



**UNIVERSITY  
OF TURKU**

Turku School of  
Economics

# **THE ROLE OF HR PRACTICES IN KNOWLEDGE INTENSIVE SELF-MANAGED ORGANIZATIONS**

From management centricity towards human centricity

Master's thesis  
In Management and Organization

Author:  
Sari Moore

Supervisor(s):  
Ph.D. Essi Saru

6.9.2021

Pori

The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin Originality Check service.

Master's thesis

**Subject:** Management and Organization

**Author(s):** Sari Moore

**Title:** The role of HR practices in knowledge intensive self-managed organizations

**Supervisor(s):** Ph.D. Essi Saru

**Number of pages:** 91 pages + appendices 5 pages

**Date:** 6.9.2021

Today, many organizations are seeking to organize their operations more flexible and human centric manner than before. Old hierarchical models of organizing are no longer applicable when knowledge intensive services form a core business for many organizations. The role of competent workforce is essential in these organizations, and the role of customer come more and more significant because of co-value creation. A relative new attempt of organizing, a self-managed organization (SMO), responds the call of finding more human centric and dynamic forms of organizing. SMOs operate normally without any middle management and believe in shared power and shared leadership. They form social systems with evolutionary purpose.

The purpose of this qualitative study was to explore the role of HR practices in knowledge intensive SMOs. The conducted research involved five narratives written CEOs or HR directors working at knowledge intensive firms. Narrators told a story on how the middle management duties are handled and what is the role of HR practices at their workplaces. The research analysis was conducted by using narrative analysis and analysis of narratives. The content of written narratives was under analysis. Study results were presented in a form of grand narrative, in which the essence of the content of five texts was summarized. Thematic analysis was then arranged to explore the correlation between strategic wellbeing and used HR practices in studied SMOs. The study material was organized in narrative specific categories under given themes. The used theoretical SHRM framework was general yet with variety of aspects due to the importance of various factors that affect the role of HR practices in knowledge intensive SMOs.

As a conclusion, SMOs provide a prosperous setting for HR practices to bring out the strategic and managerial power embedded in these practices. SMOs are managed by employees collectively and employees lean on dynamic structures that build on HR practices and processes created and modified by very employees. Employee agency power is guided by variety of principles, models, duties, patterns, recommendations and so on. Unlike in traditional organizations where true agency power is granted for few individuals, used HR practices in SMOs directly affect work agency and work energy of employees. However, strategic power embedded in these practices is not fully understood nor it is expanded to cover customer work. Employees also handle many HR duties. The ideal future model of SHRM in SMOs that highlights the agency power of employees and customers, and the importance of strategic wellbeing is presented in the chapter of conclusions.

The other significant findings were few. Firstly, there is no organization that is fully self-managed, becoming a SMO is more of a journey. Secondly, having unified overall organizational structure with dynamic structures, HR practices and processes, together with static structures – various teams – is challenging. HR as whole has a traditional status, and a model of organizing a SMO by Laloux, a teal organization, is thus commonly exploited. Thirdly, the dominance of management centricity and culture of dominance is spread all over the world and is taken as a proper form of organizing supported by conducted SHRM research and legislation. Yet, their dominance is collapsing whereas the number of SMOs most likely multiplies in the future because of the promising outcomes.

**Key words:** SHRM, management centricity, human centricity, SMOs, HR practices, strategic wellbeing, work agency, work energy, organizational culture, HR stakeholders

Pro gradu -tutkielma

**Oppiaine:** Johtaminen ja organisointi

**Tekijä(t):** Sari Moore

**Otsikko:** HR-käytänteiden rooli itseohjautuvissa asiantuntijaorganisaatioissa

**Ohjaaja(t):** KTT Essi Saru

**Sivumäärä:** 91 sivua + liitteet 5 sivua

**Päivämäärä:** 6.9.2021

Nykyään useat yritykset haluavat järjestää toimintansa joustavammalla, tehokkaammalla ja ihmisläheisemmällä tavalla kuin ennen. Vanhat hierarkkiset organisointimallit eivät ole enää toimivia, kun tietotyöhön ja asiantuntijuuteen perustuvat palvelut muodostavat ydinliiketoiminnan useissa yrityksissä. Työvoiman rooli on keskeinen, ja asiakkaan toimijuuden merkitys lisääntyy, kun arvoa luodaan yhdessä. Uudehko organisoitumisen muoto, itseohjautuva organisaatio, vastaa liiketoimintaympäristöstä nousseeseen tarpeeseen ihmisläheisellä ja dynaamisella tavalla. Itseohjautuvissa organisaatioissa ei ole keskijohtoa. Nämä organisaatiot uskovat jaettuun valtaan ja johtajuuteen ja muodostavat sosiaalisia alati kehittyviä systeemejä.

Tämän kvalitatiivisen tutkimuksen tarkoituksena oli valottaa HR-käytäntöjen roolia näissä itseohjautuvissa organisaatioissa. Tutkimus pohjasi viiteen itseohjautuvassa organisaatiossa työskentelevän joko toimitusjohtajan tai HR-johtajan kirjoittamaan narratiiviin. Kertojat pohtivat tekstissään, miten heidän kotiorganisaatioissaan korvattiin keskijohdon monet tehtävät ja mikä oli HR-käytäntöjen rooli. Analysoinnissa keskeistä oli narratiivien sisältö. Sisällöstä muodostettiin yksi yhteinen viiden tekstin keskeiseen sisältöön perustuva narratiivi. Lisäksi sisältöä analysoitiin ennalta muodostettujen strategiseen työhyvinvointiin linkittyvien teemojen mukaisesti. Teoreettinen strategiseen henkilöstöjohtamiseen keskittyvä viitekehys oli yleisluontoinen mutta laaja-alainen tutkittavaan ilmiöön liittyvien monien tekijöiden takia.

Tutkimuksen mukaan ohjausvoima, joka HR-käytännöissä piilee, pääsee oikeuksiinsa itseohjautuvissa organisaatioissa. Työntekijät yhdessä ovat määräävässä asemassa itseohjautuvissa organisaatioissa, ja heidän toimintaansa ohjaavat dynaamiset rakenteet, yhteiset käytännöt, joita he itse luovat ja päivittävät. Työntekijän toimijuutta ohjaa monet periaatteet, mallit, toimintatavat, vastuut, suositukset jne. Toisin kuin hierarkkisissa johtajakeskeisissä organisaatioissa, joissa todellinen toimivalta on muutamilla, HR-käytännöt vaikuttavat siis välittömästi työntekijöiden energiaan ja toimijuuteen. HR-käytäntöjen strategista arvoa ei kuitenkaan täysin ymmärretä varsinkaan asiakastyössä. Työntekijät vastaavat myös HR-tehtävistä. Tutkielman johtopäätöksiä käsittelevässä luvussa esitetään strategisen henkilöstöjohtamisen ideaalinen malli itseohjautuvissa organisaatioissa. Mallissa korostuu asiakkaan ja työntekijän toimijuus ja strategisen hyvinvoinnin keskeinen rooli.

Muita tärkeitä huomioita oli muutamia. Ensinnäkin mikään organisaatio ei ole täysin itseohjautuva, vaan itseorganisoituvaksi organisaatioksi tuleminen on taival. Toiseksi niin dynaamisten rakenteiden – HR-käytäntöjen toimivan kokonaisuuden – kuin mahdollistavien rakenteiden – erilaisten tiimien ja kokoonpanojen – yhdistäminen aiheuttaa haasteita itseohjautuvissa organisaatioissa. HR toimintona nähdään perinteisenä, ja Laloux'n teal-organisaatiomallia käytetään usein mallina organisoitumisessa. Kolmanneksi johtajakeskeisyys ja rationaalisuuden kulttuuri ovat itsestäänselvyyksiä, joita myös lainsäädäntö ja tehty tutkimus ovat ylläpitäneet. Niiden valta-asema on kuitenkin heikentymässä, kun taas lupaavien tulosten vuoksi itseohjautuvien organisaatioiden määrä tulee lisääntymään tulevaisuudessa.

**Avainsanat:** Strateginen henkilöstöjohtaminen, johtajakeskeisyys, ihmiskeskeisyys, itseohjautuvat organisaatiot, HR-käytännöt, strateginen työhyvinvointi, toimijuus työssä, energia työssä, organisaatiokulttuuri, HR-sidosryhmät

## **TABLE OF CONTENTS**

<b>1</b>	<b>Introduction</b>	<b>9</b>
1.1	Introduction to the topic	9
1.2	The research questions and the purpose of research	12
1.3	My researcher's positioning and approach	14
1.4	The arrangement of research paper	14
<b>2</b>	<b>Management centricity: The ancillary yet important role of SHRM</b>	<b>16</b>
2.1	The importance of SHRM	16
2.1.1	The emerge of SHRM	16
2.1.2	HR stakeholders and customer orientation	17
2.1.3	Strategic wellbeing and organizational performance	20
2.2	Whose HR role has been pivotal?	23
2.3	A culture of rationality	25
<b>3</b>	<b>Human centricity: SMOs and a possible new role for HR</b>	<b>28</b>
3.1	A human centric form of organizing – the concept of a SMO	28
3.2	Human needs, HR practices and organizational culture	31
3.2.1	Meeting the human needs	31
3.2.2	Power embedded in HR practices	33
3.2.3	Dynamic structures of a SMO: A human centric culture	35
3.3	Strategic wellbeing and performance in SMOs – HR's new role?	39
3.3.1	Strategic wellbeing in SMOs	39
3.3.2	Performance and the potential strategic role of HR	43
<b>4</b>	<b>Research assumptions, methods, and research process</b>	<b>46</b>
4.1	Methodological choices	46
4.2	Collecting study materials	48
4.3	Analysing study materials	51
<b>5</b>	<b>Findings on studied narratives</b>	<b>54</b>
5.1	Grand narrative: A journey towards self-management	54
5.1.1	The launch	54
5.1.2	At the novice level	55
5.1.3	At the advanced level	57

<b>5.2 HR practices and strategic wellbeing</b>	<b>61</b>
5.2.1 Leadership and learning	61
5.2.2 Information sharing, social interaction, and happiness	64
5.2.3 Purpose, goals, feedback, and monitoring	66
5.2.4 Decision-making, monetary compensation, and equality	68
5.2.5 Human physicality and work balance	70
<b>6 Conclusions</b>	<b>73</b>
<b>6.1 Answers to the research problem</b>	<b>73</b>
<b>6.2 A future HRM model in SMOs and a new management paradigm</b>	<b>77</b>
<b>6.3 Other future aspects</b>	<b>80</b>
<b>7 Assessments</b>	<b>82</b>
<b>References</b>	<b>86</b>
<b>Appendices</b>	<b>92</b>
<b>Appendix 1 Neglected model of the role of HR practices in SMO</b>	<b>92</b>
<b>Appendix 2 Instructions for narrators (resumed)</b>	<b>93</b>
<b>Appendix 3 Narration based categories under given themes</b>	<b>95</b>

## **LIST OF FIGURES**

Figure 1.Traditional HRM and customer oriented HRM, adapted (Juuti 2015, 33)	19
Figure 2.The model of managing wellbeing by Aura, Ahonen, Ilmarinen and Hussi, adapted (Aura & Ahonen 2016, 23)	21
Figure 3.The model of strategic wellbeing in SMOs, adapted (Larjovuori et al. 2021,72)	41
Figure 4.The ideal of strategic HRM in a SMO at the professional level	77





# 1 Introduction

## 1.1 Introduction to the topic

In current business context amid global competition corporations must be flexible, innovative, and effective. Old hierarchical forms of organizing do not apply in new context in a same way as they did before. In fact, a variety of “new” organizational forms or ideologies that have aimed to improve existing have emerged from time to time. There has been attempts to abandon the structures of Scientific Management that builds on the separation of “thinking” and “doing” by reserving the former to managers and the latter to employees (Child 2019, 6).

To challenge the simple structure, the professional bureaucracy, adhocracy arose in late sixties–early seventies. To be able to address to more complex and specific problems with flexible work units or groups, adhocracy involved less hierarchical structures than formal structures normally do. (Desveaux 2020.) Approximately decade ago, the front runners were process-orientated companies, the networks, joint ventures together with strategic alliances, boundaryless organizations and virtual organizations (Storey 2009, 104). Yet these ventures are not clearly identified as organizations.

Recently, new more human orientated and flexible models are gaining interest among corporations in different business fields all over the world. As a result of such a twist of human centricity, unorthodox forms of organizing with human centricity have emerged or developed. Recent attempts are rewarding organizations, open value organizations and personal growth-focused organizations. Instead of monitoring absence of employees, these wellbeing organizations put emphasis on creating a culture of wellness. All the forms of organizing mentioned above highlight the importance of human energy. (Timms 2020, 155,157, 159, 162–163.)

At the same time, the essence of business has changed. The domain of service business, sustainability, the role of human intelligence and artificial intelligence has a growing importance in business. Many organizations today are thus knowledge intensive firms (KIFs) that offer knowledge intensive services. Human capital that involves the full range of skills, knowledge and abilities can be a source of continuous competitive advantage for a KIF. This the case if the set of skills and competencies of workforce constitute something rather unique and inimitable. The chosen path – choices made – influences

how people work together and how an organization develops and acquires various skills. (McMahan & Harris 2013, 113.) Building up a KIF happens then by building up human capital: Unique combination of wanted abilities and skills form an important intangible asset for a knowledge intensive organization. Human capital is then pivotal, and the employees are essential stakeholders.

Importantly, global, and constantly changing context with knowledge intensiveness and complexity put high demand on employees working in KIFs. Therefore, the role of wellbeing at work has gained prominence, which has also affected to human resource management (HRM) in organizations. HRM has taken a direction towards having more strategic role by aiming to find mutual ways for enhancing employees' well-being and performance at work. According to Aura and Ahonen (2016, 25) strategic wellbeing is the part of wellbeing that has influence on organizational performance.

Further, due to the importance of strategic wellbeing, the relevant connection between work practices and organizational outcomes have interested many researchers. Yet, the connection remains to be fully unfolded partly because of the decisions made in organizations. According to Storey et al. (2009, 5) there is connection between organizational outcomes and human resource (HR) practices that have influence on not only employees but customers even though finding the relevant data on the connection is difficult due to the fact, that the degree and the efficiency of these practices is not taken into an account in corporations.

Interestingly thus, the change has not involved only employees but other stakeholders like customers. In fact, together these contemporary KIFS form ecosystems of services, in which organizational boundaries are not so clear and services are sold, bought, and exchanged in various ways. According to Vargo and Lusch (2017) nested and interlocking service ecosystems of value cocreation involves various actors. These networks build on resource integrations and reciprocal service exchange between participants in compliance with institutional arrangements. Because of constant human interaction, people involved in these ecosystems are also affected by human activity related choices made by organizations in these ecosystems. In the search of greater flexibility and agility many organizations rely more on market-like coordination, which impacts on their people management approach and HR implications (Storey 2009, 90).

Moreover, due to the change, a role and tasks of line and staff managers have altered and multiplied, which have raised questions of overall functionality of middle management. Middle managers are responsible for outcomes, financial results, quality, innovativeness and work and wellbeing of subordinates. They are also responsible to top management, to employees and to customers. (Juuti 2018, 30–31.) The very essence of current challenges that managers face is well summarized by Siira (2013, according to Koskinen 2014, 20) when he acknowledges how 40 % of managers time is spent in solving conflicts between employees at workplaces. The demands are so high, that any ordinary individual – positioned as a manager of a rational organization or not – is destined to fail.

In current context some organizations have solved the “mission impossible of middle management” by giving up middle managers. These organizations identify themselves as self-managed organizations (SMOs) and are often knowledge intensive. However, giving up middle managers can cause harm for wellbeing of employees and even customers, because many HR duties that deal with human competence, performance and wellbeing are handled by line managers (Viitala 2015, 266). If these duties are ignored, employees might lose focus and there is a high risk for ill-being at work. In a Fordist organization employees know what is expected from them and for what and to whom they are responsible (Coats 2009, 116). Therefore, it is important to comprehend how HR work conducted by line managers in conventional organizations is replaced in SMOs.

Moreover, the relationship between a culture and a form of organizing is reciprocal. A hierarchic management centric form of organizing facilitates a culture of rationality whereas a culture of rationality facilitates a management centric form of organizing. However, the role of culture is more dominant. “Culture also covers mission, strategy, structure, and basic operational processes” (Schein 2017, 11). Therefore, the role of a culture is accentuated in organizations. Hence, to truly change a form of organizing involves altering cultural environment. Service-minded organizations build more on culture than any specific structure and they thrive from the values and rules that operate in the background facilitating culture (Juuti 2015,173).

Because of their novelty, only little research on knowledge intensive SMOs has been yet conducted. It is, a fortiori, important to find out how these knowledge intensive firms maintain wellbeing of their employees and run their daily businesses. Wellbeing that deals with performance –strategic wellbeing – needs exploring. Considering that SMOs thrive

from human competence and intelligence, all studies dealing with HR and work practices most likely offer interesting and relevant information on operations, organizational culture, and stakeholders' roles in these organizations.

## **1.2 The research questions and the purpose of research**

The main objective of my thesis is to bring light to the role of HR practices in organizations that identify themselves as self-managed organizations and are knowledge intensive. I believe that it is important to learn more about the potentiality embedded in HR practices because HR practices affect how people feel, think, and behave at work. Therefore, they are essential tools in strategic human resource management (SHRM) that deals with the connection between desired performance and the influence of HR. Moreover, due to businesses based on human competence and energy, the impact of HR practices is emphasized in knowledge intensive service organizations.

My research also aims to contribute on enhancing understanding on a strategic potentiality of HR. I also believe that unlike hierarchic organizations new forms of organizing can provide relevant and new information on how HR can affect performance because of the absence of line managers. In general, if HR practices in SMOs truly work as tools of managing and implementing wanted strategy, it can be a turning point in understanding how to organize knowledge intensive businesses.

In the search of an answer to the questions of what the role of HR practices is in knowledge intensive SMOs, the research problem is broken down into following questions that are a core question with three sub-questions:

### **What is the role of HR practices in self-managed knowledge intensive organizations?**

How have hierarchic models of organizing affected the role of HR in organizations?

How are self-managed organizations managed in general?

What is the relationship of HR practices and strategic wellbeing in knowledge intensive self-managed organizations?

In compliance with the main research question above, my research is more descriptive than it is explanatory. The focus is on understanding the status of HR practices in SMOs. The subordinate research questions aim to find explanations for the research problem and

are more declarative by nature. The overall understanding on how SMOs are managed and what is the role of HR in more hierarchic organizations is relevant as is the relationship between HR practices and strategic well-being in SMOs. The answers to these questions serve to bring light not only on potentiality embedded in HR practices but managerial and strategic potentiality of HR in SMOs.

My research is qualitative by nature and the chosen research methods are in accordance with the qualitative research. The collected research data consists of five organizational narratives, of which the content is analysed by using the methods of narrative research: narrative analysis and analysis of narratives. Moreover, to facilitate comprehension of the text, it is important to point out some general ideas and some key concepts that are abstract and ambiguous.

Firstly, in my thesis, the assumption is that the operations of any organization are connected to structures – cultural and others. To meet the requirements of its existence, an organization must have enough stability and coherence. Dynamic structures deal with things like processes, sensemaking and organizational behaviours and are intertwined with the notion of *what happens* whereas static structures deal with nonactive structures like teams and job descriptions and are intertwined with the notion of *what is*.

Secondly, the concept of HR is used to its widest extent. The term “HR practice” refers to all human related activity that can be specified informal and formal habits, patterns, models, duties, principles, guidelines, protocols, instructions, rules, and so on. These practices deal with many organizational subjects like compensation, learning and development, task division, goal setting and so on. The term “HRM” and the term “HR” are used in an abstract manner, and they refer to HR in general including managerial HR, HR practices, people and structures involved in HR. The term “SHRM” refers to HRM that put emphasis on organizational outcomes and performance.

Thirdly, in my thesis the term “traditional organizations” refers to those organizations that have more hierarchic structures. These structures are rooted in Taylorism or some other form of command-control type of organizational structure with specifically chosen employees working as middle managers. In general, the usage of these very definitions is justified by my interpretative research approach.

### **1.3 My researcher's positioning and approach**

My interpretative approach – explained more in detail in the chapter five – requires reflexivity and therefore, it is important that I am familiar with my own thinking processes and values during the research process. Due to my entrepreneurial background and working history both HR practices as strategic tools and the concept of self-management interest me. Being an entrepreneur in knowledge intensive business service domain more than two decades have shaped my working identity towards self-management. I am accustomed to work without any other “management” than a client’s expectations. Along the way I have also had employment relationships in traditional organizations. Based on my experiences in these relationships, I have drawn a conclusion that having line managers do not always generate any extra value for business or ensure the delivery of good organizational outcomes. The idea of a larger company operating cohesively without middle management is fascinating.

As an entrepreneur, I am also aware that the success of self-management in individual level depends on the usage of good practices. Routines and values that facilitate efficiency and wellbeing are important. I am aware that having freedom of choice can be challenging. However, I believe that the set of HR practices agreed upon within an organization can help employees to manage themselves collectively in such a manner that generates cohesiveness, stability, and mutual purpose within an organization. Therefore, I found it significant and interesting to examine the potentiality embedded in HR practices in organizations that identify themselves as SMOs. In addition, I find customer experience and human energy and agency important. Indeed, the idea of cocreation and co-designing – customers and employees working together – is a natural way of operating. Personally, I hope my research contributes not only towards pointing out that HR practices are tools of cohesiveness, but they can also be powerful strategic tools.

### **1.4 The arrangement of research paper**

The thesis is arranged so that includes seven chapters. These chapters are introduction, two theory chapters, methodology together with methods and process, findings, conclusions and discussions, and assessments. After the introductory chapter, in which the importance and the purpose of my study and my positioning as a researcher are presented, theoretical framework is provided in the chapters two and three.

