by Viisi in collaboration with OrganizationBuilders. The goal of this external transparency is to make other organizations and managers familiar with and enthusiastic about holacracy.

The scale of Viisi

Besides management control, another important possible contributor of success is the scale of Viisi. Viisi is an organization which is still relatively small. Some difficulties of holacracy and job autonomy could therefore be avoided by dealing with the holacracy rules more flexibly and solving things together. Employees also stated that this is easier for small circles than for big circles. For example, in smaller

organizations and circles it is easier to have a good insight in the workload of circle members. Therefore it is easier to deal with the workload issue, by helping each other out in formal and informal ways, inside and outside meetings. Employees also indicated that in smaller circles it is possible to sometimes deviate from the meeting structure provided by the constitution, but in bigger circles this will soon end up in the chaos of old meetings with all people talking at the same time. Therefore in bigger circles it is not practical to deal with holacracy rules more flexibly, while in smaller circles it sometimes may be more practical. Another example is the fact that in theory it is possible to have tensions above tensions above tensions, but when this will happen in practice at Viisi the facilitator of the meeting would propose to discuss the subject outside the meeting. The advantage of small scale organizations and circles is that there is a better overview, what results in the fact that things can also be solved in an informal way. Things can therefore also be solved or discussed outside the formal meetings, while the overview will be maintained.

One employee indicated that sometimes a meeting is canceled when the circle members are all really occupied. Also, as earlier described, Viisi is planning to experiment with an elective lead link. This deviates from the rules of the constitution. However Viisi has the opinion that they should adapt holacracy to the needs of their own organization. With keeping in mind “what does our organization need?” the organization can choose to apply certain rules or to adjust or develop new rules. It is therefore not necessary to apply holacracy one to one at the organization.

According to interviewee Z:

“I have the opinion that holacracy is not our final destination. I think it is the basis for how you can work as an organization with a form of self-management, but I think that it will end in a model that really suits your organization and that it will not match one to one the rules that holacracy has set up in the constitution.”

Also the implementation of holacracy may be easier for small organizations. At large organizations you often see that holacracy is implemented per division. At Viisi the implementation went quite smoothly. During a big brainstorm session where the organizational structure had to be drawn out, the first step was to describe all organizational activities. Subsequently, roles were created and circles were formed. Employees indicated that the mapping of circles was the hardest part, because this was possible in many different ways. It was hard to decide what should be separated and what should be kept together. It is easy to imagine this would be even harder for a larger organization, where there is even less overview of all activities.

Lastly, the individual open conversations and speed dates about salaries would probably not be possible at larger scale. To design a compensation model in this way would be time consuming and the overview may be lost.

Trust and collaboration

Viisi's employees experience a high degree of mutual trust. When people fulfil a role, the other circle members trust that person to fulfil this role in a correct manner. How they would fulfil the role is their responsibility. Roles are also trusted not to ignore other roles' tensions. Circle members trust the lead link to not act as a manager, although theoretically the lead link has a lot of authority, and they trust the lead link to assign roles according to their preferences. Besides this, people trust each other when someone gives back a role. This is assumed to be for the best, because everybody is expected and assumed to work hard and do their best. There are no tensions around these subjects, because of the trust that exists within the organization.

There is also a lot of contact between employees at Viisi alongside the formal routes of holacracy. They are always prepared to help each other, also when this is not captured in meetings. When some circles have more work than others, circles try to help the other circle out. This happens the same between roles within circles. Especially in overarching roles it is easy to divide tasks in such a way that the workload will be equal.

5. CONCLUSION & DISCUSSION

Conclusion

At Viisi, management control is shaped by working with holacracy. Holacracy is the most common form of self-management. Employees of Viisi were actively involved in the structuring and implementation of holacracy in their organization. After creating roles and drawing circles with related roles, employees started to use the holacracy structure for meetings. In general, the employees are enthusiastic about the new way of working. Most difficulties encountered in management control by more job autonomy and self-management were only experienced at the beginning, directly after the implementation. Consistent with Schwartz (2000), employees found it hard to make decisions on their own, because they were not used to this. They also found it hard to not give their opinions in meetings all the time. However they experienced immediately how effective the meetings were and how fast decisions were made. Employees felt autonomously and involved in their work, like described by e.g. Gagné & Deci (2005). Especially the freedom to experiment was appreciated. Authorities and tasks that a manager would normally have are now distributed among different roles. In this way a lack of leadership, as described by Lee & Edmondson (2017) is overcome. Leadership is now distributed among different persons, who are all leader in their own role. Issues like firing employees, hiring employees, guiding new employees, ensuring coordination between circles, assigning roles, developing a compensation model and leading meetings are now all divided over roles. There is for example a lead link role, a cross link role and a career doctor role. Performance is still being measured, but by the circles themselves. Circles set OKRs which are operationally used and which form a bridge between daily activities and the purpose. Compensation is decoupled from performance measurement. Each circle also set their own purpose. Decisions are made by the role who senses a tension and wants to solve this tension in order to perform his or her job better. Roles have authority within explicit boundaries. Everybody has their own roles and their own accountabilities and responsibilities. Since everyone can make their own decisions at the meetings and discussion about these decisions is brought to a minimum, meetings are experienced as very effective. In this way, management control takes place to deal with advantages and difficulties of job autonomy and self-management. Job autonomy can be sustained and managers are no longer needed.

