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What Does it Take for a Startup Company to be a “Teal” Organisation? Case: Yogaia

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<p>The world is changing all the time, and the management and leadership styles are also moving in a new direction towards self-managed teams and participatory working style. The topic of this bachelor’s thesis aroused the author’s interest regarding future management and leadership styles, including especially the concept of “teal”. The thesis aims are to describe the teal organisation model and its characteristics, and to study how teal organisational characteristics work in practice.</p> <p>The first aim was based on literature review concerning management and leadership theories and Laloux’s (2014) teal model and its colour classification system. The second aim was approached with a qualitative method. A case study in one Finnish startup company was made in autumn 2017. Seven employees answered the questionnaire.</p> <p>All employees felt that they did not have just one leader but they work in teams. Most of the respondents thought that they make decisions together and the management style was team-oriented and participatory. The main key factors characterizing the management system were innovation, empowerment and self-management. The owners of the organisation gave them power and responsibility at least moderately.</p> <p>The management and leadership characteristics of the teal organisation are certainly needed more in the future. More research work in this area is needed.</p>	
Keywords	teal, leadership, management, self-managed team

Introduction

1	Introduction	1
1.1	Background of the thesis	1
1.2	Structure of the thesis	2
1.3	Objective & research question	2
2	Literature review	3
2.1	Definitions of management and leadership	3
2.2	Theoretical framework	4
2.3	Traditional leadership theories	5
2.3.1	Trait theories	5
2.3.2	Behavioural theories	6
2.3.3	Contingency Theories	7
2.4	New trends in management and leadership	8
3	Teal	10
3.1	Background of teal	10
3.2	Teal colours	10
3.2.1	Red	12
3.2.2	Amber	12
3.2.3	Orange	12
3.2.4	Green	13
3.2.5	Teal	13
3.2.6	The main characteristics of teal	14
4	Case study: Startup company Yogaia	15
4.1	Definition of Startup company	15
4.2	Yogaia	16
4.2.1	Mission	16
4.2.2	Yogaia's achievements	16
5	Method	17
5.1	Study design	17
5.2	Target group	17
5.3	Timetable and data collection	18
5.4	Building a questionnaire	18
5.5	The ethical issues	19

6	Results	19
6.1	The leader and the way of leading In Yogaia	19
6.2	Management and leadership style in Yogaia	20
6.3	Key factors in management system	20
6.4	Power and responsibility given for employees	21
6.5	Directions of leadership and management in the future	21
7	Conclusions	22
7.1	Research findings	22
7.2	Weaknesses of the study	25
7.3	My own learning	25
7.4	Further research proposal	26
	References	27

Appendices

Appendix 1. The cover letter of the questionnaire

Appendix 2. Questionnaire of organizational behaviour in Yogaia

1 Introduction

1.1 Background of the thesis

The world is changing all the time, and nowadays more and more rapidly. According to Lehtinen (2015) the changes have already impacted the working environment and there will be even more changes in the future. These changes also apply to leadership that is also moving in a new direction towards self-managed teams and participatory and innovative working styles. Further, future leadership must focus on more collective rather than individual leadership styles. The hierarchical leadership does not support today's rapidly changing working life, which is difficult to predict. There are many reasons for that but maybe the most prominent reasons are that the working environment has moved in a more digital direction towards a transparent world where responsibilities and decision making are shared between managers and employees. The roles of managers and employees have also changed (Sydänmaanlakka, 2012: 128). When in the old days the employees have been seen only as a resource that takes directions from the manager, nowadays employees are seen as value generators for the manager and the manager's duty is to 'serve' his employees. The manager is like a coach who supports and encourages his employees and try to find out their best skills and knowledges (Bekman, 2015; Gutekunst 2015; Järvinen, 2017; Malmi, 2016; Lehtinen 2015).

New types of leadership are often introduced in startup companies, which are open to a new trends and innovations. Success factors in startup business are among other things that they could quickly change their activities if needed, and they are eager to try to find new ways of working. Leadership is generally based on team work and low hierarchy. Employees are encouraged to create new innovations, and mistakes are made in order to learn, not to punish (Pölonen, 2015: 50-56).

The topic for this bachelor thesis aroused the author's interest to know more about future leadership and management. She started to search more information about this topic and found an article "The future management is teal" written by Frederic Laloux (2015). The idea and research questions behind this thesis arose from this article. The article itself is based on a book called *Reinventing Organisations* (Laloux 2014). The book deals with management and leadership styles and how these have changed over time. Laloux describes the teal phenomenon using three characteristics and colour indicators. First,

teal could be seen as a next level of self-management. Instead of one leader the responsibility is given to the employees. Second, teal could be seen as a state of mind where the working environment allows the employees fully to express themselves. Based on Laloux's thoughts, this kind of working environment increases employees' energy and passion as well as creativeness at work. The third characteristic is that the teal organisation is agile. Laloux calls this an evolutionary purpose where the organisations can change their strategies quickly with the changing world (Laloux 2014).

The topic of my thesis is interesting and relevant because new management and leadership models will be needed in the future. The old hierarchical models will not work anymore. Further, based on my knowledge, there are few studies about teal, especially in Finland. These were the reasons why I chose this topic to my thesis. The theoretical framework about leadership and management will define and limit my thesis.

1.2 Structure of the thesis

At the beginning, the background of the study and the research questions are presented. Then the main leadership and management theories are analysed based on the literature review, and the teal model and its characteristics are described based on Laloux's theory. After that the case study related to the performance of the teal characteristics in one startup company is presented. The study design, methods and results are described. At the end the conclusions of the study are drawn and proposals for future research are presented.

1.3 Objective & research question

The aims of the thesis were:

1. To describe the teal organisation model and its characteristics
2. To study how the teal organisational characteristics work in practice - A case study in one Finnish startup company

The first aim was to study what is the teal organisational model and what requirements a company must meet to be a truly teal organisation. Of particular interest are the characteristics in a teal organisation's management and leadership system. This part based on Laloux's *Reinventing Organisations* and his colour theory.

The second aim was to study how the teal model characteristics are present in one Finnish startup company. The startup company was chosen because usually startup companies are quite open to a new leadership trends and innovations. This aim was studied by a questionnaire sending to a startup company employees.