In the first theory chapter the emphasis is put on exploring the role of HRM in traditional organizations. The reasons behind the ancillary role of HRM in organizations are explored and the emerging strategic importance of HRM is highlighted. Therefore, in the second chapter, the aim is on one hand, to point out the significance of HRM to organizational outcomes and performance in modern organizations, and on the other hand, to reveal the reasons behind the ancillary role of HRM in traditional organizations. In the third chapter, the objective is to explore relevant theory and research – that is not yet plentiful due to the novelty of a SMO – on SMO's. The focus is on defining a SMO, structures of a SMO and organizational performance in a SMO. The potential role of HR in SMOs is also addressed. Due to the paucity of a verified scientific theory on SMOs, together with study specific scientific literature other relevant secondary source of information are exploited.

In the fourth chapter methodological choices are justified and explained. Together with methodological choices and used methods the research process is described in detail. Logically then, in the fifth chapter, the outcomes of analysis are presented. In the first part, in a form of “grand” narrative the aim is to provide an idea how studied SMOs manage their every-day-operations. In the second part under the specific themes that have their basis in strategic wellbeing, managing and organizing, uncovered HR practices in the studied SMO's are discussed.

In the conclusive sixth chapter the answers to research questions are presented together with other relevant conclusions. The ideal model of the role of HR practices in SMOs is suggested. In the very chapter important future issues and aspects are discussed besides the conclusions. In the final chapter assessments on the study together with evaluation are conducted.

## **2 Management centrality: The ancillary yet important role of SHRM**

### **2.1 The importance of SHRM**

#### **2.1.1 The emerge of SHRM**

As long as there have been organizations that involves workforce there have been HR management and practices. Yet, the history of SHRM is relatively short. The transformation of HR function as whole towards something that has more strategic business value started in the beginning of 1980s, even though employment-related activities that were directed towards meeting business goals were HR function responsibilities already in the 1920s. However, the overall idea of strategic HR is that as core business function, HR function has an opportunity to contribute organizational effectiveness. (Ulrich & Dulebohn 2015, 189–190.) What is more, in the beginning of 1980s, the essential idea linked to the concept of SHRM was that humans are going to be the most important resource for a business (Juuti 2015, 58), and HRM was acknowledged as something that can deliver competitive advantages (Viitala 2015, 33).

During its relatively short forty-year history SHRM has moved to be more strategic. The strategic potentiality embedded in HR has been acknowledged progressively, and according to Ulrich and Dulebohn (2015, 190–191) HR transformation has happened in waves. The first wave more administrative by nature involved HR that responded to business strategy by aligning its practices with the strategy. The second wave that underlined the role of HR in designing and delivering innovative HR practices related to the idea of HR's indirect role in strategy development. The third wave called strategy wave highlighted the reciprocal relationship of business strategy and HR practices and their intertwined connection. The third wave implied the recognition of full partnership of HR. The emphasis was on value creation in business. Instead of concentrating on work itself, HR's role was to be concerned about the outcomes of work.

According to Ulrich and Dulebohn (2015, 190–191) the fourth wave – the most recent one – brought context into equation, and it complied not only connection between HR and business itself but the connection between HR and broader operational business context. The value HR then creates is also for those outside of the company, not only for employees. Interestingly, four waves do not rule each other out, even though they have



occurred quite consecutively. Yet, the evolutionary development of SHRM can be identified through these four waves.

Viitala (2015, 56–57) reinforces the words of Ulrich and Dulebohn by explaining how the connection between business strategy and HR strategy can vary. When human resource operates as a launch and a necessity for business strategy, the role of HR in strategy making is proactive and when HR strategy is dependent of business strategy, the role of HR in strategy making is more reactive. According to her the relationship between HR strategy and business strategy can take various forms.

In brief, during its relatively short history SHRM has evolved. Today, due to the strategic importance of HRM that are exemplified by four waves, HR should have an influential and essential role in strategy implementation in contemporary organizations. Yet, despite the acknowledged potentiality of HR, in some organizations the status of HR exemplifies the first wave of HR transformation with HR still in an assistive and reactive role. Yet this does not abolish the importance of HR, nor the strategic potentiality embedded in HR practices, nor the importance of various HR stakeholders.

### 2.1.2 HR stakeholders and customer orientation

There are altogether at least five different stakeholders under the influence of HR. The well-performing HR function enables the efficiency and effectiveness, good experience and loyalty of customers, investors, employees, line managers, and communities. (Ulrich et al. 2009b; Ulrich & Dulebohn 2015, 193.) Because of having various HR stakeholders, who in fact are major business interest groups, the overall business importance of strategic HR is immense. However, the impact of some HR stakeholders on organizational performance is more direct than others – that is customers, managers, and employees. Their agency affects organizational outcomes in daily basis.

The role of a customer as HR stakeholder is becoming more and more important. The HR practices that facilitate interaction between customers and a firm and help customers to express themselves genuinely have high operational strategic value. Interactive practices between customers and employees facilitate knowing customers' expectations. Importantly, more aligned HR practices are around customers' expectations more connected customers are to a firm. Customers can be involved in recruitment process and

have their say on issues involving training employees and even operate as teachers in some of the occasions (Ulrich & Dulebohn 2015, 192).

Notably, Juuti (2015) suggests a new paradigm for HRM – that is customer-orientated HRM. Instead of serving only managers HRM should focus on serving customers too. The very idea of calling for a new paradigm is to some extent associated with the fourth wave of HR transformation. According to Ulrich and Dulebohn (2015, 191) the future HR that is related to the ideology of the fourth wave works from outside to inside. Inside, HR works to create value with employees and organizations and outside, with customers and other external HR stakeholders. The role of HR is to generate culture and processes that improve organizational capabilities. It is then the customers and other external stakeholders that define the HR value.

To emphasize the paradigm of customer orientated HRM Juuti presents a model of customer orientated HRM and combines it to traditional HRM in the following page:

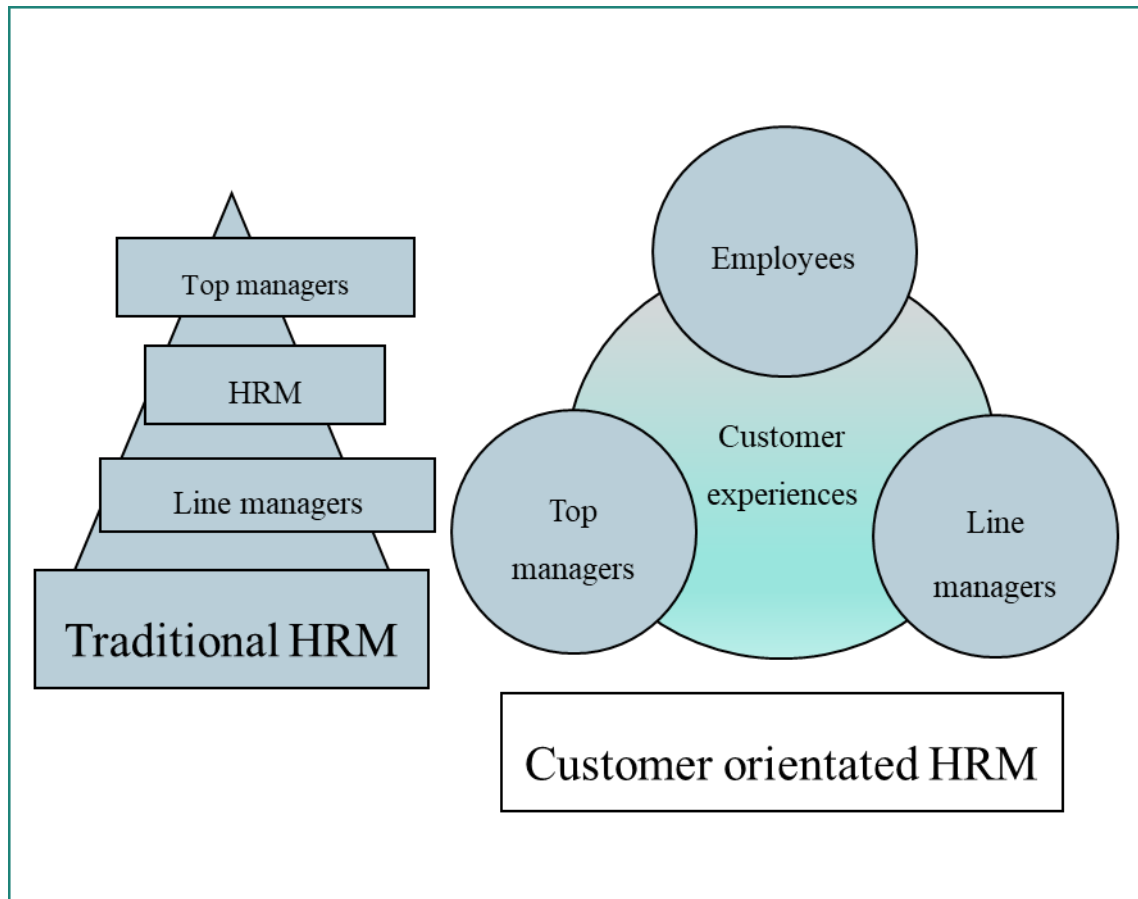


Figure 1. Traditional HRM and customer oriented HRM, adapted (Juuti 2015, 33)

In the first figure above, the model of Juuti is freely translated into English, yet not otherwise adapted. Traditionally the role of HRM, on the left side of the figure, is mainly to serve top management and assist line managers. Serving a customer is insignificant. Unlike the traditional model with clear hierarchic pyramid structure, the model of customer orientated HRM on the right side of the figure highlights the interaction of line and top managers and employees in serving customers. A goal of HRM is then to ensure a delivery of such work practices that generate good customer experiences. HRM then supports and assists top management, line managers and employees in such a manner that helps these three parties to serve customers to the best of their ability. Furthermore, with the assistance of HR it is also the line managers that help and support employees to serve customers. (Juuti 2015, 33.)

Interestingly, despite the importance of customers, the model does not acknowledge the very agency of customers. Customers are object-like participants that are more served than worked with. Notably, even though the most basic pyramid structure is diminished

in the model, the fundamentals of management centrality exist. Managers are the main HR stakeholders and decision-makers. The role of HRM is principally to support and assist all managers so they can help employees to serve customers. Thus, even if the model recognizes the potential embedded in customer orientated HRM, the role of HRM is still more ancillary than strategic. Furthermore, even though the fourth wave of HR transformation builds a picture of the accentuated role of HRM in the future, the picture remains just an ideal if customers and employees including future HR professionals are not granted true agency power and voice of influence over the managers.

Regardless of the stressed agency of managers in the model, customer orientated HRM paradigm highlights the strategic importance of customer-related HR practices and HR. To be able to generate good business outcomes social wellbeing of both customers and employees is essential. Thus, HR practices influence highly not only employees but customers. However, wellbeing is complicated and complex phenomenon, and therefore defining what is included in wellbeing, especially strategic wellbeing is highly important. Defining strategic wellbeing also enables to find ways of generating it.

### 2.1.3 Strategic wellbeing and organizational performance

The concept of strategic wellbeing that affects organizational outcomes consists of several components. According to Aura et al. (2011, 7) the core elements that have influence on strategic wellbeing are work content; employee engagement and motivation; abilities, skills, and competences; working atmosphere; management; physical working environment; leadership; health promotion and healthy lifestyle. In addition to the list of Aura et al., Virolainen (2012, 12) frames the sections that these nine elements are embedded in. He stresses that the overall wellbeing comprises physical, social, psychological, and mental wellbeing. Interestingly, all the nine components embedded in four different categories stated by Aura et al. and Virolainen are under direct or indirect influence of HR practices.

Aura and Ahonen (2016, 23–24) believe in managing strategic wellbeing. They point out that there is evidence that organizational values and organizational strategic goals form a foundation for strategic wellbeing. As a result of good management individuals are motivated, competent, and capable and organizational atmosphere is prosperous and personnel as whole is highly committed and engaged. Outcomes of business are thus good, which can be seen in overall good productivity and efficiency.

In the model of Aura et al. (2016) is suggested that a foundation for strategic wellbeing is generated by a strategic wellbeing system, top management, line management and HR function and back-office function. The foundation and its impact on organizational performance is presented in a following figure:

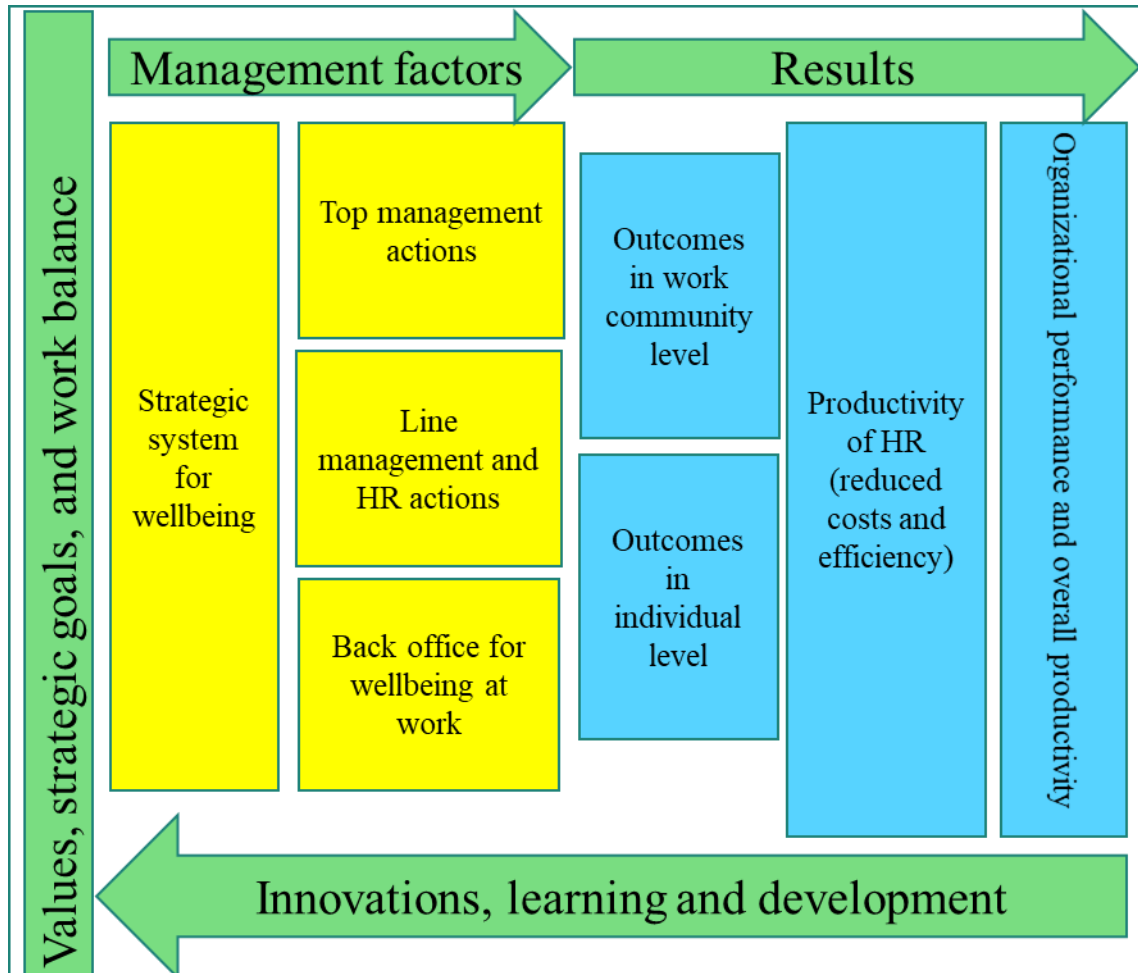


Figure 2. The model of managing wellbeing by Aura, Ahonen, Ilmarinen and Hussi, adapted (Aura & Ahonen 2016, 23)

The resumed and freely translated model by Aura et al. (2016) in the figure two above builds on the idea of a circle type of dependency relations between values, strategic goals, and work balance; managing strategic wellbeing; organizational outcomes and results; and innovations, learning, and development. Values, strategic goals, and work balance of an organization set a base for a strategic wellbeing foundation. The strategic wellbeing foundation in yellow then operates as a facilitator for good and sustainable business outcomes and organizational performance in blue, which then affects positively to

innovations, learning and development that again strengthens the base: values, strategic goals, and work balance.

According to the model, in managing wellbeing, different participants have different duties, and their contributions vary. The overall accountability management, strategic wellbeing investments, measuring and documenting the activities around strategic wellbeing are the elements of a strategic wellbeing system and they account for one third of the whole foundation. Strategic business planning and designing that influences entire strategic wellbeing are components related to top management's role and they account for one fifth of the whole foundation. HR function is responsible for activities like recruiting and work introduction whereas line managers are responsible for day-to-day activities that deal with work performance, social relations, and issues with individual employees. Together they account for one fifth of the whole foundation. Back-office function involves activities that deal with physical and mental wellbeing of employees like health care and supporting leisure activities. It makes up one fourth of the whole foundation. (Aura & Ahonen 2016, 24, 56, 69,79, 88.)

The relationship between strategic wellbeing and organizational outcomes is well pointed out in the model of Aura et al. (2016). The model shows that without investing on strategic wellbeing the good outcomes remain unachieved. The accountability of top management is essential: they are responsible for building a system of strategic wellbeing within an organization. The influence of organizational values and structure is also well recognized. Yet, equally important, in the model, the modest role of HR is to be more supportive than strategic. Management centricity is again striking. The decision-making power rests with the top management and managers. All management levels together with back-office functions have influence on creation and implementation of HR practices. These parties are also charged of the most part the HR related responsibilities.

Most importantly, despite the reciprocal relationship of organizational performance and human wellbeing, the model of Aura et al. (2016) does not emphasize the active role of employees. If the managers are mainly accountable of implementation of HR practices of strategic wellbeing – like model of Aura et al. suggests – the voice of the most significant parties – employees and customers – is not taken into accounts properly. The employees are then treated as object-like participants whose wellbeing can be managed. However, it is the employees who have the best knowledge in determining needed constituents for

their own wellbeing, and therefore they should have a voice and agency power in managing strategic wellbeing. Wellbeing is an experience that is subjective and builds upon feelings of an individual, and without experience of pleasure, excitement, and happiness the level of commitment and productiveness of an individual slackens (Warr 1990, 1994, according to Virolainen 2012, 13–14). In fact, the voice of employees and customers is so relevant that it should be taken into accounts in SHRM research when the aim is to find the relationship between HR practices and performance. An interesting question is if the voice of main HR stakeholders has been properly stressed in research.

## **2.2 Whose HR role has been pivotal?**

Contemporary SHRM has various roots in economics, sociology, and psychology. Despite human sciences involvement and the managers seem to have centric role in research. The reasons are few. The preponderance of SHRM frameworks is connected to strategic management literature, in which the role of managers is essential. Therefore, the overall focus is on managers and their role in decision-making, managing workforce, and structuring work systems including HR practices. (Storey et al. 2009, 6.) Research on implementation of HR practices concentrates also from the large part on managers leaving HR function on the shadows. According to Guest and Bos-Nehles (2013, 93) research on HRM and performance identifies the role of managers in HR practices implementation, and most research on HRM and performance has neglected the role of HR function. Naturally, when the focus has been on managers, not HR professionals nor employees have received much of attention despite the key knowledge they possess in HR related issues.

Contemporary SHRM research confronts another obstacle that originates also from traditional hierarchic structures. In a traditional organization, human beings are treated more as targets than agents and therefore, they can be handled as a “natural” resource, human resource. According to Alvesson (2009, 55–56) there is some sort of a problem in HRM research because human beings are handled as fixed objects. One of the assumptions is that human capital constitutes an asset that can be worked on. The other assumption builds on the idea that there is a management concept of good HRM arrangements that includes normally careful selection process, extensive use of communication, flexible team working, emphasis on training, empowerment and performance based on reward systems. The words of Alvesson and others highlight how

agency power of workforce – or HR professionals in that matter – have not been essential in HRM related research. On the contrary the focus has been on the agency of individuals that hold position of a manager like in the models of Juuti and Aura et al.

Not many have understood the dilemma of management centricity in SHRM research. Unlike most Guest and Bos-Nehles (2013, 96) underline the importance of HR function in implementation. According to them HR professionals should have essential role in assuring quality of HR practices because of their expertise and knowledge. They also state that more research is needed on not only the presence of HR practices but measuring their effectiveness. The words of Alvesson (2009, 59–61) reinforce the need of new type of research. Even though it is reckoned that the success of HRM systems is tightly connected to validity of HR practices and overall HRM consistency, more is needed. To truly unveil the influence of HRM over employees and unpack the black box<sup>1</sup>, more ethnographic type of HRM research on local intentions, usages and practices and interpretations are stipulated. There is a need for studies that focus more in dept on the sets of HRM practices and concentrate more on the interface between employees and these practices instead of specific aspects of HRM. Even though the words of these researchers indicate that examining social processes in real life context is a key for finding out the impact of sets of HR practices on employees and performance, in context of traditional organizations the task remains difficult. In traditional organizations employees have an object-like position and managers have a power position. Hence, HR professionals are not granted agency power over managers.

Even the poor performance of managers has not affected the dominance of management in HR. According to Guest and Bos-Nehles (2013, 91–92) line managers that are identified as responsible ones for operational HR implementation have failed the task of implementation. To some extent they have been reluctant to implement HR practices in efficient way and the reasons for reluctance are various. Firstly, amid managers there is a lack of desire to perform in an operational HR role. Secondly, managers do not have sufficient resources and time to handle both operational and personal responsibilities. Thirdly, some managers have not enough HR related competence and fourthly, they do not receive proper required support from HR specialists. Lastly, there is a misunderstanding between HR professionals and managers that leads to certain ambiguity

---

<sup>1</sup> Supposed linkage between the input of best practice HRM and the output of good firm performance



on the work roles and therefore, the lack of trust between the two parties. Hence, considering the overall agency power of line managers combined with possibly poor HR competencies, it is difficult for HR with limited implementation power to have strategic impact in traditional organizations. After all a designed HR policy is nothing but a piece of static structure. The main difference between HR policy and HR practice is that former relate to more to an initiative intended by an organization and latter relates more to activities that are genuinely implemented (Langevin Heavy et al. 2013,143). Indeed, strategic plans and strategic practices have no value if they are not implemented correctly.

