

Stories of high involvement

People & self-managing organisations



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1 Is it time to change the way we organise?

Day in and day out, many of us go to work believing that management hierarchies are the only way in which organisations can work; that it's the best way to get work done. This implies that people in managerial positions know what the best decisions are and should therefore be the ones to make them. For the people not in these positions, this suggests having to follow these decisions.

But work does not have to be this way. All over the world, companies are applying alternative forms of organising and are experimenting with innovative ways of working where the person doing the work is put front and centre. They make decisions based on their own knowledge, skills, and experience and are actively involved in decisions affecting their own work and the organisation.

This white paper introduces a first round of insights from the **People & Self-Managing Organisations (PASMO) project**. In this project, we explore one of the more common alternative forms of organising – self-managing organisations (SMOs) – and how their approach to organising shapes the lives of the people and how the same people shape their organisation.¹

Hierarchical structures have been the norm in organisations for over a hundred years. However, growing criticism of micro-management, and calls for increased transparency, empowerment and adaptability in turbulent times have inspired new interest in alternatives to management hierarchies². SMOs are said to represent a paradigm shift in organisational structure, challenging the traditional notions of hierarchies and management. While they promise increased transparency, empowerment and adaptability, their effectiveness in delivering on these promises remains unclear³.

A note on terminology: In our interviews we heard a whole range of ways to label this form of organisation (self-steering, self-leading, self-organising, bossless...).

In this white paper we use "self-management" and "self-managing organisations" because this is the most common term in both research and practice to describe organisations with distributed authority.

Even while criticising micro-management, we know from decades of research that managers play an important role for employee experience: supporting well-being, career development, and in providing clarity and structure⁴. In SMOs, many of the tasks that traditionally fell to managers are replaced by processes and procedures⁵. Yet, we know little about which practices work, and which don't when there is no manager to take responsibility for HR tasks. There is a need to explore the topic, because self-managing is

¹ Lee, M. Y., & Edmondson, A. C. (2017). Self-managing organisations: Exploring the limits of less-hierarchical organising. *Research in Organisational Behavior*, 37, 35–58. <https://doi.org/10.1016/j.riob.2017.10.002>

² Ferreras, I., Battilana, J., & Méda, D. (2022). *Democratize Work: The Case for Reorganising the Economy* (M. Richmond Mouillot, Trans.). University of Chicago Press. <https://press.uchicago.edu/ucp/books/book/chicago/D/bo154077035.html>

³ Puranam, P., Alexy, O., & Reitzig, M. (2014). What's "new" about new forms of organising? *Academy of Management Review*, 39(2), 162–180.

⁴ Foss, N. J., & Klein, P. G. (2022). *Why Managers Matter: The Perils of the Bossless Company*. PublicAffairs.

⁵ Martela, F. (2022). Managers matter less than we think: How can organisations function without any middle management? *Journal of Organisation Design*. <https://doi.org/10.1007/s41469-022-00133-7>

not easy. It asks more of people (e.g., to take on extra responsibilities), and requires certain skills and behaviours (e.g., proactivity and a willingness to speak up). Individuals used to the guidance of a manager may feel lost without it.

2 Introducing self-management

Self-managing organisations (SMOs) aim to “radically decentralize authority in a formal and systematic way throughout the organisation”. This is done by removing manager-subordinate hierarchies and by distributing decision-making to the individuals doing the work; according to role rather than seniority⁶.

There are many structured approaches to self-management – such as holacracy⁷, sociocracy⁸, or company-specific methods – but even within these approaches there is a lot of variation. As you can see from the two quotes below, the motivation behind the use of SMO structures may differ, so does the approach to self-management.

“You don't need bosses...It's not about that, in my view. It's more about you want to scale your organisation quickly, you're not going to be able to have everybody call you every time with stupid questions.”

“You've got a certain set of liberties and freedoms because you are the entrepreneur. And I see no reason why everybody in the organisation shouldn't hold those same liberties and freedoms.”

People working in SMOs are given high levels of autonomy in their work, carry out their roles without supervision, and have authority to make decisions within the boundaries of their responsibilities.

Without management, people can also decide more freely which roles to take on and can develop their own approaches to get the work done. This means that people take on more responsibility and are held accountable for things that would normally be in the hands of a ‘boss’. While some have suggested that self-management is not a sustainable way of organising, there are hundreds of examples of SMOs across the globe that are thriving, supporting the feasibility this form of organising.

But what does organising as an SMO mean for the people who work in these organisations?

⁶ Lee, M. Y., & Edmondson, A. C. (2017). Self-managing organisations: Exploring the limits of less-hierarchical organising. *Research in Organisational Behavior*, 37, 35–58. <https://doi.org/10.1016/j.riob.2017.10.002>

⁷ Robertson, B. J. (2016). *Holacracy: The Revolutionary Management System that Abolishes Hierarchy*.

⁸ Endenburg, G. (n.d.). *Sociocracy: The organisation of decision-making*. (see also Rau, T. J., & Koch-Gonzalez, J. (2023). *Many Voices One Song: Shared Power with Sociocracy* (Illustrated edition). Sociocracy For All.)

3 The PASMO project

The PASMO project aims to explore people practices in SMOs and the experiences of the people working in them.

The project was originally inspired by the thesis⁹ of MSc student, Sahar Hofmeijer, about HR architecture in SMOs. Research on HR practices normally assumes that practices are designed by an HR department and delivered by line managers. In SMOs there are no line managers.

This raised many questions about how people are managed in SMOs, where traditional models of Human Resource Management don't apply. This led Dr Rebecca (Bex) Hewett down a rabbit hole of inspiring conversations with SMO experts and practitioners about how people management does work in SMOs. This collaborative project is the product of these conversations.

The project has been supported with funding from the NWO Open Competition XS grant¹⁰, Erasmus Trustfonds small grant, the Bill Nobles Fellowship from the Institute of Employee Ownership and Involvement at Rutgers University¹¹.

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We also want to take this opportunity to thank the postdocs, PhD students, MSc students and research assistants who have so far been involved in the project:

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- Archana Ravi; MSc student
- Sascha Knijn; MSc student
- Maria Mileva; MSc student
- Chaitanya Mehta; research assistant

⁹ Seyed Nabeian [Hofmeijer], Sahar. (2021, March 18). We've covered roles. Now let's talk about souls. Holacracy and the HRM systems architecture. Human Resource Management. <http://hdl.handle.net/2105/56548>

¹⁰ <https://www.nwo.nl/en/researchprogrammes/open-competition-ssh>

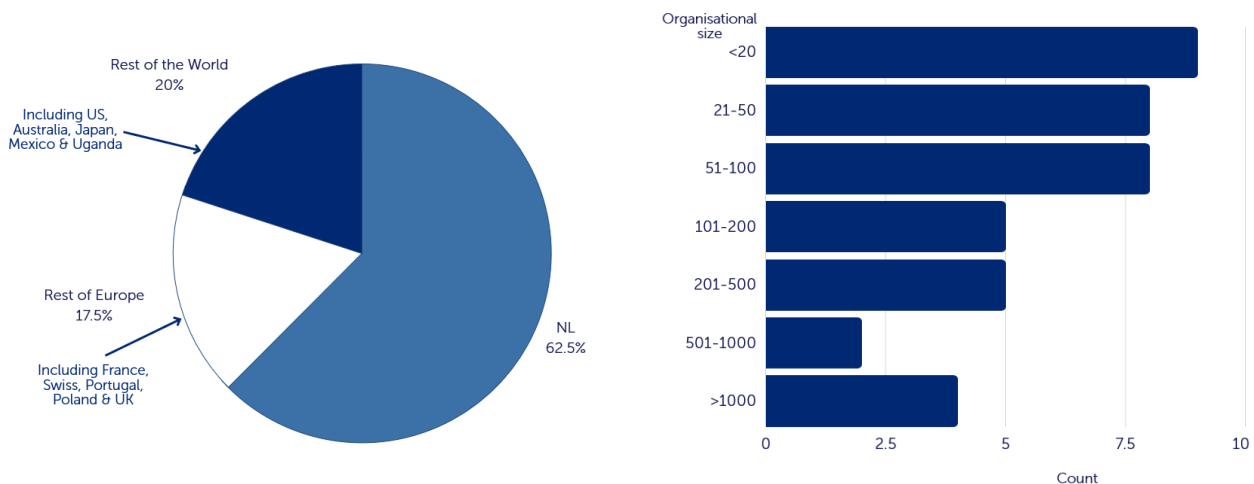
¹¹ <https://smlr.rutgers.edu/faculty-research-engagement/institute-study-employee-ownership-and-profit-sharing/fellowships-4>

3.1 The research process

We started our journey with desk research to create a database of 300+ organisations who are self-managing in some way. This includes holacracies, sociocracies, SEMCO, NER Group organisations¹², and organisations who have developed their own approach.