2 Literature review

2.1 Definitions of management and leadership

In this thesis the leadership is examined from two perspectives: management as managing things and leadership as leading people. Leadership is often seen as a newer leading style than management, but the opposite is true. Leadership has already been born during the era of Plato and Aristotle. Management's development is considered to have begun in the first half of 20th century thanks to scientific management. Scientific management has been seen as an effective way of reducing chaos and guiding organisations' actions. (Sydänmaanlakka 2004:16)

Management is often described as being the administration of an organisation. Management can be considered as the coordination of an organisations' resources as well as planning and organizing its activities so that the organization's goals can be effectively achieved. Leadership, in turn, is leading people rather than managing things. The leader uses his own abilities and features to lead the employees in the desired direction. The leader also motivates employees and creates a direction so that the common goals will be achieved. More recently, change management and innovations are important items in the new leadership (Foster et al., 2008; Thomson & Hall, 2011; Wood, 2011).

Also, according to Kotter in 1990 (Kotter, cited in Sydänmaanlakka 2004: 22) leadership can be defined by two different terms. First, management as being the process of controlling people and second, leadership as leading people. Kotter argues that by managing things organisations can deal with complexity issues, whereas leadership enables people to cope with the changes. Although management and leadership are different concepts they go hand in hand and leading people does not replace management. Like other researchers (Foster et al., 2008; Thomson & Hall, 2011; Wood,

2011) Kotter's opinion is that a management creates a vision of the future and then the leader leads in the right direction.

Sydänmaanlakka (2004: 23), in turn, thinks that dividing the leadership into two parts should be completely questioned. Instead the leadership should be seen as a whole where both managing things and leading people are combined. In addition, Wahlgren (1995: 32) argues that the concept of leadership also includes the concept of management. Leadership is just one of the leader's many roles. Yukl's opinion (2006: 5) is totally opposite. He thinks that the leader is either a leader or a manager but not both.

In this study the concept of leadership contains both management and leadership, and these two aspects are examined. The literature review focuses on key leadership theories as well as how leadership has changed over time.

2.2 Theoretical framework

Management and leadership have been studied from a wide range of different theoretical backgrounds through time (Bass 1990, Brymann 1992, Gardner 1990, Hickman 1998, Rost 1991, cited in Northouse 2001: 1). One of the oldest and well-known researchers of leadership was Frederick Taylor. His principles of scientific management, better known as "Taylorism", are very well-known. Taylor contended that an effective management could be seen clearly defined command and control relationship between employees and a manager (Taylor 1947: 9-10). Further, a division of labor is strictly defined and each employee should specialise in a specific task. Managers plan and control the work and make decisions. Employees are just working without any possibilities to influence their work or to develop their work. It has been said that Taylorism reduces employees' thinking and hence innovation (Seeck 2008: 54). According to Gutekunst (2015) bureaucracy and lack of confidence reduce employees' engagement and prevent people to take responsibility. In Taylorism, on the other hand, the way of working is effective. Nowadays for example burger chain McDonald's uses Taylor's principles (Nawaz, 2011).

Human relations theory, developed by Mayo (1933), also emphasizes the efficiency of work. The difference with Taylorism was among other things that in Mayo's theory there

is underlined relationship and team dynamics between people working in organisations. His management theory states that employees are motivated more by relational factors such as attention than by monetary rewards or environmental factors such as lighting. Mayo developed a matrix that illustrated the likelihood of group succeeds. In his matrix the combinations of group norms and group cohesiveness play significant role in team effectiveness (Mayo 1933, cited in Jay Shafritz et al: 127-129). In Mayo's theory there are four combinations, which describe the effectiveness of team dynamics. In the first group, low norms and low cohesiveness work in an ineffective way. Second is a group with low norms and high cohesiveness. This kind of team dynamics have negative impact because team members encourage each other to behave in a negative way. The third group has high norms and low cohesiveness, has some degree of positive impact through individual member accomplishments. Finally, the group that owns both high norms and high cohesiveness has the greatest positive impact. In this group, employees encourage each other to succeed. (Business.com 2017). Today's leadership emphasizes the importance of teamwork and collective ways of working, so effective team dynamics will become even more important (see for example Lehtinen 2015). Since Mayo's Hawthorne experiments there have been discussions about the differences between scientific management and human relations theories and how they have influenced leadership (Sydänmaanlakka 2014: 27).

2.3 Traditional leadership theories

Traditional leadership theories can generally be divided into three different categories. Firstly, leadership has been seen as a trait; secondly it has been seen as a leading behaviour; and thirdly as a contingency theory.

2.3.1 Trait theories

According to traditional trait theories, strong personal characteristics and features make a good leader and the environment does not have any effect on this. The idea is that the leadership is an inherent characteristic and a leader must be born as such. This paradigm is also known as a "Great Man" theory. Great army leaders and admired politics who have succeed with their own strong personalities and characteristics are behind this theory (Kulla 2011, 28; Northouse 2006: 15). Stogdill (1948) argues that the leaders stand from the non-leaders because of their intelligence, vigilance, self-

confidence, initiative, sociality and persistence. The traits are not enough to solely determine whether the person is a leader or not, but the person must be appropriate in relation to the group he leads. Although the trait theory has received much criticism that it is based heavily on leaders' features, it is fairly easy to understand. This is because in the public the image of a good leader is representing a charismatic and a strong person. However, a list of good leader features is difficult to define. And leadership is also influenced by the situations in which the leadership is exercised. The trait theory is still interesting while today, however, other types of leadership characteristics are emphasized, as before. These new characteristics are visionary and emotional leadership. Trait theories are used in psychological tests when trying to define good leadership qualities and choosing a suitable leader.

2.3.2 Behavioural theories

Unlike trait theories, in behavioural theories leadership is based on the leader's behaviour, not just on the leader's inherent characteristics. In behavioural theories leadership is seen as a learned behaviour, i.e. leadership can be learned and practiced and is not just an accident of birth. According to this theory effective leadership behaviour and leadership skills can be developed. Due to the behavioural theories, various leadership training methods have been developed.