To conclude, until 2010s the problem with SHRM research has been that it has not been able to point out strategic importance of HR in real life organizations. Hence, when the focus has been on the agency of managers, discovering the connection between HR practices, all HR stakeholders and organizational outcomes has remained obscure. In fact, with the chosen research focus and used frameworks SHRM research has strengthened the importance of managers and maintained old conventional structures in which humans form a resource that can be managed. However, there is a reciprocal relationship between research and real-life organizations. Management centricity in contemporary organizations is still a common fact. Reluctant and incompetent managers as mediators between employees, customers and designed HR policies creates a great deal of complexity for SHRM research. A question that calls for an answer is thus why management centricity has been so overpowering that it has left HR and highly important employees and customers into the shadows.

### **2.3 A culture of rationality**

Management centricity that is embedded in models presented in previous subchapters and that has been dominating SHMR research is deeply rooted in a culture of rationality. The dilemma of so called “rational organizing” is vast and impacts widely. Juuti explains (2018, 27) that these hierarchic structures, the models of rationality, are difficult to question because they are so embedded in cultural environment of traditional organizations. All over the world, they are commonly accepted to be a proper and right form of organizing. (Evidentially, a culture of rationality is such a norm that it can be even partly perceived in the customer orientated HRM model created by Juuti (2015) himself). Hence, as consequence, in this culturally dominant environment of rationality, it is quite natural that HR only exists to assist “rational” managers to do their work, despite

the well acknowledged fact, that employee and customer related wellbeing issues affect strongly to all organizational outcomes especially in KIFs.

Juuti continues (2018, 36–37) by crystallizing that so called rational models of organizing that have their roots in Taylorism and the ideas of Weber and Fayol do not acknowledge the very essence of human beings. Yet, there is no rational thought that does not involve a feeling, and each act is based on the interplay of cognition and emotions. Timms (2020,3) clarifies the idea of work in traditional context by explaining how historical construction of the technology of a job involves adapting hierarchical set-up with layers of leaders, managers, and “subordinates”. Because of the history of organizing a business human factors and feelings are comprehended something “unnatural” in business settings. In Taylorism human beings are treated as robots (Timms 2020, 60).

Whereas the agency of management is highly emphasized in traditional organizations the agency of employees or customers is overlooked in a traditional set up. The definition of a corporation that draws from four cornerstones highlights why the agency of managers is in such high value in traditional organizations. The cornerstones of a corporation are and has been over hundred years limited liability of investors, free transferability of investor interest, legal personality, and centralized management. In corporations, the power to determine a corporation’s overall direction is given to directors and the power to control daily operations is given to managers. (Monks & Minow 2011, 7, 9.) The role of few is highly accentuated – that is owners, top managers, and managers whereas customers and employees are not granted any active role.

Also, the chosen focus of corporate sustainability in organizations does not support HR related issues. Social or human sustainability is not accentuated. In building up sustainable organizations environmental sustainability seems to be more relevant for organizations than social sustainability. The question of Pfeffer (2010, 35) crystallize well the core of dilemma. Without underestimating the significance of environmental sustainability, he ponders: “Why are polar bears, for instance, or even milk jugs more important than people, not only in terms of research attention, but also as a focus of company initiatives?”

Further, existing legislation strengthens the existence of hierarchic organizations. Finnish Corporate and Labour laws maintain the dominance of hierarchic structures, ownership, and management centricity. According to Limited Liability Companies Act 1:5 the

purpose of a limited company/ a corporation is to yield profits for its owners if not agreed otherwise in articles of association. According to Employment Contracts Act 3:1 an employee must carefully follow the orders given by the authority of an employer. (finlex.fi.) The agency role is granted for a representative of an employer – a manager and a mission and a vision of a firm has no automatic importance. With management and owner centricity, it is thus just natural that a presentative of workforce – HR –has an assistive role.

Yet, management centricity unlike human centricity harm the efficiency of an organization and have negative impact on organizational outcomes and performance. The cost of management can be relatively high in absolute and relative terms. To begin with, the great deal of paid compensations is targeted to managers. Secondly, due to the management and power hierarchy, there is real risk of large and calamitous decisions. Thirdly, the management centricity harms the agile and fast interaction between employees and customers and systematically disempowers lower-level employees. (Hamel 2011.)

Hence, a culture of rationality does not appreciate human spirit and the importance of HR. Yet, abandoning a culture of rationality – basis for modern organizing within hundred years – is not easy. Forming an enterprise without management centricity that reflects the image of an organization with multiagent system, identifiable boundaries, system level goals with the constituent agent's efforts (Puranam 2014, 163) has been challenging. Even a thought of such organization has been absurd. Due to the dominance and accepted familiarity of a traditional organization it has been difficult to imagine an organization, in which there is no managers, titles or promotions and employees possess power and are responsible for themselves and compensation decisions are peer-based (Hamel 2011). Interestingly, contemporary attempts like SMOs have potentiality to bring desired cultural change and human centricity into organizations.

### **3 Human centricity: SMOs and a possible new role for HR**

#### **3.1 A human centric form of organizing – the concept of a SMO**

An intriguing human centric form of organizing that seek to maximize human energy by reducing hierarchy and facilitating agency of all organizational members identify itself as a self-managed organization (SMO). The concept of a SMO is not easily determined, because SMOs forms evolutionary social systems, and therefore any straight and precise definition most certainly would fail to explain the phenomena of self-management in organizational level. However, SMOs share common elements that differentiate them from other organizations. Even though many SMOs operate differently the features that are common are decentralized decision-making, non-hierarchic structures, and open information sharing. (Timms 2020, 152).

According to Aura et al. (2021, 2) organizational self-management means that employees and teams are self-orientated organizational participants who have both power and accountability over the organizational goals, operations, and outcomes. Managing a self-managed organization refers thus to the big picture in which is decided to what extent the workforce is charge of business goals and strategy. The role of top management and (possible staff managers) is to support workforce and facilitate shared leadership.

Lee and Edmondson (2017) aim to conceptualize self-managed organizations. They also point out that organizational self-management can take various forms in a team and in an individual level. In a general way, they identify self-managed organizations as those “that radically decentralize authority in a formal and systematic way throughout the organization” (Lee & Edmondson 2017, 39). They underline that despite the fact, that the prior research on post-bureaucratic organizations, humanistic management and organizational democracy is connected to SMOs the very research does not capture the essence of the concept of a SMO. According to them SMOs build on radical decentralization of authority without traditional reporting relationships, a formal system that facilitates shutdown of managerial hierarchy. They continue that radical decentralization being organization wide means that the rules are same for each member of an organization and authority is invested in roles.

Nevertheless, according to Bernstein et al. (2016) it is desired balance between reliability and adaptability that is essential. Instead identifying the structures of SMO's, the focus

should be on functionality at the level of firm strategy and policy. Thus, the reality of self-management varies due to the usage of elements of self-management in finding the right balance between reliability and adaptability. It is wrong to assume that organizations that identify themselves as SMO's have no structure, they have no hierarchy, and everything is decided by consensus. They also point out that the plausibility of the concept of a SMO divides opinions.

Accordingly, some concepts linked to SMOs facilitate comprehension of the very concept of a SMO. These concepts are agile, podularity that has its roots in agile, holacracy, and a teal organization. Whereas the former two have their basis more on cross-functional and self-managed teams or basic units that are identified as "pods", the holocracy builds on the idea that decision-making and authority are distributed among circles throughout the organization. The latter, the most recent orientation to the concept of SMOs, a teal organization deals with the core idea that enabling individuals as "whole" to self-organize and self-manage achieves organic organizational purpose. (Bernstein et al. 2016.)

More in detail the concept of Agile deals with methods and is developed among KIFs in information technology industry. In Agile software development the core values relay on flexibility and human centricity instead of rationality. The essentials are individuals and interactions over processes and tools, customer collaboration over contract negotiation, working software over comprehensive documentation, responding to change over following a plan ([agilemanifesto.org](http://agilemanifesto.org).) Holacracy is designed for humans. Holacracy as a management practice aim to embrace individual humanity, autonomy, and creative problem-solving ability. The focus is on increasing ownership and engagement and distributing authority. ([holacracy.org](http://holacracy.org).)

Interestingly, the organizational model/theory of teal was introduced in the book called *Reinventing organizations* by Frederic Laloux in 2014. Basic idea of Laloux's theory is to create organizations that are at the high level of human consciousness. Based on the framework of Laloux organizations have different evolutionary stages. The progressive journey is traced through five levels, paradigms, that are labelled by colours of red, amber, orange, green and teal. Key breakthroughs with red organizations are division of labour and command authority, with amber ones; formal roles and processes, with orange ones; innovation, accountability, and meritocracy and with green ones; empowerment, value driven culture and stakeholder modal. At fifth level, in teal organizations self-expression

and work fulfilment of an individual are centric. The main principles of a teal organization are self-management (self-actualization and self-authorization) of an individual, understanding the organizational wholeness, and helping people to work for a larger evolutionary purpose. Laloux proposes processes, structures and practices that involves the assumption that people want to achieve their fullest potential. The shift involves renouncing the egocentric need for control and the deficit-based approach and moving to more strength-based approach. The emphasis is also on horizontal transformation through innovation orientation not only on the vertical consciousness movement. (Laloux 2014.) The propositions made by Laloux render ideas how a SMO can build dynamic structures through practices and processes and maintain functionality (reliability and adaptability) that Bernstein et al. (2016) found important.

The concept of a teal organization has raised an interest amongst researchers and business professionals. Based on the book reviews the book with radically fresh perspective helps business leaders to explore a new organizational form, the next paradigm of management, with strong human emotional and psychological pull that honours the human spirit at work. The book is therefore useful for business professionals like organizational development (OD) and HRM practitioners. (Golla 2020; Kwon 2018; Banner 2016.) However, even though a book provides a vivid picture of a form of organizing where human flourishing is centric, there is a lack of rationale and unclarity for transitioning and adopting transformative practices. (Kwon 2018).

Notably, a variety of knowledge intensive firms have changed their organizing forms towards self-management. Yet, in Finland, the shift has been a marginal phenomenon. However, the interest is growing. In Finland companies like Vincit, Reaktor and Futurice have been pioneers of self-management (Martela & Jarenko 2017,11). Equally important, in 2017 a non-profit organization named Teal Finland Cooperative was founded to support the development of teal competencies and facilitate plausibility of the concept. (tealsuomi.fi.) Globally human centric forms of organizing are already adopted by many KIFs. The pioneers in Europe have been Spotify and Buutzorg and in US Zappos, Valve, Menlo, and Morning Star (Martela & Jarenko 2017,11).

To sum it up, the inclusive definition of a SMO is still missing, and SMOs differ from each other. Indeed, categorizing any organization is relatively difficult. Somewhere between Weberian bureaucracy and self-management there is Mintzberg's adhocracy

(Martela 2019, 6). Hence, most likely some SMOs are more self-managed than others, and static structures like teams can have a leading role over individual employees. Therefore, the decentralization level of power fluctuates. Despite the ambiguity and the complexity, flat hierarchy, shared agency power and honouring human spirit are clear features of a SMO. Powerful agency role of employees and fully shared leadership is the very ideal form of organizing. Metaphorically, according to Lee and Edmondson (2017, 39) hierarchical organizations operate as systems of feudalisms, in which majority of employees have no property rights and SMOs as systems that provide property rights for all employees. For these reasons fulfilling human needs is essential for SMOs.

## **3.2 Human needs, HR practices and organizational culture**

### **3.2.1 Meeting the human needs**

Human well-being is valuable organizational outcome. Kramar (2014) points out how sustainable HRM unlike “traditional” SHRM that focuses on optimizing financial outcomes calls also for wellbeing of all stakeholders and underlines the essence of HR practices that generate employee’s wellbeing. In fact, many components of strategic wellbeing are intertwined with human psychology. Quite recently some researchers have examined the impact of human psychological needs in business (Guest 2017; Caligiuri et al. 2013).

In his article Guest (2017) focuses on human wellbeing and the importance of ethical HRM approach. He underlines that wellbeing is complex phenomena than can be affected by many things for instance a person’s lack of optimism about the expected future. According to him ill-being of employees in today’s constantly changing and demanding work environment is easily promoted, if implimented HR practices that aim to enhance performance do not have enough concern for wellbeing of employees. He suggests that HR practices and policies that build around investing in employees, engaging work, positive social and physical environment, voice, and organizational support are essential in promoting employee wellbeing. He shows that investments in these areas nourish positive employment relationship that is related to trust, fairness, security, fulfilled psychological contract and high quality of working life. As a result, wellbeing, and positive employment relationship then effects positively both individual and

organizational performance. Evidentially, conclusions made by Guest support clearly the importance of psychological and social elements of strategic wellbeing.

Juuti (2015, 135–138) accentuates that there is a reciprocal relationship between customer emotions and employee emotions that takes a form of a circle. He explains how short-term endeavours, straightforward cost cuts that affect negatively psychological and social wellbeing, generate a negative circle of wellbeing. The stress among employees caused by these cuts facilitates bad customer experience, which then generates more stress for employees due to the bad customer service. After losing customers more financial savings are needed and the engendered vicious circle continues. Juuti (2015, 135–138) continues that in a scenario of more positive circle, the social and psychological wellbeing of employees are secured by offering psychologically safe context for work and co-operation. Joy at work is then possible and generates easily good customer experiences, which then increases overall happiness of both parties. Increase in happiness level then affect positively for the overall working settings by generating good atmosphere. The engendered circle is then prosperous.

In fact, the need for security is quite accentuated. Whereas working environment is often physically quite safe, psychological safety of employees can be jeopardized without atmosphere of trust and support. Feeling psychologically safe at work requires having a safe place for free expression without worry and anxiety. (Timms 2020, 69–70.) The other need, a need of self-actualization is highly related to increasing motivation (McCleod 2020) and thus human energy. To sustain energy, the most efficient employee strategies relate to learning and workplaces strategies (Timms 2020, 59).

These human needs that intertwined with the components of strategic wellbeing are already presented in the core ideas of Maslow's Hierarchy of Needs in 1943. Despite constant change human psychology remains quite fixed, yet complicated. The model of Maslow has been exploited and expanded over the years, and the relationship of different needs is more intertwined than hierarchic. The deficiency needs involve physiological, safety, love/belonging, and esteem needs whereas the growth needs involve cognitive, aesthetic, self-actualization, and transcendence needs. (McCleod 2020.)

To summarize, if human needs presented by Maslow and human emotions are honoured in organizations like Guest (2017) suggests in his framework, wellbeing flourishes and a circle between clients and employees is prosperous. Because of the fundamentals of a



SMO, these organizations provide a good base for honouring human needs to their fullest extent in working environment. Accordingly, fulfilling or ignoring these needs has major impact on organizational performance because in knowledge intensive SMOs, the long-term progress of a whole organization depends on the psychological contract between the organization and its employees. A culture of well-being is thus mandatory for SMOs, which highlights the role of good HR practices.

### 3.2.2 Power embedded in HR practices

Organizational cultures are patterns of beliefs, values, assumptions, and behavioural norms. Observing behavioural regularities, climate, formal rituals and celebrations, espoused values, formal philosophy, group norms, rules of the games, identity and image of self, embedded skills, habits and models, shared meaning and integrating symbols makes culture visible. (Schein 2017, 2–5.) Notably, a structure of a culture becomes visible in HR practices and implementing new practices is a key for changing any culture.

Each organization has a unique cultural identity and a certain reputation and, HR practices contribute to building up a desired cultural identity. The known identity of an organization may be enhanced with HR practices that are aligned with wanted strategic capabilities (Ulrich et al. 2009b, 183). Thus, HR practices have a power to shape organizational identity and have positive strategic influence but only if individuals in charge of designing and implementing these practices are familiar enough with core business itself.

Further, good atmosphere – one the fundamentals of strategic wellbeing – is highly linked to the reciprocal relationship of HR practices and culture. According Virolainen (2012, 184–186) atmosphere results from reciprocal interaction between the members of an organization and it is facilitated by organization culture and its norms, values, and attitudes. He emphasizes that applied methods and policies has major impact on atmosphere. He explains that many elements like structural choices and amounts of norms and regulation, freedom of choice and the presence of risk factors have influence on organizational atmosphere. He continues that used feedback and reward systems and the overall level of friendliness and support have impact on organizational climate. He also states that a feeling of equality and set standards that influence on behaviour have a role as does a sense of belongingness and a sense of commitment, a level of openness in communication and a level of interaction. Interestingly, the words of Virolainen indicate

that HR practices that take a notice of human psychological needs pave a way for prosperous organizational climate and cultural environment.

Furthermore, HR practices are indeed powerful. HR practices have a power to build sustainable organizations or vice versa to create such a culture of efficiency that is harmful for employees. Mariappanadar (2012) point out that management HR practices that concentrate mainly on constantly increased employee efficiency expectations have a negative impact on employee psychological and social and even physical wellbeing. In fact, the effect can be even worse. The tragedy that happened in France reveals the dangerous power embedded in HR practices. In December 2019, 35 employees in telecommunications giant in France committed a suicide because of the atmosphere of fear at work. Based on the court verdict, the implemented work practices were the reason behind the tragedy. To speed up departures of employees, a scheme to worsen the work conditions of employees generated and maintained by few executives created a severe climate of anxiety that led to the tragedy. (Timms, 2020, 4.)

Contrariwise, according to Stahl et al. (2020) HR practices can operate as tools of responsibility and sustainability. They can contribute towards social welfare, protecting the environment and facilitate long-term economic prosperity. HR practices can help organizations to do good and to avoid doing harm economically, environmentally, and socially. They continue that desired sustainably orientated activities go beyond what is required by straight-forward letter of law and HR practices can be driven by many things like values, mission, strategy, or overall compliance. Stahl et al. (2020) explain that through HR practices HRM has a power to integrate sustainability and responsibility principles into existing processes and generate sustainable organizational culture. Fair treatment of diverse workforce both globally and locally is possible through sustainably HR policies. The paper of Stahl et al. shows well the great potential of HR and its practices in transforming organizational cultures into more sustainable ones.

Further, the level of customer orientation embedded in culture depends also on how well HR practices facilitate good experience of customers. To have a customer orientated organization requires immediate and continuous communication and interactions with customers. Changing a perspective towards customer orientation can be difficult because it calls for cultural change. To make a change, there is a need for concrete action and activities that facilitate meeting the customer expectations. (Juuti 2015, 117.) These

concrete operational changes means that embedded HR activities generate good interaction and good atmosphere between customers and employees.

Furthermore, the consistency of HR practices is pivotal. Especially in large firms, HR's role in building up and maintaining strategically significant unified structure and culture is essential. The role of HR involves more than just facilitating customer orientation or wellbeing and sustainability. Corporate HR professionals in large firms have their significance in creating consistent firm wide face culture, in implementing CEO's agenda, in ensuring an alignment between HR work and business goals, in choosing between local and global HR practices and so on (Ulrich et al. 2009b, 193). Due to the sake of organizational unity the consistence of suitable set of HR practices is thus important. Ulrich et al. (2008, 171) underline that HR-practices must be aligned for success in a matter that they are aligned not only to business strategy but also to each other. In addition, cultural differences cannot be ignored either and for that reason the best practices vary (Viitala 2015, 274–275).

Altogether, even though there is great potential embedded in HR practices in building up desired cultures, benefiting from their potential is not simple – and in wrong hands HR practices can be even dangerous. To achieve desired culture, HR practices and static structures must be aligned with each other and with business strategy no matter the size or the level of internationalism of an organization. Notably, SMOs are not immune for any of these challenges that involves the usage of HR practices.

### 3.2.3 Dynamic structures of a SMO: A human centric culture

Because power is decentralized and there is not any specified structure, the interplay between culture and HR practices is accentuated in SMOs. Without a culture of wellbeing shared leadership, decentralized power and the wholeness is difficult to maintain. Notably, despite variations SMOs do intend to share some cultural features that underline human centricity. A teal culture is a good example of a cultural platform of a SMO. Trust, freedom, and accountability as elements of self-management are cultural features of a teal organization as are sharing knowledge and information. The cultural traits of a teal organization, that deal with wholeness and evolutionary purpose are learning, equality, safety, collective and individual purpose, future orientation, and assumption that focusing on purpose generate profits later. (Laloux 2014, 229–232.) Factors that deal with human

needs are thus highly valuable and as result of happy and prosperous co-operation eventually good financial business outcomes will follow.

HR practices as components of enhancing wellbeing are thus necessary for SMOs. Romero et al. (2020) provide interesting insights into how teal organizations work with respect to the principles of wholeness. A culture of Infojobs-Schibsted in Spain, a technology-based knowledge company, shows that innovative daily practices like regular use of gratitude together with good nominal resource practices of wholeness play a significant role. Romero et al. (2020) continue that teal organizations have developed a consistent set of practices that facilitate reclaiming our inner wholeness and exploiting who we are at work. These practices are capable to operate effectively with a system-based on peer relationships even in large organizations. Based on the case of Infojobs-Schibsted, the small practices, so called daily practices as the differentiating element, effectively incorporate new values, and generate policies. Daily life practices are associated with meetings, information flow, decision-making, mood management, team community building and conflict resolution. Together they generate culture and values, fundamental assumptions and creating safe space. Accordingly, innovative practices are a great part of being a SMO. Martela (2019, 18) accentuate that at best SMOs could come up to expectations of increasing employee emancipation and empowerment because SMOs have often experimented with a multitude of interesting new practices.

The other example highlights the significance of human centric cultural values and HR practices in SMOs. In Barcelonan company Cyberclick identified as a SMO, the core values thrive though the significance of admiring people, always finding a better way, and genuinely focusing on customer experience. The culture emerges organically without any control but is defined internally by choosing the values that stand for the personality of the whole entity. Creating a culture like Cyberclick's, the members of an organization agree on some parameters and principles among themselves, which generates and bring out desired energy – the process that shapes constantly the identity of an organization with a unique personality. Thus, self-management does not mean that things happen by chance. Various activities are offered to employees to recharge and socialize – the good fit between an organization and chosen activities is important. The number of vacations days is unlimited, and employees have freedom of choice with variety of work specifically issues. Happiness surveys are discussed weekly basis. Reasons for unhappy scores are dealt immediately and to the extent in which a resolution is possible. (Timms,

2020, 153–154.) In one hand, the case highlights the human centrality of a SMO and on the other hand, it points out that activities and chosen parameters and principles – that are HR practices – play a significant role in achieving cohesive operations. Constant monitoring is also necessary.