Of the organisations we approached (only a sub-sample of our total list), around 40 agreed to generously give their time for interviews and visits, and shared stories and documents about their organisation and HR practices.

In total, we have completed 138 interviews, over 60 hours of observation (e.g., meetings), and have collected over 500 documents.



3.2 The focus of this white paper

The process of transcribing, reading, coding, discussing, analysing, and more reading that's involved in a research project takes time. The focus of this white paper is to share initial insights about what practices enable people to thrive in SMOs. We are currently running analyses and new findings are emerging.

This report is evidence-based but targeted predominantly at practitioners working in or interested in self-management. If you're a scholar, we hope you'll read on too, but know that research papers are also on their way.

4 High involvement: thriving for individuals and organisations

A fundamental principle of self-management is that individuals are involved in decisions that affect their work. This 'high involvement' is not only important for SMOs to function, but also has potential implications for people's working lives.

¹² <https://nergroup.org/en/>

In the early months of the COVID-19 pandemic a manifesto¹³ was published in 43 international news publications, signed by 3000 academics across 650 institutions, calling for the need to 'democratize work'.

The manifesto called leaders to democratize firms *"by involving employees in decisions relating to their lives and futures in the workplace"*¹⁴ and argued *"that workers should have the right to participate in the management and governance of their organisations, because these decisions have a profound impact on not only their work but also their lives"*. In the manifesto, the authors reason that for organisations and people to thrive, people need to be democratically involved in important decisions.

The idea that organisations should involve employees in decisions about their work and organisation is not new¹⁵. Research on high-involvement work systems asks how work and organisations can be designed to enable people to be involved and over the years has shown the value of high involvement – for individuals, and for organisations¹⁶.

High involvement doesn't only have the moral driver that these researchers highlight. There is strategic value in high involvement, too. Based on their review of research on this topic, Peter Boxall and colleagues suggest that high employee involvement is good for organisational performance because it enhances employees' motivation and the extent to which they can full make use of their skills¹⁶ and may speed up day-to-day decision-making because decisions don't all have to go 'up the chain'.

Yet, it takes time and effort to be involved in decisions and we know remarkably little about how individuals are encouraged and supported to be involved in workplace decisions. SMOs give us the perfect opportunity to explore this more.

Whether you work in an SMO or with SMOs, you are likely to be familiar with the principles: *self-managing is about distributing authority, reducing hierarchy in decision-making, and giving people the chance to initiate change when justified*. In our research we find that the way in which these goals are achieved, and the practices that support them, vary greatly between organisations.

Thus, our guiding research question is:

'How do we design self-managing organisations to support high employee involvement?'

¹³ <https://democratizingwork.org/>

¹⁴ Battilana, J., Yen, J., Ferreras, I., & Ramarajan, L. (2022). Democratizing Work: Redistributing power in organisations for a democratic and sustainable future. *Organisation Theory*, 3(1), 26317877221084710. <https://doi.org/10.1177/26317877221084714>

¹⁵ Lawler, E. E. (1986). *High-Involvement Management: Participative Strategies for Improving Organisational Performance*. Wiley.

¹⁶ Boxall, P., Huo, M.-L., Macky, K., & Winterton, J. (2019). High-involvement work processes and systems: A review of theory, distribution, outcomes, and tensions. *Research in Personnel and Human Resources Management*, 1–52.

4.1 What does high involvement mean?

Fundamentally, employees have high levels of involvement when they feel that they have influence over the decisions that affect their work and their working lives¹⁷.

As our interviewees put it:

"I want to feel safe. I want to feel heard. I want to grow, I want to improve myself. I want to challenge myself, and I think all of these components are here"

"You can really be an entrepreneur... taking initiative on things and not being stuck to a team with a boss and saying this is what we are going to do."

In practice, individuals need to have the **opportunity** to be involved, the **motivation** to be involved, they need to **act** on this motivation, and they need to have limited **constraints** on their ability to be involved.



Opportunity

Opportunity is a subjective feeling – people should feel that they *can* be involved in decisions. Do they feel that people around them are really open to their opinions? Do people feel they have the time and space to shape their work and organisation actively?

¹⁷ Boxall, P., & Winterton, J. (2018). Which conditions foster high-involvement work processes? A synthesis of the literature and agenda for research. *Economic and Industrial Democracy*, 39(1), 27–47.

Understanding whether people have an opportunity to be involved therefore means asking them. Importantly, this feeling of having the opportunity to participate relates to both individuals' own role...

*"I have the freedom to do whatever I want in my area...
and just the fact that you have the autonomy gives you
more room to grow... you don't like it or it's not working, you
just say it."*

... and also strategic decisions. This involvement in strategic decision-making is important because this is at the heart of high involvement:

*"You need to collectively make certain decisions...
participate in discussions around topics which have
impact on the company as a whole."*

Motivation

People are motivated to be involved when they feel empowered¹⁸ to be involved in decisions affecting not only their own work, but also the work of those around them.

There are four indicators of empowerment:

- Competence: Do people feel capable to be involved (e.g., do they know how to raise tensions effectively)?
- Meaning: Do they believe in the value of being involved (e.g., do they feel a sense of connection with the decisions being made?)?
- Autonomy: Do people feel that they can choose about what to be involved in (e.g., can they raise issues about matters that are important to them?)
- Impact: Do people feel that they will be listened to when they are involved in decisions?

Action

In order to take action, individuals need to actively raise concerns, tensions, and ideas for constructive change. This is known as Voice. People are more likely to speak up if they feel that their voice will have an impact – if they will be listened to. However, if they don't feel safe to raise concerns without criticism of negative implications, they are more likely to remain silent¹⁹.

¹⁸ <https://journals.aom.org/pb-assets/images/insights/infographics/why-dynamic-workplaces-need-empowered-employees-infographic-1688744370607.jpg>

¹⁹ <https://www.youtube.com/watch?v=7LHrj7feUzc>

Voice is also important because it can be a virtuous circle. When individuals speak up about issues, they are more likely to be viewed as confident, competent and helpful by those around them, which then empowers them to speak up more often²⁰.

"I do feel heard and accepted."

Constraints

The final factor is a counter-indicator of involvement: do people feel that they are constrained in their ability to be involved? The most important factor here is "work intensification"²¹: do they feel that they have time to be involved in decisions outside of their own work, or do they feel pressure to be involved which is negative for their well-being?

For example, if someone feels overloaded with work, they are less likely to raise issues or speak up about immediate concerns as they don't have time to do so.