One challenge that Viisi is still facing is how to arrange equal workloads for their employees. A high degree of job autonomy causes employees to be able to perform their tasks in very different ways. Working with holacracy resulted in employees having a wide range of different roles which are hard to compare with each other, especially because they can be fulfilled in very different ways. All employees indicated that at the moment the workload is the highest for the advisors in the Realizing Dreams circle and within this circle the workload is also unequal at times. Other circles and roles try to help them, both

in formal and informal ways, but it is hard to make the workload insightful. However, more important than a completely equal workload for Viisi is that all employees will have and experience a healthy workload. Some people can handle more workload than others. Viisi therefore assumes it is the responsibility of the employees to indicate when they are having a too high workload. However they also created certain roles which have the responsibility to ensure employee well-being, like the 'fulfilment coach', a trust person and buddies. Another measure that Viisi took to reduce the workload for their employees is that they created roles which can be excluded from meetings of the circle.

Another possible challenge for Viisi would be when certain circles will structurally underperform. Because circles are autonomous and expected to be capable enough to solve issues within the circle, what will happen if this is not the case and a circle will structurally underperform? Is there enough internal control and oversight (Van Raalte, 2017)? Employees indicated that this has not happened at Viisi before. Therefore they were not aware of how the organization would intervene in this situation. They did indicate that when a circle has some problems, this circle itself or other circles would express and share tensions about this in the meeting of the surrounding circle and all circles would be stimulated to think of a solution. However, the question remains partly unanswered.

As expected there are still some old hierarchical patterns at Viisi. The co-founders of the organization still have a slightly more prominent position, although this is more in practice than on paper. The co-founders do have sign authority and have to approve large expenditures. Besides this, employees indicated that there is still a higher threshold for employees to share critical tensions that concern roles of co-founders than of others, especially for new employees.

Another hierarchical position is the position of the lead link, although this is only on paper. None of the employees indicated they see the lead link as a leader or as a higher position than the other roles. However, on paper the lead link has a lot of decision rights. It has the responsibility to assign roles, to set the purpose of the circle and to set the OKRs of the circle. Besides, most lead links are prior team managers. In practice the lead link however is not acting like a manager. In assigning roles, persons can indicate which roles they prefer. When other circle members do not agree with the purpose, they can put a tension on the agenda and all lead links have set the OKRs of the circle together with the whole circle. This demonstrates that not only the holacracy structure shapes management control at Viisi, but also Viisi itself, by bypassing certain holacracy rules that they do not regard suitable for their organization. Most striking is that Viisi decided to start experimenting with an elected lead link soon. In the constitution of holacracy it is stated that the lead link of a circle should be appointed by the lead link of the surrounding circle. This has as result that the lead link of the highest circle has influence on all the lead links of the organization, what stimulates the feeling of a manager and hierarchy. Viisi does not think this rule is appropriate for the organization and decided to deviate from it. By a combination of the strict holacracy

rules, a flexible use of these rules and a lot of contact outside holacracy, Viisi tries to find the best way for their organization.

Another informal way of how management control takes place at Viisi is by trust and by an open culture, where feedback is appreciated and encouraged. Because there is a lot of mutual trust and employees are used to give and receive feedback, things like peer control and group pressure are not experienced. Like an employee cited, when something is not going well, employees can point this out to each other, but this is not felt as control because this happens all the time by all employees, reciprocally and with a good intention. This shows the importance of organizational cultures for the success of self-management and job autonomy. Furthermore, the scale of Viisi probably plays an important role in the success of holacracy and sustainment of job autonomy. The relative small scale of Viisi made it possible for the organization to apply the strict holacracy rules in a flexible way in order to find the best way of management control for their organization. In future research it will therefore be relevant to take the scale of an organization into consideration.

Viisi has demonstrated how difficulties and challenges related to job autonomy, as suggested by literature, can be dealt with by management control. This case study provided a good example of what advantages and difficulties a self-managing organization can experience as a result of job autonomy, and how a self-managing organization attempts to make use of these advantages and overcome these difficulties by management control. Management control at the examined self-managing organization does not take place in the same way as in traditional organizations. Authorities of prior managers are distributed among employees, what eliminates management and the hierarchical structure of traditional organizations. There is a certain shift from control to trust at Viisi. This corresponds with the stewardship theory discussed in the literature review. This theory assumes there is not a significant conflict of interests between management and employee. Employees can be trusted to act in the interest of the organization, because this will yield them personal utility too. With more freedom and autonomy and less controls, employees will still possess enough motivation to act in the interest of the organization. More empowering and enabling governance structures (e.g. Adler & Borys, 1996) will therefore be appropriate (Groen, 2016). However at Viisi this trust is not given by management to employees, but by employees to each other. Management is eliminated. Management control at Viisi therefore goes beyond the stewardship theory.

Viisi mostly makes use of personnel controls, which mainly rely on employees to do what is best for the organization. Personnel capabilities are ensured by an extensive selection procedure, trainings and a suitable role assignment based on talents and preferences of the employees. Expectations are clarified by roles and accountabilities descriptions. Also GlassFrog improves communication by providing information for coordination. Most important form of personnel controls at Viisi is peer control. Roles are

grouped together in circles. These circles have their own purpose and responsibilities which should be fulfilled by the circle members. Goals are shared, what stimulates peer control. Mutual feedback is stimulated and appreciated at Viisi, since it is seen as input for organizational improvements. Peer control is however not experienced as control by the employees. It is a subtle form of control, what contradicts the results of the case study performed by Barker (1993). As expected, action controls are barely used within Viisi. Action controls impede autonomy and discretion and are not consistent with the idea behind self-managing organizations, which is trust in the capabilities and incentives of their employees and striving to empowerment. At Viisi, roles have autonomy and authority until explicit boundaries, like impacting domains of other roles. There is no direct supervision. However employees are responsible for their actions and decisions. Only above a certain amount, one of the co-founders has to approve an expenditure. Lastly, Viisi does measure performance. Circles set their own OKRs and progress towards OKRs is measured by the circle itself. However this form of results control is not coupled to compensation (Merchant, 1982; Groen, 2016). It can be said that management control at Viisi is shaped around the principles of enabling control. Holacracy provides a good structure to overcome challenges and make use of the advantages of job autonomy.

