Performance Management in Self-Managing Teams

A case study of a knowledge-intensive company

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Department of Management and Engineering
Division of Industrial Economy
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__________________________________________  _______________________________________
Emelie Eriksson                             Emelie Öjersson

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Abstract

For many companies, especially the ones that are knowledge-intensive such as consulting companies or service delivery firms, it has been increasingly popular to organize the employees in so called self-managing teams. These teams have proven to increase efficiency as they reduce overhead costs by not having the need of being supervised by a manager. These teams should handle the daily work tasks by themselves as well as make decisions, handle the teams’ development in line with company desires, and work towards greater performance. Furthermore, the teams need to structure the performance management and be able to handle all the activities that are included within that process. Performance management is a process that is designed to improve the overall performance at the company. Activities within the process include goal setting, performance feedback and performance appraisals. All these activities should help the company with structuring a way of getting the right input for giving the suitable rewards to their employees. The team will always be influenced by different factors that will affect the team: both from within the team and from the organization as a whole. Therefor, the purpose of this thesis was to investigate how external factors (within the organization but outside the team) and internal factors have an impact on the self-managing teams within knowledge-intensive companies, and how well they can perform the performance management activities.

To be able to answer the purpose, a case study was made at the IT-consulting company Findwise AB. A year ago (Spring 2011), the three development teams at the Stockholm office got organized in more permanent teams. They saw a need of structuring their daily work and therefor they implemented the agile working method Scrum at the office, a working method focusing on iterative and incremental development. They started to operate more self-managed and a lot of the responsibilities that had been managed outside the team were now integrated towards the team. This fall (2012), the Team Leaders in each team will begin to take over the responsibility for parts of the performance appraisal process, a performance management activity that previously was done by an external manager outside the team. Furthermore, the team should to a greater extent than before, handle other performance management activities, such as setting goals and giving performance feedback.

The case study showed that the following external factors have an impact on the executing of performance management activities within the self-managing teams: external leaders and the information systems. Furthermore, the group beliefs and meeting organizational objectives, roles and responsibilities, and team composition were internal factors that had an impact. During the analysis, it became clear that things that were found in the empirical data collection also affected how effective the
performance management activities were executed within the teams. The external factors were the internal processes at the company, which refers to the fact that the team members also have responsibilities outside the team, and the external Project Leaders, which refers to that the teams sometimes uses Project Leaders for the customer projects that are not held permanent within the team. A new internal factor that was found was the various working methods that were used between the development teams.

The recommendations given to the case company included the need of setting clear goals that are tangible, as well as having attainable goals connected to a carrier plan. Furthermore, the study showed a need of implementing performance feedback sessions were input from all relevant stakeholders, inside and outside the company, could be gathered.

**Key words:** Knowledge-intensive companies, Self-managing teams, Performance management, Goal setting, Performance Feedback, Performance appraisal
Sammanfattning

För många företag, speciellt de som är kunskapsintensiva så som företag inom konsultsektorn eller tjänstesektorn, har det blivit allt mer populärt att organisera de anställda i självorganiserande team. Dessa team har visat sig öka produktiviteten då de minskar overheadkostnader genom att de inte har ett stort behov av att kontrolleras av en ledare eller chef. Dessa team ska kunna hantera dagliga aktiviteter själva och ta de beslut som krävs inom gruppen, men även se till att teamet utvecklas i linje med organisationens önskemål, samt att de arbetar för att ständigt öka prestationen inom gruppen. Dessutom måste teamen arbeta med målstyrningsprocessen och se till att de kan hantera alla de aktiviteter som finns inom denna process. Målstyrning, eller verksamhetsstyrning, är ett samlingsnamn för en process som underlättar möjligheten för ökad prestation inom ett företag. Aktiviteter som ingår inkluderar av målsättning, prestationsfeedback och utvärdering. Dessa aktiviteter kan tillsammans underlätta för organisationen att skapa en struktur som kan ge input för att kunna ge rätt belöning till företagets anställda. Teamen som ska arbeta med dessa aktiviteter kommer alltid influeras av olika faktorer som påverkar hur väl de kan arbeta som ett självgående team och ha möjlighet att arbeta effektivt med tidigare nämnda målstyrningsaktiviteter. Dessa faktorer kan innefatta påverkan internt inom teamet, men även påverkan utanför teamet men inom organisationen. Detta examensarbete hade därför som syfte att studera hur externa faktorer (inom organisationen men utanför teamet) och interna faktorer har en inverkan på självorganiserande team i kunskapsintensiva företag, samt hur detta i sin tur påverkar hur väl de kan utföra målstyrningsaktiviteterna.


