



Does a self-managed organization leave employees behind? A critical review of the current trend

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# **Does a self-managed organization leave employees behind? A critical review of the current trend**

## **Abstract**

### *Purpose*

Organizations need to achieve some level of self-management and delegation to run effectively without constant management oversight, which has led to numerous organizational frameworks and models being developed, including TEAL, Holacracy, the Spaghetti Organization, and the Liberated Firm. As a result, we should consider whether employees desire this, and whether it is a 'new future' or just a passing fad or trend. Another question arising from employee encounters is, do we leave some employees behind as they are not confident, or feel inadequate for the new organizational structures, as they require more direction? This paper reviews the literature to explore and answer these questions.

### *Design/methodology/approach*

This paper reviews the literature on self-management frameworks and models in respect to their potential application and in light of the implication for employees.

### *Findings*

Being self-managed throughout all organisations, as most champions of self-managed frameworks may argue, cannot be the solution if it is only appropriate for a subset of workers. We propose a gradual approach: we should implement self-management where it is acceptable, and employees are interested and capable of engaging in the transition to new management frameworks. However, we recommend against attempting self-management in situations where it is inappropriate.

### *Research Limitations*

The paper is based on a review of existing literature with findings derived from general trends and workforce characteristics, but do not account for specific industries, organizational types, or roles. As a result, the conclusions may not be applicable to all organizational contexts or to certain specialized employee groups. Given the restricted breadth of research into SMOs, future research could explore the applicability and success of SMOs in specific contexts.

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### *Practical Implications*

Organizations are encouraged to take an incremental approach to implementing self-management frameworks. Instead of enforcing self-management universally, it should only be introduced in areas where employees are willing, capable, and equipped to handle the transition. Further, employers must recognize that self-management is not suitable for all employees. Organizations should assess employee readiness and provide adequate support or alternative structures where needed.

### *Originality*

While the transition to self-managed organisations is widely discussed in the literature, as evidenced by the proliferation of organisational models and frameworks, there has been little discussion of the potential for different organisations to apply such frameworks and models in practice, as well as the implications for employees. Given that the business world is not homogeneous, it is reasonable to assume that not all people are suitable for working without a boss, and this must be considered.

### **Keywords**

Self-Managed Organizations; Holacracy; Bossless; Liberated Firm

## Introduction

In a business organizational context, self-management frameworks like TEAL, Holacracy, or Liberated Firm need employees with specific characteristics and abilities, such as people with extraversion and openness, rather than people more prone to self-doubt and worry (Doblinger and Class, 2023). Such frameworks would also support high-performing employees who experience improved work while low-performers struggle (Lee, 2024). Researchers estimate the share of people with self-doubt episodes in their lives to be 70% (Sakulku and Alexander, 2011). In the workplace, 3 out of 5 employees feel inadequate or question their competence, with disproportionately more younger employees and women having self-doubt (Franklin, 2022). This leaves an estimated share of more than 40% of suitable employees to fill the personnel needs of self-managed organizations, or almost 60%, which are not if one considers just one characteristic. Those numbers suggest that the call for new organizational behavior and structure for the change into self-management as a new standard, might leave those who do not fulfil those characteristics and abilities needed for such frameworks behind. It further suggests that the prediction that all organizations will be TEAL in the future is more of a wish than a reality. The introduction of a self-managed organization (SMO) aims to support the needs of the employees and support their behavior; it can be doubted that this aim includes all employees, but it is certain that it will discourage many of them. An effortless way to deal with this is to ask employees who do not want the new organizational structure, or believe they are incapable of dealing with it, to leave the company as Zappos, a well-known SMO-utilizing US company did when they introduced Holacracy (Bernstein et al., 2016). On the contrary, should an SMO be the organizational structure the business society should be aiming for if employees are left behind? Further, if some employees are not suited for an SMO, which ones? Are those with special knowledge, like IT tech, who are believed to be more introverted? Are the 6% of adults with an ADHD diagnosis (Staley et al., 2023) suitable for an SMO? Moreover, do we need a separate management framework for this fraction of knowledge workers if that is not the case? Alternatively, well-known SMO-utilizing companies silently quit their experiments. Zappos ended Holacracy, and Oticon stopped their Spaghetti Organization (Foss and Klein, 2023).

With this reflection, we want to raise awareness of the risks of dividing the working population into self-managed and those who are not. We also want to examine some statistics.

## **Employee Characteristics for Self-Management**

Employees working in self-managed organizations require the following specific characteristics and abilities to thrive due to the lack of traditional hierarchical structures and the absence of managers.

- **Self-Discipline**  
Self-control and self-regulation are strongly linked to job performance, especially in high-autonomy roles.
- **Intrinsic Motivation**  
Environments fostering autonomy support intrinsic motivation, which leads to better performance and satisfaction.
- **Emotional Intelligence**  
Emotional intelligence contributes significantly to team cohesion and effectiveness.
- **Adaptability and Flexibility**  
Adaptable employees perform better in dynamic and unpredictable environments.
- **Communication Skills**  
Communication competency is critical to team performance, especially in decentralized work environments.
- **Decision-Making Ability**  
Decision-making skills, including critical thinking and judgment, help navigating the decentralized organization.
- **Accountability**  
Accountable individuals contribute more effectively to team goals and exhibit higher levels of job satisfaction.
- **Learning Agility**  
Individuals with high learning agility are more successful in roles that require constant change and learning.

On the contrary, employees with the following characteristics, or issues, are not their first choice, when it comes to work for a self-managed organization.

- **Dependent or Follower**

Many employees exhibit high dependency on leaders, showing little initiative or critical thinking and preferring to follow without questioning.

- Lack of Self-Control

6% of all adults diagnosed with ADHD, which significantly impacts self-control, largely due to deficits in executive functioning, which is responsible for planning, decision-making, and regulating impulses (Staley et al., 2023).

- Imposter

Employees who experience imposter syndrome, can have feelings of self-doubt, which prevents people from making decisions.

- Emotional unawareness

Employees commonly believe they are self-aware, however, in practice they might lack self-awareness, which is a core component of emotional intelligence.

- Change-Resistant and Inflexible

Change initiatives often fail due to employee resistance, which can be driven by factors such as fear of the unknown, disruptions to established routines, or lack of trust in leadership.

## Conclusion

Leaving all the euphoria behind about a change in management and without being blindfolded to the potential shortcomings, we must admit that a very large share of the population would not be able to work in a self-managed organization. Founders of startups may find the right people to fill their needs because the nature of most startups requires skills needed for a self-managed organization anyway. For established businesses, this endeavour is much more difficult.

In the end, becoming self-managed throughout all businesses, as most supporters for self-managed frameworks may advocate, cannot be the solution if it is not suitable for the workers, but rather for a small portion of them.

We suggest an incremental approach: We should introduce self-management where it is reasonable and where the employees are willing and capable of participating in the new management framework. However, we also suggest not aiming for self-management in areas where it is not appropriate.

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Further, many more empirical studies are needed to prove whether the concept of self-managed organization fits into today's business world and, if so, how. Many theoretical suggestions on how this can work exist, with highly praised examples like Zappos and Oticon, which have already stopped their experiment of self-management.

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