Limitations of this study

A limitation of this study can be its small scale. Viisi is an organization with locations spread over all the Netherlands. This case study only took place at one of Viisi's locations, namely at the head office in Amsterdam West. Due to time limitations, I assumed it would be best to perform my case study at the head office of the organization, in order to be also able to address issues that concern the entire company and not only a certain location. The head office seemed to be the best opportunity for this. Besides, I was able to interview persons which were active in one of the biggest circles of Viisi: Realizing Dreams, Growth, Happiness Factory, Smooth Operations and People First circle. Also I was able to interview one of the co-founders. Although I only performed my case study at one location of the organization, I expect to have a good varied mix of data sources and I expect to have obtained a representational view. However, of course it is possible that different locations experience different advantages and challenges and deal with these challenges in a different way. It would for example be possible that the open culture and high degree of trust is only present at the head office of Viisi, and not in the entire organization. This will have consequences for the way how management control takes place.

Another limitation of this study may be the time that holacracy was implemented. Holacracy at Viisi is implemented since 2,5 year. Therefore it is possible that Viisi experienced a lot of challenges and difficulties directly after the implementation which are nowadays already solved and therefore not discovered by my study. It may be interesting to study this in an organization which just implemented a

form of self-management. However, the benefit of performing my study at an organization which has already implemented holacracy for 2,5 years is that it was possible to focus on challenges and difficulties that are not only related to the implementation phase but keep exist and to focus on how related management control is shaped over time. Another benefit of Viisi is that it is not a start-up. This makes Viisi interesting, because it is possible to examine if there are some old patterns at Viisi that originate from the time that Viisi was still working as a traditional hierarchical organization that can form a threat for job autonomy. Furthermore, in a start-up that immediately implemented holacracy it is more likely to find only people who are already enthusiastic about job autonomy and holacracy, because they specifically chose to work for this self-managing organization. In a company that already existed before the implementation of holacracy there will be also people working who may be less enthusiastic about self-management and who create more resistance against more job autonomy. This can create extra or different challenges for job autonomy and can therefore have an effect on management control.

Another limitation of this study is that the question how intervention will take place in a self-managing organization in situations with bad performance could not be answered completely. Viisi had not experienced and dealt with situations of structurally underperforming circles. However it may also be possible that Viisi and other self-management organizations do not often cope with bad performance because management control is effective and prevents this. The small scale of the organization may also have contributed to the experience of less problems within the organization. For example because things can be easier discussed in smaller organizations. Something else that may have contributed to the success of management control at Viisi is the fact that Viisi is a growing organization. When an organization is growing, there are often less financial difficulties and less pressure. Interesting will be if management control shaped in the same way as at Viisi will be still as effective in an organization with bad performance, in a large organization and in a non-growing organization.

Furthermore, during my study it was difficult to track down difficulties and challenges Viisi was coping with. Most challenges of increased job autonomy were overcome by management control and the holacracy structure. During my interviews I have tried to find out more about any experienced remaining difficulties. However I also wanted to avoid steering in my questions. The interviewees were all very enthusiastic about holacracy and their increased job autonomy and did not experience any serious difficulty of the increased job autonomy.

Recommendations for future research

I would recommend researchers to perform a case study in an organization where certain teams or circles are structurally underperforming. Because at Viisi this was not the case, I could not find a complete answer on the question how intervention will take place in a self-managing organization, although it

might be an interesting issue. Because circles are autonomous, have their own responsibility and do not have a supervisor, intervention from outside the circle would be a big step. Because there is no management, intervention has to take place by other employees, what can create difficult situations because employees are not subordinated to each other (Weng & Carlsson, 2015; Groen, 2016). Especially in difficult situations it may be hard for employees to address other employees to these things. According to Lee & Edmondson (2017): “Research suggests that conflicts and crises tend to lead to centralization and concentration of authority” (p. 51). It will therefore be especially interesting to perform a case study at an organization that is performing badly, to see what consequences this has for management control and if job autonomy and self-management will be sustained. Also in an organization with bad performance, more difficulties and challenges may be encountered, which can be interesting for a more complete understanding.

Because Viisi is a relative small organization, holacracy rules could be applied less strictly and this helped Viisi to deal with some issues in job autonomy and self-management. It will therefore be interesting to perform a similar case study at a large organization. Will a large organization arrange management control in the same way? Will they have to deal with the same kind of challenges and will they experience the same kind of advantages? It would for example be interesting to examine how a compensation model will be designed in a large organization, where it will not be possible to have individual conversations with every employee because this will be too time-consuming. How would this complex issue be coordinated?