Fallstudien visade att de externa ledarna i organisationen samt företagets informationssystem var externa faktorer som hade en inverkan på utförandet av målstyrningsaktiviteterna inom självorganiserande team. Studien visade även att delade värderingar inom gruppen och möjligheten att nå organisationens mål, roller och
ansvarsområden samt gruppsammansättning var interna faktorer som hade en påverkan. Under arbetets analysfas upptäcktes även att faktorer som hittades i det empiriska materialet även det hade en påverkan på hur effektivt målstyrningsaktiviteterna kunde utföras inom teamet. Nya externa faktorer som påträffades var så kallande interna processer, vilket syftar till att de anställda i många fall har ansvarsområden utanför teamet, samt att teamen ibland använde sig av externa projektledare under utförandet av kundprojekt. En ny intern faktor som påträffades var att teamen påverkades av att de redan nu hade börjat utveckla olika arbetsmetoder inom gruppen.

Studien avslutades med att ge rekommendationer till fallföretaget med information om att de behövde sätta klara och konkreta mål som på ett tydligt sätt gick att koppla till en karriärs- eller utvecklingsplan för individen. Dessutom visade studien på ett behov av att implementera feedbackmöten på team och individnivå där input kunde hämtas från samtliga intressenter inom företaget samt från de externa kunderna.
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1 Introduction

This chapter provides a brief introduction about knowledge-intensive companies, self-managing teams and performance management, as well as information about the case company for this study, Findwise AB, an IT-consulting firm. The chapter also provides a description about the challenges facing the company today and why it is interesting to study a company like Findwise AB. This will lead to a problem description and based on the identified challenges, the purpose of this thesis will be presented to the reader followed by specified questions. The study’s delimitations are also presented in this chapter together with a description about the disposition of the report.

1.1 Background

Increasing global competition and the ever-changing customer needs stresses companies to be more flexible and to take faster decisions. This is especially a challenge for companies in knowledge-intensive business areas that today have to structure their knowledge to faster respond to the constantly changing market need. (Gustavsson, 2007) According to Swart and Kinnie (2003), knowledge has become the most important key factor for success in many industries. The term "Knowledge-intensive organizations" is a term used to describe organizations that are more reliant on human and social capital than on material resources. Human capital includes individual tacit and explicit knowledge that are brought into the organization through its workers, while social capital refers to knowledge that is embedded within the organisational relationship and routines. However, to manage the changing environment in knowledge-intensive business areas, many companies have restructured their organizations into becoming more agile and flatter. Therefor, different kinds of agile working methods have become increasingly popular, especially in service firms, when developing and selling software. These types of methods are described as flexible, focusing on customer satisfaction and how to manage the constant change in customer demands. (Gustavsson, 2007)

Further, agile working is based on iterative and incremental development, where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams. An external supervisor does not, unlike in "traditional" teams, manage these self-organizing teams and instead, they are lead by a team leader from within the team. Self-managed, or self-organizing, teams work autonomous and are empowered to make decisions and take correct actions to resolve day-to-day problems. The team should also have direct access to information systems that can help them plan, control and improve their own operations and they are also responsible for resolving interpersonal issues within the team. (Silverman & Propst, 1996) The overall goal with self-managing teams is to increase efficiency where higher efficiency means higher performance. Decentralization of the decision making process towards the teams have
Introduction

been shown to create higher efficiency in the organizations, which in the end can lead to enhanced economic performance. (Pfeffer, 1998)

Moreover, a modern strategic process designed to improve and get the best from individuals and teams in an organization, as well as improve the organization as a whole, is performance management. This is a human resource management process where the main idea is to increase the productivity and profitability of an organization by letting all employees reconcile their personal goals with the organizational goals. Before introducing performance management in an organization, managers need to realize that effective performance management consists of many processes and that it involves a sharing understanding among the employees about what needs to be achieved to meet the company objectives. Therefor, strategies and tools need to be provided to help the company to be able to work with the processes on a daily basis. (Dransfield, 2000) However, companies can design a competitive working structure on paper, but lack the knowledge and control methods that are needed to implement them throughout the organization. A challenge for many companies is how they should implement the performance management process that is customized for their organization structure and by that being aware of the factors that have an impact on the efficiency of the process. (Svensson, 1997, Alvesson & Sveningson, 2007; Bell, 2007)

Findwise AB (henceforth referred to as Findwise), a knowledge-intensive IT-consulting company, is trying to adapt an efficient performance management system and self-managing teams within the organization. The company was therefore selected to be the case company of this Master’s thesis to study how knowledge-intensive companies should work efficiently with performance management in self-managing teams.