This is a specific risk that comes with high involvement workplaces; often because people really *want* to be involved in many things (e.g., taking on lots of roles), and traditional management structures aren't there to guide this. If left unchecked, it may mean that people don't really engage in decisions at work in the way that self-management intends. People may get involved in so many different things that they risk becoming scattered, lose the ability to truly have impact, and in bad cases become burned out.

"It became clear that he was close to the edge because there was poor prioritization in his work...because he was bad at saying no or couldn't prioritize properly himself."

²⁰ Weiss, M., & Morrison, E. W. (2019). Speaking up and moving up: How voice can enhance employees' social status. *Journal of Organisational Behavior*, 40(1), 5–19. <https://doi.org/10.1002/job.2262>

²¹ Boxall, P., & Macky, K. (2009). Research and theory on high-performance work systems: Progressing the high-involvement stream. *Human Resource Management Journal*, 19(1), 3–23. <https://doi.org/10.1111/j.1748-8583.2008.00082.x>

5 How do we enable high involvement?

As our starting point to explain how practices enable high involvement, we take inspiration from Ed Lawler's PIRK model²². The PIRK model refers to the fact that individuals are more involved in their work when **Power, Information, Reward, and Knowledge** are distributed among individuals in the organisation.

In low involvement organisations Power, Information, Reward, and Knowledge are concentrated in the senior management of the organisation.

Each of these four pillars contains a collection of practices aimed at helping people thrive in their work. Organisations achieve high levels of involvement when they **distribute** power, information, rewards, and knowledge across hierarchical levels:

 <p>Power</p>	<p>Is authority to make decisions distributed among people in the organisation?</p> <p>This pillar emphasises giving employees control over their work—a cornerstone of a high-involvement system. It's about giving them the autonomy and authority they need to make decisions and drive meaningful change.</p>
 <p>Information</p>	<p>Do people have the necessary information to make informed decisions?</p> <p>People can actively participate in the organisation, and raise tensions about issues, if they have the information to do so. This means being both actively open and passively transparent. When people are well-informed, they're better equipped to wield their power effectively.</p>
 <p>Rewards</p>	<p>Are rewards (financial and non-financial) distributed?</p> <p>Effective rewards are those that are perceived as fair while encouraging people to contribute to their personal development and the organisation's growth. Most importantly, are rewards (and the power that comes with them) distributed among people in the organisation? This isn't only about money, but also about opportunities and characteristics of work which give intrinsic value – if only a small number of people have access to opportunities (e.g., to take on decision-making roles) they are less likely to be involved.</p>
 <p>Knowledge</p>	<p>Do people have the knowledge, skills, and abilities that they need to be involved?</p> <p>Self-managing requires specific skills, knowledge and abilities. Enabling high involvement means that everyone has the skills, knowledge and abilities needed to be involved in the first place.</p>

²² Lawler, E. E. (1986). *High-Involvement Management: Participative Strategies for Improving Organisational Performance*. Wiley.

6 The PIRK model in practice

These pillars do not operate in isolation, but rather, *complement each other synergistically*. We are currently investigating how they complement each other, and which combinations of practices reap the highest effectiveness. We expect that there are several combinations of practices, unique to the culture of each organisation, that can lead to a high-involvement system.

In the upcoming sections, we will delve into each pillar, sharing real-life examples and insights from our ongoing research. These examples are drawn from what we see in organisations and where applicable, we'll provide links to publicly available resources for further exploration. In cases where our examples stem from research interviews, we keep the identities of the companies anonymous to respect their privacy, unless we are using examples from publicly available information such as websites or blogs.

At the end of each section, we include a summary table with the kinds of practical questions that came up in each area and indicate some differences in what more-or-less decentralised practices look like. If you are a practitioner reading this white paper, we encourage you to use this as a self-evaluation tool.

In the final section we highlight some of the “sticky questions” that kept coming up in our discussions. We hope that our reflection on these, with examples from the organisations in our study, help inspire organisational change and future research.

6.1 Power: Distributing Authority

In a high-involvement system, power plays a critical role. It's all about giving people the power needed to use their autonomy, ideas and voice to achieve their professional goals. So, when we talk about distributing authority, what exactly does that mean?

Most people we spoke to appreciate high levels of decision authority within their own roles. People told us that it gave them a sense of autonomy and freedom when they “*don't have to go through a boss*”.

A key difference we see is the extent to which certain decisions are truly distributed. Who do we hire? What do we pay people? Can I buy a new photocopier without bosses' formal permission?

Each of these decisions comes with power, so distributing these decisions among individuals in different kinds of roles helps to distribute power:

“Team members evaluate performance for colleagues”

“We hired a couple of juniors and we as a team decide what are we going to pay people”

In one organisation, when individuals ask to be considered for a promotion (and related pay increase) this is peer-reviewed by a minimum of five peers, facilitated by a Circle Lead. The Circle Lead is not always familiar with the employee's work, so they facilitate the decision-making with the people who do know. Together, they decide, while the employee who is asking for promotion participates as well. This not only distributes authority away from one managerial figure, but also helps everyone involved to understand more about the decision-making processes in the organisation through their involvement.

This all comes down to roles.

The first part of this is about making role-based authority formal. Recent research from Mike Lee²³ highlights three factors which enable the decentralisation of authority:

- Working from work role boundaries (*e.g., directing requests directly to role holders not through Lead Links or Circle Leads*)
- Publicly codifying work roles (*e.g., clearly stating accountabilities linked to roles in an IT system*)
- Relating through work roles (*often referred to as "talking from the role" rather than as an individual*)

These characteristics may be familiar to people working in SMOs (particularly holacracy, where these principles are codified) yet we also see variation. Although all organisations in our study divided jobs into roles, and distribute tasks and accountabilities according to those roles, the ways that this operates in practice can differ:

- In some organisations a team leader-like role (*e.g., a Lead Link*) decides who takes on different roles, and there are restrictions about how many roles people can take on (*e.g., 90% of a person's roles must be a 'home' circle*).
- In others, all individuals have complete autonomy over creating roles, taking on roles, and dropping roles as long as they discuss and consider the needs of colleagues and the goals of the organisation. But the decision is down to them.

The second part of this is about which kinds of roles get distributed. Who makes important decisions, and are these decisions isolated among a small number of individuals?

A key distinction can be made between operational and strategic roles. Most organisations in our study don't find it hard to distribute roles involved in operational decisions. The most decentralised organisations in our study made sure that this also applied to roles low in power; those roles which don't have a large span of accountabilities, or accountabilities that are not involved in major organisational decisions (who organises the team lunch, for example). One organisation told us that they rotate roles that are less desirable, or those people are reluctant to take on. This is probably particularly important in smaller organisations, where there are just fewer people to get

²³ Lee, M. Y. (2024). Enacting Decentralized Authority: The Practices and Limits of Moving Beyond Hierarchy. *Administrative Science Quarterly*, 00018392241257372. <https://doi.org/10.1177/00018392241257372>

stuff done. Rotating these 'low power' roles means that power is less centralised (or low power is less centralised) among a small number of people.

"There's this rotation system. It's the 'getting shit done' roles, you know?"

But distributing strategic decision-making roles is more difficult. We commonly heard from organisations that a small number of people – in an 'upper' or 'company' circle – were the people who made strategic decisions, which are then trickled down to the rest of the organisation through goals. The aim here is to make sure that decisions are made *"as low as possible...if it's within your responsibilities, then you can act"*.

But, of course, this only really helps people to be involved in decision-making if they are given those responsibilities. In the same organisation, *"strategy development is done with a core team consisting of people with expertise and the directional leaders ... But in principle, everyone is free to make proposals"*

If the 'upper circle' act as gatekeepers to these proposals, is this truly decentralised authority? Do people really feel involved in decisions?

If it looks like a manager, and it acts like a manager, is it a manager?