Furthermore a similar case study can also be performed in a different country, to see if the culture of a country can have effects. As earlier noted, the Dutch culture is already open of itself and therefore a good basis for self-management. Dutch people are relatively direct and the Dutch culture is less hierarchical. They appreciate autonomy, because individualization is highly valued. It can be argued that in countries where family is higher valued than individualization, for example in Latin America, freedom and autonomy will be valued differently too. This can have effects on the development of job autonomy in organizations. There are also cultures which are very hierarchical and where people are not used to say what they think, especially not to persons in higher positions. For these countries, self-management and job autonomy can be a bigger challenge and management control may therefore be shaped differently. More or different advantages and difficulties may be experienced.

As already discussed, a similar case study can also be performed in a start-up or in an organization which recently implemented or is implementing a form of self-management. This will give new insights in the advantages and challenges for management control which can arise as a consequence of more job autonomy and self-management.

From this study it already appeared that the GlassFrog software had a mediating role in the holacracy meetings and that employees obtained a lot of information from it, what enabled them in their work. It provided transparency and clarity. As suggested by Lee & Edmondson (2017): “Technology may also play a role in enabling peer control at scale” (p. 51). Future research could therefore further examine the role of software and information technologies in shaping and sustaining job autonomy and management control.

At Viisi, the high degree of job autonomy had for all employees a positive or no effect on their well-being. There were no employees who indicated to have more stress and a higher workload. However, research has demonstrated that employees vary in how much they like self-management and job autonomy as a result of decentralization (Lee & Edmondson, 2017). This can result in different consequences for their well-being. Employees of Viisi already indicated what characteristics they consider suitable for working with holacracy. Named characteristics were a high feeling of responsibility, trust in other people, ability to let control go, self-knowledge, taking initiatives, open to feedback and empathy. Furthermore self-management requires a high level of psychological development and interpersonal skill (Lee & Edmondson, 2017). Further research to suitable personal characteristics can create new insights. “Understanding who thrives and who struggles in such organizations can help us understand who will benefit from these organizational shifts and who is at risk of being left behind. Research might investigate personality traits, such as proactivity or need for control, that predict satisfaction in such systems.” (Lee & Edmondson, 2017, p. 51). Therefore this kind of future research can develop insights which may be useful for self-managing organizations in developing HR policies. It may be helpful for self-managing organizations in selecting suitable employees for their organization.

Since we nowadays live in such a fast changing world where creativity, innovation and adaptability are becoming more and more important for organizations, it may be possible there will be a great shift from traditional organizations to self-managing organizations. Self-management and job autonomy may be the future, what makes further research to these subjects interesting.

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APPENDICES

- I. Instruction guide for interviews (including interview questions)
- II. Instruction guide for observations
- III. Observation report 1
- IV. Observation report 2

I. Instruction guide for interviews (including interview questions)

I will undertake interviews with persons from different circles. These interviews will be taken place in May. The average time of an interview will be between 40 minutes and 1 hour. They all take place at the head office of Viisi in Amsterdam West. The interviews will be semi-structured. Some questions will be prepared and asked to all respondents, and some questions will arise from the conversation. The list of questions below is a list which can help the interviewer in asking the right questions but is not more than a guidance. Most questions will be open-ended questions. The following people will be interviewed:

- **Esmee Zijp:** *Esmee Zijp is mostly active in the People First Circle. In this circle she has the following roles: “Aanspreekpunt nieuwe Viisionairs, Aanspreekpunt Qronde en Kick Off, Arbeidsvoorwaarden, Beste werkgever (100+), Bijzonder verlof, Business Events, Business presents, Compensation Architect, Corporate Rebels Survey, Culture Week, Disciplined People, Family care, Fulfillment-Coach, Great Place To Work (GPTW), Kick Off locatie regelaar, **Lead Link**, Nationaal onderzoek talentontwikkeling, Pay to Quit, Peer to peer feed forward, People First posts, Qronde locatie regelaar, **Rep Link**, Satisfaction, **Secretary**, StrengthsFinder Ambassador, Thank forward, The School of life, Vertrouwenspersoon Viisi Alumni, Viisionair Jubileum, Welcome on Board, Ziekte”.* She is also active in the circles Welcome on Board, Life is a Journey, Viisi Academy (subcircles of the People First Circle), Smooth Operations, Growth, Administration, Standing & Branding, Happiness Factory, Viisi Labs Amsterdam, Finance, Holacracy People, Employer Brand (subcircle of the Standing & Branding Circle), Personeelsvereniging, Viisi Labs, Hypotheek Label & Funding and the Viisi Circle itself.
- **Marc-Peter Pijper:** *Marc-Peter Pijper is mostly active in the Growth Circle. In this circle he has the following roles: “Aanspreekpunt software leveranciers, Affiliate marketer, Automator Closealertfanaat, Conversion Optimizer (Lead → Customer), Customer Insights, Display advertiser, Doubleclick advertiser, Experiment Processor, Facebook advertiser, Growth backbone, Intercom.io expert, **Lead Link**, LinkedIn advertiser, Loyalty Ambassador Mailchimp Master, Market share, Metrics Analyst, Metrics Designer, Newsletter designer NPS builder, Office launcher, Offline Lead Promoter, **Rep Link**, Salesforcer, **Secretary**, Seminar Insights, Seminar Logistics, Seminar Promoter, SEO engineer, Socializer Tekstverbeteraar, Telefoonheld, Tell-a-Friend, Vergelijker, Webformulator”.* He is also active in the circles People First, Life is a Journey, Welcome on Board (subcircles of the People First Circle), Viisi Expats, Growth Backbone, Website 2018 (subcircles of the Growth Circle),

Employer Brand (subcircle of the Standing & Branding Circle), Standing & Branding, Realizing Dreams, Do not forget Society (CSR), Hypotheek Label & Funding, Holacracy People, Personeelsvereniging, Viisi Makelaardij, Viisi Labs Amsterdam and the Viisi Circle itself.