1.2 Problem description

Findwise has a process-oriented organization structure, focusing on having a flexible organization without hierarchies. In 2011, the consultants working for the Stockholm office got arranged in teams that were held permanent during the executing of various customer projects, and they have lately been adapting agile working methods in a way of structuring their daily work tasks. Today, Findwise refer their teams as self-managed but they need strategies for how they should work self-managed and to what extent the managers within the organization should have an involvement in the process. All this became visualized in 2011 when Findwise hired the consulting firm Stardust to evaluate their Talent Management process. This process is the one responsible for promoting and developing the skills of all the staff at the company as well as the recruitment of new staff (Findwise, 2012). Stardust analysed Findwise as a company with a very lightweight and generally poor target setting. In line with this, a discussion about performance development was needed that could be more aligned with company needs. (Stardust, 2011)
Introduction

Due to this, it became clear that the self-managing teams in Stockholm also needed guidelines on how they should work with goal attainment to meet the company objectives and how the performance feedback process and the performance appraisals should be structured. Moreover, it is hard not just to manage the team and to structure performance management activities that can work in line with company vision and goals. To make the team truly self-managed, they need to have a clear knowledge about factors that can influence the team from within the team, and factors outside the team but within the organization.

1.3 Purpose

The problem description explained above leads to the purpose of this thesis.

*The purpose of this study is to identify and analyse how external and internal factors affect the executing of performance management activities within knowledge-intensive companies with self-managing teams.*

A case company, Findwise, will be studied to examine how efficient performance management can be achieved in companies with the prerequisites stated above. Moreover, the study will also provide improvement opportunities regarding the performance management activities as recommendations for the case company.

1.4 Specified questions

Here, specified questions will be provided that will help the writers of this Master’s thesis to answer the purpose.

1. *What characterizes a self-managing team?*

2. *Which external factors have an impact on the efficiency of the self-managing team?*

3. *Which internal factors have an impact on the efficiency of the self-managing team?*

4. *How could self-managing teams work with performance management activities in an effective way?*

1.5 Delimitations

There are many types of knowledge-intensive companies, spread from lawyer firm to IT-consulting companies. This study will only focus on IT-consulting companies that already are working in teams that are self-managed to some extent.

Furthermore, this study will not analyse all self-managing teams at the case company. For example within the Sales process the employees’ work as a team but not according
to the agile working methods. Therefor, only teams that work according to the agile working methods will be studied.

In the literature about performance management, a variety of usable activities are described and the researchers of this Master’s Thesis will not identify and analyse all activities. For example, carrier ways and mentorship programs are activities that have not been taken into consideration.

1.6 Definitions

<table>
<thead>
<tr>
<th>Findwise</th>
<th>Findwise AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMT</td>
<td>Self-Managing Team</td>
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<tr>
<td>PM</td>
<td>Performance Management</td>
</tr>
<tr>
<td>TM process</td>
<td>Talent Management process</td>
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<tr>
<td>AWM</td>
<td>Agile Working Method</td>
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<tr>
<td>UX</td>
<td>User Experience</td>
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1.7 Disposition

The content of each chapter in this thesis is summarized in this section.

Chapter 1 – Introduction
The first chapter presents a brief background of the topics that will be examined as well as a short introduction about the case company with focus on the problem description. This will lead to the purpose of the study with specified questions that will be answered and what delimitations that have been done.

Chapter 2 – Methodology
The methodology will describe how the study was conducted, with an explanation about the type of purpose that will be answered as what research process that was used.

Chapter 3 – Frame of Reference
The frame of reference will give the reader a deeper understanding about knowledge-intensive companies, self-managing teams and performance management within the self-managing teams. In the last section of this chapter, the theories used will be summarized and synthesized into a model that will help the researchers to structure the analysis.

Chapter 4 – Empirical Findings
Here, the case company will be presented in more detail regarding information about the self-managing teams at Findwise as well as how they are working with performance management today.
Introduction

Chapter 5 – Analysis
In this chapter, the model presented as a summery of the frame of reference will be used to analyse the data from the empirical findings together with the theories from the frame of reference. The analysis will analyse what external and internal factors that affect the self-managing teams, and also how these factors in turn affect the executing of performance management activities.

Chapter 6 – Conclusion and implication
This chapter will answer the purpose of the study as well as describing the contribution that this report has to the academic world. Finally, some recommendations about future research will be presented.

Chapter 7 – Recommendations
Here, specific recommendations for the case company will be presented. These recommendations will specialise on things that need to be improved at the company in line with achieving efficient performance management activities for the team, as well at an individual level.
Methodology

2 Methodology

This chapter presents the research methodology of this Master’s Thesis. Here, the chosen research approach is explained as well as the selection of information providers and how the data have been collected. The chapter ends with a discussion about the validity, reliability and objectivity of the study in the method criticism section.

