Challenging Misconceptions: Unpacking the Concept of Self-Managed Organizations

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Abstract:

Purpose: *This study aims to identify and critically analyze the most common misconceptions surrounding self-managed organizations (SMOs), shedding light on how they affect management practices and the successful implementation of SMO models. The objective is to clarify the essence of SMOs and provide practical insights for organizational leaders.*

Design/Methodology/Approach: *The research adopts a qualitative approach, employing a multi-source data collection strategy. The analysis includes a comprehensive review of academic and industry literature, case studies, and digital content such as websites, blogs, podcasts, and reports. Additionally, data were collected from academic assessments, student discussions, and events organized by the Teal Breakfast Poland Foundation, contributing an understanding of how SMOs are perceived in both theoretical and practical contexts.*

Findings: *The study reveals a range of prevalent misconceptions about SMOs in both scholarly literature and business practice. The findings highlight the need for more nuanced research and better dissemination of accurate knowledge about SMOs, emphasizing their potential when properly understood.*

Practical Implications: *Misinterpretations of the SMO model can lead to failed implementations and unmet expectations, particularly when organizations adopt self-management without a clear understanding of its core principles.*

Originality/Value: *This article makes a significant contribution to the field by addressing the gap between theoretical knowledge and practical applications of SMOs. It clarifies common myths, thereby providing a robust foundation for both academic and managerial audiences.*

Keywords: *Self-Managing Organizations (SMOs), Misconceptions, Organizational Design, Decentralization.*

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1. Introduction

The concept of self-managed organizations (SMOs) has gained considerable attention in recent years, both in academic discourse and practical business settings (Butsch and Bell, 2025; Martela, 2019). However, it is frequently misunderstood, resulting in misconceptions that hinder its effective implementation (Bourlier-Bargues *et al.*, 2025; Flory, 2005).

This study aims to identify and analyze the most common misconceptions related to SMOs and clarify their impact on managerial practices and organizational operations. Addressing these misconceptions is essential for fostering a deeper and more accurate understanding of SMOs, thereby enhancing their practical application.

In the modern world, organizations are increasingly required to navigate complex and unpredictable environments. This context is often described using the acronyms VUCA[4] (Lawrence, 2013; Minciu *et al.*, 2025) and BANI[5] (Khassawneh *et al.*, 2025). Such environments demand flexibility, adaptability, openness to change, and rapid decision-making.

As the importance of knowledge in the economy continues to grow, it becomes imperative for organizational members to evolve into "self-managers" (Grab *et al.*, 2019) — individuals who are accountable for their own professional development and efficiency. However, transitioning to this role is not always feasible within traditional hierarchical structures, which are typically designed for stable conditions and characterized by command-and-control practices (Lee and Edmondson, 2017).

In response to these evolving demands, SMOs have emerged as a viable alternative, promoting decentralized decision-making, employee autonomy, and increased operational flexibility (Purser and Cabana, 1998). These models represent a fundamental shift from conventional hierarchical management to more dynamic and adaptive frameworks capable of responding effectively to contemporary organizational challenges (Fjeldstad and Snow, 2018; Noja *et al.,* 2021).

Research has shown that SMOs not only foster innovation and engagement but also enhance resilience and long-term sustainability (Hamel and Zanini, 2020). This is particularly relevant given the increasing prominence of generational shifts within the workforce, as younger employees, including Millennials and Generation Z, express a preference for greater autonomy and purpose in their professional roles (de Gennaro *et al.*, 2023; Krishna and Agrawal, 2024).

Despite these potential benefits, misconceptions about SMOs continue to undermine their adoption and success. Addressing these misconceptions requires a nuanced and

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[4]*Volatility, Uncertainty, Complexity, Ambiguity.*
[5]*Brittle, Anxiety, Non-Linearity, Incomprehensible.*

evidence-based discussion of their defining characteristics. To achieve this, a qualitative approach was employed, incorporating a comprehensive review of both academic and industry literature.

The methodology also included case studies, systematic analysis of online content (such as websites, blogs, podcasts, and documents), and an in-depth examination of industry articles and reports. Additionally, student statements, examination responses, and discussions from meetings organized by the Teal Breakfast Poland Foundation, actively facilitating dialogue on SMOs, analyzed. This multi-source approach allowed for the identification of diverse perceptions and the extraction of recurring misconceptions.