- **Ricardo den Brinker:** Ricardo Den Brinker is mostly active in the Growth Circle. In this circle he has the following roles: “Adwords Advertiser, Affiliate marketer, Automator, Calendly architect, Chief stukkenlijst, Closealertfanaat, Conversion Optimizer (Lead → Customer), Conversion Optimizer (Prospect → Lead), Customer Insights, Display advertiser, Domain Admin, Doubleclick advertiser, Elements Chief, Email Chief, Experiment Processor, Facebook advertiser, **Facilitator**, Intercom.io expert, LinkedIn advertiser, Loyalty Ambassador, Mailchimp Master, Metrics Analyst, NPS builder, Office launcher, **Rep Link**, Seminar Insights Seminar Logistics, Seminar Promoter, SEO engineer, Story Teller, Tell-a-Friend, Vergelijker Visual Viisionair, Webformulator, Website Developer, Website wizard”. He is also active in the circles Website 2018, Viisi Expats (subcircles of the Growth Circle), Personeelvereniging, Happiness Factory, Realising Dreams, Smooth Operations, Welcome on Board (subcircle of the People First Circle), Holacracy People and the Viisi Circle itself.
- **Jaap Zonjee:** Jaap Zonjee is mostly active in the Realizing Dreams Circle as adviser. He is also active in the following circles: Welcome on Board, LC: Haarlem, LC: Amsterdam, Viisi Direct, Zuidas, Viisi Academy, Finance, De Denktank, Hypotheek Labeling and Funding, Growth and the Viisi Circle itself. In the HC: Haarlem Circle, Jaap Zonjee is **lead link** and **secretary**. In the De Denktank Circle, Jaap Zonjee is **facilitator** and in the Hypotheek Labeling and Funding Circle and the Viisi Circle itself, Jaap Zonjee is **rep link**.
- **Fedor de Vries:** Fedor de Vries is mostly active in the Smooth Operations Circle. In this circle he has the following roles: “Acceptatiedocumentatie Updater, Contactpersoon geldverstrekkers, Crosslink Viisi Academy, Email rights inverter, **Facilitator**, Happy docs, HDN Specialist, Inregelaar maatschappijen, Inwerkcoach nieuwe Visionairs, Mortgage analyst, Mortgage Guru, Mortgage Mailreducer, Mr. Wolf - I solve problems, Processing Time Watcher, **Rep Link**, Work Coach, Work Distributor SO”. He is also active in the circles Viisi Academy, Welcome on Board (subcircles of the People First Circle) and the Viisi Circle itself.
- **Margy van der Veen:** Margy van der Veen is mostly active in the Happiness Factory Circle. In this circle she has the following roles: “Administratief ondersteuner, Adviesondersteuner, Buddy,

*Calendly-beheerder, Chatter, (Digitale) postverwerker, **Facilitator**, Kantoor Ondersteuner, Phonedesk, Qronde regelaar, **Rep Link**, Review verwerker, Roostermaker, **Secretary**, Seminar Ondersteuner, Tell a Friend verwerken, Welcomedesk, Werkverdelers". She is also active in the circles People First, Viisi Academy, Welcome on Board (subcircles of the People First Circle), Holacracy People, Personeelsvereniging, Administration, Growth and the Viisi Circle itself.*

- **Tom van der Lubbe:** *Tom van der Lubbe is mostly busy with the vision behind Viisi. He is one of the four co-founders of Viisi. His main focus is HR and People Management. He also has a coordinating role within Viisi. Tom is active in the following circles: "People First, Welcome on Board, Life is a Journey (subcircles of the People First Circle), Scale-up brand, Employer Brand, Holacracy-Brand, CSR-Brand, Incubator-Brand (subcircles of the Standing & Branding Circle), Standing & Branding, Administration, Finance, Viisi Labs Amsterdam, Viisi Labs Berlin, Viisi Labs Zürich, Do not forget Society (CSR), Hypotheek label & funding, Holacracy People, Fintech Advisory Board, Sustainable Fintech Friends, Viisi Switzerland, Growth, Viisi Labs and the Viisi Circle itself". He is **lead link** and **rep link** of the Viisi Circle and lead link and rep link in a lot of other different circles.*

Instructions:

- Introduce yourself and thank the respondent for his/her time
- Explain the purpose of the interview and what will happen with the obtained information
- Explain that information will be processed anonymously in the thesis. Names won't be named
- Explain the structure of the interview
- Ask if the person agrees with recording the interview
- Record the interviews
- Try to make it more a conversation than an interview
- Do not only focus on challenges identified by the literature, but stay open for other challenges
- First start with the introduction questions
- Ask more questions about phenomena that came up as a result of the introduction questions
- If there is nothing to ask about these phenomena anymore, start with the other questions
- Choose question topics that are arising from the conversation
- It is not necessarily that all questions are asked. A detailed answer on a few questions is preferred above superficial answers on all questions
- Pay attention to nonverbal communication
- Only ask one question at the same time

- Ask open questions
- Avoid steering in questions
- Be clear and understandable in questioning
- Do not precisely follow the prepared question list, but ask questions which seem relevant in the specific situation/conversation
- Let the respondent speak until he/she finishes
- When it seems the respondent interpreted the question in another way, explain the question, ask more questions or ask for examples
- Thank the respondent again for his/her time