Effective leadership behaviour practices can be divided into two different trends. One pays attention to what kind of role the leader has, and the other focuses on how effectively the leader can lead the action.

Some of the behavioural theories' researchers have focused on studying the content of leadership from the point of view of the leader's role. According to Mintzberg (1973) there are three categories of roles and these are interpersonal, informational and decisional. The interpersonal role contains three different "sub roles": the figurehead, who for example takes an important customer to lunch; the leader, who among other things motivates and encourages employees; and the liaison who makes contacts outside the organization. The informational role describes how the leader communicates and shares and spreads information. The sub roles are a monitor, a disseminator and a spokesperson. Decisional roles are an entrepreneur, disturbance handler, resource allocator and negotiator. (Mintzberg, 1973).

Some behavioural theories' researchers, in turn, have studied different leadership styles and compared their effectiveness to each other. Lewin (1939) has stated that there are three different leadership styles that are authoritarian, democratic and laissez-faire which are particularly related to the decision-making process within an organization. According to Lewin (1939) the least effective leading style is the authoritarian style where one powerful leader is leading with fear, issues commands and has all the decision-making power (compare to Taylorism, Taylor, 1947: 9-10). The weakness of this style is especially a lack of employees' motivation because only the leader has the power to make decisions. Employees just work and follow the instructions. According to Gutekunst (2015) bureaucracy and lack of confidence reduce employees' engagement. Lewin describes the democratic leading style to be encouraging and an open system because it partially allows the employees to participate, even in decision making. Lewin (1939) came to the conclusion that the most effective style is laissez-faire, in which the leader relies on employees and they can work in their own way without any commands or limitations.

On the other hand, leadership has not only been researched by paying attention to the leader's role but also employees' needs. One significant step in leadership research was Blake's and Mouton's ideas (1978). They were the first researchers who did not just focus on the leader's role. They created a managerial grid where five different leadership styles were defined based on two behavioural dimensions. The first dimension is "concern for people". Before the leader decides which employees would be the most appropriate to accomplish the task in order to achieve the goals, he would assess the needs and interests of the employee as well as areas of personal developments. The other dimension is "concern for results", which describes the degree to which the leader emphasizes objectives, organisational efficiency and high productivity. It could be said that Blake and Mouton understand that employees are valuable to the organisation. They pay attention to the employees' personal needs or interests as well as on how the tasks are performed and the goals are achieved (Blake and Mouton 1978 cited in Northouse 2001: 38-39, Northouse 2006).

2.3.3 Contingency Theories

In contingency theory effective leadership can be considered as a situation where the leader can act differently in different leadership situations to boost the employees'

efficiency. According to Reddin's (1967) three-dimensional leadership theory (task-orientation, relationship orientation and effectiveness) the leader must be able to handle different management situations and relationships and make changes to them if necessary. Effectiveness in leadership means that the goals are able to achieve without wasting the resources and the demands of the situation is met. The leader requires sensitivity to detect situations and ability to make changes in his leadership style. Good leadership in some situations does not mean that the same model would suit all situations. (Reddin 1967 cited in Silverthorne 2005: 61).

Further, Goleman (2000) has studied contingency theories. He was one of the first researchers who focused on using the emotional intelligence concept in leading situations. He described six styles of leadership that also correlate to the organisation's climate. These are visionary, coaching, affiliative, democratic, pacesetter and commanding. According to Goleman, each style fits a different situation. The leader needs to switch the style if needed. The leadership style is a tool that helps a leader in his leading work. The use of emotional intelligence makes leadership more responsive and helps also the leader to develop in his leadership skills.

2.4 New trends in management and leadership

The working environment has moved in a more digital direction towards a transparent world where responsibilities and decision making are shared between managers and employees. The roles of managers and employees have also changed. When before employees have been seen only as a resource to be ordered by the manager, nowadays the employees are seen as value generators for the manager and the manager's duty is to 'serve' his employees. Blake and Mouton already understood that employees are valuable to the organisation. (Blake and Mouton 1978 cited in Northouse 2001: 38-39).

Today the manager is like a coach who supports and encourages his employees and tries to identify their best skills and knowledges (Bekman, 2015; Gutekunst 2015; Järvinen, 2017; Malmi, 2016; Lehtinen 2015). Employees are encouraged to create new innovations, and mistakes are made in order to learn, not to punish (Pölonen 2015).

Those companies that have changed their management and leadership style towards a new kind of leadership have been successful. Finnish elevator company KONE is a good example of a successful business. KONE is a global leader in the elevator and escalator

industry. One of KONE's strategic targets is to make KONE a great place to work. They strive to foster a collaborative culture where co-workers trust and respect each other, and leaders inspire people to deliver the best results. KONE's culture builds on values of delighting the customer, energy for renewal, passion for performance, and winning together. KONE welcomes new ideas with an open mind. In the company participation is encouraged and information and ideas are shared (Kone 2018a, Kone 2018b). Another Finnish company that employs a new kind of leadership is Reaktor (<https://www.reaktor.com/>). Reaktor is a strategy, design, and engineering company. Its values are team work, a balance of freedom and responsibility, progressive thinking and considerable ambition. Reaktor employs whole people, not work personalities. Employees have the power to shape their role and the work to fit like a glove. Employees are not working alone but they are surrounded by other whole people. In addition to team work, they play, learn, share, travel, and even eat together.

A Dutch company called Buurtzorg is also using a new kind of leadership model. Buurtzorg is a pioneering healthcare organization and it has revolutionized community care in Netherlands over the past ten years. The core idea in this organization is that there are no leaders but self-managing teams that are leading themselves. The nurses have all the power to take care of their clients and to plan their works. Nurses can decide themselves how they offer the care and how they share responsibilities and work with each other inside the teams. In addition, the teams have responsibility to make their own budget and follow it. Collaboration is described as a key element in this model. The results of the model have been very good. Costs have been saved and employees have been more motivated and more satisfied. The feeling of belonging together has increased. Buurtzorg is constantly striving to find out new innovative ways of working. Many health care managers across Europe have been interested in the Buurtzorg model, and this model has already spread in 24 different countries (Buurtzorg 2018).