One of the consistent principles of self-management is there are 'no bosses' and, in fact, the 'myth of the bossless company' is one of the main criticisms of SMOs²⁴. In our interviews, it's clear that being 'bossless' means different things to different people.

Distribution of authority means, in part, how roles are distributed among individuals in the organisation. In SMOs, jobs are split up into roles and these roles are distributed among individuals, but distributing power comes from the right kind of roles being spread among the organisation – those roles where power lies (e.g., in the company circle, lead links). Some organisations manage this more actively than others.

In one organisation, the circle lead role is rotated so that one person doesn't hold it (and therefore the power that comes with it) for too long.

While most organisations divide traditional managerial roles up – coach, performance evaluator, circle lead – we also still see a lot of centralisation. In some companies, even if these roles are divided, one person might hold them all. If Jo is responsible for distributing tasks as circle lead, and having performance coaching conversations, is Jo a manager? Probably, yes.

So, for true distribution of power, it is not enough to divide manager jobs into roles on paper. These also need to be divided among individuals to ensure that there aren't concentrations of power with a small number of people.

²⁴ Foss, N. J., & Klein, P. G. (2022). *Why Managers Matter: The Perils of the Bossless Company*. PublicAffairs.

Checklist: Distributing authority

In summary, these are some of the most important practices we see organisations using to distribute authority (or not). Based on our analysis, we have identified different levels at which these decisions can be made: 1 is the least distributed and 4 is the most.

Evaluating the extent to which power is *really* distributed means not only what happens on paper, but also what happens in reality. For example, most SMOs rely on IT systems (e.g., Glassfrog, Holaspirit) to help them to visualise role and accountabilities. This information can be used to evaluate whether powerful roles sit with a small number of people. If you truly want to ensure that power is decentralised, these roles need to be distributed. Below you can find a table providing an overview of the content of this chapter, and you will find such tables throughout the paper (the arrows you see in the table indicate that the described options are 'more' or 'less' present).

	1 (least distributed)	2	3	4 (most distributed)
Who makes pay and hiring decisions?	Certain roles, who are in positions of seniority (e.g., leaders)	Certain roles, who do hold other "manager-like" roles	Certain roles, who hold no other "manager-like" roles	The team/circle
Who does the tasks that no one else wants to do?	Certain people, holding certain roles on a permanent basis.	←→		They are rotated among people on a regular basis
Who is involved in strategic decisions?	Certain roles, who are in positions of seniority (e.g., leaders)	←→		Multiple people, from different areas and at different levels
Do certain individuals hold multiple "manager-like" roles?	Only a small number of people hold "manager-like" roles	←→		All "manager-like" roles are distributed among individuals across the organisation

6.2 Information

Individuals can only be involved in decision-making if they have the information to help them to make decisions. When it comes to their immediate job, this should be a given (although it often is not), but beyond this information availability means everyone having access to information about operations and strategy to enable them to understand and be involved in decision-making effectively.

There are two principles of decentralising information:

- **Open information flows** means *actively* sharing information
- **Transparency of information** refers to the *passive* availability of information.

In general, these passive and active ways to make information available to people are important for involvement because:

"It's a great equalizer... it elevates voice that otherwise probably wouldn't be heard ... it enables good ideas to come forward, regardless of peoples role or position in the organisation."

Even in less hierarchical organisations, **open information flows** are about 'top down' communication and knowledge sharing within and across teams.

One area where open information is important relates to availability of roles. Many organisations we spoke to have some kind of role marketplace (e.g., posting vacant roles on Slack) so that anyone who is interested can apply. However, we also see that this openness is often only part of the picture, because we consistently heard that individuals with role responsibility for a team (e.g., Circle Lead) seek out people for roles. The risk here is that it still perpetuates a management hierarchy and restricts the possibility for some people to be involved (e.g., if they are quiet contributors).

Open information flows also mean encouraging, and having open discussion about the norms, values, and principles of the organisation. 'We lead by purpose' is a common refrain in SMOs, but what if employees don't understand or believe in that purpose? Individuals are more likely to be involved in decision-making if there is open and

"We do wonderful and meaningful sessions with all circles ... we reflect on who we are and what we want to achieve in the long and short term. We do this through strategy sessions and review sessions ... each circle will define a strategy and evaluate the resulting projects and goals. We do this about twice a year."

participative conversation about what this means²⁵. A critical question, then, is whether the organisation's strategy and purpose is only decided at the 'top' and communicated 'down' to everyone else, or whether everyone is open to critically discuss these, as in this example:

These open flows are also important around the organisation and here knowledge sharing is important. Even in a decentralised organisation, it's easy to get caught up in one's own activities, so sharing beyond immediate roles or circles is deprioritised. Recent research by Burmeister and colleagues²⁶ developed an easy-to-use intervention where individuals were asked to recall an incident when they had shared knowledge with colleagues. The prompt helped them to feel more confident in sharing knowledge, to picture themselves sharing this knowledge, and to share knowledge. This basic practice could be integrated into onboarding, training, or team activities.

Transparency of information is a more passive practice because it means having information available, if needed. Technology is often critical to transparency in SMOs. Tools such as Glassfrog²⁷, Holaspirit²⁸, or Nestr.io²⁹ enable organisational structures, role descriptions, accountabilities, and details of who holds each role to be clearly visible to anyone, at any time, and these systems are also often (although not always) used to communicate KPIs, goals and decisions. The extent to which systems are used for transparency varies, though. One example of how this is managed can be seen in this organisation, which manages transparency partly through system rights:

"Give people the widest rights that you could probably give them and only restrict them if necessary, instead of giving them the rights that they need as a baseline and nothing more."

In general, the people we interviewed were very positive about the level of transparency in their organisation. Some people reported that they found the transparency empowering because *"I don't need to prove myself anymore"*.

The balance of transparency is something that quite a few organisations find difficult:

"You want to be transparent about the work that's being done, about the progress that's being made, and how you do that is still a challenge for us."

²⁵ Weber, W. G., Unterrainer, C., & Schmid, B. E. (2009). The influence of organisational democracy on employees' socio-moral climate and prosocial behavioral orientations. *Journal of Organisational Behavior*, 30(8), 1127–1149. <https://doi.org/10.1002/job.615>

²⁶ Burmeister, A., Song, Y., Wang, M., & Hirschi, A. (2024). Understanding Knowledge Sharing From an Identity-Based Motivational Perspective. *Journal of Management*, 01492063241248106. <https://doi.org/10.1177/01492063241248106>

²⁷ <https://www.glassfrog.com/>

²⁸ <https://www.holaspirit.com/>

²⁹ <https://nestr.io/>

The issues we see here are that: a) information is constantly changing so robust systems and practices are needed to make sure that everyone is keeping this information up to date and b) there is a fine line between making information transparent to help people to be more involved in decisions, which also benefits the organisation, and transparency being used for a method of management control.

One leader told us that he trusts people because he has transparency – this view on transparency is risky because it's still controlled top-down:

"In order to be sure that I'm trusting the right people and trusting on the right moments, I have to have good KPIs or transparency about progress for projects."

This could be a problem because individuals who are subject to transparency as a form of control are likely to withhold information and perform worse; some level of privacy might therefore be important³⁰.

Involving individuals in decision-making goes hand in hand with providing people with the right information to make decisions. We have discussed practices related to flows of information and transparency as useful ways to facilitate involvement in decision-making. But is it all good news? Should we draw a line somewhere? Across the organisations we have spoken to, we have found examples and indicators of 'information overload'.

Overall, one of the biggest challenges in making information available to everyone is information overload. This is even more so in SMOs where there is no formal manager to help people to filter what is relevant.

"Sometimes it's hard to keep your focus because ... there's a lot of information available, a lot of information that you need to know or want to know."