Also focus on:

- Use of language
- Scale implications
- Role of software (and rules)

List of topics and questions:

Introduction questions:

1. How long are you working for Viisi and where did you work before Viisi?
2. What was for you the reason to found/to start working at Viisi?
3. How do you experience working in an organization with holacracy?
4. What is for you one of the best things of working with holacracy?
5. What is for you one of the most difficult things of working with holacracy?
6. How did the implementation of holacracy go? Which difficulties did you encounter and how was dealt with these difficulties?
7. Is holacracy right now exactly working within Viisi as planned?
8. Do you experience any disadvantages of holacracy?
9. What is an advantage of a hierarchical structure that holacracy does not have?

Presence of peer pressure (as well verbal as non-verbal, social elements):

10. How do you experience working in circles without a manager telling you what to do?
11. Do you ever have the feeling your peers are trying to watch and control you and your actions?
12. Do you ever experience pressure of your peers from a circle?
13. In what way are employees being controlled or supervised?

Loss of human aspects:

14. Do you sometimes feel that the meetings are impersonal?

Decision-making (indecisiveness/uncertainty/fear/ineffectiveness/inefficiency):

15. How and by whom are decisions made?
16. Is it sometimes hard to make a decision since there is no manager?
17. What is your experience with the efficiency and effectiveness of decision making in meetings?
18. What is your experience with that action is preferred above perfection?
19. What is your experience with that tensions are dealt with per role?
20. How does coordination between roles take place in decision-making? (Example?)
21. How is ensured that introvert people also actively participate in decision-making?
22. Is there anyone making minutes of the meetings? (Or unnecessary because of Glassfrog?)
23. Does Viisi sometimes make use of individual actions, as stated in the constitution? Why is this rule there? Can you give an example of when this is used?

24. Does GlassFrog have influence on the structure of the meetings at Viisi?

Old patterns of hierarchical organization structure:

25. Do you sometimes still experience hierarchy at Viisi?

26. Is/was it hard to overcome old patterns or habits from a hierarchical organization structure?

27. Is there anything you miss from the hierarchical organization structure?

28. Do the co-founders have special roles within Viisi?

29. Do you experience that employees treat co-founders differently than other persons in Viisi?

Indications for work overload/stress (as result of over-involvement):

30. What is changed in the job autonomy of employees since holacracy?

31. Do you possess more job autonomy since you are working with holacracy?

32. Do you feel yourself more or less personal responsible for your job since you are working with holacracy?

33. Do you feel more or less stress since you are working with holacracy?

34. Do you feel more or less involved in your job since you are working with holacracy?

35. Is it easy for you to accept failures in your job?

36. The moment you leave the office, is it easy for you to leave your work behind?

37. How is the workload in comparison to before working with holacracy? What do you think about the amount of roles you have and the amount of time you spend in meetings?

38. Do you think everyone has an equal workload? How is this achieved?

(Since every role is different and not easy to compare and people can decide on their own to give back a role)

39. Is it easy to give back a role? What are reasons to give back a role?

40. Does it sometimes bother you if someone gives back a role?

Need for leadership and how this may be solved (clarify responsibilities, guidance, new employees, coordination, conflicts, intervention)

41. Do you sometimes miss to have a leader or manager? When and how?

42. Are your responsibilities clear to you? Why or why not?

43. Do you experience enough guidance in your work? From whom?

44. How do you prioritize your different roles?

45. How does coordination take place between roles and circles?

46. How are conflicts or disagreements solved and by whom?

47. How are ego's restrained and introvert people heard?
48. How are new employees guided? Who is the contact person for new employees who they can ask questions about their own role?
49. How do you motivate each other to continually improve?
50. Who sets the purpose and goals of the organization/circle/role?
51. Is there commitment and trust towards the goals by everyone? How is this achieved?
52. How does Viisi overcome a lack of leadership?

Performance measurement (OKRs):

53. By whom, when and how are performance targets and measures set?
54. Who measures the performance of the organization/circle/role?
55. Where and for who are the targets, measures and progress made visible?
56. With what goal is performance measured?
57. How is performance discussed and by whom?
58. Does Viisi make use of budgets? How?
59. Are there any spending limits? Who gives approvals for these spendings?
60. Who has the sign authority within Viisi?
61. What is the purpose of the metrics on screens in the office?

How employees deal with bad performance (intervention):

62. To which extent are circles aware of the performance of each other?
63. What happens when a circle underperforms?
64. Does intervention from outside the circle take place when they perform badly?
65. How are performance measurements used in this situation?
66. What happens when a specific role is underperforming?

Indications for estrangement/lack of collaboration between roles/circles:

67. How is prevented that circles are not becoming isolated islands?
68. How do circles keep in mind the bigger picture/idea of the organization?
69. Do the circles collaborate with each other and how?
70. How does coordination between circles take place?
71. Do you ever take decisions in one circle that may be bad for another circle?

Presence of opportunistic behavior and how this is dealt with (absenteeism, freeriding, low productivity):

72. Do you ever have the feeling that someone is neglecting his role or freeriding?
73. How would the organization intervene when someone is showing opportunistic behavior?

Assignment of tasks/roles/responsibilities (everyone same amount of work):

74. How does the lead link decide to assign a role to a certain person?
75. What role does the Strengths Finder Test play in the assignment of tasks and roles?
76. How is achieved that everyone has an equal workload?
77. Are there tensions about differences in workload among people?
78. Do you see the lead link as a leader of the circle?