3 Teal

3.1 Background of teal

Belgian researcher Fredric Laloux published *Reinventing organisations* in 2014. He is behind this fascinating teal phenomenon. Laloux has defined a teal model with different colours, which are representing the evolutionary breakthroughs in human collaboration. Laloux's organisational model is based on his research that he conducted in 2012 concerning the change of organisational behaviour and management structures and practices.

Laloux went through many organizations before he chose twelve organisations for his research study. Inclusion criteria were as follows: the organisation has 1) a minimum of one hundred employees, 2) at least five operating years and 3) consistent with the characteristics of a teal stage human development. To his research, Laloux chose both public and private companies as well as non-profit organisations from different fields such as retail, healthcare, consumer products and education industries.

Based on his research, Laloux noticed that the leader in each chosen company believed that his company was the only one who has hardly tried to reform their leadership practice in a radical way. After numerous experiments, however, these companies' management practices followed very similar approaches. Based on these findings, Laloux thought that a new consistent organisational model is emerging (Strategy+Business 2015).

3.2 Teal colours

Laloux (2014) has studied the change of organisational behavior and the management styles. He has identified five different organizational models of human history, using different colors: red, amber, orange, green and teal. Based on Laloux's thoughts the organisations have developed from a primitive "wicker" (red) hierarchical "army" (amber), a rival "machine" (orange) and an inclusive "family" (green) into self-directed "Teal" (blue-green). These five different colours are representing the Evolutionary Breakthroughs in

Human Collaboration. The original idea by using colours lead back to Ken Wilber’s theory, where he has used colours by describing the organisational behaviour and as well its changes. Based on the colour theory, Laloux has developed his own theory and made his own conclusions of the future of management. In Table 1 the Evolutionary Breakthroughs in Human Collaboration are presented. The table includes the colours and their description, the guiding metaphor, key breakthroughs and current examples. The colours are arranged starting from the most old-fashioned, hierarchical management style to the self-managing, open leadership style. The following sections explain in more detail the models and their corresponding colours.

Exhibit 1: Evolutionary Breakthroughs in Human Collaboration

Color	Description	Guiding Metaphor	Key Breakthroughs	Current Examples
RED	Constant exercise of power by chief to keep foot soldiers in line. Highly reactive, short-term focus. Thrives in chaotic environments.	Wolf pack	<ul style="list-style-type: none"> • Division of labor • Command authority 	<ul style="list-style-type: none"> • Organized crime • Street gangs • Tribal militias
AMBER	Highly formal roles within a hierarchical pyramid. Top-down command and control. Future is repetition of the past.	Army	<ul style="list-style-type: none"> • Formal roles (stable and scalable hierarchies) • Stable, replicable processes (long-term perspectives) 	<ul style="list-style-type: none"> • Catholic Church • Military • Most government organizations (public school systems, police departments)
ORANGE	Goal is to beat competition; achieve profit and growth. Management by objectives (command and control over what, freedom over how).	Machine	<ul style="list-style-type: none"> • Innovation • Accountability • Meritocracy 	<ul style="list-style-type: none"> • Multinational companies • Investment banks • Charter schools
GREEN	Focus on culture and empowerment to boost employee motivation. Stakeholders replace shareholders as primary purpose.	Family	<ul style="list-style-type: none"> • Empowerment • Egalitarian management • Stakeholder model 	Businesses known for idealistic practices (Ben & Jerry’s, Southwest Airlines, Starbucks, Zappos)
TEAL	Self-management replaces hierarchical pyramid. Organizations are seen as living entities, oriented toward realizing their potential.	Living organism	<ul style="list-style-type: none"> • Self-management • Wholeness • Evolutionary purpose 	A few pioneering organizations (see “Examples of Teal Management”)

Source: Frederic Laloux, *Reinventing Organizations* (Nelson Parker, 2014)

Table 1. The Evolutionary Breakthroughs in Human Collaboration theory developed by Laloux.

3.2.1 Red

According to Laloux (2014), the history of the red colour pictures the first period when mankind has begun to organise themselves. This leadership model dates back around 10,000 years to a set-up where there has been a group of people, this might also have been described as a pack of wolves. This group of people has been thinking very short-sighted and only acted when something chaotic has already happened and when it was too late to react. The command authority and fear has been in a considerable role in this community and it has acted as a motivator to achieve the desired result. In addition, the division of labor can be seen as a key breakthrough in this red group. Typically, in a red setting there exists only one powerful leader who is leading with fear and threats. This leader also makes all the decisions alone and others are not able to be involved in the decision-making process. Nowadays this red leadership model could be compared to organised crime, street gangs and tribal militants (Laloux 2014: 17-18).

3.2.2 Amber

The amber color is the closest to red and representing the second strict authoritarian organisation form. This colour represents less command authority than the red, but it still has features of strongly hierarchical order. A narrow-minded way of thinking has still a strong impact, and comes before any activities are carried out. Typically these regimes reproduce the old practices. Even though the development has changed in this step towards a more balanced level and it aims to take a more long-term outlook, it still has as a strong feature strict roles. There exists one leader and a top down management system also known as a classic pyramid system, where the roles are strictly determined. The amber managing style can be seen as paternalistic-authoritarian. The power and responsibility is mainly on one leader, but it can slightly be divided among the others. Today's example of an amber color setup could be on par with: Catholic Church, military or government organisations such as schools and police. (Laloux 2014: 18-22).

3.2.3 Orange

Based on Laloux's (2014) ideas, the roots of the orange colour are part of the process which is being moved from the amber period. In this level the organisations have developed themselves to a level where the target has been to be as competitive and

efficient as possible and also achieve the best financial benefit. In addition those previously mentioned issues in a strong position has been still style where the layup has been included a strong manager employee setup. In the orange set up the leadership style strives to reach the goal, be task-oriented and decisive. This aims to boost the innovativeness and ability to be open for changes. In an orange organisation the owners are giving their employees a moderate level of power and responsibility. Today it could be compared to multinational companies, investment banks or charter schools (Laloux, 2014: 23-29).