The results reveal that misconceptions persist both in scholarly works and in business practices, leading to a distorted perception of the core principles of SMOs. These findings underscore the need for further research and targeted dissemination of accurate knowledge.

2. Definition of Self-Managing Organizations (SMOs)

SMOs represent a paradigm shift in organizational theory and practice, moving away from traditional hierarchical structures toward models characterized by decentralized authority, collective decision-making, and enhanced employee autonomy (Butsch *et al.*, 2025; Hempel *et al.*, 2012).

The concept of SMOs has evolved over time, shaped by diverse theoretical perspectives and empirical observations, reflecting the growing need for flexible and adaptive organizational forms in an increasingly complex business environment (Martela, 2019; Tata and Prasad, 2004; Grima *et al.,* 2024).

The theoretical foundations of SMOs can be traced to critiques of bureaucratic and hierarchical management models, which, although efficient in stable and predictable contexts, often fail to adapt to dynamic and uncertain environments (Burns and Stalker, 1994; Mintzberg, 1979). In response, contemporary organizational theorists have explored models that emphasize flexibility, autonomy, and collective governance (Kokkinidis, 2015; Grecu *et al.,* 2024).

One of the most influential perspectives on SMOs was proposed by Lee and Edmondson (2017), who defined the concept as organizations in which decision-making authority is widely distributed, allowing employees to manage their own tasks while maintaining collective accountability.

Expanding on this conceptualization, Purser and Cabana (1998) proposed that SMOs function as dynamic systems in which responsibilities are diffused across all members, promoting both adaptability and resilience. They argued that while SMOs operate without rigid hierarchical control, they are not devoid of structure; rather,

they are characterized by fluid role definitions and context-dependent leadership, fostering an organizational culture that supports continuous learning and responsiveness. This idea aligns with the concept of "adhocracy" introduced by Mintzberg (1979), wherein flexible structures enable innovation through decentralized decision-making.

Hamel and Zanini (2020) have synthesized these perspectives by emphasizing the importance of employee engagement in shaping organizational practices. They argued that SMOs thrive not only through power redistribution but also by fostering a culture of transparency and a shared sense of purpose. In their view, the success of SMOs depends on cultivating a workforce that is not merely autonomous but actively engaged in the continuous evolution of organizational norms and practices.

Leadership within SMOs is fundamentally redefined, shifting from positional authority to context-driven influence. Scholars such as Grab and colleagues (2019) argued that in SMOs, leadership is distributed and situational, emerging organically based on the needs of specific tasks rather than being conferred through formal hierarchies.

This fluid leadership model aligns with the principles of shared leadership (Pearce and Conger, 2002), in which leadership roles are assumed by individuals as needed rather than being permanently assigned.

Furthermore, the notion of autonomy within SMOs is not synonymous with a lack of structure or guidance. Research by Martela and Nandram (2025) highlights that successful SMOs establish clear values, operational principles, and decision-making protocols to maintain coherence and alignment.

Autonomy in this context is balanced with accountability, where employees are empowered to make decisions while being responsible for their outcomes. This balanced approach reflects the principles of high-involvement work systems (Lawler III, 1986), which advocate for both autonomy and structured support.

Despite the growing interest in SMOs, misconceptions continue to prevail, often stemming from an oversimplification of their principles.

3. Materials and Methods

This study aimed to identify and analyze the most common misconceptions regarding SMOs. To achieve this, a qualitative research design was employed (Flick, 2022), grounded in a multi-source data collection strategy. The chosen methodology reflects the exploratory nature of the study, with the goal of diverse perspectives and critically assess the prevailing misconceptions about SMOs.

The data collection process was based on four primary sources:

➢ *Academic and Industry Literature:* A comprehensive analysis of scholarly articles, industry reports, and case studies pertaining to SMOs was conducted. This literature review aimed to identify key theoretical concepts and practical implementations of SMOs, while also highlighting misconceptions and interpretative inconsistencies within the academic discourse. The materials analyzed included peer-reviewed journal articles, book chapters, and industry publications focusing on new organizational forms, decentralized leadership models, and the principles of self-management.

➢ *Student Engagement and Educational Contexts:* Data were collected from credit papers, exams, and interactive discussions held during courses with master's students (both full-time and part-time) and participants in Executive MBA (EMBA) programs. These educational activities, which addressed topics such as new organizational models, contemporary management challenges, and the teal quality doctrine, provided insights into students' perceptions and knowledge gaps related to SMOs.