Overload of rules (complexity constrains freedom, no initiatives, learning is challenge, support):

79. How did you experience the amount of rules associated with holacracy?
80. Was it easy to learn and remember these rules?
81. Was there any resistance of employees to learn these rules? Is there commitment?
82. Do you have the feeling that these rules sometimes constrain your freedom/autonomy?
83. Do these rules sometimes have a paralyzing effect?
84. Do these rules sometimes prevent effectiveness or efficiency?
85. Is it possible to deviate from the rules of the constitution?
86. Are you following the rules of the constitution strictly or flexibly?
87. Can a circle itself decide to deviate from the rules?

Unstable work environment (collaboration with different people, start all over?):

88. Is it difficult for you that Viisi experiences continuous change?
89. Do you easily adapt to changes?
90. Does this continuous change sometimes impede effectiveness?

Compensation (no functions and formal feedback):

91. How and by whom is decided on which curve personnel are?
92. Does the lead link take the curve into consideration when assigning roles to personnel?
93. Do you think this compensation model would also be possible at high scale?
94. How was the reaction of personnel towards this new compensation model?
95. Is the tribe/team bonus absolutely or relatively the same for each employee?

HR policy:

96. What qualities and competencies of employees are important in holacracy?
97. Where does HR focus on when hiring and selecting new employees?
98. How would you describe the culture of Viisi?
99. Does the Strengths Finder Test play a role in the hiring and selection of employees? What role?
100. What is important in personnel development?
101. How are new employees guided? Who is the contact person for new employees who they can ask questions about their own role?
102. How does a new vacancy look like, since there are roles instead of functions, which are continuously changed and assigned?
103. How is an employee fired?
104. What is the purpose of the use of language in your organization?
105. Which role does the StrengthsFinder play in the assignment of roles? (Development?)

II. Instruction guide for observations

I will observe a daily tactical meeting of the circle 'growth' on the 16th of April 2018. Tactical Meetings are focused on the operational work of the circle. Their purpose is to deal with issues that have come up during the week and remove obstacles. Each circle conducts tactical meetings, which occur daily. I will also attend a weekly tactical meeting and a governance meeting at Viisi of the circle 'growth' on the 24th of May. Governance meetings are focused on regulating the structure of the circle. Changing the structure of the circle can only be done in governance meetings. Governance meetings are held less frequently than tactical meetings. For these observations, I will adhere to the following instructions:

Instructions:

- Introduce yourself
- Explain the purpose of the observation and what will happen with the obtained information from the observation
- Register as neutrally as possible what you observe, keep it separate from interpretations
- Register precisely, thoroughly and specifically
- Pay attention to verbal and non-verbal communication
- Try to be discrete and to not disturb the normal activities of the employees
- Do not only focus on challenges identified by the literature, but stay open for other challenges
- Already start observing before the meeting
- Finish observing after all employees have left

Focus on:

- Presence of peer pressure (as well verbal as non-verbal, social elements)
- Indecisiveness/uncertainty/fear in decision-making
- Old patterns of hierarchical organization structure
- Indications for work overload/stress (as result of over-involvement)
- Need for leadership and how this may be solved (clarify responsibilities, guidance, new employees, coordination, conflicts, intervention)
- Performance measurement/use budgets
- How employees deal with bad performance (intervention)
- Indications for estrangement/lack of collaboration between roles/circles (bigger picture)

- Presence of opportunistic behavior and how this is dealt with (absenteeism, freeriding, low productivity)
- Lack of efficiency in meetings due to dealing with issues per role (coordination between roles)
- How is dealt with introvert and extrovert employees
- Solving conflicts/disagreements (ego, BOB model, everyone talks, no manager anymore)
- Assignment of tasks/roles/responsibilities (everyone same amount of work)
- Overload of rules (complexity constrains freedom, no initiatives, learning is challenge, support)
- Collaboration different kinds of people in one circle
- Unstable work environment (collaboration with different people, start all over?)
- Purpose and goal settings (by whom, commitment)
- Compensation (no functions and formal feedback)
- **Other challenges not identified by the literature!**