2.1 Research method

The purpose of the study should be clearly defined and formulated to answer why the study is conducted. Further, the reader should be able to clearly determine whether the purpose has been answered after reading the report or study. (Björklund & Paulsson, 2003) According to Lekvall and Wahlbin (2001) there are four different types of studies:

- An explorative study aims to provide basic knowledge and understanding about a problem. This type of study is usually conducted when no knowledge exists about the phenomena and used as a pre-study.
- A descriptive study is used when some basic information exists and the researcher wants to describe a subject or a group of subjects.
- An explanatory study is conducted when deeper knowledge is required and when the researcher wants to both describe and explain underlying causes to a problem.
- A predictive study is, similar to an explanatory study, based on deeper knowledge and used when the researcher wants to forecast or predict an outcome.

The purpose of this study was to analyse how external and internal factors affected the execution of performance management activities within knowledge-intensive companies working with self-managing teams. Many articles and books have previously focused on why companies should implement performance management activities and what affect these activities will have on a company’s effectiveness. It has also been easy to find information about self-managing teams and which external and internal factors that have an impact these teams. However, little or no research has previously been done regarding a combination of these theories. Therefor, this study aimed to give the case company and other stakeholders information about how performance management activities can be implemented in self-managing teams and how the external and internal factors affecting the self-managing teams will affect the performance management activities. This study has therefor been in line with what Lekvall and Wahlbin (2001) call an explorative study, which aims to provide basic knowledge and understanding about a problem. Further, an explorative study is conducted when no knowledge exists about the phenomena and when the study is used as an pre-study, which was the case for this study as the case company aimed to use the study as a base for future implementations of performance management activities.
2.2 Research process
After determining the purpose of the study, the process through which the study is conducted needs to be considered (Björklund & Paulsson, 2003). Saunders, Lewis and Thornhill (2003), describe four different layers that need to be considered in the research process and call them: research philosophy, research approach, research strategy and, research method. The layers that are represented in Figure 1 are modified from theories presented by Saunders et al., (2003). The first layer is the philosophy, where the knowledge is created. The second layer represents the research approach, which describes how knowledge is used in the study. The third layer is the research strategy, which defines what strategy is used to answer the purpose of the study. The final layer, drawn as an arrow, represents which techniques used when collecting data.

![Figure 1: The research process (Saunders et al., 2003)](image)

2.2.1 Research philosophy
As our study had the purpose of giving the reader a better understanding regarding how theories about performance management and self-managing teams could be combined and analysed through observations, the research philosophy used was comprised with a high degree of positivism. According to Saunders et al., (2003), positivistic people view knowledge as an accelerating process, where new knowledge is added to the old knowledge. Verification of theories and hypothesis will add more value to the study and lead to an objective result. The researcher has an objective view during the process and wants to understand how things work, but do not need to understand why things work as they do. This is in sharp contrast with the opposite philosophy called Interpretivism, where the researcher is subjective during the study and more interested in finding answers to the question why and not how it works (Saunders et al., 2003). However, due to the fact that some of the data collections were based on interviewers with employees, subjective answers also may have had some influence in our study, resulting in influence of the interpretative philosophy.

2.2.2 Research approach
In this Masters’ Thesis, we gathered our information mainly about self-managing teams and performance management from existing theories before synthesising everything
into a model. The model conducted then gave us a hypothesis regarding which external and internal factors that might have an impact on self-managing teams effectiveness. Further, as theories about self-managing teams and performance management have not been combined before we wanted to investigate whether the theoretical factors found also affected the effectiveness when these teams worked with performance management activities. This way of working, where theories and hypothesis are tested in practice, is in line with what Saunders et al., (2003) calls a *deductive research approach*. When using a deductive approach, general principles and existing theories is formulated and tested through the empirical findings of a study. The opposite way of working, *Inductive*, implies that theories are built from empirical data. (Saunders et al., 2003) However, as our frame of reference was conducted before the empirical study was done, the theories helped us to understand what empirical data that was relevant to ask for. In Figure 2, the deductive and the inductive approach is shown.