Hence, the culture of co-operation is the nucleus of a SMO and co-operation requires agentic activity. The constantly evolving organizational culture of a SMO builds on human sharing and human development. Members of a SMO share work accountability, authority over the goals, discretion over resource usage, and ownership of work-related information and knowledge (Bernstein et al. 2016, 43; Martela 2019, 8). Thus, in a SMO, in general each organizational member operates as a fully authorized agent.

According to Goller (2017, 88, 93–94) work agency is defined as the ability to make intentional choices, to initiate actions based on these choices, and to exercise control over the self and the work-related environment. Based on the review of social cognitive psychology, life-course research and organizational behaviour literature, work agency is comprehended as an individual characteristic that is connected to individual's ability to engage agentic actions. These actions consist of various self-initiated and goal-directed behaviours that are assumed to result in certain kinds of outcomes. Then the entire causal chain is an unseparated part of the specific sociocultural and material context that characterizes the situations of individuals. The words of Goller stress how an individual characteristic together with environment affect agency actions. In SMOs where the employees are not forced to act according to orders, the work agency and energy of employees operate as constituents of those dynamics structures that are facilitated by implemented processes and practices. As Martela (2019, 9) accentuates that proactivity of employees is almost a necessity in SMOs.

The absence of middle management and shared decision-making affects the role of top managers. The status of top management in SMOs thus differ from the status of their more conventional peers. Hence, being a top manager in a SMOs requires thus different kind of skills and behaviours than traditional top managers have. Yet, top management still have a clear power position. Without top management commitment and support there is no culture of self-management. In SMOs top managers *choose* to have faith on employees. Martela et al. (2021, 33–34) accentuate the essence of trust. The right attitude of top management is then to have faith on employees' ability and believe in their genuine

will to participate in the best they can. Employees are assumed to be active and willing to perform well: top management perception on employees' motives is thus highly positive (Martela 2019, 11; see McGregor 1960). In fact, the members of WorldBlu™ that are CEOs or leaders in SMOs believe in leading with the principles of freedom and democracy and inclusion in workplaces ([www.worldblu.com](http://www.worldblu.com)).

In SMOs employees knowledgeable of business itself handle many HR related duties that are traditionally mastered by managers or HR professionals. Local HR professionals in large firms are the best to select and implement HR practices that facilitate the delivery of business strategy (Ulrich et al. 2009b, 195). One of the agile methods called Scrum framework introduce a role called Scrum Master that exemplifies a HR role of an employee. A Scrum Master is an individual who coach members of a team in self-management and cross-functionality and helps employees and other stakeholders to work efficiently in complex working environment in a positive and productive manner. ([scrum.org](http://scrum.org).) When working as mentors, Scrum Masters participate in implementation and creations of HR practices. Externally oriented agentic individuals have tendency to make a difference. They develop and transform work practices, create new work practices, and address tension in work practices. (Goller 2017, 91.)

Moreover, as for static structures, SMOs often prefer to have team structure. Self-managing enterprises have a variety of teams, and the overall structure is diced finely. Whatever these self-governing teams – “pods”, “circles”, “cabals” – called themselves they are the basic components of organizing. (Bernstein et al. 2016, 43.) In other words, the ideal structure involves often smaller independent units, that are flexible and easily altered. In general, static structures are enabling structures that facilitate understanding the meaning.

In brief, SMOs are evolutionary organizational systems that strive for prosperous human interaction, energy, and agency. Human centric values and culture and evolutionary purpose with free agency power of employees are the basis for dynamic structures of organizing. Importantly then, employee agency and energy based more on a psychological contract than any formal contract. Honouring human needs thus is cardinal. Therefore, in maintaining a psychological contract between employees and a SMO, HR practices that facilitate a desired culture of wellbeing and nourish, guide, and create desired agency and energy are indispensable.

### **3.3 Strategic wellbeing and performance in SMOs – HR’s new role?**

#### **3.3.1 Strategic wellbeing in SMOs**

Self-management has much potential. Unlike hierarchical organizational forms, less hierarchical forms of organizing can handle information efficiently in knowledge intensive context and provide organizational members personal meaning and work fulfilment. Self-management works in complex and flexible work context in which agile structures are facilitated by technological solutions. (Lee & Edmondson 2017, 37; Martela & Jarenko 2017, 11.) Yet, contemporary self-management is better organizational fit for some knowledge-intensive organizations than others. Self-management works the best with industries with traditional strong professions, high customer demands, and with relatively high independence (Martela 2019, 16–17). Despite differences, without a culture of wellbeing and well-functioning dynamic structures – desired energy and agency – the wholeness and an evolutionary purpose of any SMO is easily damaged.

In fact, due to the bare minimum of fixed structures and work stress related to KIFs, knowledge intensive SMOs have a high risk to increased level of psychological work stress. Virolainen (2018, 18) identifies the challenge by stating that the professionals in organizations that are knowledge intensive are especially exposed to psychological work stress and pressure. According to Richard Sennett (2002) it is the new forms of organizing that facilitate working forms that are straining for a psychological nature of humankind, that Martela (2019, 18) fortifies by stating that self-management can cause stress, chaos, and confusion.

What does these pieces of information mean for SMOs? Bernstein et al. (2016, 41) point out that the proponents hail for the ability of forms of self-organizing to foster flexibility, engagement, and efficiency whereas the critics find these forms naïve and unrealistic experiments. In fact, both outcomes – a failed experiment or an efficiently and enthusiastically operating organization – are no doubt possible. If a SMO does not have enough desired energy and agency, its strategy is poorly executed, and its continuous operations are destined to fail. Wellbeing of “human resource” is vital condition for any well performing KIF, especially for a SMO. Therefore, it is essential to pay attention to those elements that generate a culture of strategic wellbeing.

According to study of Larjovuori et al. (2021) strategic wellbeing is in general at better level in SMOs than it is in traditional organizations. The study of Martela et al. (2021) also state that good work engagement and motivation are related to organizations that are self-managed or in which the power is more decentralized. Study of Larjovuori et al. (2021) was conducted in Finland among 116 employees working in five different knowledge intensive organizations that identified themselves as SMOs. Due to the relatively narrow research material, study findings provide only very general overview on the matter in question. However, based on the research it is the communal praxis that form a base for the existence of strategic wellbeing in these organizations. The model of strategic wellbeing built on the study findings are presented in the following way in the next page:



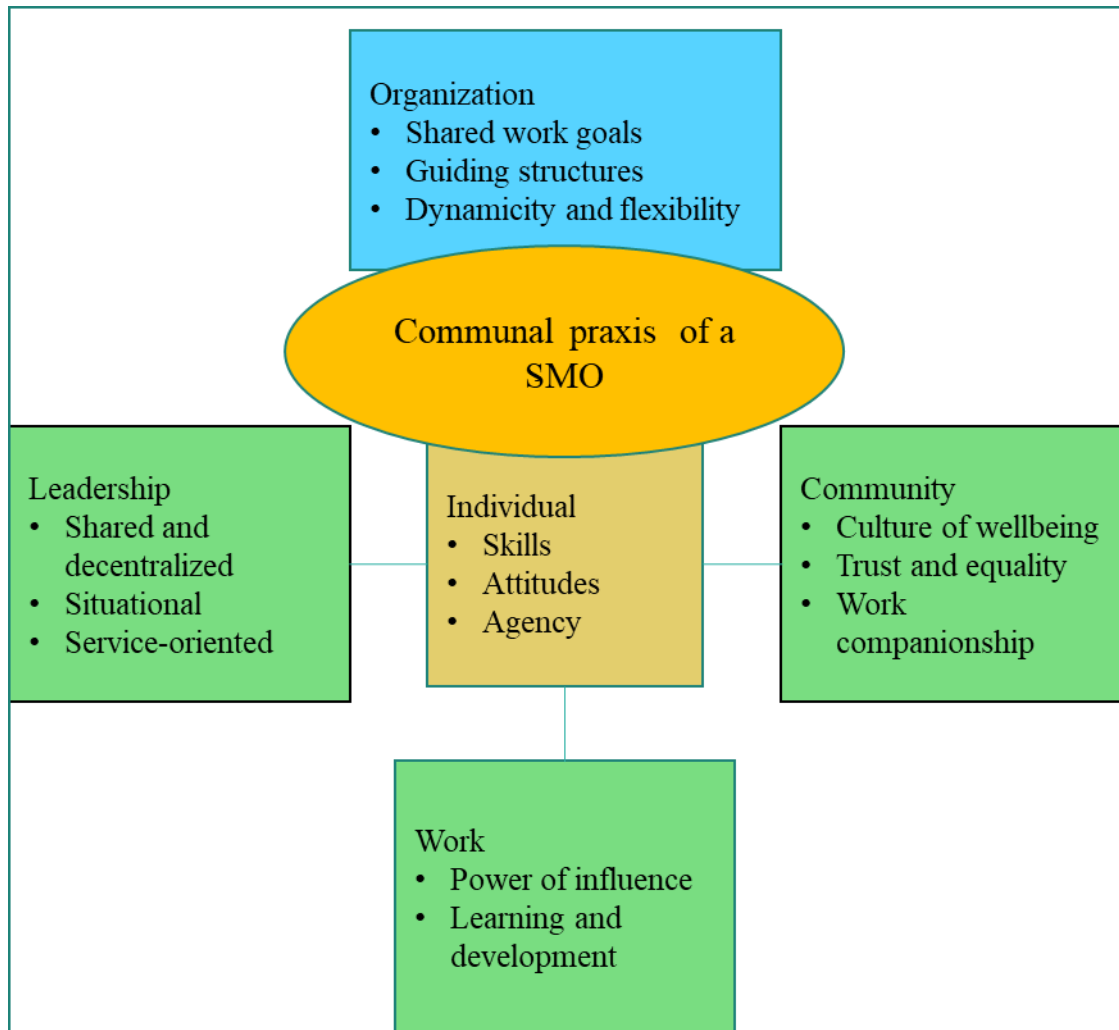


Figure 3. The model of strategic wellbeing in SMOs, adapted (Larjovuori et al. 2021,72)

Based on the model of strategic wellbeing in SMOs translated into English in the figure three above, it is the communal praxis within a SMO that forms an enabling base for strategic wellbeing of an individual. Wellbeing of an individual that depends on competencies, abilities, and work agency and energy is pivotal. Prosperous co-operative culture together with good working relationships affect positively to an individual wellbeing as do genuinely shared leadership and the power of influence and learning at work. The role of an organization is to provide a flexible but unified framework of operations through shared goals and guiding structures. Above all, in SMOs it is difficult to identify the difference between management, organizational activity, and community activity. (Larjovuori et al. 2021, 70–71.)

Addedly, Larjovuori et al. (2021) state that high work stress is easily present in SMOs. Some of the study findings dealing with strategic wellbeing had clear variations. These

variations involved especially decentralized decision-making, work participation, work leadership, work satisfaction and meaningfulness, positive work practices and role conflicts. They explain (2021,48) that unclear goals and purpose, difficulties in organizing work, mishmash of practices and ambiguous settings, and lack of support and guidance lead to losing a focus, meaning, and diminish a feeling of control at an individual level. As consequence of this, work engagement decreases and work stress increases. These unpublished study findings of Larjovuori et al. (2021) will have been published by the time of my study is conducted.

Notably, it is also the very agency role of employees that facilitates strategic wellbeing. The connection presented between an individual and three factors of leadership, work, and community (green boxes) is reciprocal. When employees have an opportunity to make a difference, it will have positive effect on their wellbeing. Organizational learning and building up human competence together with equal opportunities nourish prosperous organizational climate. (Virolainen 2012, 34,189.) In their study findings Martela et al. (2021) show that more self-driven and self-directed employees are more engaged and motivated they become. They also then experience less work-related stress. The self-direction of an employee is intertwined with agency power of employee. The agency power of an employee relates to decision-making power that concerns work itself, leadership, and organizational development. Due the novelty of study findings of Martela et al. (2021), not yet published in peer reviewed journal the findings are preliminary.

Importantly, any well-managed firm has talent, speed, shared mindset, accountability, collaboration, learning, leadership, customer connection, innovation, strategic unity, simplicity, social responsibility, risk, and efficiency (Ulrich et al. 2009a, 37–38). If applied HR practices in SMOs focus on the factors and elements pointed out by Ulrich, et al. in good compliance with human psychological needs, they generate strategic wellbeing and good performance in SMOs. Larjovuori et al. (2021, 71) accentuate that SMOs have plenty of potential, and more so, a responsibility to positively affect people on their region of influence. Being a well performing SMO requires thus having the aggregate of HR practices that facilitate the creation of communal praxis, in which energy, agency, processes and practices come together in prosperous way facilitating a culture of wellbeing. Evidently, the power embedded in the relationship of HR practices and culture escalates in SMOs.

### 3.3.2 Performance and the potential strategic role of HR

Taking into accounts prosperous human orientated settings without middle management in SMOs, a high demand for strategic wellbeing and the strategic-wellbeing related significance of HR practices, HR has a great opportunity to claim a strategic leading role in SMOs. However, like any other organization SMOs must cope with the universals of organizing that are task division, task allocation, reward provision and information provision (Puranam 2014, 166). Above all, as dynamic systems SMOs rely on their communal praxis in handling these universals of organizing. The role of implemented HR practices as essential building materials of communal praxis is thus fundamental. However, mastering of having – maintaining and updating – a peak communal praxis is yet a very challenging task and static enabling structures are needed too.

Many issues require attention in building up good communal praxis in SMOs. Firstly, Changing the fundamentals of work roles of employees, managers and top managers is challenging. It is not easy to advance towards organic and open structure and leave behind traditional corporate governance schemes of strategic planning, hierarchical structures, process-based management, and traditional human resource policies. There is inherent difficulty in comprehending the depth of the changes related to values and human behaviour. Indeed, moving towards something is quite different than master that something. (Romero et al. 2020.) Secondly, customers as HR stakeholders are very relevant. The very input of customers influences on how much value is created. Customers have a power to affect the cost and quality of service, and the value creation results from interactive social processes between customers and clients. (Frei 2008, 76.)

Further, shared leadership might constitute obstacles. In general, the idea of shared leadership in SMOs is to be contextual and leadership is distributed by among roles not individuals. Basically, the best fit for a role is significant. Yet, in holacracy, the multitude of “lead links” forms specific hierarchy that is contextual. In decision-making the majority vote does not necessarily rule. Decided changes proposed by an individual are adopted if there are no justifiable objections. (Bernstein et al. 2016, 44, 49.) The words of Bernstein do raise interest on power relations in SMOs. How the best fit for a role is determined or what is the influence of static structure (team, job description) or personal relationships in sharing leadership are interesting questions. After all, the concept of shared leadership is only one of the four forms of “leadership in the plural”. Leadership

in the plural can also happen through relationships, in teams, or in leadership pools. (Salovaara 2017, 55.) Implemented HR practices in sharing leadership must indeed enhance transparency and equality among participants.

The business strategy in SMOs builds thus upon good human experience that is a desired primary outcome. Yet, no business organization with a revenue logic can ignore the financial results either. In SMOs, the assumption is that financial outcomes result from strategic wellbeing – that HR can be accountable for. According to Laloux (2014, 197) in teal organizations “profits are a by-product of a job well done”. A voluntary based psychological contract that generates energy between a knowledge intensive employee and a KIF is therefore pivotal. More voluntary the contract is better for the wellbeing and thus for the overall organizational performance. Human energy is truly valuable in business. “There is no such number for the energy people give to their work and the value this creates, nor have we truly measured the numbers that become the value lost when we abuse that energy of people” (Timms 2020, 49). Indeed, wasted energy has a price tag on it.

Also, the level of performance is constantly changing – progressing or regressing. According to Timms (2020, 26–27) ongoing organizational development means that it is people that enable to transform systems. He points out that if an organization’s main competitive advantage is delivered through people – instead of technology and machinery – organizational development requires applying behavioural science knowledge and practices. Understanding leadership, group dynamics and work design in development of appropriate people practices is thus crucial. Monitoring a system of well-being can be a full-time task for strategic HR.

Notably though, many SMOs have been able to build such system of wellbeing that generate good financial outcomes. Dutch home care company Buurtzorg has been able to grow from four employee workplace to 9 500 employees’ workplace within 2007–2015. The turnover of the company is approximately 300 million euros, and customer satisfaction is at a good level. The company has won the price of the best employer in Holland for four times. In US, the turnover and the returns of Morning Star, a large SMO that operates in financial industry, have grown annually over ten percent, whereas corresponding figures of growth with competitors has been approximately one percent per fiscal year. (Martela & Jarenko 2020, 9–10.) Moreover, according to an independent

analysis – yet not specified on the site - companies that practiced the proven Freedom at Work™ model approached on average seven times greater revenue growth over a three-year period compared to other S&P 500 companies (worldblu.com).

Altogether, SMOs have a potential to enhance the agency and energy of employees, which results in wellbeing, good business outcomes and performance. The level of strategic wellbeing in SMOs depends strongly on the harmony of structures. For having a social dynamic system that generates strategic wellbeing, static structures like teams must be aligned with dynamic structures – communal praxis involving processes, practices, energy, and agency. Being a SMOs is more of a constant stage of becoming than anything else, and prosperous SMOs form cultures of wellbeing.

A SMO thus provides a prosperous platform for a true HR transformation that exemplifies the attributes of the fourth wave explained by Ulrich and Dulebohn. According to them (2015, 191) the overall role of HR is to serve all stakeholders and ensure leadership as a brand throughout the organization. HR ensures the existence of competencies that is needed in value creation and having outside/inside approach and offers aligned, integrated, and innovative HR practices.

Yet, in SMOs the universals of organizing need constant monitoring as does the components of strategic wellbeing. Interestingly, organizational stories on SMOs offer a useful lens to examine how contemporary SMOs organize themselves. Organizations that have chosen the path of self-management are on their way – some further than others. The organizational reality is constantly changing.

## **4 Research assumptions, methods, and research process**

### **4.1 Methodological choices**

When conducting a scientific study, a researcher takes a philosophical stance on the research approach. The choices made by a researcher relate to the notions of ontology and epistemology. Ontology refers to the science of being and deals with fundamentals of things whereas epistemology refers to the nature of knowledge and how knowledge is comprehended and acquired (Puusa & Juuti 2020, 27, 34). To answer my research question that aim to examine the role of HR practices in knowledge intensive SMOs, I put emphasis on the role of language and its power to build reality together with human interaction. I do not see the world in something fixed, instead I see it something that is constantly changing. My interpretations and values play a role in the research process, and I also take clear stand that without any structure there is chaos. Therefore, I have interpretative approach – my epistemological approach – on knowledge, and the chosen approach is supported by chosen narrative research methods. Ontologically my approach relates to constructive relativism instead of realism, in which the reality is comprehended more fixed. Constructive relativism involves the idea of various sometimes competing realities that are socially constructed and changing when knowledge evolves (Kekäle & Puusa 2020, 48).

However, defining interpretive approach specifically is challenging because of the mix of existing terminology. Consequently, Fisher explains in more detail (2010, 17, 22–23) the essence of the interpretative approach. Interpretivism recognizes the relevance of human subjectivity, and it is more rooted in ontological antirealism than ontological realism. In management research it seeks knowledge that is related to human sensemaking processes that, at the same time, generate the world that these processes exist in. The reality is thus constructed and results from social interaction and interpretations of various participants. What comes to nature of the approach, it is more gnostic by nature, which means that truth is subjective, hidden, gained through personal struggle, challenge and diversity and language is consider something ambiguous. Instead of studying objective reality, a researcher's focus is on different accounts of events, processes, and issues. He continues that therefore, to be able to understand others a researcher must have an insightful knowledge of herself as well. Unlike realist research the approach is not that common in business research, even it facilitates fascinating projects.

Koskinen et al. (2005, 34–35) relate interpretative research approach to the term of “social constructionism”. According to them in social constructionism a researcher becomes a part of the studied phenomenon. The perspectives of participants together with the interests of a researcher who seek explanations on the studied phenomenon have a role to play. The aim is to have a holistic idea of the studied phenomenon, and generalization happens theoretically. Research is characterized by an inductive focus and bases on a small sampling of carefully chosen adequate data. My research on the role of HR practices in SMOs is qualitative and inductive by nature, and it aims to move from specific observations towards generalization. My research builds on furnished collection of five organizational stories written or spoken by CEOs or HR directors working in SMOs.

The chosen inductive research methods relate to narrative research tradition and are accordance with the concept of qualitative business research. Unlike quantitative business research that focuses on observing the world as a measurable system of causalities qualitative research contributes on deepening understanding on how companies operate by analysing a specified collection of materials (Koskinen et al. 2005, 16). In general, narrative research approach as a research tradition forms a relatively wide research framework (Puusa et al. 2020, 216). In the search of finding out what is the role of HR practices in SMOs narratives operate as a good tool. Narratives operate as tools that help people to understand themselves, various issues and matters, and the links between these matters (Koskinen et al. 2005, 193).

My original research idea was to explore HR practices and study their role in one self-managed organization. The idea then was to use both qualitative and quantitative methods in my research. I chose to use only qualitative methods despite the fact, that gathering a large amount of information on research phenomenon by using a quantitative method and then exploiting the results more in detail qualitatively would have offered interesting methodological settings for exploring HR practices in a SMO. However, due to complex multitude and organizational related uniqueness of HR practices and in some extent sensitive nature of culturally embedded HR practices, the original research idea was rejected. The lack of elements like time, insured access on required data and the overall magnitude of the research supported the decision of rejection. The rejection of the original idea led to an idea of exploring the potentiality embedded in HR practices in SMOs in more general level. Having few companies in various business fields included in the

research broadens the view and hopefully points out some fundamentals concerning HR practices in knowledge intensive SMOs.

Despite the fact, that narrative research is not commonly exploited in business research, it offers a window to examine human sensemaking and social relations. After having studied subjects related to linguistics and human behaviour, I find narrative research appealing in studying legal entities such as corporations. I believe narrative research offer an opportunity for deeper insight into organizational behaviour. According to Eriksson and Kovalainen (2008, 8) narrative and discursive research among few other less traditional methods have an ability to blur disciplinary boundaries between social sciences like business research and sociology or cultural studies. Thus, narrative research tradition serves appropriately the needs of HR related qualitative studies and offers tools for both collecting and analysing research material. Moreover, the narrative research coincides well with my interpretive research approach because both put an emphasis on the power of language.