"You have not one information stream coming from your manager, you have an information stream coming from everywhere. So, um ... sometimes it's hard to keep your focus because ... there's a lot, a lot of information available, a lot of information that you need to know or want to know. I mean, if you go to our Confluence page, you could get lost for weeks if you want to."

³⁰ Bernstein, E. S. (2012). The transparency paradox: A role for privacy in organisational learning and operational control. *Administrative Science Quarterly*, 57(2), 181–216. <https://doi.org/10.1177/0001839212453028>

With people struggling to cope with excessive information, the intended benefits of information sharing may go to waste³¹.

Of course, it is likely that people will face some challenges along the way, but you can support them in handling the information by unlocking information where the decisions are made³². Some organisations have 'sub-information' hubs, which are still accessible for all, but everyone is informed about the scope of the information in the hub. Another dimension worth thinking about is the fact that not everyone has the same capacity of 'information processing'³³. In this case, it's important that information is combined with knowledge (which we discuss next) to help people to filter the relevance of information for themselves, and systems and processes for organising information (rather than one long feed of information on chat) are critical.

Pay transparency – how open should we be?

One of the key differences in terms of transparency relates to pay. That's always a sensitive issue. Pay transparency means being open about how pay decisions are made, who makes them, and may also refer to transparency of pay level at the individual level. There is a lot of variability in how much transparency organisations provide in terms of

"We basically, put all the salaries of everyone on a big sheet ... we just showed it to the whole team."

"We don't have a transparent salary culture. They want to do that, but not yet."

"We as a team decide what we are going to pay people. We have open salaries ... so we try to benchmark against similar roles in the organisation."

pay.

One company explained that, although everyone can access the pay level of every individual (via a shared excel file), most people don't even look at it. This is perhaps surprising, since the information is easily accessible. Wouldn't you be curious? On the other hand, research suggests that individuals have general preferences regarding the transparency of pay³⁴.

³¹ Solinger, O. N., van Olffen, W., Roe, R. A., & Hofmans, J. (2013). On Becoming (Un)Committed: A Taxonomy and Test of Newcomer Onboarding Scenarios. *Organisation Science*, 24(6), 1640–1661. <https://doi.org/10.1287/orsc.1120.0818>

³² Vergne, J. P. (2020). Decentralized vs. distributed organisation: Blockchain, machine learning and the future of the digital platform. *Organisation Theory*, 1(4), <https://doi.org/10.1177/263178772097705>

³³ Puranam, P., Alexy, O., & Reitzig, M. (2014). What's "new" about new forms of organising?. *Academy of management Review*, 39(2), 162-180. <https://www.jstor.org/stable/43699235>

³⁴ Smit, B. W., & Montag-Smit, T. (2019). The pay transparency dilemma: Development and validation of the Pay Information Exchange Preferences Scale. *Journal of Applied Psychology*, 104(4), 537.

There is no easy answer to the question of how transparent you should be in terms of pay, but what we can see (and what research supports) is that individuals are able to make better decisions when they have the right information. One of the organisations in our study that asks teams to make pay decisions for each other also makes pay levels fully transparent.

Checklist: Information

	1 (least)	2	3	4 (most)
Open information flows: Are the organisation's purpose, goals, and strategy open for discussion by everyone?	Communication about organisational goals is minimal and often one-way.	Information is shared somewhat frequently, perhaps during scheduled meetings (e.g., all staff). Communication about purpose, goals and strategy still tends to be one-sided.	Information about purpose, goals and strategy flows regularly through various channels. Effective two-way communication is present, but some information may still be siloed.	There is continuous, active communication throughout the organisation about purpose, goals and strategy, fostering a sense of involvement and clarity at all levels
Open information flows: Are all available roles posted on an open marketplace?	Open roles are not posted openly but rather filled through private conversations.	Open roles are sometimes posted openly but are most commonly filled through private conversations.	Open roles are posted openly as standard, with open processes for decisions, although it is not always clear how decisions were made.	Open roles are posted openly and filled by people through open processes. It is clear to all how decisions were made.
Transparency: Can everyone easily access the same information about operations (e.g., budgets) and strategy if they want to?	Operational and strategic information is held within specific circles and may be made available on request.	Operational and strategic information is available to everyone "if people ask".	All operational and strategic information is available although not everyone has access to all information.	All operational and strategic information is available to everyone at any time.
Transparency: How transparent are you about pay?	Information about how pay decisions are made is shared but the actual process is not easy to understand. Pay levels are not transparent.	The procedure for making pay decisions is clear but pay levels are not transparent.	Both the procedure and general information about pay levels is transparent	Full transparency. All information about both pay procedure and pay levels is completely transparent to everyone who wants to know.

6.3 Rewards

When we think about rewards which enable people to be involved in decision-making, the key principle is the extent to which reward practices and decisions reinforce the idea of decentralised decision-making, or whether they work against it.

Rewards can be distinguished into **intrinsic rewards** – which focus more on the extent to which the work and work environment is rewarding – and **material rewards** including pay and tangible benefits.

With respect to **intrinsic rewards**, two areas really stood out as distinct in SMOs: the intrinsic value of the work itself, and opportunities for growth and career development. Although many of the organisations in our study have a vibrant working environment, which is also valued, this is not distinct to SMOs, so we won't discuss it here.

Career development opportunities in SMOs are both a great opportunity and a challenge. For people new to SMOs, it can often be hard to see how their career will develop as there is not a traditional hierarchy.

"He left because he missed this stepping up the career ladder with an official title ... you don't have that formal title, and if you can't achieve that formal title ... you might not get the recognition from the outside world. Or, you know, get the satisfaction."

On the other hand, we heard great stories about how individuals moved into new areas of work, developed new skills and knowledge, and grew in responsibility because of self-management.

"There are more roles and also functions within [the company], which you can go to. That's also a career, but it's not ... yeah, it's not very hierarchical career ... if there's a specific role which is not currently here ... create it, have a plan on what the role should do, what you want to achieve, and make sure that there is a team or a place where you can land doing that job with that pay and all that."

How do we maximise the benefits while minimising the risks?

The key here is to make career development more explicit. As we will discuss later, self-management often means that people need to manage themselves ("we expect people to be self-steering" we heard often). However, it is not always easy for individuals to see the bigger picture about their career, particularly when they are newer to the workforce, or not yet used to self-management. Research also shows that individuals often need

support to think about their career³⁵; if this doesn't come from a manager then a coach is valuable. We see examples of this in several organisations in our study.

Of course, when we think of **material rewards**, we mainly focus on pay. As most of the SMOs in our study are small- to medium-sized organisations, they aren't working within a labour agreement with a trade union and are therefore free to design their own reward practices. We heard that most experimented with different pay levels and plotting roles that are consistently matched to people in an attempt to get it right. This is also a particular tension as they grow. They struggle to honour their values of transparency, especially about how to explain decisions made; stay consistent; distribute decisions away from a few specific roles (e.g., founder, HR); reduce the impact of personal preferences and bias when evaluating pay.

One of the most common ways to structure pay in SMOs is using a level system, such as the Baarda model³⁶. The Baarda model looks similar to the job-based pay structure most of us working in an organisation are used to. But with a twist.

There are eight profiles, each describing behaviours and the potential value created by each profile (e.g., "specialists" focus on achieving results through analysis and research). These profiles are connected to pay levels via a job matrix. Pay levels are normally then set based on a curve with standard increments, each set in time periods. Individuals are placed into a profile based on their overall level of experience and expected contributions so can still move between roles without the need to constantly reevaluate pay levels.

