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IS SELF-ORGANISATIONAL PRACTICE A VIABLE MODEL?

Case study: No CEO in a Swedish company - CRISP

Recently, there has been a shift towards flat organisational structures in companies such as the online shoe and clothing retailer Zappos, the food processor Morning Star and the game maker Valve (Bernstein et al., 2016). Joining this movement, Crisp a forty-staff Swedish software consultancy, has removed its Chief Executive Officer (CEO) role since 2014 and has smoothly operated as a 'self-organisation' (Hope, 2017). Crisp's success illustrates that self-organisational practice can enhance employee engagement and leadership development although it may not suit all organisations. This essay will assess to what extent self-organisation is a viable model, using Crisp as a case study and theories from three topics: strategic human resource management, leadership, and culture.

Unlike hierarchical organisations which centralise the decision-making of top managers, flat organisations decentralise decision-making to promote self-management practices that enhance employee engagement. There are different forms of flat organisations such as 'holacracy' in Zappos or 'self-management' in Morning Star (Lemons, 2015), most of them reduce middle management, but retain a CEO. Crisp goes one step further by removing their CEO and the Human Resource department so that each Crisp's staff (called 'Crisper') operates autonomously and can be the driver for any decision (Crispdna, 2017). Having autonomy provides employees control over their work which increases their motivation and engagement (Deci and Ryan, 1980) leading to employee productivity (Rafferty et al., 2005), satisfaction and retention (Macey and Schneider, 2008) and customer satisfaction (Markos and Sridevi, 2010; Mackay et al., 2017). After adopting self-organisational model, staff feedback in Crisp showed an increase in staff happiness from below 4 to around 4.3 out of 5, staff turnover rate is almost zero, and all this alongside positive client feedback (Crispdna, 2017).

Markos and Sridevi (2010) demonstrate that although most employee engagement's drivers are non-financial, other important drivers are the reward system (Broad, 2007; Danish and Usman, 2010) and competitive salaries (Coffman, 2000). Thus, Crisp excludes the external reward and incentive systems but allows Crispers to keep most of what they earn to ensure they are suitably financially rewarded. This explains the doubled revenue per Crisper compared to consultants in a typical consulting company (Crispdna, 2017). This no-CEO and no-HR practice may work in the case of consultancy industry where performance of each staff does not necessarily depend on other staff, but rather on their own competence. The implication is that self-organisational companies (and perhaps others) could benefit greatly from performance-based salary systems to promote employee engagement.

However, the engagement to self-organisational practice is not always positive due to individual differences (Markos and Sridevi, 2010). Self-organisational structures are typically dynamic and unpredictable due to the autonomous multi-interactions between different individuals (e.g., Gleick, 1987; Pagels, 1988; Wolf and Holvoet, 2004). Hence, individuals who pursue stability feel uncertainty and insecurity in self-organisations since they must depend on themselves for discipline, motivation, and decision-making which can make them withdraw from the organisations to sustain their identity (Keupp et al., 1999). For example, a survey showed one fifth of employees left Zappos due to feelings of uncertainty after the adoption of self-organisation (Reingold, 2016; Hope, 2017). In contrast, individuals who prefer being in-charge feel more engaged when self-managing than when being managed (Keupp et al., 1999). This suggests that the uplift in staff satisfaction seen in Crisp after implementing the no-CEO model relates to independent ability of Crispers.

Individuals who fit well into self-organisational structures are usually independent and creative which require a strict recruitment process (Lemons, 2015). Crisp emphasises recruitment with a list of 'fit' criteria such as highly skilled, self-confident, independent, adventurous, recommended by its existing staff, hiring cautiously since hiring a bad candidate is worse than missing out on a good candidate as well as placing a limitation of hiring three consultants per year (Crispdna, 2017). The challenge of strictly choosing people may limit the business scale (Hope, 2017). Crisp pursues the strict recruitment process since it focuses on staff quality and satisfaction to delight customers rather than the scale. This highlights that there is a certain trade-off between the scale and the employee engagement in self-organisations. For example Crisp employs only 40 staff (Hope, 2017) compared with Zappos's 1500 (Pontefract, 2016). Moreover, a selective recruitment process may reduce the individual differences in start-up but not existing large organisations where there is a high possibility for resistance of change in experienced employees who are familiar with traditional hierarchical structures and reluctant to change their ways as they feel 'secure' the way things are (Burke, 2011). To deal with the individual differences and ensure their engagement, some researchers suggests that organisations can emphasis leadership development in employees with the intention of enhancing their self-management (e.g., Vance, 2006; Markos and Sridevi, 2010).

Official leaders in self-organisations support and engage employees in leadership development. In particular, they act as supporters and facilitators instead of controllers and commanders while employees are active self-managed agents (Horner, 1997; Baltaci and Balci, 2017). The official leaders in Crisp are the board of directors who facilitate group decisions for important issues related to laws such as moving office (Hope, 2017). They also work as servant leaders to ensure employees' satisfaction. Greenleaf and Spears (2002) state that servant leaders primarily aim to meet the followers' needs and support the followers to strive (Russell and Stone, 2002; Stone et al., 2004). Crisp's directors do not have incentive but responsibility to provide support regarding training and tools if teams request for it (Crispdna, 2017). The willingness to support of servant leaders enable followers' willingness to take leadership responsibility (Elliot and Thrash, 2002) and become servant leaders