➢ *Digital Content Analysis:* A systematic review of digital content related to SMOs was performed, including websites, blogs, podcasts, and online articles. This process involved analyzing publicly available documents, industry articles, discussion forums, and expert opinions presented in online media. The digital content analysis was crucial to capturing how SMOs are portrayed and discussed in professional networks and among practitioners, thereby supplementing the academic perspectives previously identified.

➢ *Expert Discussions and Knowledge-Sharing Platforms:* Speeches, debates, and participant questions recorded during meetings organized by the *Teal Breakfasts Poland Foundation* — a key platform dedicated to promoting knowledge and experience sharing on SMOs — were analyzed. These events provided a unique opportunity to observe real-time interactions among experts, practitioners, and enthusiasts of self-management.

Following data collection, ca thematic analysis was onducted to systematically identify patterns and themes related to misconceptions about SMOs. The data were coded to isolate recurring ideas and statements that indicated misconceptions about SMOs. These themes were then compared against established theoretical frameworks on SMOs to evaluate their accuracy and relevance.

To ensure the reliability of our findings, the analysis was conducted independently by two researchers, who cross-validated the coding process and resolved discrepancies through discussion and consensus. Triangulation was also employed by comparing insights derived from literature, student feedback, digital content, and expert discussions to enhance the robustness of the conclusions.

The preliminary list of misconceptions identified through this study will be subjected to further empirical validation. Additional, more detailed qualitative research is planned, including in-depth interviews and structured surveys with

managers and employees from organizations that have adopted SMO practices. This next phase aims to verify and generalize the findings across different organizational contexts, providing a more comprehensive understanding of how misconceptions about SMOs influence their implementation and perception.

4. Results

The study identified several prevalent misconceptions about SMOs that persist in both academic discourse and business practice. Based on the analysis of the collected data, a list of the most common misconceptions was formulated, including the following: "SMOs are merely a passing trend rather than a sustainable model", all members in SMOs are equal, with no differentiation of roles or responsibilities", "transitioning from a traditionally managed organization to an SMO is merely a superficial or 'cosmetic' change", SMOs lack managers entirely, leading to an absence of control", and "employees in SMOs have complete freedom to act without any form of regulation or coordination".

Due to the limited scope of this article, the analysis focused on four of the most persistent and impactful misconceptions, examining their origins, consequences, and real-world evidence.

4.1 The Belief that SMOs Lack Structure

This misconception stems from the erroneous assumption that the absence of a traditional pyramid-shaped structure equates to a lack of any organizational framework. As Laloux (2014) notes, "it would be a mistake to think that because there is no hierarchy, SMOs are flat and structureless." Instead, SMOs are designed to replace hierarchical dominance with mutual accountability among co-workers.

While SMOs abandon conventional command-and-control frameworks, they do not eliminate structure altogether. Instead, they adopt alternative forms of structuring based on autonomy and collaboration.

For example parallel teams, organizations like FAVI and Buurtzorg operate with parallel teams, where groups function independently but align through shared values and goals; individual contracting networks: companies such as Morning Star use contractual agreements among employees to establish clear responsibilities and expectations; nested teams or holacracy: companies such as Ternary Software utilize a holocratic model, in which teams are nested within larger operational units, maintaining flexibility while ensuring role clarity (Robertson, 2015).

Thus, SMOs are not flat in an absolute sense; rather, they possess structured coordination mechanisms that ensure operational coherence.

4.2 The Belief that SMOs Abandon Rules and Metrics

Another common misconception is the assumption that SMOs operate without rules, principles, or performance metrics, resulting in chaos and inefficiency. Contrary to this belief, the removal of hierarchical control in SMOs necessitates the development of clear values, operational principles, and mechanisms for self-management (Martela and Nandram, 2025).

The decentralized nature of SMOs requires well-defined guidelines to ensure consistency and alignment with organizational goals. For example: Spotify's scaled autonomy: Spotify's model does not equate autonomy with the absence of formal guidelines.

Instead, it promotes self-managed teams that take full responsibility for their work, guided by formal rules that facilitate collective action; Buurtzorg's care model: Buurtzorg combines team autonomy with standardized care protocols, ensuring that nurses operate independently while maintaining high-quality patient care (Nandram, 2021).