The Baarda model is appealing to SMOs because it provides an answer to multiple challenges: if we have roles which are constantly shifting, instead of jobs, distributed authority and transparency, how do we set up a reward system that feels fair? The Baarda model provides this flexibility and clarity. Whereas traditional (analytical) job evaluation models demand a certain expertise to use and to set up correctly, the Baarda model is designed to be easily understood by everyone working in the organisation, thereby supporting the principle of transparency and distributed authority.

For many of the organisations in our study, models like Baarda work smoothly because they are clear and structured. They are also used alongside clear processes for how

"No salary negotiations. It's the most unfair thing that we've created in a in an organisation. Why should you negotiate? Why should you be punished if you can't negotiate? And research shows that, um, you know, this extrovert, tall, slightly arrogant white male earns significantly, significantly more than the introvert non-Western female, uh, for the same work – for exactly the same work. So we think it's unfair. So we scrap that from our salary model."

³⁵ Crawshaw, J. R., & Game, A. (2015). The role of line managers in employee career management: An attachment theory perspective. *The International Journal of Human Resource Management*, 26(9), 1182–1203.

<https://doi.org/10.1080/09585192.2014.934886>

³⁶ <https://bureaubarda.nl/model-baarda/>

decisions about pay are made (as we mentioned earlier, this often includes peer discussions).

The challenges that we hear often arise from communicating pay levels. In traditional hierarchical organisations, line managers are normally responsible for both making and communicating pay decisions. When there is no line manager, who takes responsibility for this? We notice that organisations who have less formalized approaches to pay decisions (e.g., they don't clearly state who decides, and how they decide) struggle with this more. Whereas highly formalized approaches provide clarity in the process itself.

We also saw an issue where the same person is responsible for making pay decisions and having development or coaching conversations. As we discussed earlier, these are often separate roles but we see quite often that they are held by the same person. Separating these roles to different people means distinguishing between these different goals.

A final consideration when it comes to material reward is the differential between the lowest-median-highest paid people in the organisation. Pay is a symbolic indicator of hierarchy, so the greater disparity between levels, the greater indication of hierarchy. Some of the organisations in our study actively monitor this and take the view that their self-managing principles must be supported by low pay hierarchy, but many don't give attention to this.

Pay for performance in self-managing organisations

A question which often arose in our interviews is: should we pay people for performance? In other words, make salary increases and/or bonuses contingent on an evaluation of someone's performance?

Some organisations feel very strongly that we should not. Viisi – a mortgage company based in Amsterdam – are very clear on this³⁷:

"At Viisi, we have completely decoupled performance from salary development. Everyone in the same field receives the same salary increase."

This sentiment was expressed by multiple organisations in our study. Most of these use a Baarda-type salary curve with clarity about how individuals expect to progress in time based on their job level.

Yet, we also heard *"people want to be paid more if they perform better. We tried it without, and it just didn't work"*. It's not only practitioners who debate this topic; researchers have also been hotly debating it for decades. Both economists and psychologists disagree within their respective fields.

We don't have space here to list the theories and research on both sides of the debate, but we will raise several challenges which are particularly important in SMOs:

³⁷ <https://www.viisi.nl/media/waarom-je-prestatie-moet-loskoppelen-van-salaris/>

- In most organisations and jobs, performance is difficult to measure³⁸. This may be even more so in SMOs where each individual performs a different mix of roles, so “performance” is difficult to define. Many SMOs try to tackle this by incorporating peer feedback into overall performance evaluations. But this brings its own challenges. One organisation that bases pay increases on performance told us that it struggles because feedback from clients and colleagues is incorporated into decisions about pay level, often leading to claims of unfairness.
- Self-management is based on a fundamental principle of collaboration (within and across teams). Rewarding individual job performance could undermine this goal: if not managed correctly, it can drive individuals to think more about their own goals and less about collective goals³⁹.
- Linking pay to performance makes pay particularly salient to individuals (they think about it more often, and therefore direct their attention to rewarded tasks⁴⁰). This can undermine creative performance and innovation and may discourage individuals from raising tensions or making improvements if these do not link to their incentive.


Checklist: Distributing rewards

	1 (least distributed)	2	3	4 (most distributed)
How much clarity or support do individuals have in their career development?	We expect people to work it out and find opportunities for themselves.	Someone in a team leader-like role is also responsible for career conversations.	We have some processes in place to help people (e.g., written guidance on what to think about in terms of career growth; budget for non-job-related development).	We have dedicated roles to support everyone with career conversations and decisions on a regular basis, with supportive practices to back this up.
Are performance and development decisions separated?	Performance and development-focused feedback are provided by the same role.	Performance and development feedback fall in the responsibilities of two sets of different roles, however, both sets contain one overlapping role.	The two processes are facilitated by the same role, however the role does not provide feedback on performance and/or development, just passes on the	Performance and development-focused feedback are handled by two or more different roles.

³⁸ Hewett, R., & Leroy, H. (2019). Well It's Only Fair: How Perceptions of Manager Discretion in Bonus Allocation Affect Intrinsic Motivation. *Journal of Management Studies*, 56(6), 1105–1137. <https://doi.org/10.1111/joms.12445>

³⁹ Barnes, C. M., Hollenbeck, J. R., Jundt, D. K., DeRue, D. S., & Harmon, S. J. (2011). Mixing Individual Incentives and Group Incentives: Best of Both Worlds or Social Dilemma? *Journal of Management*, 37(6), 1611–1635. <https://doi.org/10.1177/0149206309360845>

⁴⁰ Hewett, R., & Conway, N. (2016). The undermining effect revisited: The salience of everyday verbal rewards and self-determined motivation. *Journal of Organisational Behavior*, 37(3), 436–455. <https://doi.org/10.1002/job.2051>

content from other roles.				
Pay hierarchy	There are high levels of pay disparity between the highest and lowest paid members of the organisation			There are low levels of pay disparity between the highest and lowest paid members of the organisation
How clear is the policy and process for pay decisions?	Policies and processes about how pay decisions are made are not clearly written down or are not easily accessible.	Policies and processes about how pay decisions are made are clearly written down but not everyone knows where to find them.	Policies and processes about how pay decisions are made are clearly written down and are easily accessible to all.	We actively ensure that everyone has a good understanding of how pay decisions are made and how they can ask for their pay level to be reviewed.

6.4 Knowledge

Decentralising is difficult. In fact, research⁴¹ suggests that it's harder to decentralise authority than it is to centralise. Successfully involving employees in decision-making does not simply happen. The organisations in our study consistently told us stories about the amount of effort that went in to decentralising.

Perhaps the most important factor in defining whether employees take an active role in decision making is whether they know how to. Do they feel confident to speak up about issues; do they understand how strategic decisions are made enough to take part in them; and do they know how to formulate problems to enact change?

Some of the specific knowledge, skills and experience needed to help employees be involved in decision making include:

- How to actively engage in decision making in the organisation (e.g., understanding governance processes).
- Understanding strategic and financial information.
- How to raise issues or tensions and who to raise them with.
- How to collaborate with others on solving issues and proposing solutions.
- The organisational purpose/goals

The importance of specific knowledge in supporting employees to be involved in decision-making is consistently supported in research on this topic. For example, research on cooperatives (where individuals are owners, and therefore decision-makers) has found that extensive training and development is needed to help people to be

⁴¹ Hollenbeck, J. R., Ellis, A. P., Humphrey, S. E., Garza, A. S., & Ilgen, D. R. (2011). Asymmetry in structural adaptation: The differential impact of centralizing versus decentralizing team decision-making structures. *Organisational Behavior and Human Decision Processes*, 114(1), 64–74.

involved in decision-making, and insufficient training is a driver for cooperative enterprises to fail (returning to standard ownership models)⁴².