Further, I put emphasis on the importance of hermeneutic circle. As Eriksson and Kovalainen (2008, 23) write deduction and induction hardly ever exist separately and many researchers apply both “ideal types” in different phases of their research. In doing so some researchers refer to the usage of a hermeneutic circle that drives from usage of various forms of reasoning and builds on interpretivism. Instead of only relying on my inductive research material in answering my research problem, I specifically utilize the research knowledge on the strategic role of HRM in more traditional organizations. Yet, the objective is not to provide profound literature review on the matter in question. Moreover, combined study findings of narratives written in Finnish are presented in English. As researcher and linguist, I am responsible for all the translations under the research.

## **4.2 Collecting study materials**

A textual actualization of a story that is time and context specific and has a certain audience is considered as a narrative. Narratives are meaningful, socially constructed stories with a beginning, a middle and an end. Collecting and analysing stories told by research-wise relevant people is one of the main forms how narrative enters to business research (Eriksson & Kovalainen 2008, 212–213.) Moreover, narratives form quite a multifaceted selection of study materials. Variety of written, oral, and even semiotic



forms of narrative research materials can include narrative interviews and conversations, oral chronicle stories, family stories, written journals and autobiographies, letters, field stories or even photographs or artefacts (Eriksson & Kovalainen 2008, 215–216).

My aim was to find six professionals working in top management roles in organizations that have no middle managers and identified themselves as SMOs. The objective was to collect written form of time-specific learning reviews. Alongside unveiling the role of HR practices, the focus in learning diaries/reviews was to ponder how a SMO deals with workload and duties that is normally handled by middle management. The idea was that these journal type of narratives would serve not only as research materials but as a learning tool for a narrator herself/himself.

Finding six candidates was relatively challenging task. The search of candidates and identifying a candidate's employer as a SMO – no middle managers – happened mainly through internet search. However, one participant was found through my personal networks and another two were found through networks of the professionals either working in a SMO or working as management consultants. The latter I came across during the research.

The cover presentation of the study was then sent altogether to thirteen people by e-mail. It included a short sales pitch type of presentation of the study and a hypothetical model of the possible role of HR practices in a SMO. The usage of the hypothetical model was neglected later in the study (appendix 1). Each person was contacted by phone approximately after one week sending the e-mail. None of the candidates contacted me spontaneously. Based on the feedback on the cover presentation, the overall idea of the study was well received by candidates. It seemed like many wanted to contribute towards the study concerning SMOs because they found it relevant and important. Some good ideas and even theoretically relevant information – a concept of a teal organization – was provided by some of the contacted candidates.

The reasons for refusals were several. One of the candidates refused due to the abundance of research related co-operation requests. Another was on the verge starting a leave of absence and two of the forbearers were such too occupied to participate. One of the candidates did not identify herself as a good fit; the organization she worked for had (some) line managers. The idea of writing a narrative was not appealing to one the potential narrators because of the amount of writing and reporting included in everyday

work. However, this person offered to be interviewed. Only one candidate chose to stay completely silent.

Finally, all six candidates that committed themselves to the task of writing a narrative received three-page long narrative writing instructions. The narrators wrote their stories in compliance with the given loose framework. Instructions included practical information and other study relevant information to facilitate narration (appendix 2). Before sending out the text of instructions, it was reviewed by a peer to ensure that it had everything necessary that the narrators would need to finish the task. Four candidates received their instructions in one time, and two others separately.

Due to the importance of having as much freedom of narration as possible, the identities of writers and the identities of their home organizations were completely concealed. Three of the narrators held the position of CEO and other three held the position of Director of People and Culture. On one hand, to avoid possible bias no other demographics of narrators like their age or gender or level of education was available and on the other hand, demographics of six persons would not have stood for much of relevance.

During the writing process, the emotional support was available and offered over the phone. Yet, it was not needed. It was important to ensure that all narration happened on an equal basis, and therefore the aim was that no information or guidance other than the original instructions were provided to facilitate writing. However, the questions that some narrators had, were answered, which could have affected the choices they made with their narration. The narratives were written in Finnish. The usage of Finnish language, in these cases a mother tongue, facilitated more authentic and descriptive narratives as it permitted a richer text-based analysis taking under consideration my Finnish origin.

The return of first five narratives was scheduled for the same day whereas the sixth narrator requested more time to finish the text. Three narrators returned their first or final versions on time and the fourth few days later. A narrator chose to do few alterations on the text, mainly adding more details and sent the altered version few weeks later. Due to health issues, the deadline for the return of the fifth narrative was postponed, and the narrative was eventually returned in spoken form about a month later than the first three. The spoken narrative was transcribed in accordance with the level three of transcription. There are five levels, in which the accuracy of transcription varies. At level three, transcription is conducted by word-for-word basis. (Koskinen et al. 2005, 319–320.) A

week later the sixth candidate apologized for not having enough time to participate in the research. Hence, the final research data consisted of five narratives written by three CEO and two People and Culture Directors. All together these five narratives had about 30 pages of written text with some pictures included.

### **4.3 Analysing study materials**

The companies involved in research possessed a freedom of choice to define themselves as a SMO, and the collection of five narratives was quite heterogenous that inflicted some challenges for analysis. The differences involved not only issues dealing with specific business field, size of a business, level of knowledge intensiveness or level of internationality but the state of self-management itself. First, I had thought about analysing both meaning and structure – from linguistic perspective – but then realized that neither the scope of my study nor my research materials fit the purpose of such analysis.

Despite the instructions, the choices narrators made in expressing themselves and explaining how a SMO manages itself were quite different. Some texts were more formal whereas others were more informal. The distinction between the level of formality in narratives based on the usage of language and the usage of pictures. The chosen timelines were embedded in narration. One of the narrators chose to focus mainly on what self-management means from the perspective of building up capabilities instead of approaching the issue more broadly.

Narrative research materials can be approached in various ways and there are four trends how organizational storytelling research deals with narratives. The narratives separated from the context can be used to measure some organizational phenomenon. Narratives can also be analysed in their performance context or to be used as tools of enhancing strategic management. Together with more conventional narratives counter narratives can serve as tools of bringing out multiple voices allowing more pluralistic interpretation. (Boje 2001, according to Eriksson & Kovalainen 2008, 214–215.) The collected narratives to study the role of HR practices in knowledge intensive SMOs fell into the category of narratives that are somewhat separated from their context and serve basically as materials to answer a certain organizationally important phenomenon in general level. However, even though contextual factors were not particularly under analysis they were not completely ignored either and therefore, the influence of context is not forgotten.

Moreover, there are two main types of analysis in narrative research. The first alternative, narrative analysis, builds on creating new narrative on narratives. Unlike narrative analysis the analysis of narratives then focuses on narratives as a form of representation. The focus of narrative research analysis can be on meaning, structure, interactional context, and performance. Often many narrative studies employ more than just one of these methods to reinforce analysis. (Eriksson & Kovalainen 2008, 218; Puusa et al. 2020, 219.) Due to the ambiguity and complexity of studied phenomenon and heterogeneity of my research material I chose to focus only one aspect but by using both methods of analysis. In my research, the analysis of meaning is essential. When the focus is on meaning and content, a researcher seeks answers to questions of what is expressed in narratives. The thematic analysis then often provides a tool of organizing different findings under different themes and entities. (Eriksson & Kovalainen 2008, 219.)

Thus, the content of five narratives written by CEOs or People and Culture Directors of SMO's was analysed. Despite many differences there were striking similarities in the studied materials. In the first part, the idea was to form a narrative that combines essential information that was provided in five narratives. The analysis concentrated on the content of narratives and no impact of structural or linguistic features was taken into accounts. According to Puusa et al. (2020, 224) in narrative analysis, even though narratives can be codified based on their type, it is often so that the most appropriate type of narrative is engendered by resuming the plot of studied narratives and then categorizing the similar type of turns of events. Firstly, to capture the essence of five narratives they were resumed in Finnish. Then, the relevant findings in resumed narratives were organized by using categories in accordance with timeline. Interestingly, each narration pointed out that organizations in question had taken a direction towards self-management and the state of self-management was evolving. The aim of synthesis was to bring light on how a SMO in general manages itself in different evolutionary stages.

A journey of a SMO was thus divided into three phases: launch, novice stage and advanced stage. In the launch stage the categories consist of people behind the launch, purpose of the launch and ideal vision of a self-managed organization. The following two phases then had a similar structure. The categories are in the novice and in the advanced stage role of employees, role of top management, organizational culture and structure, and role of customers and other possible external stakeholders. Finally, a journey-like grand narrative was formed in timely order in English based on the frequency of important

and relevant categorized findings. No organization had completely achieved the ultimate level of the ideal of a self-managed system. Yet, some were further than others. The results of the first part of analysis, a grand narrative, are displayed and discussed in the first part of the chapter five. To point out what were essential ideas in narratives, examples taken out of narratives are provided. These examples were bolded in original completed narratives.

Thematic analysis often provides a tool of organizing different findings under different themes and entities. Thematic analysis provides a systematic but flexible procedure to organize and report analytic observations of a researcher (Clarke & Braun, 2017, 297). In the second part of analysis, the collection of narratives was organized and analysed under specific themes in accordance with the idea of thematic analysis. The formation of themes drew from the acknowledgment of the components of strategic wellbeing, human needs, and traditional duties of line managers. The selected themes are leadership and learning; information sharing, social interaction, and happiness; purpose, goals, feedback, and monitoring; decision-making, monetary compensation and equality and physical wellbeing together with work balance.

To begin, the discovered HR practices in the narratives were translated from Finnish into English and arranged under the given themes. In complete narratives HR practices dealing with different themes were separated from the rest of the text and from each other by using different font colours. My approach on identifying HR practices expressed by narrators was in one hand etic by nature because I had chosen the themes based on the knowledge of what is relevant for wellbeing of humans in organizations. However, in other the hand it was emic. Also in the second part, HR practices under specific themes were organized in categories that were determined by the frequency and the relevance of HR practices in studied narratives (appendix 3). In addition, an effort was also put on analysing what was missing in narratives. According to Boje (2001, 112–114) theme analysis draws from a mix of deductive and inductive approach. A deductive approach on narratives falls into taxonomy of etic that is imposed by an outsider's view whereas inductive approach on narratives falls into taxonomy of emic that is imposed by people telling the story. What is missing or goes on between themes constitute an antenarrative. After the display of the grand narrative, the results of the second part of analysis are discussed and the most significant HR practices are displayed in italic in the text to point them out clearly.

## 5 Findings on studied narratives

### 5.1 Grand narrative: A journey towards self-management

#### 5.1.1 The launch

The journey towards organizational self-management starts with various ways. There is no SMO that is completely self-managed (Martela 2019, 3; Martela et al. 2021, 13–14). The members of an organization agree upon (under approval of an owner) that self-management as a form of organizing fit the purpose. The launch can happen through mutual consensus, ambition of top managers or founders or even a specific contextual matter can cause the launch. The core initiatives for the launch are to better meet the purpose and the mission of an organization and to ensure the self-actualization and freedom of employees. For these objectives hierarchic structures are considered nothing but an obstacle. The first natural step is renouncing the existence of middle management (or not to have them at all) and organizing operations in a flexible manner, which means either working as a one team-like group or having several teams or team-like groups working together depending on the size of the company. To pursue having a culture of learning and transparency is important. People in general are tired of management centricity and a culture of rationality.

A heterogenous group with anonymous members within an organization was founded to explore how to best meet the expectation of clients and other partners. As a result, a new organizational design with self-managed teams as basic units of organizing and without staff and line managers was born. A teal organization was understood as being an ideal of organizing.

The basic is to be an “anticorporation” and do things differently than they are done in major corporations.

When the covid-19 pandemic hit and forced us to work remotely, the idea of the “Bing Bang” was born. It meant getting rid of all hierarchic structures once and for all. I (CEO) was afraid that after pandemic we would go back to conventional structure if we did not act on getting rid of it now. I leaned on the advice of employees by using a process of counselling, typically used in teal organizations.

The company has followed a path of self-management right from the beginning (over 15 years). CEO of that time had said something like “would it be naïve to hire all these talented and competent individuals and not to benefit from their ability to the fullest extent”.

### 5.1.2 At the novice level

Self-management skills of individuals are essential right from the start. In the beginning of the journey the focus is on helping employees to adapt to their more autonomous role. The new roles include more responsibility for consequences of work and more accountability towards colleagues as well. Supporting colleagues and giving peer feedback are work duties. An expanded work role includes also having more influence on organizing operations like setting goals and making decisions within a team or within an organization. The job evaluations are thus compendious, and effort is put on educating employees about self-management. Meaningful work and opportunity to learn increase job satisfaction and affects positively to intrinsic motivation (Viitala 2015,17). Yet the fluency of adapting processes and expanded roles depends on a personality, background, and capability of an employee. Despite the possible challenges, the importance of work of employees is highlighted, which in general is rewarding for them; even self-management can be fun it is nothing but easy.

The job evaluation of more than 50 % of employees was expanded and each employee was given equally more influential power.

We have an inspired and positive atmosphere that encourages innovations and out of the box thinking. New ways of working enable continuous learning. I (an employee, quoted by a narrator) feel I can learn a lot from my colleagues who are amazing.

The shared goals and shared responsibility are essential.

The trust is not enough if a person does not know what to do. Employees have various backgrounds and just telling them “manage yourself” might not be enough.

If self-management is not easy for employees, it is not simple for former middle managers and top managers either. At the novice stage the role of top management is to take leadership and operate as enabling partner. The role of an enabling partner can be emphasized by not interfering on decision-making processes. Yet, top management is more available in everyday operations. Some duties that are handled conventionally by middle management are handled by participants belonging to top management or a CEO. CEO (together with the board), and former managers due to their experience and expertise are considered to possess the best ability for presenting and leading the company. In fact, the elements of adhocracy are quite observable in a novice stage. According to Martela (2019, 6) in adhocracy decision-making power is selectively decentralized and mainly

granted to teams that work quite autonomously. Truly trusting employees can feel like too much of a leap of faith.

Community Leads (team leaders) are responsible for wellbeing and development of employees.

The top management has an active role in many operational team-like groups.

Luckily, static structures bring comfort and order, and the idea of team structure is thus preferred. However, the hierarchical structures between the teams are possible, which again is typical also in adhocracy (Martela 2019, 15). If a SMO has approximately more than 30 organizational members, the operations are organized in customer-orientated teams if there is less, a SMO runs the operations from the one team basis. The overall emphasis is on working together on important issues and having a customer-orientated focus. In addition to the roles in teams, employees can have some specific more cross-sectional roles that organizational co-operation generates. Free interaction and dialogue and questioning and testing various things finding better solutions generate innovative and communicative culture. To create a safe space for testing, development itself has a high value.

Yet, being more dynamic and whole is a goal. Culture of “we” evolves by adding transparency to equation. To facilitate stability there is usage of dynamic processes that build on models, principles, timetables, and general instructions. The variety of goals in different levels is always embedded under few major strategic goals. According to Martela et al. (2021, 30) self-management is not anarchy, instead it is another way of organizing. Task division in new forms of organizing can happen various ways but transparency is crucial when employees decide on their tasks. (Puranam 2014, 172). The needed structure is generated by interaction, mutual accountability, principles, policies, duties, and work habits that can be more loose or strict. However, team centricity is accentuated, and teams can be quite independent and choose their own methods of working. Yet, implementing self-management is not easy. The main challenges deal with picking up the relevant information and controlling the extent and the nature of workload. Interestingly, the official role of HR function itself is not that much different than it is traditional organizations. Thinking out of the box is indeed difficult in any context.

There is more structures and rules in a SMO than in a traditional organization, yet these participants are dynamic by nature and have no value as such.



An employee is a part of specific community (team) and most of them “go to work” or work for core business teams.

In the beginning before we had specific structures and we had only about 10 workers overall operations built on interaction and doing everything together.

The most significant win for the transparent community has been open salary policies.

Everything has not been a bed of roses. The main challenges have dealt with organizing and dividing overall workload.

The major challenge is how to handle the abundance of information.

The People and Culture team handles general HR programs that deal with learning and healthcare.

Customers are not forgotten. In addition to top managers and employees, customers as stakeholders are important. Right from the beginning customer-orientation and customer involvement is a basis of operating. Finding out what is significant for customers is important and therefore, gathering customer feedback is continuous, and co-designing services together with customers finds to be essential. To make a customer happy is a number one goal and as a result, good business with profits will follow. In fact, the genuine will to help customer deals with the mindset of trust, empathy, reactivity, and assertiveness (Virolainen & Virolainen 2019, 131). Moreover, the outside HR consultants can be used to assist the adaption of self-management within an organization. External stakeholders are very welcomed.

Instead of focusing on sales goals like before, the goal within teams is in totality of value creation for customers.

All our goals are related to a main goal of making a customer happy.

New organizational design has helped to improve communication with customers.

Right from the beginning we worked with customers without any project managers.

To get teams started and to learn how to prioritize the tasks we invoked the help of two Agile Coaches.

### 5.1.3 At the advanced level

More competent an employee becomes more content the employee will be. As journey continues self-management skills of employees evolve, and their independence level

strengthens. They have a profound and extensive role in organizational decision-making, and they execute many HR duties that managers and HR professionals often handle in traditional organizations both individually and in groups. Rewards are also distributed by intrinsic motivation that stem from the properties of the task. (Purananam 2014, 171). They look after each other, support each other in various ways and are familiar with executing dynamic self-management methods. Working roles can be various. According to Martela (2019, 9) it is the employees or teams in SMOs who are responsible for identifying new tasks that need to be accomplished for the sake of organizational purpose. During the journey, their autonomy becomes more of a norm than something unusual. Workers are in charge on their own development for which yet, some need more support than others. Moreover, they have high self-actualization demands on their working context and settings: The personal development and personal interests of an individual is important. The employees have a growth mindset instead fixed. They are then open for curious learning, testing, and innovating (Virolainen & Virolainen 2019, 172–77). Employees then have a thirst for learning.

A true understanding upon possibilities and freedom that the firm provides crystallizes at the earliest after two years of working.

By using a decision-making process anybody can make decision in almost anything.

Above all employees look after one another.

Employees that handle recruitment and familiarization programs are responsible for learning path of new employees.

Leadership takes places in various ways in various places to some extent by all of us.

When challenges appear, active volunteers start working together on finding the solutions of solving and implementing.

One of the reasons for some employees' resignation is that we have not been able to offer challenging projects interesting enough.

Being a top manager can be quite pleasant in monitoring a culture of wellbeing. Unfortunately, there are some dark clouds too. On one hand, the role of top management or CEO is administrative including the final legal responsibility of operations and compulsorily, of employees too. Yet, granted power by law over employees is not appreciated. By the law it is the managers who decide on the destiny of workforce

(Juuti 2018, 63). On the other hand, the focus is on monitoring a social system – that is a self-managed organization – and communicating the strategy and the vision. The aim is to help employees to manage themselves in a manner that works in favour of all: strategy and people. Top management duties can be handled by specific transversal groups within an organization. Being conventional is not an option for top managers.

Being juridically a manager of 40 people that I am responsible for feels a bit controversial because I do not actually manage these people.

As a CEO I am the only official manager in a company. Yet, I do not operate in similar manner than a CEO in more traditional organization does. My main responsibility is monitoring the functionality of an overall system.

Along the journey, with unconventional top managers and employees with a thirst for learning culture evolves, and more transparency is added into equation. The major step is to grant everybody in organization an access to all information that is legally possible to share. In fact, “distribution of information is necessary for self-organizing to succeed”. Unlike a contract-based hierarchic organization a SMO generates organizational membership by trusting the members of an organization (Martela 2019, 14.) Having an appreciative culture of learning in which trust, openness, belongingness and transparency and mutual control are present is thus one of the most fundamental elements of an advanced SMO. SMO is a happy community.

Undiscovered role of HR is starting to show. Work is conducted in teams and the teams are accountable units. In addition, transversal or specific groups or teams like “cells” or “conclaves”, in ad hoc basis or more permanent basis, operate for the maintenance and development of an organization. The more permanent groups deal with issues like wellbeing, learning, compensation and organizing resources. Yet, organizing static structures like teams can be challenging. Interestingly, it is the adhocracy that introduces matrix-like elements of cross-functional teams between different units (Martela 2019, 7).

The dynamic wholeness is a key. However, the consistency and adequacy of implemented models, principles and instructions, and processes is essential, and sharing information is adapted to its purpose. Interestingly, a universal of organizing, provision of information, can be broken into two: providing direction and ensuring co-ordination (Martela 2019, 5). A SMO relays on process models and patterns that facilitate decision-making, conflict solution, peer feedback and support and purposeful communication. Shared goals guide a way. Navigating the balance between freedom and guidance needs constant monitoring.

The prestige value of employees is striking unlike HR's. Having self-managed minded professionals with organizational specific fit is important. However, the role of HR as a specific and strategic function do not seem to stand out. Financial information facilitates future planning, and no specific budgets are followed. A SMO is constantly working towards improving itself. Therefore, plans can change. The focus is on the future and future development of employees and listening to them. In fact, it is the peer feedback and peer-based compensation that works the best in SMOs (Martela 2019, 11). The processes of measuring and monitoring and understanding human psychology needs improving in the future. At advanced level a SMO is truly a learning organization, which means that a SMO is capable to identify obstacles, to emancipate, and renew itself (Viitala 2015, 171). A SMO concentrates on future and that future involves understanding people better.

It is the system itself that maintains good strategic wellbeing.

Good, better, the best, that is our career path.

Operational cultural structure of transparency operates as an element of control.

The idea of constantly modified dynamic structure is to provide safe place of operating in all situations.

The conclave is an internal team that is founded to handle some operative issue that can be permanent or temporary.

The idea of feedback is to provide important information on how to navigate in the future.

Even though we do not have exact follow ups on how employee's abilities progress, the overall feeling it that progress do happen.

Along the way there has been many crises that involved projects, customers, or employees. However, too many of them have their basis of not being able to react on people issues in time or not at all.