3.2.4 Green

According to Laloux the green colour is the next step right after the amber period. Its main characteristics in a classic pyramid are aiming to increase employee motivation and working culture within the organisation. The goals are set together and the action is guided by a shared vision. In green organisations also, the set of values plays an important role and the members of the organisation undertake to act according to them. For that reason, the green colour could be compared to a one big family. The management style can be seen as consensus oriented and participative, where everyone in the organisation has a degree of decision-making power. Also, the stakeholder model takes place among the shareholders. As a current green example could be used such companies as Ben & Jerry's, Southwest Airlines, Zappos and Starbucks with their idealistic procedures (Laloux 2014: 31-35).

3.2.5 Teal

Laloux (2015) determines the teal color to be the most advanced level of organisational behaviour. The teal colour describes the development step where all the previous mentioned colours - red, amber, orange and green - have been passed and development has moved forward to a next level. In this level the old hierarchical pyramids and old managing models are being forgotten and they have been replaced by self-managing organisations. In teal organisations the employees have much power and anyone can set goals. Further, the teal organisation is able to adapt quickly to changes and they do not have strict long-term plans. The leadership has been divided equally within the organisation and this encourages motivation and action. The management system is based on self-management, wholeness, and evolutionary purpose. The description for

teal is still at the early stage and it aims to predict what will be the next natural step of human organisational development (Laloux, 2015).

3.2.6 The main characteristics of teal

Based on Laloux's findings the teal model includes three main characteristics. These are self-management, wholeness and evolutionary purpose. In a teal organisation there is no need for a top leader, so the old hierarchical pyramid has been replaced with self-managing teams and shared leadership. In practice, a person who has the most knowledge about a given task can make decisions. There are also different processes to support decision-making and the flow of information is transparent. According to Laloux, a teal organisation is not based on control or power but on equality and human values. The power and responsibility are shared between self-managing teams, which are working effectively even in a large area. Teal organisations are completely different from red or orange organisations with hierarchical leadership and strict roles. The evolutionary purpose in teal means that the organisation has the readiness to change its strategy or way of working quickly when needed. This rapid transformation practice is believed to replace the practical arrangements for planning as well as budgets, targets, goals and incentives. This is assumed to get better results economically as well as to the shareholders because these issues are less considered among the employees.

The one aim of a teal organisation is wholeness. An organisation tries to create an atmosphere that allows everyone to be as they are, with human feelings are allowed. The workplace does not have to be limited to one particular role, but all areas of life may also be present in the work community. The purpose is to create an environment where the creativity, considerable amount of energy, passion and openness encourage the best possible way to work.

In the teal model, man has returned to his roots as self-directed, continuously adapting to an evolutionary change process, and is a communal actor. The employee understands that he is a self-directed person but also a part of a larger entity (evaluative purpose). A larger purpose and goal is, in principle, guided by the Teal organization's performance. So, the goal is not primarily to generate profits and to make money, but to change the world into something better. In order that the organisation would become a real teal organization, it requires the management to commit itself to changing its management style and every new employee is trained at the beginning according to the teal model.

In Finland, the Teal Finland community has been set up around the theme, which aims to bring Teal practice to Finnish companies. <https://www.tealsuomi.fi/>

4 Case study: Startup company Yogaia

4.1 Definition of Startup company

Startup company is a newly emerged fast-growing and innovative business. A startup company's aim is to grow, and it tries to solve a problem where the solution is not obvious and success is not guaranteed (Business Insider 2014, European Startup Monitor, 2016: 15 & 59-62, Forbes 2013, Shontell 2014). According to Valtioneuvosto (2016) startup has defined with four main characteristics. A startup company is a company, which has been operating less than five years and it employs minimum one person and maximum 49 people. It must also fulfill the juridical basic requirements as it needs to be registered to Finnish employee registry. The company also needs to be independent and private, not subsidiary company. A company can be counted as a startup company when these previously mentioned four requirements have been fulfilled. Usually startups share responsibilities by having more than one managing director, and they have low levels of hierarchy and bureaucracy. Further, they allow their employees to participate in decisions making and propose new ideas (European Startup Monitor, p. 59-62)

I also wanted to get a student's option of a startup company, so I made a short Skype interview with my classmate. I asked her to describe how does it feel to work in a startup company and what kind of leadership they have?

"Working for a startup is empowering. I get to do a bit of everything in the company, and the tasks are flexible based on my personal interests. Due to the lack of hierarchy everyone is very relaxed at work, and instead of picking on mistakes, we embrace them and take them as a learning opportunity. The focus for each worker is constant growth, which is also encouraged by a weekly meeting, where we discuss the latest trends in digital marketing, new tools that were discovered or other relevant topics that could help our company become better" (Kecskes Zselyke).

My classmate confirmed the perceptions that the leadership in a Start-up company is less hierarchical and inflexible. Instead, leadership is encouraging.

4.2 Yogaia

A Finnish startup company Yogaia was chosen for the study in order to test how the teal model principles and procedures work in practice. Yogaia was founded in 2013 in Helsinki, Finland. The company is offering online Yoga classes for everyone interested in well-being and in yoga regardless of time and place. Mikko Petäjä is a founder and chief executive officer (CEO) in the company. The company has offices in three different countries: in Finland, in United Kingdom and in Los Angeles. Yogaia has a total of fifteen employees and in Finland eight employees are working (Yogaia, 2018).

Yogaia meets a startup company definition requirement at least on the ground that the aim of the company is to be open for quick changes and innovative behavior in its actions. Leadership is based on team work and low hierarchy. Yogaia does not currently follow any clearly defined approach. The company strives to benefit from the all along evolving technology. As described in its website the company lives in a strong developmental stage and for this reason the company is living in a constant change. The company is growing fast and the online service is being developed at a rapid speed (Yogaia, 2018).

4.2.1 Mission

Yogaia's mission is to offer all interested in well-being the opportunity to have a smoother everyday life by offering online yoga, pilates, core and kettlebell classes. Yogaia is the world's first company offering interactive online yoga services. Yogaia wants to promote the welfare of the people and make it easy to do sports everywhere; only a computer and internet connection is needed (Yogaia, 2018).