Knowledge is critical for involvement in decision-making because a lack of knowledge is often a reason that decision-making authority is not decentralised. For example, Dobrajska and colleagues⁴³ found that *“the specialization of decision-relevant knowledge, the matching of required knowledge and managers’ expertise, and information processing intensity affect (a) the occurrence of delegation and, (b) if delegation occurs, how far down the organisational hierarchy authority is delegated.”* This means that employees are less likely to be involved in decisions if they are not (seen as) having the knowledge and expertise to be involved ... but if they do not receive systematic training and development to do so, they never will be.

In SMOs, an important part of involvement is centred around possessing relevant knowledge when involvement is needed. This closely relates to one of the biggest challenges SMOs face, namely, how to deal with internal conflicts. This conflict can often come from the complexity of tasks being distributed in organisations, but most organisations have formal processes to mitigate this. Conflict becomes more complex when it is interpersonal (or escalates from task-focused to interpersonal). Here, we notice that organisations make a choice: they either rely on a management hierarchy to “escalate” the conflict to be managed by someone in a senior position, or they invest in developing the knowledge of employees to manage it without a hierarchy, often alongside specialist mediators or coaches when needed. Some mix these approaches.

One approach that several organisations take to this is offering training for all employees on “non-violent communication” (NVC). First developed by Marshall B. Rosenberg, NVC offers a simple practice for clear communication focusing on connection (or empathy). Offering training in this encourages people in using their voice, while at the same time emphasizing some of the key skills for a self-managing context, by practicing self-awareness, discernment and empathy in a group setting or workshop.

Investing in training like this ensures that conflict resolution remains decentralised while still being actively managed. The organisations that invest most in this ensure that the non-violent communication training is refreshed periodically, so that these behaviours become embedded in the organisation.

⁴² Unterrainer, C., Weber, W. G., Höge, T., & Hornung, S. (2022). Organisational and psychological features of successful democratic enterprises: A systematic review of qualitative research. *Frontiers in Psychology*, 13. <https://doi.org/10.3389/fpsyg.2022.947559>

⁴³ Dobrajska, M., Billinger, S., & Karim, S. (2015). Delegation Within Hierarchies: How Information Processing and Knowledge Characteristics Influence the Allocation of Formal and Real Decision Authority. *Organisation Science*, 26(3), 687–704. <https://doi.org/10.1287/orsc.2014.0954>

The overall implication of our observations about knowledge is that some centralised attention needs to be given by SMOs to supporting the development of this specific knowledge and skills. There is a lot of variability in the attention given to this by organisations in our study. The principle of encouraging employees to be “self-steering” in their development can be very beneficial for some types of knowledge but to help people to be actively involved, it may be necessary to give more central attention to this.

“In a self-organising organisation, employees are at the helm of their own development. If you have a need for training or a career path, you make this known.”

Onboarding and then ...

One consistent theme that has come out of our analysis is the extent to which training and development for employees on *how* to self-manage is consistent and persistent.

Almost all organisations have a formal onboarding process. In organisations following a holacratic methodology, individuals normally join an onboarding circle so that they can learn about the complex processes of raising tensions and engaging in governance discussions. In some organisations, onboarding can last a year. In others, it is a day or so.

Commonly we hear that:

“[we have] active coaching around self-management and holacratic ways of working but no ongoing forward training.”

The assumption here is that onboarding is enough, so that people can then “self-steer” themselves through any further development that they need.

Organisations who have a more continuous approach to this development combine onboarding with formal training, and appoint a buddy or coach on an ongoing basis. As we highlighted earlier this person should, ideally, be separate from the person who is evaluating job performance, to encourage individuals to be open about their development needs.

There are also some creative ideas about how to encourage more peer learning:

“We have something named “Grow & Go”. You can see this as an intervention group of around 5 people. This group meets 4 times a year where they talk about their reflection and ambitions...[then] there is a learning budget of €1000 for each employee each year...and 20 hours you can spend on learning activities each year.”

The key takeaway from our observations here is that the people we spoke to in organisations who invest in more continuous development of self-organising-related skills had a better understanding of how to actively engage in decision-making.

Checklist: Distributing knowledge

	1 (least distributed)	2	3	4 (most distributed)
To what extent does the organisation invest in developing skills to support self-organising?	None or very little development focused on helping people understand principles of self-organising	Individuals are onboarded into self-organising and then expected to self-steer their development needs	Development on self-organising begins with onboarding and there are then additional courses or support for when individuals need it	Formal training, coach or buddy, and other continuous opportunities to develop self-organising knowledge
What support do people receive to support their development needs?	Development needs are identified top down by a manager-type role	Development needs are identified top down by a coach-type role	Individuals are expected to identify development needs with no active support	Individuals take responsibility for their own development with guidance and individuals to support them
How do people learn how to deal with conflict?	Interpersonal conflicts are escalated to people in senior roles to be managed.	Interpersonal conflicts are escalated to specific specialists (e.g., in the HR Circle) to manage	People receive training on avoiding and managing conflict or there are specialist roles to support conflict resolution but this is not fully consistent.	Everyone in the organisation receives training on avoiding and managing conflict, with support from specialist (non-manager) roles. This knowledge is refreshed.

6.5 The sticky questions

As we continue with this study, several sticky questions keep coming up which SMOs really struggle with when it comes to people and culture. Here we summarise those, with some evidence-based suggestions about how to overcome them.

Creating a culture of peer feedback

When you have no line manager, who gives you feedback? We heard from many organisations that finding a solution to this problem is difficult. People need feedback, perhaps even more so in SMOs where they are expected to evaluate their own work more than in traditional organisations.

The challenges here are that:

- Even people with explicit roles to give feedback (e.g., Lead Links) are often reluctant to provide it when it comes to interpersonal dynamics because this isn't role-related.
- Peers are reluctant to give more critical feedback because they are "too nice". So even when there are formal opportunities to request feedback from colleagues, it doesn't often help development.
- Some people find it difficult to gain a balance between task-related and person-related feedback.

"Nobody sees what I'm doing, I don't get any comments on it, I don't get enough feedback ... what we really need to work on is that the team gives feedback to each other and not only gives it, but also you try to get it ..."

Overcoming the challenge.

There is no easy way to instil a culture of feedback in the organisation, but research suggests some actions that could help overcome these challenges.

First, one of the reasons that people are not open to given or receiving feedback is that they feel vulnerable in doing so. A study by Coutifaris & Grant⁴⁴ found that feedback sharing can be encouraged by creating a sense of psychological safety through role modelling. In their study, when leaders shared feedback and modelled vulnerability in doing so (e.g., "I was a little nervous about sharing ... I've always had imposter syndrome"²⁸) colleagues were also more likely to openly share feedback with each other. So 'senior' people in SMOs (e.g., the founder, CEO, people in the company circle, Lead Links) can **role model feedback behaviour** to signal its importance.

A second related solution is ensuring that **feedback focuses on development**, rather than **performance**. This links to our earlier point about performance-related-pay. If people feel

⁴⁴ Coutifaris, C. G. V., & Grant, A. M. (2022). Taking Your Team Behind the Curtain: The Effects of Leader Feedback-Sharing and Feedback-Seeking on Team Psychological Safety. *Organisation Science*, 33(4), 1574–1598.
<https://doi.org/10.1287/orsc.2021.1498>

that the feedback that they give is high risk (e.g., their colleague won't get a bonus) they are less open to giving feedback than if it is focused on their growth and development.

Third, and perhaps not surprisingly, people are more likely to give feedback when they are encouraged to do so. **Feedback giving is therefore more likely when facilitated by a coach or workshop.** This doesn't need to be explicitly about giving feedback but could also be about reflecting on tasks or generating creative ideas⁴⁵. Feedback giving is then part of a wider system and could be incorporated into broader work practices.