**Figure 2: Research approach (Lekvall & Wahlbin, 2001; Saunders et al., 2003)**

### 2.2.3 Research Strategy

According to Yin (2003), the research strategy explains what strategies and methods that are used when collecting data. It also explains how the study will be conducted in order to answer the purpose of the study. Examples of different research strategies are: *case study, survey, experiment, history and archival analysis*. This Master’s Thesis was written as a *case study*, which is a preferred strategy to use when the writers want to answer questions like *how* or *why*. This type of study has little control over the actions because the focus is on a current matter within some real-life context. When the investigators are examining contemporary events, but have no power to manipulate the relevant behaviour, the case study is preferred. (Yin, 2003)

As our research is an explorative study, this report can be said to be an explorative case study, with the purpose of answering a *how* question. According to Yin (2003), it is more suitable to use an inductive approach when doing a case study. Our study could be seen as a case study, still done with a deductive approach. This is not in line with what Yin states is appropriate, but a theoretical framework was necessary for us before we could study our case company.

Furthermore, the research questions will direct what method that is suitable to use when collecting data and it makes a distinction whether the study is quantitative or
Methodology

qualitative. Quantitative studies comprise information that can be measured and valued numerical while qualitative methods aims to capture a specific case and its special situation and characteristics. Even though a distinction between these two should be made, researchers often find their studies somewhere in between these to extreme limits. Quantitative studies can have elements from qualitative methods, and vice versa. (Björklund & Paulsson, 2003)

Since our study aimed to get a deeper insight in a situation rather than collect and analyse measurable data, this study can mainly be seen as a qualitative study. During the interviews we used mostly open questions to capture opinions and thoughts, which were of major importance for our study. However, some data collection was made quantitative; for example the collection of relevant theories to the frame of reference. How the collection of data was done in this study will be explained in more detail in the research methodology chapter.

2.2.4 Summary

To summarize, the purpose of this study was explorative where we collected information about topics that we had some basic knowledge about before we started the study, but where we wanted to get a deeper understanding. The philosophy that we had during the thesis was mainly positivistic where we answered a how purpose, but due to the interviews that were made during the study we know that some conclusions that were made could have been based on a subjective assessment. Furthermore, the thesis had a deductive research approach, where the theoretical model we conducted was tested empirically on the case company that was studied during this thesis. The data we used was collected both qualitative and quantitative, due to the fact that both interviews and various literatures were used. Figure 3 shows the different approaches and methods that can be used when executing a research study. The methodology used for the study is shaded in green.

<table>
<thead>
<tr>
<th>Type of purpose</th>
<th>Explorative</th>
<th>Descriptive</th>
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<td>Research Strategy</td>
<td>Qualitative</td>
<td>Quantitative</td>
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Figure 3: Summary of the methodology
2.3 Research methodology

2.3.1 Problem framing
The initial step of this case study was to identify and understand the problem to get a
dear problem description, therefor interviews at the case company Findwise were
made. The problem description was reformulated during the writing of the report to
truly reflect what the issue was. During the first weeks we got a deeper understanding
about the case company as well as started to gather literature about the theories that
were used to answer the purpose.

2.3.2 Data collection
To get some basic knowledge and understanding about the subjects that was being
examined, a literature search was done. The literature to the frame of reference was
gathered from books at the University Library in Linköping as well as from the
Stockholm Public Library. After a visit to both libraries, further research was done at the
article databases Scopus and Business Source Premier where relevant facts about the
subjects were found. A complete list of key words that were used during the research
can be found in Appendix A. The literature from the databases was sorted and selected
based on relevance to the number of citations, relevant key words and publication date.

Information about the case company was gathered from their internal webpage where
presentations about the case company were found. This gave an overall review about
Findwise and how they are working with performance management today but did not
give a complete understanding about the whole current situation. To get a complete
understanding, interviews were made with numbers of people at the company.

2.3.2.1 Interviews
The qualitative interviews were made with employees working at Findwise’s offices in
Stockholm and Gothenburg. Both employees’ working with talent management,
managers, and consultants within the development teams were interviewed. A complete
list of the interviews that were made and with whom can be found in Appendix B. The
interviews were primarily conducted during a personal meeting but one of the
interviews was made over email, which also will be shown in Appendix B. We recorded
the interviews to minimalize the risk of a misunderstanding between the interviewers
and the respondents. The respondents were asked if he or she understood the questions
during the interviews and was given the opportunity to skip a question if he or she was
uncertain how to answer it. The interview questions can be found in Appendix C.

2.3.2.2 Participatory observation
Something that also was taken into consideration during our empirical data collection
was the relationship we had to the case company. This Master’s Thesis was written
during 20 weeks in spring 2012. 12 weeks were spent on the case company’s office in
Stockholm, which gave us the possibility to talk to the employees in a more unofficial
way during for example lunch hours and breaks.
Methodology

During the empirical data collection, we also held a breakfast seminar were the employees at the Stockholm office discussed questions regarding performance management and how well the case company worked with performance management activities today. Even if this information was not cited in our report it gave us a deeper insight and understanding for their current situation.