There is a will but not yet so many ways. The cultural openness is expanded upon customers, and customers are involved in work planning. Being able to help a customer to solve obstacles before they even occur is a goal. Knowing the customers is considered vital and paying attention to the models applied with customers is therefore important. Customers are practically only ones who can limit the freedom of employees, because helping them is guiding idea at work. However, customer orientated practices are not plentiful and interestingly, they seem to be still more principles than implemented

practices embedded in social system of a SMO. However, in a teal organization the value of external stakeholders is understood. When evolutionary purpose of a SMO is taken seriously it embraces external stakeholders like customers and suppliers as well (Laloux 2014, 216). Moreover, external help is being used in various forms. Good external help is well appreciated.

The quality of planning and implementation of work varies and thus, we have paid attention to improvement of project practices and customer relations models.

So long as a customer is pleased any working schedule or substitution plan is fine.

We have bought interim HR services.

We participate with variable casts in courses dealing with teal organizations.

Together with a psychologist we improve the model of intervention.

There are as many journeys as there are SMOs. Due to contextual factors journeys may vary and the best set forming a praxis to facilitate strategic wellbeing and good outcomes can differ. A journey of a SMO always starts from somewhere. Yet, how a journey towards the ideal of self-management advances – if it advances – depends on many things. Most certainly after the advanced stage more professional stage of a SMO will occur. Conversely to journey-like evolutionary existence of a SMO, the components of strategic wellbeing and human needs remains the same. Customer orientated HR practices and strategic HR as whole remain to be founded in the future, but the role of HR practices in maintaining good energy and agency of employees is already quite well established.

## **5.2 HR practices and strategic wellbeing**

### **5.2.1 Leadership and learning**

Leadership, management and managing employee development are connected to traditional duties of line managers and to strategic well-being. Yet, there is vagueness and variety of interpretations between the terms management and leadership. According to Richard Barker (2001, 490–491) the broad definition of leadership consists of the idea of leadership being a process of adaption and evolution, in which energy – instead of structure – is significant. Leadership is not a function of the person in charge, nor it aims to maintain stability. Leadership is related to change whereas management is related to

stability and structure. According to Gemmill and Oakley (1992, 124) leadership is “a process of dynamic collaboration, where individuals and organization members authorize themselves and others to interact in ways that experiment with new form of intellectual and emotional meaning”. Leadership thus has a dynamic and situational nature whereas management deals with maintaining the structure in compliance with operational coherence. Both leadership and daily basis coherence affect strategic wellbeing.

Shared leadership, development and learning satisfy psychological needs of humans. In one part the need of esteem deals with the desire for reputation or respect from others (McCleod 2020). Being a leader opens an opportunity for gaining respect. The need of self-actualization is directly related to leadership, content of work, work involvement, and work development and competence, components of strategic wellbeing. The self-actualization needs proposed by Maslow involve the realization of a personal potential, self-fulfilment and seeking personal growth and peak experiences (McCleod 2020). Cognitive needs presented by Maslow deal partly with curiosity and exploration (McCleod 2020). Satisfying these needs correlate with the work content and learning.

Successful leaders master four different leadership roles. The role of a strategist relates to ability to be a future-and goal-orientated and always look for a best solution. Being an executor reflects to ability to translate strategy into action. Talent management deals with an individual’s ability to identify, build and engage talent. The fourth role, a human capital developer, is linked to the idea of continuous learning and organizational development. Together with four roles personal proficiency forms a core for leadership code, and the idea of constant self-development, reflection, and learning is embedded in it. It can be said that every leader is learner. (Ulrich et al. 2008, 14–19.)

In studied SMOs employees in general expressed the roles explained in the previous paragraph. They worked as human capital developers, strategists, executors, and talent managers. In studied material examples of HR practices of sharing leadership are some. Some *employees worked as facilitators for team members of another team, better known as Scrum Masters*. Each quarter year *the most significant business matters are identified and the work roles to take them further are decided*. More experienced employees operate as *mentors*. Providing support for colleagues and overall accountability towards colleagues were important in all the studied SMOs.

However, relevant questions addressed by Ulrich et al. (2008, 6–8) like who should lead and why and where does leadership take place requires answers. When the focus of an organization is on value creation, the best leaders are often people who have the best knowledge or expertise and motivation and desire in a very situation. Solving a problem might require leadership of many stakeholders. The best fit, in other words getting “the best leadership” or finding “the best combo of leaders”, impacts positively on organization’s performance, because the usage of “human resource” is then the best applied. If leadership is forced upon people, shared leadership and even self-leadership will constitute a problem sooner or later.

In studied SMOs in the advanced stage shared leadership was facilitated by *HR principles* of agency power, freedom, and accountability. The principle of the *best leader is any person with the best ability and competence*, and *everybody is accountable for taking leadership if needed* were commonly applied. Titles were insignificant, instead working roles and personal interests and development had a guiding role together with freedom of choice. One of the principles was *you are the boss of your own work*. Interestingly customers could take leadership role as well: *The work planning is done under guidance of a customer or from the initiative of an employee*.

In SMOs no activity is forced through commands and therefore leadership skills are highly important. Yet the elements of leadership code are not automatically possessed or achieved. In fact, many employees who are used to working under hierarchic managing structures do not possess adequate leadership skills, and at the novice level in SMOs leadership might not so be shared, and leadership is still embedded in titles. Interestingly, Ulrich et al. (2008, 16–17) point out that each person seems to have predispositions to one of the leadership roles. However, even then when a specific role does not come naturally, it can be learnt. Hence, building overall leadership skills within an organization as a part of workforce development helps each employee to grow as a leader.

In studied SMOs, leadership skills were mainly supported not learnt. Support was facilitated through various types of HR practices. In one of them *CEO’s duty was to find models that would help employees to lead and manage themselves*. Basically, in a SMO, all the workers can recognize a talent of a colleague and exploit the talent, put things in action and build up future generation if organizational framework guides them to do so. Interestingly, one of the studied SMOs put high importance in *recruiting leadership and*

*learning orientated professionals* whereas some arranged *shared leadership orientated workshops* or focused on *building models of support and intervention*. The support for building up leadership skills was found important yet, improvements were called for.

All the studied SMOs emphasized collective learning and development in their fixed practices. Learning from each other happened through *team visits, gatherings, comparing work, long interactive processes with various participants*. Development consisted of *testing new innovations and assessing them together* and *regular meetings to develop and innovate*. *Ready-made learning paths* were also available in some of the studied SMOs. One of the narrators pointed out how in their organization *genuine and strong emphasis on encouraging employees to use their working hours for learning* is important.

### 5.2.2 Information sharing, social interaction, and happiness

Information sharing, social interaction and happiness deal with good atmosphere, work content and work engagement, and keeping everybody informed is traditionally a duty of a manager. Importantly, even though collective learning and development is rewarding people long for interaction for social and emotional reasons too. Unnecessary uncertainty creates stress. The need of love and belongingness presented by Maslow relates to human emotional need for interpersonal relationships, affiliating, connectedness and being a part of the group. Intimacy, trust, and acceptance, receiving and giving affection are indicators of belongingness. (McCleod 2020.) Happiness and social interaction relate directly to wellbeing at work. If the members in a working community know each other, an overall feeling of belonging will grow stronger in an organization. Poor relationships in working environment facilitate negative stress. (Virolainen 2012, 24,34.)

Particularly in the novice stage practices that facilitated steady interaction and information sharing with team members were emphasized. Even though openness in providing information was important so were quality and quantity of information. *Having timetables for different type and level of interaction* were important in general. One of the narrators wrote that maintaining information flow and to detect relevant information is a major challenge event though they had tested various alternatives to handle information. However, practices dealing with adequate interaction were some. To help employees to categorize information, *different type of matters and issues (leisure, project, task-orientation, help)* were discussed through *different (digital) channels*. In fact, different kinds of digital platforms like Kanban boards can provide a way to achieve coordination



in SMOs (Martela 2019, 15). Besides daily practices, collaboration platforms have important role to play too (Romero et al. 2020). To share information within an organization, *some employees' duty was to work as messengers, and a specific duty of a group, a conclave was to keep everybody informed. The open calendars markings provided accurate information on the availability of all. Limiting the issues in agenda helped team members to have more specific focus in their interaction. Moreover, the significance of forming groups with employees that interact easily and willingly with each other was mentioned.*

The practices that supported a feeling of organizational or team-based belongingness were many in studied SMOs. In the novice stage SMOs, the independent role of a team was accentuated. The significance of good atmosphere was well understood. Some gatherings or meetings worked in favour of innovating and having fun. There were *gatherings named "let's get sharper" with stakeholders and employees, in which sharing ideas and having fun were centric.* The principle was that *nobody was left alone* in projects. Surveys in forms of *interviews and inquiries on employees worries and organizational atmosphere* were conducted. In one of the studied firms *thanking a colleague on Friday* was a habit and *events of getting together without any business agenda* were arranged steadily. The emotional intelligence has high value and expressing gratitude is import (Virolainen & Virolainen 2019, 63, 94). One of the narrators pointed out the importance of the principle of *how rules can always be modified to serve the people in situations.* Another narrator wrote that challenging interaction is facilitated by *a particular protocol for solving the misunderstanding and conflict.* The protocol in question is based on the ideas of Laloux (2014, 165–166).

Interactive practices involving co-operation with customers were only few. To facilitate information sharing *the calendars of employees and clients were combined, and customers summaries were made. Customer friendly discourse policies* emphasized the ethical code of honesty and openness and genuine interest. Even *"stupid" questions were made to customers, to ensure the mutual understanding.*

Interestingly, in one of the studied SMO the importance of practices that facilitate deep and genuine and appreciative interaction were evident. The implemented practices and models of thinking that deal with genuine caring and acceptance were few. Difficult topics like *salary issues involving a feeling of injustice were no taboos.* If a colleague had

a problem or an issue *each employee's duty was to react on a colleague's problem. Mistakes were out and open and discussed among employees. CEO focused on solving matters requested by an employee even if he did not see the urgency of these matters. CEO's duty was to talk to people and to observe. It was perfectly acceptable to be not available if an employee had something not work-related during a day. The narrator highlighted that the problem sometimes was that people did not know each other well enough to give each other good peer feedback.*

Practices that facilitated transparency regarding information sharing were evident. Employees especially at the advanced level had the access to all information. All *work was made visible in backlogs. There was a mental model that all information belongs to everybody. The information on how work is divided was available to all. All financial information was available to employees.*

### 5.2.3 Purpose, goals, feedback, and monitoring

Human cognition and sensemaking process relays on certain amount of stability. In traditional organization line management provides that stability by pointing out priorities, supervising and monitoring work progress. In fact, fulfilling many human needs are related with stability, coherence, and order. Among the other things, the psychological need of safety presented by Maslow involves having an experience of order, predictability, and control (McCleod 2020). Cognitive needs underlined by Maslow deal to some extent with understanding and need for meaning and predictability (McCleod 2020). Aesthetic needs call for appreciation and search for beauty, balance, and form (McCleod 2020).

Setting achievable goals and having a clear vision helps the operations of any organization. In a SMO, in which the power is not centralized the wholeness of purpose and communal praxis are essential. There is no value in fine strategic goals and strategic plans or whole strategy in that matter if employees are not able to implement these plans and the strategy efficiently and effectively into action. It is called strategic traction when employees at all levels of the company enthusiastically work towards organizational goals and truly understand the vision of the company (Ulrich & al. 2008, 44). The role of strategic traction is crucial in SMOs. Goals are tools for direction and generate meaning and identity in an individual level. In fact, the model of strategic wellbeing in SMOs by Larjovuori et al. (2021) also highlights the importance of aligned goals and guiding

structures in SMOs. Accordingly, it is important for an employee to comprehend what is expected of her or him in a profession. Alongside with the specific professional role an employee should be aware what the expectations are. Unclear goals generate frustration and anxiety (Virolainen 2012, 33.)

In studied SMOs, *frameworks* and *guidelines* supported the cohesiveness of goals. A general idea was that strategic goals provided a guideline under which all the other goals were aligned. Future and customer orientation of goals were evident. Goals were set also in ad hoc basis whenever needed. However, exact interactive practices of how the goals are set within a team or how all the goals are aligned with each other were only diminutive. Coordinating teams or a board were mainly responsible for defining strategic goals and wanted outcomes. In one of the studied SMOs customer orientations were strongly highlighted at a strategic level. Two main guiding principles were: *To gratify a customer today and to gratify a customer tomorrow*. *The desired vision provided a guideline or a framework of goal setting for employees and teams*. The goals were set in a collective manner.

Interestingly, in the SMO with strategic importance of customer happiness, the *subgoals were divided even smaller goals so that the goals were present in daily work of each employee*. In fact, being able to have follow ups one's individual goals is one of the fundamentals of reaching state of flow in which a person is fully focused and energized (Virolainen & Virolainen 2019, 201–204). In another SMO in the advance level, *to be able to set appropriate future goals, contemporary technologies were pointed out and discussed regularly*.

For human development, feedback and reflection are very salient. In studied SMOs there were different types of feedback practices. Yet, few narrators mentioned that communicative feedback practices could be improved. The peer feedback practices involved *giving out peer reviews, asking feedback from few colleagues and face to face interventions*. Team performance and self-performance were valuated *through reflective questions*. *The content of feedback had a future orientation*. *Operational achievements were discussed* in various forums. The feedback practices did not clearly support the future co-operation and direction.

In general, *monitoring a system of a SMO was a duty of top management*, and it was the interactive practices that supported the process. In addition, an organization at the

advanced level pointed out that the consistency of goals is monitored more horizontally than vertically. Notably, at the advanced level, the element of transparency generated control among employees. Shared *responsibility and accountability towards others* – employees and clients – and *open access to information* enhanced desired behaviour among workers. *The job well handled* was principle of work control. Employees were responsible for one another. Each *employee had a right to postulate the accountability of another* employee.

The narrators did not offer much information on how organizational outcomes are measured. One of the narrators mentioned that means of measuring customer experience and employee experience are quite traditional, but in the future the *aim* is to be able to *measure the “pulse” of a customer*. However, the level of *joy was considered as a measurement of motivation*. Measuring financial outcomes were not highlighted. A narrator wrote that even they do not follow any sales budget, the business has been growing enormously well.

#### 5.2.4 Decision-making, monetary compensation, and equality

Having decision-making power deals with many components of strategic well-being and is reserved mainly for managers in conventional organizations. The genuine agency power of an employee that demands psychologically secure working environment and power of influence, corresponds to work agency and energy. The psychological need of safety is related to a mix of being free from fear and having emotional security and social stability (McCleod 2020). The psychological safety at work is highly related to work ability and work engagement, one of the components of strategic wellbeing. If employees are afraid of losing their job a great deal of their cognitive energy is used for dealing with an issue of possible work loss (Virolainen 2012, 34). Without decision-making power in object-like position, a feeling of fear can easily develop, which affect negatively to work energy and work agency. A need of esteem presented by Maslow in one part, deals with the dignity, achievement, mastery and independence of oneself (McCleod 2020).

As practices dealing with shared leadership in studied SMOs already showed out that agency power is shared. Yet, without implementing decision-making practices with organizational transparency, there is a possibility that agency power is shared mainly in theory. The principles of shared leadership would then have no value. Questions for example like who decides which employee is the best fit for a specific role raise quite

naturally. Therefore, how decisions are made in SMOs is crucial to explore. Importantly, Martela et al. (2021, 13) state that even in a SMO it is possible that a single employee undergoes experiences of being patronized or controlled by other team members.

In studied SMOs, several participants at the advance level put emphasis on using the decision-making process described by Laloux. In so called “advice process” out of which the variations are utilized by SMOs any person in the organization is allowed to make any decision as long as they seek relevant advice – major the decision the wider network maybe even board and/or CEO – and justify a decision to all parties involved including the organization itself. Important issues are addressed and discussed and measured together before decision maker reaches the decision. The decision-making process transcends not only consensus but unilateral actions as well (Laloux 2014, 100–102.)

In studied SMOs, the practices of *anybody as decision-maker* and *asking advice from others before decision-making* that are pieces of “advice process” generated work energy, agency, and knowledge and, they therefore, enhanced trust, equality, and transparency among employees. *Written playbooks* provided instructions on different decision-making situations. These *models were not fixed and could be improved*. The firms that applied “advice process” were in the advanced stage and there was a clear believe in decision-making power of an employee.

However, decision-making varied in studied SMOs. The impact of organizational static structures on decision-making was evident. Importantly, these structures also impact the level of shared leadership and how goals were set and measured. It seemed that in studied SMOs forming static structures around human centric dynamic structures was challenging. After all teams as such do not serve human needs nor they can make any decisions. Yet, they provide appropriate settings and order for humans to collaborate effectively.

Furthermore, a will to have equal power relations was identified with practices dealing with monetary compensation. In traditional organizational hierarchies that are power structures, rewards are typically allocated unequally when the majority of workforce do not have much influence on their rewards (Child 2019, 7). Employees do not then have influence over the correspondence of work results and compensation. On the contrary, in some studied SMOs at the advanced level, the open salary policy was considered

significant because it enhanced transparency. In fact, the idea of open salary policy is rooted in the idea of a teal organization (Laloux 2014, 129).

The implemented open policy salary practices in studied SMOs were few. *Once a year all the salaries are under survey and discussion during a week. It is a duty of specific group to handle open salary policy in interaction with employees.* The principle was that *salary information is like any other information, open for all.* The important connection between competence and financial rewards was mentioned as well. Indeed, a fair monetary compensation forms a base for healthy working relationship between an employee and an employer (Viitala 2015, 138).

Notably, in one of the studied firms a decision on the amount of monetary reward connected to specific certification was made by an employee who first accomplishes such a certification. *The decision made by a pioneer was used later as a pattern-setting model.* A guiding role of financial information in decision-making was not accentuated. One of the narrators pointed out that decision-making is influenced by financial data mainly from the perspective whether the planned activities can be smartly financed or not.

### 5.2.5 Human physicality and work balance

Good energy is easily jeopardized if human physicality is ignored. In traditional organizations line managers are accountable for ensuring an appropriate workload of employees. People's need for rest is a natural fact that cannot be changed. According to Maslow in the bottom level of human needs hierarchy there are physiological needs. If these needs including needs like sleep, warmth and nutrition are not satisfied, they impact overwhelmingly cognition, emotions, and behaviour of an individual (McCleod, 2020.) The components of strategic wellbeing: healthy lifestyle, working environment and health promotion are highly related to acknowledging the importance of human physicality. Thus, HR practices that work on favour on ensuring the maintenance of good physical ability and energy are significant. In fact, many traditional HR duties relate to these strategic wellbeing issues that are partly regulated by law.

Importantly, when work is intriguing like it is often in KIFs ignoring other aspects of life or physical demands can happen. There is a danger that work engagement related to well performing KIF's turns into workaholism. When a person dedicates his/her life to work and ignores other important and balancing factors like family life and hobbies for work's

sake, work engagement is not defined as healthy one. The risk of burnout is then higher than it is normally. (Virolainen 2012, 198–199.)

Employees in SMOs have operational freedom and HR practices can guide employees to make positive choices that enhance good health. Due to the possibility of unhealthy work-related choices, HR practices that aim to build a healthy balance between working life and other aspects of life are accentuated. Without good practices even the most natural need can constitute a problem. One of the world's greatest sleep specialist, professor Czeisler states clearly that organizations that are aiming to perform efficiently should pay attention how their employees are sleeping. (Virolainen 2012, 47). As to health choices, there is no real separation between different aspects of life. In addition, overall lifestyle of employees has its significance. Today the connection between an employee's capacity to work and lifestyle choices is recognized (Virolainen 2012,166).

Relatively few narrators addressed the issues that deal with physical health or maintaining energy. However, collective accountability and responsibility among employees comprised monitoring wellbeing of a colleague. Working hours were monitored and the overall organizational transparency was an asset. *The workload was monitored through ERP system to ensure reasonable workload of employees.* In one of the studied SMOs there was a process for managing energy. *Every week the total personal load was measured by using a simply scale of percentage.* If the percentage was high an organizing team *contacted the employee in question to customize workload.* Importantly, the personal load was not necessarily work-related. According to a narrator, it was information surge that caused unnecessary stress and workload and more good practices to handle abundance of information was requested. In addition to the importance of good sleep, energy level at work is related to physical education, managing working hours, breaks, nutrition, keeping focus, recovery, and relaxation (Virolainen & Virolainen 2019, 11–44).

Altogether, implemented HR practices affected directly to the level of strategic wellbeing in the studied SMOs. Many mentioned HR practices had influence on matters addressed under few themes, and due to the complexity, there are some overlapping. Clearly implemented practices – dynamic structures – dealt with information sharing, interaction and belongingness and decision-making and compensation and even handling workload. Interestingly many of these concrete HR practices are rooted in the ideas of Frederic

Laloux, practices of a teal organization. Principles and guidelines have more of a static structure type of nature and as such they do not have value if they are not truly absorbed. How well the principles of shared leadership or the wholeness of aligned goals are implemented into daily work, should be scrutinized more. Accordingly, the practices that facilitate leadership agency of an employee and the connection between specified goals, monitoring and measuring were partly missing, which corresponds obstacles of unclear goals and purpose, difficulties in organizing work and lack of support observed in SMOs by Larjovuori et al. (2021). Moreover, the true value of HR practices dealing with the health was not truly comprehended in the studied SMOs despite one innovative practice of measuring total load of an employee.



## 6 Conclusions

### 6.1 Answers to the research problem

The purpose of my study was to explore the role of HR practices in knowledge intensive SMOs. In the search of an answer for the research question three sub-questions were availed. The questions of how hierarchic models of organizing have affected to the role of HR in organizations, how SMOs are generally managed and what is the relationship is between strategic wellbeing and HR practices in SMOs were answered. Relatively wide but general theoretical framework together with study results based on five narratives written by top managers in SMOs provided the means to answer these three questions. The applied methods leaned on narrative research and ontological research approach was rooted in constructive relativism and epistemological approach was interpretative. After having explored the importance of SHRM and the obstacles involved, I examined the concept of a SMO from various perspectives. The narrative on five narratives was formed to explore the overall dynamic management structures of a SMO and thematic analysis on the content of narratives in compliance with analysis of narratives was conducted to explore more in detail the role of HR practices in studied SMOs.