4.2.2 Yogaia's achievements

Although Yogaia is quite a new company it has already achieved significant prizes. One is a prominent award from the Go-Expo event. This event is the biggest sporting and sports arena and event held in Finland since 2005. Every year there are hundreds of individual entrepreneurs representing different sport fields. This event is designed for all indoor and outdoor sports interested people. Yogaia won "the best exercise product of

the year”-prize in 2014 on the basis of a public vote. The CEO Petäjä was satisfied that its product received positive feedback and visibility, because the company was aiming for the international market (My New Desk Com, 2015). Yogaia is one of those companies that has been selected in the best app group “Best of 2016 Collection” [Best of 2016 -kokoelma]. Those companies are using technology in a unique way (My New Desk, 2017).

5 Method

This part explains the research design and methodological approach used for the survey. First, the study design is presented, then the target population, timetable and data collection are described, after that it is expanding how the questionnaire to the survey has built and finally the ethical issues are presented.

5.1 Study design

A qualitative approach was chosen to find out how the teal model works in practice. The reason for choosing the approach was that the teal phenomenon is a quite new and there is little knowledge about it. A qualitative research can be defined as a type of scientific research where a certain research problem is looking for an answer by studying its characteristics (Qualitative Research Methods, no date, Stat.fi 2017). For this reason, the qualitative research is suitable for studying the new phenomenon and to increase understanding of the phenomenon.

5.2 Target group

The target group was limited to only Yogaia’s employees in Finland (N=8). The Yogaia company has also two other offices in the United Kingdom and in Hong Kong. The main reason to choose only one office was that the researcher was interested to study the teal model especially in Finland. The other reason for excluding these two offices were that one office is a quite new and the other one is going through organisational changes.

5.3 Timetable and data collection

The study started in September 2017. The researcher contacted one of Yogaia's employees and presented an idea of the study and asked for permission to do it. When the permission was granted the company's contact person informed all the other Yogaia employees that they will soon receive an email including a cover letter concerning the study (Appendix 1) and a link to an online questionnaire (Appendix 2).

Data collection started on 5th of October 2017. Then an email including the cover letter and a link to an online questionnaire were sent to employees. The cover letter contained some background information about the researcher, the thesis and the questionnaire. The response time was 14 days. Two reminders were sent before the response time was closed, in 18th of October 2017. Seven out of eight Yogaia's employee's responded to the questionnaire.

The data was gathered using a questionnaire. In general, interviews and observations are used for data collection in qualitative research (Stat.fi, 2018). In this study, however, the online questionnaire was chosen for data collection because it was faster and easier to carry out. Reasons for this were that the researcher's and participants' time schedules were difficult to fix together and the researcher did not have enough skills to do interviews personally.

5.4 Building a questionnaire

The questionnaire tried to find out how the current management and leadership styles are working in Yogaia and how the features and characteristics of teal are fulfilled. The questions and their options were based on Laloux's colours about organizational behaviour and the management styles (Laloux, 2014). These colours described the change of leadership from authoritarian towards self-managing teams, and the colours progressed from red to amber, from amber to orange, from orange to green and from green to teal. The total number of the questions was six and included questions concerning leadership and management style, key factors in the management system, employees' power and responsibility, and the direction of the management and leadership in the future. All questions included five alternatives to choose from, except the last question which was an open-ended question.

The first question was to find out who was the leader in the organization and how he was leading. The second question's aim was to answer how Yogaia's employees see their current management system and the third question tried to define the current management style. The key factors in management system were found out in the fourth question. The fifth question sought to find out employee's opinions about responsibility and power. The last question, number six, was to find out the respondent's view of leadership and management development in the future.

5.5 The ethical issues

Researchers have responsibility to follow the good scientific practices and depending on the research, also consider the possible legislation issues (Academy of Finland, 2014).

A written permission to conduct the survey was requested from the company. The respondents were also informed that answering the questionnaire is voluntary and all the answers will be handled confidentially by the researcher and the data will be destroyed after the data analysis.

6 Results

Seven out of eight Yogaia employees in Finland answered the questionnaire. The age range was between 26 – 47 years. Employees are working permanently.

6.1 The leader and the way of leading In Yogaia

The first question was to find out who is leading the organisation and how this is done in practice. Two respondents thought that they have a leader who is leading them towards the goals and tasks. The leadership makes decisions but employees are able to take part in discussion. This kind of leadership represented a colour "orange" in Laloux's theory. The option of three respondents was that they had one leader who works together with them. They discussed and made decisions together. According to Laloux this style is colour "green". The rest two respondents said that they did not have any leader but self-managing teams. They were leading themselves and everyone could make decisions. This leadership style can be said to be representative of the colour "teal".

6.2 Management and leadership style in Yogaia

The second question's aim was to describe the management style in Yogaia. One respondent out of seven Yogaia employees felt that the leadership sets goals and controls them but also allows some freedom to choose how to achieve those goals. The action was guided by competition, profit-seeking and innovation. According to Laloux's theory, this leadership style was the colour "orange". Three out of seven respondents thought that their management system works in a way that the goals are set together and the action is guided by shared vision. The respondents also felt that they are like one big family. This leadership style is represented by the colour "green". The experience of three respondents was that employees have much power and anyone can set goals. They did not have strict long-term plans but they react and change our action when there is a need. This style corresponded with the colour "teal".

The third question gave the answer what kind of management style was in Yogaia. Two out of seven employees experienced that their current management style is goal- and task oriented as well as decisive. This style is described by the colour "orange" in Laloux's theory. Four respondents saw their management style as consensus oriented and participative. This leadership style can be said to be representative of the colour "green". Only one respondent experienced that Yogaia's management style was distributed leadership with inner rightness and purpose as also being primary motivator and yardstick. According to Laloux, this belongs to the colour "teal".

6.3 Key factors in management system

The question four was to find out what were the key factors in Yogaia's management system. Only one Yogaia's employee felt that the innovation, accountability and meritocracy are the key factors in their organization. Based on Laloux's theory this could be the colour "orange". Four out of seven respondents thought that empowerment, values-driven culture and stakeholder model were the key factors. This corresponded with the colour "green". Two respondents though that self-management, wholeness and evolutionary purpose are best describing Yogaia's key factors. According to Laloux this style is described by the colour "teal".