III. Observation report 1: Daily Tactical Meeting 9.15-9.45 (16-04-2018)

On Monday the 16th of April 2018 I attended a daily tactical meeting of the circle 'Growth'. The meeting took place in the head office of Viisi in Amsterdam West. There were 5 members of the circle present and 1 member joined via the phone. The meeting was held in a room called 'getting things done'. All rooms had names like 'flow', 'getting things done', 'the goal', 'start with why'. The room was neutral. There were 2 high tables without chairs and a big computer screen. The meeting was held around one table and the computer screen was used to display GlassFrog, the software used by the organization. GlassFrog played a central role in the meeting. It structured the meeting. Everything discussed was entered in this software. There was one person who also took notes. The facilitator led the meeting. The meeting started with a check-in round in which all members could tell shortly what is on their mind or how they are doing. Then the secretary opened a list on GlassFrog with recurring actions and the facilitator asked the appropriate roles if the actions could be checked or not. The roles only answered with yes or no. When a role answered no, this was not followed up or discussed. After this, the secretary provided some metrics on GlassFrog and the facilitator discussed these metrics. Appropriate roles provided a short explanation of the metrics (e.g. the number of leads). These metrics are also available in the main room of the organization on a big screen. After this there was room for roles to give an update of projects, but none of the roles had an update. Then it became time to form agenda points. Every role could come up with agenda points and the secretary entered these points into GlassFrog. An agenda point mostly arises when someone experiences a certain tension in their role. They used many abbreviations in the agenda points and assessed the priority of these points using the Eisenhower matrix. This matrix scaled the points on the basis of importance and urgency. Finally it was time to discuss the agenda points. The points were treated one for one. It was possible to add new agenda points during this phase. The facilitator asked the role who added the agenda point what he needs. The appropriate role can ask other roles for an action, can ask for an outcome or project, can ask for information or help, can share information and can try to expect something from a role. In the tactical meeting, most tensions were solved by asking an action or by asking information. Each person is leader in his own role. The role finally decides upon the actions, but after discussion with others. Because tensions were discussed and decided per role, decisions were made fast. The secretary wrote down the actions or outcomes in GlassFrog. When entering actions, he always used the past participle. It was written down like the desired result. The lead link assigned the action to appropriate roles. These can also be roles outside the circle. During this phase, one of the members (cross link) also told the other members that he would discuss this agenda point in the tactical meeting of another circle, the circle 'Realizing dreams'. One role complained about workload. The action created was to make this workload transparent. This action does not solve the workload, but was considered to be

enough to go further after the meeting. Action is preferred above perfection and a complete solution. At the end of the meeting there was a check-out round in which the members could reflect on the meeting and tell what they think of the meeting. During the whole meeting there was a relaxed and positive atmosphere. Feedback to each other was given in a positive way and was focused on the role instead of the person. The facilitator gave all roles the opportunity to speak and discuss tensions in every round. I did not experience any form of peer pressure. The meeting ended around 9.45am. In approximately 30 minutes, there were 10 agenda points discussed. The meeting was structured, fast and effective. It was clear that all members were familiar with the rules of holacracy meetings. Once during the meeting the facilitator remembered the members of the time during the discussion of a tension. These tactical meetings are held on a daily basis.

IV. **Observation report 2: Weekly Tactical and Governance Meeting 9.00-9.45 (24-05-2018)**

On Thursday the 24th of May 2018 I attended a weekly tactical meeting followed by a governance meeting of the circle 'Growth'. The meeting took place in the head office of Viisi in Amsterdam West. There were 7 members of the circle present. One member was new. He was from the United States so the meeting was held in English. The meeting was held in the room called 'getting things done'. There were 2 high tables without chairs and a big computer screen. The meeting was held around the two tables and the computer screen was used to display GlassFrog, the software used by the organization. GlassFrog structured the meeting by deciding the order and requiring outputs to be captured in certain ways. Before the meeting, it was indicated there was a little bit time pressure and it was the facilitator's responsibility to finish the meetings on time. The meeting started with a short check-in, where everyone had to say how they were doing. After this the facilitator asked every circle member if recurring activities were done. Circle members had to say check or no check. After this, metrics were discussed by the facilitator. It was explained to the new employee what these metrics were. Every circle member has to indicate if they had the trust to achieve 60-70% of the OKRs. OKRs were one part of the metrics. Now it was time for project updates. Every person was asked per project if they had an update and what this update was. A lot of projects did not have any update, there were updates about just some projects. When everyone gave their updates, all circle member could come up with items for the agenda. Persons were also making notes of the things they wanted to share. Each item was given a priority by the person who came up with the tension. Every item was discussed one for one. The facilitator gave the word to the member who came up with the item to explain his tension and what he needed. One time somebody just asked an opinion from everyone, what solved the tension. The rest of the times, tensions were solved by actions and projects made up by the person with a tension. This person came with the solution himself and this was captured in GlassFrog and assigned to the appropriate role. The check-out of the tactical meeting was postponed, because they immediately started with the governance meeting. The meeting was opened by clicking on 'open governance meeting' in GlassFrog. The check-in round was skipped. The facilitator asked for agenda items, which he captured in GlassFrog. Then he discussed every agenda item one for one. There was a proposal to add a new role and to cancel a role. After an explanation of the proposal, every circle member was able to ask questions for clarity. The new employee already started to react on the proposal of the new role. He thought it was better to split the new role in two different roles. The facilitator explained him he had to wait until the reaction round. In the reaction round everyone had to give their reaction on the proposal. The proposal decided to adjust the proposal and incorporated some of the reactions. He decided not to split the role in two different roles. He did not explain why he did not do this.

Then there was the objection round. One person had an objection. He preferred to add a certain word in the purpose. The facilitator started to test the objection by asking if the objector found the proposal harmful or a step backwards for the organization. The objector answered no and the objection was not valid. The objector laughed and said he was still glad he made his point. When the agenda items were discussed, the new employee asked if he could add an agenda item. He proposed to split the new role in two different roles, like he already suggested in the reaction round. He explained why. Together with the secretary he shaped the two different roles by capturing a purpose and accountabilities. There were no questions. In the reaction round one circle member proposed a different name for a role. The new employee adjusted his proposal by changing the name of a role. There were no objections. Also the proposer had to state to have no objection against his own proposal. The new employee and the others had to laugh about this. Finally, there was a check-out. Every circle member indicated they were satisfied with the meeting and the outcomes and that there were already two steps made forward instead of one. There was a relaxed atmosphere and everyone was given the opportunity to speak. The facilitator and the secretary tried to help the new employee to participate in the meeting according to the holacracy rules. The meetings ended at 9.45am and took 45 minutes in total.