A new form of organizing, a knowledge intensive SMO, emphasizes human centricity and calls for a new management paradigm. Due to a culture of rationality with management centricity SHRM and its practices has stayed in ancillary role in traditional organizations. Unlike traditional organizations SMOs provide prosperous human centric settings for the usage of HR practices, because SMOs are basically managed by employees collectively. The role of a culture is highly accentuated and therefore are HR practices. HR practices operate as managerial tools and guide the way in these companies. The variety of models, patterns, instructions, principles, duties, and work facilitate desired work agency. The connection between strategic wellbeing and implemented HR practices is direct and fundamental. Strategic power embedded in HR practices escalates in SMOs, and a set of used HR practices affects to human related organizational outcomes – human experiences, energy and agency and therefore, other organizational outcomes.

To begin, management centricity and culture of rationality do not acknowledge human needs. A true agency power in traditional organizations is granted only for few individuals, legal representatives of an organization, that hold a position of a manager

whereas rest of the “workers” form object-like workforce. The agency power of employees is not fully recognized nor is the agency power of customers. Thus, “human resource” forms a resource like any other resource than a company possesses. The rationality includes the idea that object-like resource in question can be managed. In management centricity the duty of HR is to help managers to manage workforce and ultimate decision power on how to handle “human resource” stays with authorities – managers. Therefore, the value that HR can deliver depends on the choices made by managers who are accountable for strategy implementation. Thus, in a culture of rationality strategic potentiality embedded in HR stays obscure and HR’s role is ancillary despite the well-acknowledged importance of human experiences in business.

Accordingly, management centricity and culture of rationality are highly dominant phenomenon. These concepts are embedded as norms of organizing in modern societies and they are also upheld by legislative authorities around the world. Their affect can be seen in conducted SHRM research. Despite the fact, that in many knowledge-intensive traditional organizations the value of strategic wellbeing of employees and the importance of good customer experience are well understood, culture of rationality still exists. The models of Juuti (2015) and Aura et al. (2016) highlighted well the dilemma. Management centricity and a culture of rationality were embedded in these otherwise accurate models.

Further, SMOs are social systems of prosperous human collaboration that forms cultures of transparency, freedom, and trust. The organizational agency power is shared equally among employees through various working roles, and the role of top managers is to ensure the wholeness and cohesiveness of a constantly changing system. Dynamic structures that consist of the variety of processes and practices generate and maintain a social system of collaboration. Teams are often basic static structures of collaboration. The consistency of HR practices must be underlined because HR practices operate as constituents for many processes that determine how a SMO functions.

Furthermore, combining praxis (implemented processes and practices) and static structures can be challenging. In a case of unclear praxis static structures – teams – can become more relevant than individuals, which can lead to team centricity, another form of a culture of rationality. Larger operations more complexity and static structures. The challenge in studied SMOs was to find the best static structures to support human agency and energy and the wholeness of community. In the search of finding these enabling

structures there was a variety of teams in studied narratives: one team-based organization, permanent team, project team, core business team, ad hoc team, and cross-functional team. The existence of organizational belongingness, safety and trust require emotional interdependence between individuals belonging different teams. A truly advanced SMO builds on self-management of humans on their energy and agency – not teams. Yet, static structures such as teams are needed as enabling structures.

What is more, SMOs are different. Becoming a SMO is a learning process that involves all within an organization. A social system of collaboration is constantly evolving and is never ending. Therefore, SMOs differed from each other, and some SMOs are simply less self-managed than others. Some may have more elements that refer to a culture of rationality. Often a teal organization (Laloux 2014) operates as a prototype of a SMO exploited by contemporary SMOs, a remark made also by Larjovuori et al. (2021, 63). Laloux do provides general ideas on how to organize operations of a SMO. The usage of teal-related practices was evident in studied SMOs.

Interestingly, many HR duties that are often handled by line managers were handled by mainly employees in studied SMOs. Line managers as HR professionals are normally responsible for operational structure, work arrangements, rewards, performance motivation and support, and wellbeing at work (Viitala 2015, 266). Yet, none of the studied SMOs illustrated systematically how their HR as whole operates. HR's role as such was conventional. Therefore, the value of HR, HR work and the power embedded in HR practices was not fully acknowledged. The finding is not surprising because there is a tradition of not systematically documenting HR related information and processes (Viitala, 2015, 303). In addition, teal organizations intend to keep their so-called staff functions including HR in bare minimum (Laloux 2014,71). I believe, that to clearly illustrate and document the HR roles of employees and cross-functional HR related teams (organizing and learning, wellbeing) would benefit any SMO in maintaining and innovating new HR practices. Reviewing current methods and HR practices together in staff meetings provide an opportunity to develop these methods and practices (Virolainen 2012,194–195).

Importantly, the implemented HR practices correlate with the elements of strategic wellbeing. In the studied SMOs leadership, work engagement, work content and learning and development were front runners. The human needs of employees were taken under

considerations and many implemented practices facilitated trust, transparency and belongingness. Above all, they facilitated good atmosphere. As a result of prosperous cooperation, reciprocal trust and appreciation between employees then strengthen (Juuti 2018, 153). The practices dealing with healthy lifestyle or health promotion, working environment or self-management or self-leadership skills of an employee were partly lacking.

Yet, the informal power structure is more difficult to detect than it is formal one (Martela 2019,18). Based on the narratives it is difficult to fully determine *how well* the practices facilitated strategic wellbeing. Also, the value of a practice is complicated, a specific HR practice can generate certain desired element of strategic wellbeing and at the same time maybe harm another. Some of the mentioned principles and guidelines were not necessarily absorbed either. The clarity and preciseness of implemented policies without human bias is essential (Martela 2019, 18). Moreover, good innovative practices that involve customers seemed to be quite a few. Instead of innovative ideas, following ready models (of a teal organization) was more observable. More information, innovative ideas and models are needed especially ones involving customers. Playback theatre, sociodrama or even psychodrama might offer interesting means for innovating new HR practices (Juuti 2018, 187–188).

Finally, SMOs depend highly on their employees' skills, attitudes, and agency. When employees are self-actualized agents, the ongoing organizational system of a SMO functions well. Among many other things, self-actualizers are individuals who perceive reality efficiently and tolerate uncertainty, have a high acceptance for others, are spontaneous and highly creative. Instead of being self-centred they are problem-centred with strong ethical standards and democratic attitudes. (McCleod 2020.) Even though recruitment is one way of finding the accurate set of employees, helping employees to acquire the characteristics of self-actualizers is even better. The characteristics of self-actualizers can be developed and learnt. Applied HR practices can facilitate self-actualization, if they generate acceptance, spontaneousness, comfortableness, appreciation even for little things, authenticity, compassion and if needed, access to therapy. (healthline.com.)

## 6.2 A future HRM model in SMOs and a new management paradigm

Based on the significance of exhibited models in the thesis and the acknowledged importance of HR practices in SMO and HR stakeholders, I have constructed a model for future SHRM in SMOs. The hypothetical model draws from the combination of human centricity and agency, importance of strategic wellbeing of main stakeholders and the overall concept of a SMO in an interpretative manner. The established prototype of strategic HRM in a SMO is presented as a conclusive ideal. The model of SHRM in SMOs at the professional level is following:

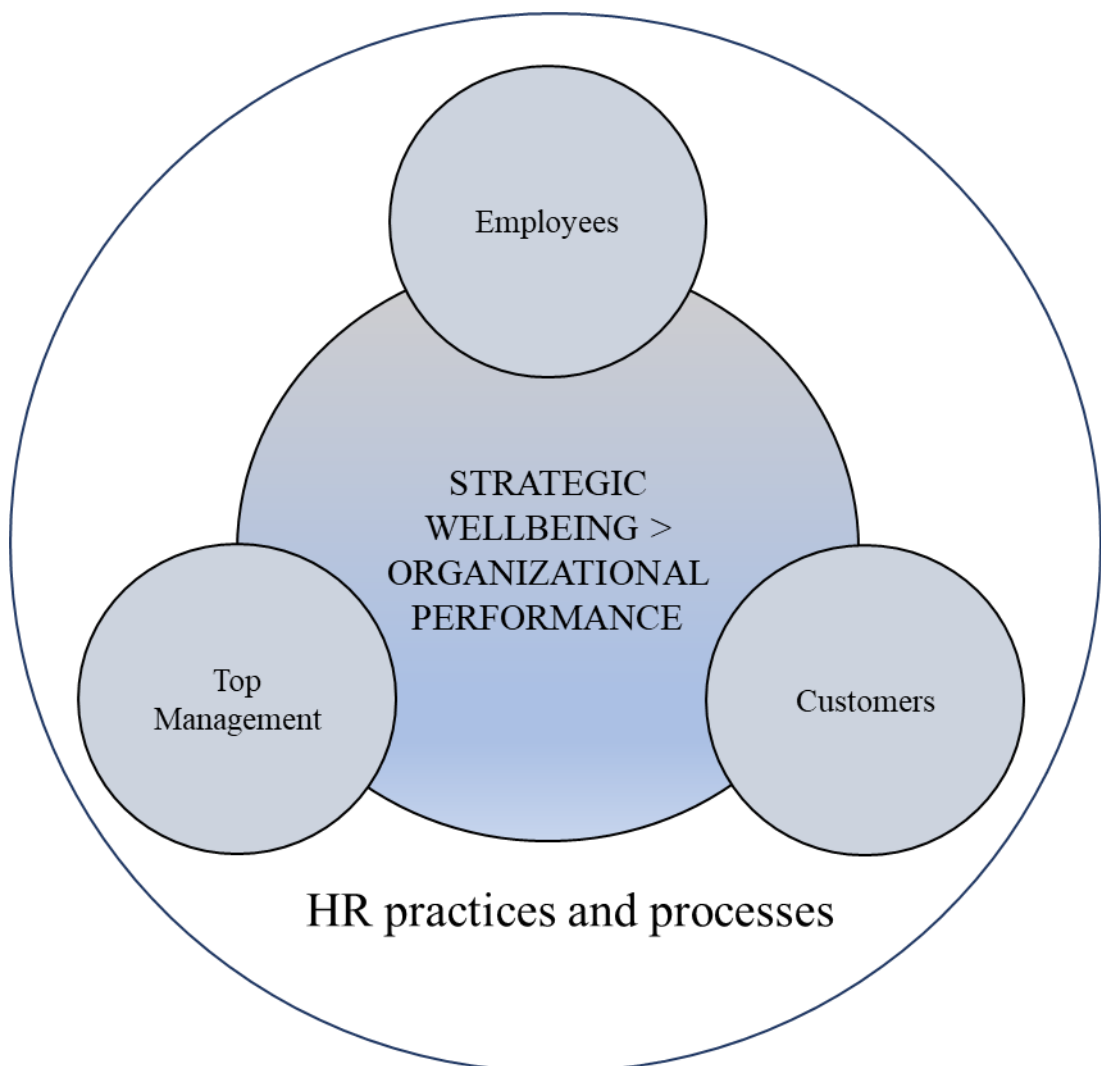


Figure 4. The ideal of strategic HRM in a SMO at the professional level

My model presented in the figure four above is rooted in the model of customer oriented HRM by Juuti (2015). However, in the ideal model, the agency role of line managers is abolished and given to customers. The importance of strategic wellbeing that generates

good organizational outcomes highlighted in the model of managing strategic wellbeing by Aura et al. (2016) form the very core for the model. Interactive purposeful co-operation of main three stakeholders – customers, employees, and top managers – results in strategic wellbeing, which then impacts to organizational outcomes – experiences and financial performance. The unique set of HR processes and practices (praxis) guide and facilitate interactive co-operation and formation of strategic wellbeing in a similar manner that is presented in the model of strategic wellbeing in SMOs by Larjovuori et al. (2021). In the ideal model, agency role of all three stakeholders is recognized. In environment of shared leadership and power HR processes and practices operate as a mediator facilitating a wanted social system and generating desired experiences (cf. Burgelman et al. 2018).

Martela et al. (2021, 32) state that SMOs must be prepared to handle many duties of middle management in some kinds of ways. The ideal model of SHRM in SMOs in the future offers a solution, at least partly. The model provides a framework that points out the potentiality of strategic HR in self-managed context. Otherwise, the model does not provide any solutions for a dilemma between dynamic structures and static structures. Even though unified HR processes and practices generate organizational structure, the unity of the structure as whole is important.

The key is in identifying enabling structures (Martela 2019,21). The static structure like variety of teams have a part to play. In some studied SMOs cross-functional teams handled HR duties that managers handle in traditional organizations. I believe that a role of these types of teams can be essential in building up strategic HR system in SMOs. Afterall, the components of strategic wellbeing and human psychology are quite fixed and as such, they would provide a good base for static structures. Organizational structure forms a whole, a necessary totality, in which different parts support each other (Martela 2019; Puranam et al. 2014). Yet, taking into accounts the importance of human agency and energy, practices and processes should lead the way. The unique organizational structure of units (teams and positions) should be based on the plan in which the full agency potential and human needs of each employee is acknowledged.

The model does not indicate the HR roles of the main agents either. Whereas in studied organizations many strategic HR duties of line managers were handle by “ordinary” employees or top managers, in the professional stage of a SMO, the number of strategic HR professionals especially in larger knowledge intensive SMOs most certainly

multiplies. Within next five years there will be open positions for HR professionals in high-tech companies with titles like Human Bias Officer, Workplace Environment Architect, strategic HR Business Continuity Director and Climate Change Response Leader (Meister & Brown 2020, consulted 24.3.2021). The organizational setting of SMOs provides a good platform for these new types of HR professionals in large sizes SMOs.

The culture of rationality has been dominant approximately over hundred years, the area of modern organizing. However, new human centric forms of organizing like SMOs predict a new management paradigm – more human centric one. The role of main HR stakeholders – customer and employees, and the role of HR practices is then accentuated. The role of sustainability and technology will also be accentuated. According to Wilenius and Kurki (2017, 174) from human perspective during the current sixth socio-economic cycle that has begun 2010 and will continue until 2050, the integration of humans, nature and technology is essential.

Notably, the change involves SHRM as well. The idea of structure of scientific revolution by Thomas Kuhn (1962) show how scientific revolution follows open ended scheme:

pre-science – normal science – crisis – revolution – new normal science –  
new crisis –

(Chalmers 2013, 101)

When old methods do not apply in solving emerging problems and finding answers to novel questions, a different scientific approach is needed. In fact, change is in motion. According to Wang et al. (2020, 148) employee-perceived HR is associated with strategic wellbeing and good organizational outcomes. Instead of focusing on managers – with poor results of proving a connection with HR practices and organizational outcomes – the focus of HRM research ought to be in sustainable social system and processes and elements related to these systems – involving HR practices. According to Edmondson and Lee (2017, 50–52) future research on SMOs should focus on co-ordination and control, individual subjective experience, achieving and maintaining decentralization, organizational consequences, SMOs as a case of institutional change and contingencies in the choice of self-managing systems. Understanding SMOs and their potential future role research is indeed pivotal, and in any model as in real life SMOs, the role of HR practices will be without fail cardinal.

### 6.3 Other future aspects

Finding the evidence of the reciprocal relationship of HR practices and performance can become more reachable in the future if HRM takes a step to go further. SMOs offer a prosperous context for such research. Indeed, examining the interplay of work agency and energy and HR praxis with processes and practices without any involvement of middle management could provide relevant information on organizational performance. Above all, the advancement requires acknowledging an ontological status of human centrality in business economics.

Most notably, rapid technological development and the emerging role of automation that highly involves KIFs provides means of creating HR practices and processes that facilitate strategic wellbeing. Just like an enterprise resource planning (ERP) system help an organization to manage its resources efficiently, a software of enterprise goal planning system could help an organization and employees to set all level goals in an integrated and purposeful manner. Technological possibilities are endless. Nevertheless, technology centrality should never overrule human centrality. Like fire, technological solutions are good servant but bad masters.

Time will tell if the fresh ideas of Frederic Laloux will have such a historical status in the future than has the ideas of Frederick Taylor today. Regardless, quantitative research on the correlation between the practices listed in the book of Laloux and the practices implemented in real-life SMOs is needed. Correlation and a lack of correlation would provide relevant information on HR practices in contemporary SMOs. In addition, the role of a customer as HR stakeholder is fascinating. Due to the agency role of customers, future HR and its practices has even more potential that we yet realize. There is a huge amount of unused capacity – energy and agency – in customers.

Moreover, in the future SMOs offer an interesting context for exploring human co-operation, which facilitates multidisciplinary research projects. It is evident that the good meaningful interplay between individuals that form a “whole” is a key. Hence, people and business are quite intertwined with each other, and the results of co-operation are various – consequently social, financial, and sustainable. Due to the complexity multifaceted and multilateral research is required.



Finally, a major leap from management centrality towards human centrality requires major changes in existing legislation. Enhancing human wellbeing and social sustainability and sustainability in general future legislative authorities have a binding responsibility in abolishing any legislation that supports management and owner centrality – and indeed that is a not a minor task and most likely will take a decade or even two.

## 7 Assessments

In hermeneutic research process a researcher pass between different phases of a study (Puusa & Juuti 2020, 73). In my research the ideas concerning the study have evolved during the research process. Finding out relevant theory during the process has been challenging and rewarding. Understanding the relevancy of management centricity and human centricity has been a key. The concepts of human agency and human energy have crystallized the value of humans as stakeholders. When a researcher delves into a studied phenomenon during the whole research process, the trustworthiness of qualitative research improves, and using variety of theoretical perspectives that can be identified as theoretical triangulation can validate the results of research (Aaltio & Puusa 2020, 182,185).

To improve the external validity, I have brought various theoretical aspects and models that relate to the potentiality of HR practices in general. As consequence, deepening the level of analysis by exploiting two different narrative research methods has been necessary. To facilitate reliability, my study findings are presented in good compliance with theoretical reasoning. In addition, by choosing only one focus that is meaning – against my original idea – I simplified the study to ensure the quality of analysis. The difficulty with narrative research results is often in pointing out the findings on one hand in an understandable manner and on the other hand in an interesting way (Aaltio & Puusa 2020, 186).

The intentions of narrators, the role of a receiver and the context of narration can never be ignored (Puusa et al. 2020, 226). With each studied narrative the contextual factors and a position of narrator have a significance. Yet, in my analysis these contextual factors are basically overlooked but not ignored. The important elements like general influence of an owner, size, or organizational history that no doubt has influence on how a SMO operates are taking into accounts not more than briefly. It may be that due to these reasons the journey of a SMO towards the ideal of a SMO vary. With the limitations of having only five narratives with a variety of relevant information written in different contexts made it unreasonable to include contextual factors into analysis. In addition, for having focused only on the content of narratives affects the richness of analysis. Unlike the analysis of meaning the analysis of structure is more dynamic by nature and it focuses on

finding out answers to questions of how the stories are told. More emphasis on linguistic elements of narratives is then needed. (Eriksson & Kovalainen 2008, 219.)

Another limitation that deals with my ability to be objective is related to my entrepreneurial identity and my research approach. The study findings are affected by ontological and epistemological assumptions and chosen research methods (Aaltio & Puusa 2020, 182). My interpretative approach, anti-positivistic stand, and my basic assumptions rooted in constructive relativism allow me to have more interpretative freedom, which is influenced by my identity. As for my hypothetical model, there is still quite little evidence in studied SMOs that customers are also key agents. Yet, the studied SMOs aim to increase customer involvement and participation, and my interpretation is supported also by theoretical evidence. Due to my background and personality, I found free decision-making patterns and non-bureaucratic structures of organizing way more efficient and appealing than bureaucratic structures. Therefore, it is quite likely that during the research process my personal likings have had impact on what is pointed out and what is not.

Also, the study is lacking critical perspective of a deeper level analysis on power relations and dominance, which play an essential role in any system that involves relationships and humans. Using the metaphors like organizations as dominance, politics, or psychological prison presented by Morgan (2008) as a lens of monitoring SMOs could be beneficial in discovering power and dominance related issues. However, despite the downfalls I paid attention to my own thought patterns during the research process and corrected my thoughts when necessary.

Assessing the trustworthiness of narrative research, it is important to put the emphasis on the relationship of a researcher and a narrator. It is significant who has a voice and how the voice is used. (Aaltio & Puusa 2020, 186.) On one hand, despite the good co-operation with narrators, I have a lack of deeper understanding of the personality of narrators and their life and work situations. On the other hand, I do not have any personal commitment related to narrators either that would affect my objectivity. Moreover, no linguistic analysis is conducted on the research material how things has been said and the conducted analysis is lacking the voice of many relevant parties involved, like employees. The narrators represented top management who was committed to the idea of self-management in a similar manner than I am.

I realize that my research question is voluminous taking into an account the scope of the study. Thus, many theoretically important issues are handled briefly. It would have no doubt been possible to conduct a study on a culture of rationality only or on the interplay between static structures and dynamic structures in SMOs. Yet, I would have not been able to address phenomenon of human centricity in business settings in such a large scale than I have done now. In addition, due to the novelty of studied phenomenon and my background knowledge on studied phenomenon, a more detailed study would have not been reasonable or even possible. Accordingly, more detailed studies on how HR practices, static structures and organizational outcomes work together in SMOs are necessary in the future.

Moreover, using various languages in research can constitute a downside risk. In my thesis, the research material is written in Finnish, the different phases of analysis are conducted partly in Finnish and partly in English whereas the results are presented in English. Even though I have taken university courses in English translation, there is no professional translating involved in my analysis. Therefore, the presented empiric results might not bring out all the information in a similar manner that they would if they were presented in Finnish.

It is also important to ensure that no harm is caused for those involved in research (Koskinen et al. 2005, 278). The anonymity of narrators is considered important because of to some extent delicate and personal information the narrators have provided. The collected narratives are carefully organized in such a manner that no organization specific information is available in the text. The examples taken from narratives are presented without unveiling any codifications that has been necessary for the sake of good quality of analysis. However, some industry specific information is available in narratives due the choices made by narrators. All the narrators have given their written consent to participate in my research, and any time during the process they have had an opportunity to retreat. In general, a researcher should favour transparency and openness even though it increases reactive (Koskinen et al. 2005, 280). Over co-operation, my interpretative approach and presumptions have been exposed in provided written materials and during the conversations over the phone. As an expression of my gratitude the summary of research results together with an organization-specific explanations are offered to all participants. All the research material are accurately stored for safekeeping in accordance with instructions of Turku University.