We also conducted a personality test for all employees, to see which kind of personality each co-worker had. This is also information we did not use directly in our report but it helped us understand and analyse how the case company’s employees’ worked together.

To summarize, we made our data collection by literature studies and interviews with employees at the case company. However, to get a deeper understanding and a broader perspective in our study, we also used information from more unofficial occasions, even if these were not used directly in our report.

2.3.3 Data analysis
During the collection of the theoretical data, a model was constructed to help us structure how different theories could be linked together. This model gave a synthesis of the chosen theories and made it easier for us to only focus on the information that is relevant for the study, pursuant to Björklund and Paulsson (2003). The model got restructured over time, but the basic idea of a model was to get a deeper understanding regarding internal and external factors that had an impact on performance management activities when working in self-managing teams. The case description was then presented in chapter 4 (Empirical findings) and thereafter, in the following chapter, the empirical findings were analysed and compared with the frame of reference, with the model used as a tool to structure the chapter. Further, the conclusions were presented and specific recommendations were made. These conclusions and recommendations can be used as guidance for our case company Findwise that aimed to use our recommendations when developing their strategy formulations and their new reward model that should be based on performance.

2.4 Method criticism
According to Björklund and Paulsson (2003), validity, reliability and objectivity can be seen as three measures of a study’s credibility that might result in sources of errors.

2.4.1 Validity
Validity is the extent to which a test measurement or other device measures what it is intended to measure. A data collection tool should for example reflect the concept that it is intended to measure (Saunders et al., 2008) In the case study, the frame of reference was written before the interviews were conducted which made it easier to ask the right questions, in line with theories. Also, before the interviews were carried out, the questions were controlled to see if they were relevant and needed in order to answer the purpose and the specified questions. Moreover, an on-going dialogue with our two
supervisors at the case company helped us confirm that the data collected, both theoretical and empirical, were in line with the wanted outcome and the purpose of the study.

2.4.2 Reliability
Reliability measures a method’s ability to resist the influence of various accidents of the collected data. With high reliability, the result of an interview should be the same even if it was made at another time. In contrast, if the results vary between different measurement occasions, the reliability is considered to be low. Low reliability can be said to be the result of a measurement method that was not sufficiently strict defined. Well-defined questions and a standardized measurement process increase the chances to achieve an acceptable reliability. (Lekvall & Wahlbin, 2001)

As described earlier in this chapter, we always tried to let the respondent only answer the questions that he or she understood and felt confident about answering. Also, a voice recorder was used during every interview we did. This provided the possibility to go back and listen to what the respondents had said, minimizing the impact of personal interpretations and perceptions during interviews. The ability to go back and clarify what the respondent actually had said increased the reliability of the study. Further, it provided a way of ensuring that we had understood the respondent correctly and also to ensure that no important information was missed. In order to further minimize the impact of personal interpretations, we did all interviews together.

2.4.3 Objectivity
The concept of objectivity measures means that qualitative and quantitative data remain unchanged when phenomena are observed under a variety of conditions. Clarifying and justifying different concepts made in a study give the reader the opportunity to consider the study’s result, which increases objectivity of the study. For the writer it is important that the information is correct and not biased. In other words, it is important not to just choose the information from readers matching the thought model or findings of the report. (Lekvall & Wahlbin, 2001)

When data is collected qualitative by interviews, the closer connection between the investigator and the responder contribute to an increased opportunity to obtain valid information. But also, this closer relationship can give negative results on the findings if the analysts use this personal expectation when analysing the results. The responder’s expectations can affect the investigator’s ability to interpret the collected data. (Yin, 2003) This was taken into account during the interviews and focus was directed at avoiding leading questions and acting as neutral as possible as a researcher. The questions asked during the interviews were open-ended in an attempt to avoid a subjective view of the current situation. Therefore, we tried to still be objective when the interviews were made as well as when we read reports and presentations that were made by employees at the company.
3 Frame of reference

Based on the problem description and the purpose of this study, which was presented in Chapter 1, this chapter will present relevant theories about knowledge-intensive companies and self-managing teams. The chapter will also provide information about performance management and how it is related to self-managing teams. In the end of this chapter, the theories will be synthesized into a model.

3.1 Knowledge-intensive companies

This section will shortly describe the concept of knowledge-intensive companies and the importance of teams within these organizations.