6.4 Power and responsibility given for employees

Two employees thought that they have been given a moderate amount of power and responsibility. This described Laloux's colour "orange". Four out of seven respondents felt that they had very much power and responsibility. According to Laloux's theory this kind of leadership style could be described as the colour "green". Only one employee experienced that an extremely high level of power and responsibility were given them. This style could be described by colour "teal".

6.5 Directions of leadership and management in the future

The question number six was open-ended and it tried to find out how the leadership and management are going to develop in the future. Most of the respondents thought that the leadership and management styles will be going towards self-managing teams.

"Even more toward self-organizing teams"

"I truly hope that even more towards self-management."

Two respondents thought that the leadership and management styles are moving towards more autonomy, a more open and transparent style.

"Self-managed direction, where employees or different groups have even more autonomy."

"More open and transparent leadership"

Two respondents hoped that the leadership and management styles are moving to direction where there is the possibility to be less traditional and strict. They would like to have more innovative and creative way of working. This type of leadership motivates employees.

"People will understand the value in having motivated people on board and also gaining understanding of what motivates people. The feeling of being in charge is a big factor. Not being told what to do but instead having the possibility to try different things and what not."

“Hopefully less traditional and strict and more creative that best suits the needs of each company and team specifically.”

Two respondents expressed their concern that if the organisation is growing bigger in the future this might lead to a return to a stricter management style. Further, one respondent thought that there always will be different kinds of managers and leadership styles including also those authoritarian ones.

“Perhaps leadership will be more structured if the company is growing in future, but hopefully employees still have the trust of the management and their freedom.”

“I’d imagine that the “Old school” bosses will be bosses in their respective companies. There will always be people willing to grab power and benefit from other people hard work without giving much of themselves back. I’d also imagine some of the more “agile and chaotic” companies will take a step back and get more structural leadership.”

7 Conclusions

7.1 Research findings

In this bachelor’s thesis a new kind of leadership model “teal” was studied. The first aim was to describe the teal organisation model and its characteristics based on a review of the literature. The second aim was to find out how the teal organizational characteristics work in practice. This was done through a questionnaire administered to a Finnish startup company Yogaia.

Based on the Yogaia employees’ opinions the leadership and the management style in Yogaia represent a new kind of leadership. None of the respondents felt that there was only one leader or a top down management system. Nor was the leading style felt to be hierarchical, predatory or paternalistic-authoritarian as in Taylorism, where an effective management is based on command and control by a leader (Taylor, 1947: 9-10). According to Lewin (1939) the least effective leading style is the authoritarian style where

one powerful leader is leading with fear. The weakness of this authoritarian style is especially a lack of employees' motivation. Employees just work and follow the instructions. According to traditional trait theories (Kulla 2011, 28; Northouse 2006: 15, Stogdill 1948) strong personal characteristics and features make a good leader. Unlike in trait theories, in behavioural theories the leadership is based on the leader's behaviour, not just on the leader's inherent characteristics. The leader can practice and develop his leadership skills. Today's leadership does not work with old hierarchical models with only one leader. According to Lehtinen (2005) the future leadership must focus on being more collective rather than focusing on individual leadership.

In Yogaia employees have no strict roles and tasks while in Taylorism a division of labor is strictly defined and each employee has specialized in a specific task. Strict, predetermined job descriptions and roles do not fit today's rapidly changing working life, which is difficult to predict. The working environment has moved in a more digital direction and towards a transparent world. Today work tasks and job descriptions may change quickly, so employees and leaders need to be more flexible. According to contingency theory (Goleman 2000, Reddin 1967) the effective leadership can be considered as a situation where the leader can act differently in different leadership situations to boost the employees' efficiency. The leader must have an ability to handle different management situations and relationships and make changes to them if necessary. That's why the leader requires sensitivity to detect situations and ability to make changes in his leadership style. (Reddin 1967 cited in Silverthorne 2005: 61). Further, Goleman (2000) emphasized the emotional intelligence in leading situations. He argues that a leader has many roles (visionary, coach or commander), and the leader needs to switch the style and role when needed. According to Goleman, each style fits a different situation. The leadership style is only a tool that helps a leader in his leading work.

According to Mayo the social relations and cooperation are the most important things in an organisation's operations. He underlines relationship and team dynamics between people working in organisations. These are also items that increase the employees' motivations. The group that owns a culture of high norms and high cohesiveness has the greatest positive impact. In this group, employees encourage each other to succeed. (Business.com 2017). According to Gutekunst (2015) bureaucracy and lack of confidence reduce employees's engagement and prevent people to take responsibility. Today's leadership emphasizes the importance of teamwork and a collective way of

working. An effective team dynamics and teams where responsibilities and decision making are shared with managers and employees will become even more important (Lehtinen 2015, Buurtzorg 2018). Based on my results, a social relationship and teamwork are important in Yogaia. Leadership is seen as teamwork where responsibilities and decision-making are shared between managers and employees.

Opposite to Taylorism, where the economic efficiency is more important than the comfort of employees, in Yogaia the employees are respected and they are seen as value generators. In Yogaia, the employees have ability to participate in decision making and responsibilities are shared with each other. Successful companies such as Kone and Buurtzorg have also understood how valuable the employees are to the company. Today the manager is like a coach who supports and encourages his employees and tries to identify their best skills and knowledges (Malmi, 2016; Järvinen, 2017; Bekman, 2015; Lehtinen 2015, Gutekunst 2015). Employees are encouraged to create new innovations, and mistakes are made in order to learn, not to be punished (Pölönen, 2015)

The results showed, however, that some respondents were worried about the future if the company would grow too much. They thought that then the leading style could go back to a more hierarchical system. Based on Laloux's research the size or owner of the company had no effect on the leadership style. So, a teal model could work in different kinds of companies.

Based on Laloux's findings the teal model includes three main characteristics: self-management, wholeness and evolutionary purpose. The main principles are that in teal organisation there is no leader but power and responsibility are shared between self-managing teams and decisions are making together. Teal organisation try to create an atmosphere that allows everyone to be as they are, also the feelings are allowed. An environment of safety, creativity, considerable amount of energy, passion and openness encourage the best possible way to work. Further, the employees understand that they are not only self-directed persons but also a part of a larger entity. In addition, the managers are committing themselves to follow the teal model. Although in Yogaia's leadership style could be seen some teal elements such as team-work and shared decision making and responsibilities Yogaia has not yet achieved a truly team idea in practice.