4.3 The Assumption that SMOs Lack Leadership

In reality, leadership in SMOs is decentralized and emergescontextually rather than being fixed in a hierarchical structure (Laloux, 2014). In traditional organizations, leadership is typically tied to formal positions and maintained regardless of situational relevance (Lee and Edmondson, 2017). In contrast, SMOs facilitate a fluid leadership model, in which individuals assume leadership roles based on the specific challenges they face.

This model aligns with the concept of *shared leadership*, wherein influence is derived from expertise rather than formal authority (Pearce and Conger, 2002). For example, in SMOs, leadership is ,ontext-driven: depending on the task at hand, any team member can take the lead, leveraging their expertise and situational awareness; supportive roles instead of managers: leaders in SMOs act as coaches or facilitators rather than commanders, emphasizing guidance over control (Hamel and Zanini, 2020).

4.4 The Belief that SMOs Are Ineffective on a Large Scale

A critical misconception is that SMOs are only viable in small- or medium-sized enterprises, and their scalability remains limited. While many SMOs are indeed small or medium organizations, there are prominent examples of large-scale success. Buurtzorg, a Dutch healthcare organization, exemplifies the scalability of the SMO model. Established in 2006, Buurtzorg has grown to include over 14,700 nurses and social workers organized into more than 900 independent teams (Nandram, 2021).

Its decentralized approach allows teams to manage care autonomously while maintaining shared standards. The success of Buurtzorg's model is evidenced by: financial performance: revenue of approximately 440 million euros, with lower overhead costs compared to the industry average (8% vs. 25%) (Gray *et al.*, 2015); employee and client satisfaction: high levels of autonomy correlate with greater job satisfaction and improved patient outcomes; global adaptation: the Buurtzorg model has inspired healthcare practices worldwide, including in France, Germany, the UK, Japan, and China (Kreitzer *et al.*, 2015).

5. Discussion

The findings from this study contribute to the theoretical discourse on organizational design and management by challenging the entrenched notion that hierarchical control is essential for maintaining organizational coherence. Traditionally, management theory has emphasized vertical control structures as a means of ensuring alignment and accountability (Mintzberg, 1979; Weber, 2009).

However, the evidence gathered in this study demonstrates that SMOs can maintain coherence through decentralized authority, provided that clear values and principles guide collective action. This insight supports the growing body of literature advocating for adaptive and resilient organizational forms (Hamel and Zanini, 2020; Lee and Edmondson, 2017).

Moreover, this study enriches the theoretical framework of leadership in self-management contexts by demonstrating that leadership within SMOs is not eliminated but rather diffused and contextually contingent. This challenges the traditional view that leadership must be teid to formal hierarchical roles (Mintzberg, 1980), and instead supports theories of shared and collective leadership (Pearce and Conger, 2002).

The findings indicate that leadership within SMOs is emergent, task-specific, and characterized by facilitation and support rather than command and control. This redefinition of leadership aligns with recent discussions on leadership fluidity in dynamic environments (Friedrich *et al.*, 2009).

Additionally, the study contributes to the theoretical understanding of organizational scalability in self-managemnt contexts. A common misconception is that SMOs are inherently limited to small- and medium-sized enterprises. However, the present analysis of large-scale implementations, such as Buurtzorg, challenges this view, demonstrating that SMOs can be scaled effectively when autonomy is balanced with structured coordination (Gray *et al.*, 2015).

From a practical perspective, this study offers valuable insights for organizational leaders, managers, and policymakers seeking to implement or transition to SMOs. First, it underscores the importance of designing clear and context-specific

guidelines to replace traditional hierarchical controls. Practitioners should focus on defining shared values, decision-making protocols, and communication channels to maintain coherence without imposing rigid structures.

Further research should explore the long-term sustainability of SMOs in various industries and cultural contexts. While the study highlights successful cases, understanding the conditions that support or hinder long-term viability remains essential.

6. Conclusion

Misconceptions about SMOs primarily stem from deeply rooted beliefs in traditional hierarchical management structures and limited exposure to self-management practices. The prevailing assumption that management should be the exclusive responsibility of a few individuals at the the top of the organization is so entrenched in social and professional consciousness that it often goes unquestioned.

To foster a more accurate understanding of SMOs, it is essential for organizational leaders, managers, and employees to discern the fundamental principles underlying this model and distinguish them from myths.

This is particularly relevant in light of the growing interest in SMOs among younger generations, such as Millennials and Generation Z, who demonstrate a preference for collaborative, purpose-driven work environments.

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