Finally, feedback relating to interpersonal issues needs to be handled sensitively, and with support. We consistently heard that dealing with interpersonal conflict (which often arises from task conflict) was difficult in SMOs. Organisations who struggled with this most were those who did not have specific role focused on supporting these kinds of issues (where people were expected to just 'self-manage it'). To create a culture of developmental, supportive and open feedback, **it also needs to be clear how more personal conflicts are resolved, and which roles are dedicated to this.**

Do you have to be a 'certain kind of person' to work in an SMO?

We asked this question of everyone we interviewed as part of this study and received a range of responses from: "no, everyone can do it if they know how" to "it's definitely not for everyone":

"To say this is this is a kind of utopian thing. And do you know what? It's just not ... I see really very big advantages ... I also understand super well why it could totally not work for you."

Common responses indicate that people need to be particularly proactive and 'self-starting' to work in SMOs, which is aligned to the emphasis on high involvement. Many organisations emphasise this in their hiring processes; making these kinds of behaviours explicit and selecting for fit with these.

But we keep reflecting on the question: if it's not for everyone, then does self-management really help create high involvement workplaces? If self-management excludes some people by default, is it really a sustainable way of organising? National cultural norms, for example, shape expectations about how people express proactivity and voice concerns⁴⁶ so indirectly some people may be excluded if they are expected to already have these skills. Gender, likewise, should have no impact on whether or not

⁴⁵ Anseel, F., & Sherf, E. N. (2024). A 25-Year Review of Research on Feedback in Organisations: From Simple Rules to Complex Realities. *Annual Review of Organisational Psychology and Organisational Behavior*. <https://doi.org/10.1146/annurev-orgpsych-110622-031927>

⁴⁶ Kwon, B., & Farndale, E. (2020). Employee voice viewed through a cross-cultural lens. *Human Resource Management Review*, 30(1), 100653.

people speak up, but this depends on the organisational culture and how gender inclusive it is⁴⁷.

In fact, some of our interviewees made statements like “maybe it’s harder if you’re older” or “it probably doesn’t suit all cultures”. So, these assumptions are not only implicit but also out in the open.

Why should we care?

The question “is self-management for everyone?” is therefore a sticky one because, by assuming that only some people can thrive in this environment, organisations may be disadvantaging the people who may benefit from self-management skills the most. This is something important for SMOs to reflect on, particularly as all of the organisations we spoke to emphasise a culture of inclusivity. It does not mean that organisations should not select people who fit the culture but know that selecting for fit to specific manifestations of behaviours (e.g., assuming that proactivity means speaking up in a group) might be excluding specific groups.

Pressure on people to manage themselves

Although being ‘self-steering’ is a characteristic of SMOs, placing sole emphasis on individuals to care for their own well-being, development and career growth can be risky, both for employees and the organisation.

“The moment you experience certain problems for whatever reason, be it that you are close to burnout ... then we basically assume that you yourself are at the helm of your own development, your own health and happiness at work and the moment that you need help, you ask for it.”

Managing oneself doesn’t need to be a problem, if demands and resources are balanced. In SMOs, imbalance can often come from individuals taking on too many roles, with not enough time to hold them⁴⁸.

This is also a negative spiral. When people are overloaded with work, they have even fewer resources (e.g., time, energy), which exacerbates their burnout⁴⁹. Being overloaded makes it harder to ask for help and to find a way out. This is of course detrimental to employees’ health, which is also not great for the organisation’s health. We have heard from several organisations that they struggle with employees experiencing burnout.

⁴⁷ Cooper, R., Mosseri, S., Vromen, A., Baird, M., Hill, E., & Probyn, E. (2021). Gender Matters: A Multilevel Analysis of Gender and Voice at Work. *British Journal of Management*, 32(3), 725–743. <https://doi.org/10.1111/1467-8551.12487>

⁴⁸ <https://www.corporate-rebels.com/blog/stress-levels-in-self-managing-organisations-2>

⁴⁹ Ten Brummelhuis, L. L., Ter Hoeven, C. L., Bakker, A. B., & Peper, B. (2011). Breaking through the loss cycle of burnout: The role of motivation: Loss cycle of burnout. *Journal of Occupational and Organisational Psychology*, 84(2), 268–287. <https://doi.org/10.1111/j.2044-8325.2011.02019.x>

How can this risk be mitigated?

In hierarchical organisations, the balance of roles is often attended to by a manager. **When there is no manager, there still needs to be someone to help people when times get tough.** Several organisations in our study have roles such as well-being coach for when things get tough. But many don't.

This is also connected to our earlier insight about the importance of investing in development beyond onboarding. People working in SMOs must know how to create balance in their demands and resources. If individuals are expected to manage themselves, they need the skills and resources to do this. This includes **development, time and probably support from others, such as coaches focusing on career development and growth.**

7 In conclusion

With this white paper we wanted to share initial insights from our research on People & Self-Managing Organisations. Decentralising decision-making and supporting people to be involved in decisions affecting their work is not easy. It requires time, effort and reflection. For self-management to be sustainable, organisations need to invest these resources in the right way. We've given you a lot to chew on (we hope!) but we will finish with some key takeaways:

1. Distributing authority outside of a management hierarchy needs an interconnected system: providing people opportunities to be involved in decisions, giving them the information to be able to do this effectively, ensuring that rewards align to these goals, and that individuals know how to participate effectively. One without the others is unlikely to succeed.
2. Although SMOs remove management hierarchy, they are unlikely to thrive if there are not some centralised decisions or processes. In particular, investing in development of specific skills for everyone, ensuring that information flows effectively, that there are specialists to support the difficult stuff (career development, well-being, giving critical feedback, and interpersonal conflict) require some centralised direction.
3. To be effectively involved in decision-making, people need time to do so. This can be encouraged through active, two-way communication about operational and strategic decisions, and through ensuring that workloads are manageable so that people have space to think beyond their immediate job roles.
4. Evaluating whether people really are involved in decision-making means: asking them, observing a range of people speak up about issues, that they feel safe and confident to do so, and that they are motivated to do so through a connection to their work and the organisation.

8 What's next?

We are busy working on academic papers based on this project, and we are continuing conversations with our partners along the way.

Some of the questions we are currently looking into are:

- What does high versus low involvement self-management look like in practice?
- How is organisational design organised in SMOs?
- How do feedback and motivational processes operate in self-management compared to hierarchical organisations?
- What implications does self-management have for societal behaviours and when?
- How do the motivations of founders and senior leaders in SMOs shape the design of the organisation?

We will keep everyone up to date via our website (<https://www.rsm.nl/faculty-research/pasmo/>) and our LinkedIn pages:

Bex Hewett: <https://www.linkedin.com/in/rebecca-hewett/>

JJ Markus: <https://www.linkedin.com/in/julian-jonathan-markus/>

As researchers, we love critical dialogue: if you have questions or feedback about this report, please get in touch!

Further Reading

We have included footnotes throughout the document for the academic references that we base the paper on but if you'd like to read more about SMOs or our work more broadly, here are some additional sources which might interest you:

Some of Bex's recent research on motivation and autonomy:

Hewett, R. (2022, December 14). But I don't want to do it! How individuals internalise their motivation for uninteresting work tasks. *Management Studies Insights Blog*. <https://managementstudiesinsights.com/but-i-dont-want-to-do-it-how-individuals-internalise-their-motivation-for-uninteresting-work-tasks/>

Hewett, R. (2021, November 4) Don't offer public transport when everyone wants a bike. *RSM Discovery*.

Hewett, R. & Leroy, H. (2019, April 17) Are formal bonus procedures actually motivating your staff? *RSM Discovery*. <https://www.rsm.nl/discovery/2019/are-formal-bonus-procedures-actually-motivating-your-staff/>

Research from the People, Organisations & Change research group at RSM: <https://www.rsm.nl/discovery/people-organisations-change/>

Thank you!

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