Companies that are knowledge-intensive focus on the use of individual and analytical tasks, with some degree of creativity and adaption to specific circumstances. These companies often have highly qualified individuals who are using intellectual skills in their work. (Alvesson, 2004)

The term knowledge-intensive is often used to state the differences between these types of companies and traditional, mass production companies (Alvesson, 1995), and it has been widely used during the past two decades and it now represents a category of organizations within scholarly research (Rylander & Peppard, 2005). According to Alvesson (2004) there are two major groups of companies in the knowledge-intensive category: professional service firms and R&D firms. Large actors within the category professional firms are law, management, engineering and consultancy firms whereas the latter include science-based companies such as biotech companies, and high-tech companies.

3.1.1 Definition

The definition of what really qualifies as a knowledge-intensive company has been discussed in the literature by several authors and as of this day there is no widely used and agreed definition (Rylander & Peppard, 2005). One of the first authors that used the term knowledge-intensive was William Starbuck. When labelling a firm as knowledge-intensive this would imply that “knowledge has more impact than other inputs such as capital and labour” (Starbuck, 1992). According to Swart and Kinnie (2003), knowledge-intensive companies refer to companies that gain competitive advantage from the human and social capital, which make up their unique trading assets. Human capital includes employees’ knowledge while social capital refers to the knowledge that is embedded in the organization.

3.1.2 Knowledge integration - The role of teams

Ditillo (2004) describes that the management of knowledge-intensive companies is difficult because the companies do not only need to attract the right individuals with the right knowledge, they also need to integrate the knowledge in order to carry out events characterized by uncertainty and asymmetry. To reduce these problems, managers need
to integrate the many types of knowledge that their employees' possess, making it visible what other individuals think and do. The key to efficiency is to achieve integration while minimizing the knowledge transfer through cross-functional learning by members of the firm. The processes of cross-functional learning, were a group of people with different functional experiences are working towards a common goal, takes place within teams that directly involve individuals. The teams create synergy to increase the integrated knowledge so that the performance of the whole is greater than just the sum of the parts. (Ditillo, 2004)

3.2 Teamwork

Here, the meaning of teamwork in knowledge-intensive companies will be provided to the reader who will receive information about the organizational structure adhocracy and the agile working method used by many knowledge-intensive companies. The autonomous scale between what can be considered a work group versus a team will also be explained.

Today, many organizations are drawn towards the structure developed by Mintzberg (1983) called "adhocracy". According to Deutchmann (1995), the adhocracy is a flexible and self-managing organizational structure that is suitable in markets with changing demands for products or services that require customer-specific solutions. The technology in these organizations needs to be highly developed and employees must be willing to accept changes in work tasks and workload. Furthermore, the hierarchical structure is flat and the middle-management level is almost eliminated completely, which means that the decision-making processes will be decentralized. (Deutschmann, 1995) The employees in an adhocracy are often engaged in teams where the team members have different work roles in order to achieve maximum efficiency (Mintzberg & McHugh, 1985).

When combining knowledge-intensive companies with the organizational structure of adhocracy, the concept of Agile Working Methods (AWM) is not far away. Companies working with software development often use the AWM in a way of getting a clear understanding about what the customer really wants. According to Gustavsson (2007), AWMs are characterized by quickness and ease of movement were it is important to have the employees structured in small, cross-functional, and self-organizing groups where the work tasks can be split into small, concrete deliverables. The team composition in an agile project team has no existing hierarchy and the team members normally take fully responsibility for the tasks that need to be performed. The team members must be able to adapt to changes in the project, as well as having strong customer collaboration, as the scope can be modified over time. The AWM has developed over time when organizations needed a way of successfully solving crisis in projects, where changes towards a more effective working method were needed. (Gustavsson, 2007)
3.2.1 The autonomous scale of a group

The change towards this increasing team based working structure in many organizations were employees have started to work more independently from managers and other external leaders, has started a discussion about the term “group” and “team” as well as a discussion about how these groups most effectively can perform well. A “work group” is just a collection of people with something in common, who see themselves, and are seen by others, as a social entity, while teams perform a relevant task for the organization as well as having a shared responsibility for the outcome (Katzenbach & Smith, 1993).

The traditional work group is highly dependent on a strong leader. Individuals in this group are working with the same tasks but each member is only responsible for his or her own performance. The leader takes an overall responsibility for the collective result and controls that each member meets the individual goals set by the organization. According to Ray and Bronstein (1995), the leader is also responsible for performance appraisals, goal setting, decision-making and the creation of job assignments. Because of the little amount of responsibility put on the group members, and the fact that the work is dependent and dedicated to only one person, there is a risk that the group is not becoming a real team and by that they do not work for what is best for the team.