Despite the limitations, the conclusions offer valuable interpretation of highly topical subject, the importance of human agency and energy in organizations. On its peak qualitative research analysis produce something new that can be addition to the existing theory (Puusa & Julkunen 2020, 200). I believe the hypothetical model with its limitations provides an interpretation of the significant role of HR practices in SMOs at the professional stage. The ideal model acknowledges the value of building up HR practices that facilitate good energy and agency of employees and customers. Business-related research can benefit from the ideas presented in the model. Different ideas involving things like static structures can later be added to the model. Most importantly, the model provides a concrete view on an organization, in which HR has a central role.

## References

- Aaltio, I. – Puusa, A. (2020) Mitä laadullisen tutkimuksen arvioinnissa tulisi ottaa huomioon? In: *Laadullisen tutkimuksen näkökulmat ja menetelmät*, eds. J. Puusa – P. Juuti, 177–188. Gaudeamus Oy, Helsinki.
- Agilemanifesto: <<https://agilemanifesto.org/>>, consulted the 30<sup>th</sup> of June, 2021.
- Alvesson, M. (2009) Critical perspective on strategic HRM. In: *The Routledge Companion to Strategic Human Resource Management*, eds. J. Storey – P. M. Wright – D. Ulrich, 52–67. Routledge, Abingdon.
- Aura, O. – Ahonen, G. – Ilmarinen, J. (2011) *Tutkimusraportti Strategisen työhyvinvoinnin tila Suomessa 2011*. Excenta Oy, Helsinki.
- Aura, O. – Ahonen, G. (2016) *Strategisen hyvinvoinnin johtaminen*. Talentum Pro, Helsinki.
- Aura, O. – Ahonen, G. – Hussi, T. – Ilmarinen, J. (2021) *Itseohjautuvuuden johtaminen 2020 – tutkimusraportti*. Ossi Aura Consulting Oy, Helsinki.
- Banner, D. K. (2016) Book Review of *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage in Human Consciousness* by Frederic Laloux. *Journal of Social Change*, Vol. 8 (1), 73–77.
- Barker, R. A. (2001) The nature of leadership. *Human Relations*, Vol. 54 (4), 469–494.
- Bernstein, E. – Bunch, J. – Canner, N. – Lee, M. (2016) The Big Idea. Beyond the Holacracy Hype. *Harvard Business Review*. July–August, Vol. 94 (7/8), 38–49.
- Boje, D. M. (2001) *Narrative Methods for Organizational and Communication Research*. Sage, London.
- Burgelman, R.A. – Floyd, S.W. – Laamanen, T. – Mantere, S. – Vaara, E. – Whittington, R. (2018). Strategy processes and practices: Dialogues and intersections. *Strategic Management Journal*, Vol. 39 (3), 531–558.
- Chalmers, A. (2013) *What Is This Thing Called Science?* University of Queensland Press, St Lucia.
- Child J. (2019) *Hierarchy: A key Idea for Business and Society*. Routledge, Abingdon, Oxon.
- Clarke, V. – Braun, A (2017) Thematic analysis. *The Journal of Positive Psychology*. Vol.12 (3), 297–298.

- Coats, D. (2009) Changing labour markets and the future of work. In: *The Routledge Companion to Strategic Human Resource Management*, eds. J. Storey – P. M. Wright – D. Ulrich, 106 –122. Routledge, Abingdon.
- Desveaux, J. A. (2020) “Adhocracy”. <<https://www.britannica.com/contributor/James-A-Desveaux/9312314>>, consulted the 15<sup>th</sup> of July, 2021.
- Eriksson, P. – Kovalainen, A. (2008) *Qualitative Methods in Business Research*. Sage, London.
- Finlex: Osakeyhtiölaki. <<https://www.finlex.fi/fi/laki/ajantasa/2006/20060624>>, consulted the 17<sup>th</sup> of June, 2021.
- Finlex: Työsopimuslaki. <<https://www.finlex.fi/fi/laki/ajantasa/2001/20010055>>, consulted the 17<sup>th</sup> of June, 2021.
- Fisher, C. (2010) *Researching and Writing a Dissertation: A Guidebook for Business Students*. Financial Times/Prentice Hall, Harlow.
- Frei, F. X (2008) The Four Things a Service Business Must Get Right. *Harvard Business Review*. Vol. 86 (4), 70–80.
- Gemmill, G. – Oakley, J. (1992) Leadership: An Alienating Social Myth? *Human Relations*, Vol. 45 (2), 113–129.
- Goller, M. (2017) *Human Agency at Work: An Active Approach Towards Expertise Development*. Springer VS, Wiesbaden.
- Guest, D. E. (2017) Human resource management and employee wellbeing: Towards a new analytic framework. *Human Resource Management Journal*. Vol. 27(1), 22–38.
- Guest, D. E. – Bos-Nehles, A. (2013) HRM and performance: The role of effective implementation. In: *HRM & Performance*, eds. J. Paauwe – D. E. Guest – P. M. Wright, 82 –96. John Wiley & Sons LTD, Chichester.
- Gulla, D. – Anjilvelil, J. G. (2020) Book Review of F. Laloux, *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage in Human Consciousness*. *NHRD Network Journal*, Vol. 13 (3), 398–399.
- Hamel, G. (2011) First, Let’s Fire All the Managers. *Harvard Business Review*. <<https://hbr.org/2011/12/first-lets-fire-all-the-managers>>, consulted the 22<sup>nd</sup> of June, 2021.
- Healthline: A (Realistic) Guide to Becoming Self-Actualized. <<https://www.healthline.com/health/self-actualization>>, consulted the 22<sup>nd</sup> of June, 2021.

- Holacracy: < <https://www.holacracy.org/>>, consulted the 1<sup>th</sup> of July, 2021.
- Juuti, P. (2015) *Johda henkilöstöä asiakaskeksyyteen*. PS-kustannus, Jyväskylä.
- Juuti, P. (2018) *Huono johtaminen. Tuhon tieltä toimivaan työyhteisöön*. Gaudeamus, Helsinki.
- Kekäle, J. – Puusa, A. (2020) Realistinen ja konstruktionistinen maalimankäsitys, In: *Laadullisen tutkimuksen näkökulmat ja menetelmät*, eds. J. Puusa – P. Juuti, 41–55. Gaudeamus Oy, Helsinki.
- Koskinen, I. – Alasuutari, P. – Peltonen, T. (2005) *Laadulliset menetelmät kauppatieteissä*. Gummerus Kirjapaino Oy, Jyväskylä.
- Koskinen, S. (2014) Alaisen harjoittaman esimiehen kiusaaminen ja muu sopimaton käyttäytyminen työsopimuksen päättämisperusteena. 17.12.2014 [digital article]. <<https://www.edilex.fi/artikkelit/12471>>, consulted the 31<sup>st</sup> of March, 2021.
- Kramar, R. (2014) Beyond strategic human resource management: is sustainable human resource management the next approach? *The International Journal of Human Resource Management*, Vol. 25 (8), 1069–1089.
- Kwon, C. (2018) Book review: Reinventing organizations: A guide to creating organizations inspired by the next stage of human consciousness. *Management Learning*, Vol. 49 (5), 628–630.
- Laloux, F. (2014) *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness*. Nelson Parker, Brussels.
- Langevin Heavey, A. – Beijer, S. – Federman, J. – Hermans, M. – Klein, F. – McClean, E. – Martison, B. (2013) Measurement of human resource practices: Issues regarding scale, scope, source and substantive content. In: *HRM & Performance*, eds. J. Paauwe – D. E. Guest – P. M. Wright, 82 –96. John Wiley & Sons LTD, Chichester.
- Larjovuori, R. – Kinnari, I. – Nieminen, H. – Heikkilä-Tammi, K. (2021) *Työhyvinvointi esimiehettömässä organisaatiossa – tutkimushankkeen loppuraportti*. Työsuojelurahasto, Tampereen yliopisto (in press).
- Lee, M.Y. – Edmondson, A.C. (2017) Self-Managing Organizations: Exploring the Limits of Less-Hierarchical Organizing. *Research in Organizational Behavior*, Vol. 37, 35–58.
- Mariappanadar, S. (2012) The harm indicators of negative externality of efficiency focused organizational practices. *International Journal of Social Economics*, Vol. 39 (3), 209–220.



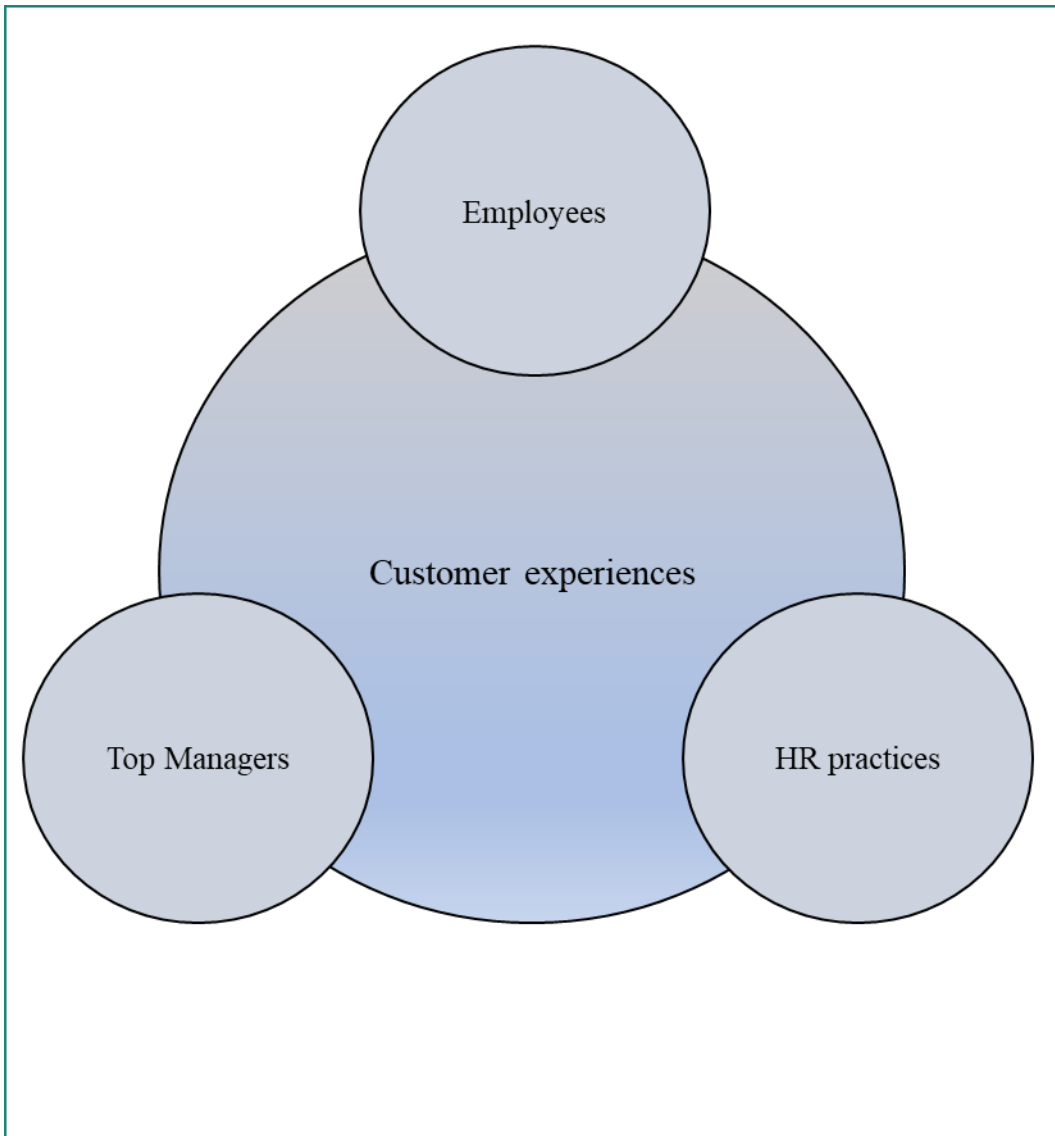
- Martela, F. (2019) What makes self-managing organizations novel? Comparing how Weberian bureaucracy, Mintzberg's adhocracy, and self-organizing solve six fundamental problems of organizing. *Journal of Organization Design*, Vol. 8 (1), 1–23.
- Martela, F – Jarenko, K. (2017) Johdanto. In: *Itseohjautuvuus. Miten organisoitua tulevaisuudessa*, J. Martela – K. Jarenko, 9–48. Alma Talent, Helsinki.
- Martela, F. – Hakanen, J. – Hoang, Nhi – Vuori, J. (2021) *Itseohjautuvuus ja työn imu Suomessa – Onko itseohjautuvuus työhyvinvoinnin vai -pahoinvoinnin lähde? Kansallisesti edustavaan aineistoon (N=2000) perustuva tutkimus*. Aalto yliopisto, Helsinki.
- McCleod, S. (2020) Maslow's Hierarchy of Needs. Simply Psychology. <<https://www.simplypsychology.org/maslow.html>>, consulted the 22<sup>nd</sup> of June, 2021.
- McMahan, G. C. – Harris, C. M. (2013) Measuring human capital: a strategic human resource management perspective. In: *HRM & Performance*, eds. J. Paauwe – D. E. Guest – P. M. Wright, 111 –128. John Wiley & Sons, Chichester.
- Meister, J. C. – Brown, R. H. (2020) 21 HR Jobs of the Future. *Harvard Business Review*. 12.8.2020 [digital article]. <<https://hbr.org/2020/08/21-hr-jobs-of-the-future>>, consulted the 24<sup>th</sup> of March, 2021.
- Monks, R. A. G. – Minow, N. (2011) *Corporate Governance*. 5th Ed. John Wiley & Sons, Chichester.
- Morgan G. (2006) *Images of Organizations*. Rev. ed. Sage, Thousand Oaks.
- Pfeffer, J. (2010) Building Sustainable Organizations: The Human Factor. *Academy of Management Perspectives*, Vol. 24 (1), 34–45.
- Puranam, P. – Alexy, O. – Reitzig, M. (2014) What's "new" about new forms of organizing? *Academy of Management Review*, Vol. 39 (2), 162–180.
- Puusa, A. – Hänninen, V. – Mönkkönen, K. (2020) Narratiivinen lähestymistapa organisaatiotutkimuksessa, In: *Laadullisen tutkimuksen näkökulmat ja menetelmät*, eds. J. Puusa – P. Juuti, 216–227. Gaudeamus Oy, Helsinki.
- Puusa, A. – Julkunen, S. (2020) Uskottavuuden arviointi laadullisessa tutkimuksessa, In: *Laadullisen tutkimuksen näkökulmat ja menetelmät*, eds. J. Puusa – P. Juuti, 189–201. Gaudeamus Oy, Helsinki.

- Puusa, A. – Juuti, P. (2020) Laadullisen tutkimuksen tieteenfilosofinen tausta, In: *Laadullisen tutkimuksen näkökulmat ja menetelmät*, eds. J. Puusa – P. Juuti, 25–40. Gaudeamus Oy, Helsinki.
- Puusa, A. – Juuti, P. (2020) Organisaatiokulttuurinäkökulma esimerkkinä laadullisen tutkimuksen yleistymisestä, In: *Laadullisen tutkimuksen näkökulmat ja menetelmät*, eds. J. Puusa – P. Juuti, 61–74. Gaudeamus Oy, Helsinki.
- Romero, A.M. – Uruburu, Á. – Jain, A.K. – Ruiz, M. A. – Gómez Muñoz, C. F (2020) The Path towards Evolutionary – Teal Organizations: A Relationship Trigger on Collaborative Platforms. *Sustainability*, Vol. 12 (23), 9817.
- Salovaara, P. (2017) Monikollinen Johtajuus: Kuinka organisoida itseohjautuvuutta. In: *Itseohjautuvuus. Miten organisoitua tulevaisuudessa*, J. Martela – K. Jarenko, 49–110. Alma Talent, Helsinki.
- Schein, E. H. – Schein, P. A. (2017) *Organizational culture and leadership*. 5 ed. John Wiley & Sons, San Francisco.
- Scrum: <<https://www.scrum.org/resources/what-is-a-scrum-master>>, consulted the 29<sup>th</sup> of June, 2021.
- Sennett, R. (2002) *Työn uusi järjestys eli miten kapitalismi kuluttaa ihmisen luonnetta*. Kustannusosakeyhtiö Vastapaino, Tampere.
- Stahl, G. K. – Brewster, C. J. – Collings D. G. – Hajro, A. (2020) Enhancing the role of human resource management in corporate sustainability and social responsibility: A multi-stakeholder, multidimensional approach to HRM. *Human Resource Management Review*, Vol. 30 (3), 1–16.
- Storey, J. (2009) New organizational structures and forms. In: *The Routledge Companion to Strategic Human Resource Management*, eds. J. Storey – P. M. Wright – D. Ulrich, 90 –105. Routledge, Abingdon.
- Storey, J. – Wright, P M. – Ulrich, D. (2009) Introduction. In: *The Routledge Companion to Strategic Human Resource Management*, eds. J. Storey – P. M. Wright – D. Ulrich, 1–16. Routledge, Abingdon.
- Tealsuomi: <<https://www.tealsuomi.fi/osuuskunta>>, consulted the 15<sup>th</sup> of July, 2021.
- Ulrich, D. – Smallwood, N. – Sweetman, K. (2008) *The Leadership Code: Five Rules to Lead By*. Harvard Business Press, Boston.
- Ulrich, D. – Allen, J. – Brockbank, W. – Younger, J. – Nyman, M. (2009a) *HR Transformation: Building Human Resources from the Outside In*. McGraw-Hill, New York.

- Ulrich, D. – Younger, J. – Brockbank, W. (2009b) The next evolution of HR organization. In: *The Routledge Companion to Strategic Human Resource Management*, eds. J. Storey – P. M. Wright – D. Ulrich, 182–203. Routledge, Abingdon.
- Ulrich, D. – Dulebohn J. H. (2015) Are we there yet? What's next for HR? *Human Resource Management Review*, Vol. 25 (2), 188–204.
- Vargo, S. L. – Lusch, R. F. (2017) Service-dominant logic 2025. *International Journal of Research in Marketing*, Vol. 34 (1), 46–67.
- Viitala, R. (2015) *Henkilöstöjohtaminen. Strateginen kilpailutekijä*. Edita Publishing Oy, Helsinki.
- Virolainen, H. (2012) *Kokonaisvaltainen työhyvinvointi*. BoD, Helsinki.
- Virolainen, H. – Virolainen, I. (2019) *Mielenvoima työssä*. Rev.ed. Viisas Elämä Oy, Helsinki.
- Wang, Y – Sunghoon, K. – Rafferty, A. – Sanders, K. (2020) Employee perceptions of HR practices: A critical review and future directions. *The International Journal of Human Resource Management*, Vol. 31 (1), 128–173.
- Wilenius, M. – Kurki, S. (2017) Sitä niittää mitä kylvää: Luottamuskeskeisten organisaatioiden menestystarinoita. In: *Itseohjautuvuus. Miten organisoitua tulevaisuudessa*, J. Martela – K. Jarenko, 171–200. Alma Talent, Helsinki.

## Appendices

### Appendix 1 Neglected model of the role of HR practices in SMO



## Appendix 2 Instructions for narrators (resumed)

Thank you for participating

Please write freely a story like narrative **HOW** middle management responsibilities are handled in your self-managed workplace. To facilitate narration there is a list of common duties of middle managers in traditional organizations and some questions to assist writing.

In your narration you can focus on informal and formal practices and praxis that help an organization to operate efficiently, rationally, and ethically (rules, models, compensation, recruitment, technological solutions, interaction, premises, communication, recreational activities, values, transparency **and so on**). The reflections on how chosen practices have worked and what are/have been the challenges as well as the best solutions are more than welcome. The idea is that your reflections help you to discover what to put the emphasis on in the future development of the workplace. Pondering the role of chosen practices from the perspective of strategic wellbeing and customer experience is also more than welcome. You can choose temporal context of your story, (for example duration of your employment). There are no bad or good stories; the aim is to have fun when writing 😊. You can decide the length of your story but if needed you can use the length of 2–5 pages as a guideline.

### Questions to assist writing if needed

Managing strategic wellbeing

- How are psychological and physical needs of employees taken into accounts?
- How is following the letter of labor laws ensured?

Work implementation

- How is work planned and implemented and how do work improvements and changes take place?

Goalsetting, accountability and measuring outcomes

- How does goalsetting take place and how are follow-ups conducted?

Organizing resources

- How is work organized in pleasant and efficient manner?

Information sharing and co-operation

- How good interaction is ensured between top management, customers, employees, and other stakeholders?

#### Leadership

- How is self-leadership availed?

**The components of strategic wellbeing:** atmosphere, competence and skills, health promotion, work engagement and flow, work content, management (self-management), leadership and healthy lifestyle

#### **Some imaginary examples to facilitate storytelling**

“I started working here two years ago, when we had just given up line managers...”

“We don’t have any rules, but we have models and recommendations that we have created together...”

” We have a habit that in the beginning of a new project...”

” We are interested in experiences and that’s why we always check how customers and employees are feeling by using a specific tool called “vibemetrics”...”

” Sometimes it seems that organizing work is chaotic because of enormous workload we are facing. It might be that we are just overoptimistic ...”

Keep in mind that help is available with any issues concerning narration by contacting a researcher by mail or by phone

### Appendix 3 Narration based categories under given themes

<b>Leadership and learning</b>
Shared leadership
Self-leadership and personal development
Collective learning among employees
Innovating
Support
External leadership/support/learning
Ready models of learning
Customers' leadership/support/learning
<b>Information sharing, social interaction, and happiness</b>
Organizing
Happiness, belongingness and caring
Transparency
Customer interaction
Authenticity of communication
<b>Purpose, goals, feedback, and monitoring</b>
Measurement
Feedback
Work control
Goal alignment
Detailed goal setting
The role of finance
<b>Decision-making, monetary compensation, and equality</b>
Shared power and equality
Compensation and rewards
Ready models and processes
The role of finance

<b>Physical wellbeing and work balance</b>
Transparency
Monitoring and interference
Collective accountability
Obstacles