7.2 Weaknesses of the study

There are many weaknesses in my study. First, the data set was small. The study was conducted in one company and only seven employees answered the survey. Second, I used an online questionnaire to gather data although in qualitative research the interviews or observations are usually used. In my study, neither the respondents nor the researcher were given the opportunity to ask additional questions or clarify questions. The qualitative approach, however, is a good choice to study as new a phenomenon as “teal”. Third, all questions, except one, were structured. Perhaps open-ended questions would have provided more information on this topic but the classification of the content of responses would have required more time and expertise. Fourth, the researcher has made a questionnaire herself based on Laloux’s theory and colours. The results give an answer to the research questions.

7.3 My own learning

Before I started doing this research I did not have much knowledge of management and leadership theories. During my studies I had some management and leadership courses but I was not particularly familiar with these even though the courses were interesting. However, I had over six years of work experience in the financial sector and I also had several different leaders, so it was interesting to start to learn more about this topic.

During this thesis writing process I have learned more than I could ever had imagined. When I started I did not have much knowledge about doing a research project. Even though I had in a very early stage an idea of the topic I wanted to make my thesis, getting started was not as easy as I thought. The teal phenomenon interested me a lot. In addition, there were only a few earlier studies on this topic, especially in Finland. At first, I found it difficult to figure out which are all the steps in a research project, even though I had undergone a course on research methods. Perhaps the main reason was that I had attended this course a year earlier before I started writing my thesis.

I also could not properly figure out how to limit the research, so that it would be as clear as possible and not too long. I might have initially needed more guidance to get started with the writing process. At the beginning I was a bit frustrated when I did not really know

where and how to start but now I understand that it is part of this research process. When I started doing my own analysis of the teal model, I began to understand what issues I should consider in my literature review. I am still of the opinion that understanding and writing the literature review were the most difficult things in this work. At some point even though I knew what kind of source material I needed, it proved difficult to get the original books and I really would have wanted that all the sources are original.

At that point when I needed to think about the research questions I understood that they should be consistent with the literature review. Making the research questions was quite easy even though the questions were made again many times before the final version of my questionnaire. All the respondents apparently experienced that the questionnaire was quite clear since no one had any additional questions. If I would now make a new questionnaire, I might maybe add a few open questions. Exploring the research results was interesting, although at first, I was not sure how to analyse the material. But on the other hand, because most of the answers were given only one answer option the answers were easy to handle. Only one of the questions was an open question which the respondent could answer whatever. The answers from the questionnaire supported the idea of a direction in which management and leadership styles are going in the future.

7.4 Further research proposal

It is possible that the dominant leadership style is moving towards to teal kind of leading system. Self-managing teams as well as shared visions and decision making are going to strengthen. Manager's role has changed from a commander to the coach. Further, the change management and innovations are important items in the new leadership. The leadership style in Buurtzorg and Reaktor can be seen as teal. In these companies the top management is really committed to a teal-based leadership approach and they are ready to develop their leadership style all the time if needed. Employees are valued and are trusted and they all have much power to work together and equality towards a common goal. It seems to be very trendy that companies say that they are leading their company as "teal" but perhaps the reality is something else and the real teal leading style is not yet achieved. That's why it is important to get more information about how the real teal model can be reached. In the future more research work in this area from different kinds of companies and fields will be needed.

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The cover letter of the questionnaire

Dear Yogaia employees,

I am Mia-Riikka Mikkonen and I am studying in Metropolia university of applied sciences in an international business administration degree program. I am currently working with my final thesis so regarding to this I have created this questionnaire. The purpose of this questionnaire is to study leadership and management style in Yogaia.

This questionnaire consists of six different questions. The questions from one to five are structured and you should choose only in one alternative. Question number seven is open question.

The questionnaire is confidential and information would subsequently be anonymous and would be stored securely and destroyed after data analysis. The data are analyzed confidentially by a researcher.

Thank you in advance for answering this questionnaire. And if you have some questions about my study or this questionnaire, please do not hesitate to contact me.

I wish that you have time to answer this questionnaire by the 18th of October at the latest.

Best regards,

Mia-Riikka Mikkonen

Questionnaire of organizational behavior in Yogaia

For the questions from 1 to 6, please use the scale from 1-4. And please note, that the question number 7 is an open question.

1. Who will lead your organization and how it will be happen? Choose only one of the most appropriate alternative.

1. We have only one powerful leader who is leading us with fear and threats
2. We have a leader and top down management system (a classic pyramid structure) where the roles are strictly determinate.
3. We have a leadership who is leading the organization according to the goals and tasks. Action is guided by competition, profit-seeking and innovation.
4. We have a leader who works together with us. Action is guided by shared-vision.
5. We do not have any manager but self-management teams.

2. What describes best the leading style in Yogaia? Choose only one of the most appropriate alternative.

1. We work in chaotic way and have a short-term perspective. We do not anticipate the future.
2. We have long-term goals but we act in traditionally and hierarchically way. Our future is repetition of the past.
3. Our leadership sets goals and controls them but we have some freedom to choose how to achieve them.
4. We are discussing about our vision and goals with the manager and we are making decisions together. We are like one big family.
5. Employees have much power and anyone can set aims and make decisions. We only develop our organization together when we notice the need for change. No long-term plans.

3. Which of the following alternatives best describes the management style of your organization? Choose only one of the most appropriate alternative.

1. Predatory
2. Paternalistic-authoritative
3. Goal- and task-oriented, decisive
4. Consensus oriented, participative
5. Distributed leadership, with inner rightness and purpose as primary motivator and yardstick

4. Which of following alternatives best describes the key factors in your organization's management system? Choose only one the most appropriate alternative.

1. Division of labor and command authority
2. Formal roles (stable and scalable hierarchies) and long-term perspectives
3. Innovation, accountability and meritocracy
4. Empowerment, values-driven culture and stakeholder model
5. Self-management, wholeness and evolutionary purpose

5. In general, in what direction do you expect leadership to be developed in the future?

This is an open question.