In comparison, self-led, or self-managed, groups make most decisions within the group, have common goals and require little, if any leadership. The team member roles should be clearly defined and interact closely (Katzenbach & Smith, 1993; Ray & Bronstein, 1995). Even though the term “self-managed” or “self-led” is used frequently, it is rarely defined. Authors argue that there is no such thing as a “typical” SMT. However, Silverman and Propst (1996) cites a definition of self-managing team conducted by The Industry Week and The Development Dimensions International in 1990:

“A group of employees who have day-to-day responsibility for managing themselves and the work they do. Members of self-directed teams typically handle job assignments, plan and schedule work, make production-related decisions, and take action on problems. Members of self-directed team work with a minimum of direct supervision.”

Furthermore, Wageman (1997) discusses three similar characteristics that a team needs to pursue in order to be able to manage their own work.

1) Each team member needs to take personal responsibility for the outcomes of their team's work

2) The members monitor their own work performance as well as actively seeking data on how well they are performing

3) Performance strategies are improved when the team members need them
3.2.2 Ongoing or temporary teams

Another way to classify teams into different categories is by defining if they are ongoing or temporary. Ongoing or temporary teams differ according to the time frame of the tasks that are to be executed by the teams. Ongoing teams perform on a permanent basis and are not dissolved once the task is accomplished. Ongoing teams often include multiple or repeating tasks to solve in order to meet the goals that are established in the start-up period and they develop over time. Unlike ongoing teams, temporary teams lose their importance once the task is accomplished. Such teams are usually formed for a shorter duration. (Stoak Saunders & Ahuja, 2006) Furthermore, mature groups that are characterised by having a clear purpose and vision with a high level of group cohesion have found to be more effective than immature groups. This is partly due to the fact that immature groups are more dependent on their group leader and therefore, self-managing teams are more suitable as permanent or ongoing teams. (Cohen, 1993)

In Figure 4, the classification of a self-managing team is shown based on the theories presented above. To summarize, self-managing team should be ongoing and be self-led with a task and/or time focus.

![Figure 4: A classification of self-managing teams (SMTs), modified by authors (2012) and based on theories (Ray & Bronstein, 1995; Stoak Saunders & Ahuja, 2006).](image)

3.3 Self-managing teams

In this section, the reader will be provided with information about self-managing teams (SMTs). The section will present facts about when it is suitable for organizations to use SMTs, information about the general structure of SMTs, as well as the external and internal impact influencing the team.

Today, managers are seeking ways to design jobs to meet the challenges and new approaches that are required to deal with the increasing complexity, interdependence and environmental uncertainty (Elloy, 2006). One way of achieving this is by using self-
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managing teams in hope of an increasing productivity, quality, employee involvement, as well as reduced overhead costs (Cohen, 1993; Silverman et al., 1996; Elloy, 2006, Hamel, 2011). With self-managing teams, the overall goal is to increase efficiency where higher efficiency means higher performance (Cohen, 1993). According to Pfeffer (1998), it can also enhance the economic performance while obtaining profits through people. Self-managing teams with a decentralization of the decision making process seem to characterize one of the dimensions of the systems that are enhancing profits through people.

The growing popularity of self-managing teams can be seen in many organizations, not least among the Fortune 1000 companies, were it has become increasingly common to organize employees in self-managing teams (Cohen et al., 1996). According to Cohen et al. (1996) 28 % of the Fortune 1000 companies in 1987 stated that they had adapted these kind of autonomous or self-directed teams and in 1990 the figures had increased to nearly 50 %. In 2001 the figures had increased even further and 68 % of the Fortune 1000-companies had installed self-managing teams (Offermann & Spiros, 2001).

Good working teams operate beyond traditional hierarchies and functional boundaries and create an organization that combines productivity and job satisfaction (Alvesson & Svenningson, 2007). Morgesson (2005) defined one of the main benefits with an SMT-structure as the “reduced need for a hierarchical command and control leadership” and that efficient SMTs have a large amount of autonomy and control over their immediate work environment, which is why the need of extra control from external leaders is less important. The team members are managing themselves according to the vision and goals set by the organization, instead of being managed by a boss or manager. (Ray & Bronstein, 1995) This type of ownership over the tasks performed therefor requires a broad number of job categories and a sharing of the work assignments, rather than just mastering one job, carrying one job title, and remaining at that job. The self-managing team takes full responsibility for making a product or delivering a service while performing a variety of tasks and using a number of skills. (Elloy, 2006) Therefore, implementing teams also put an increased responsibility and pressure on the employees and their work assignment compared to what traditional job does. When implementing teams it is therefor important to pay attention to the balance between performance requirements, reward system design and the group members’ ability to influence the group. (Alvesson & Svenningson, 2007)

Silverman and Propst (1996) further purpose that in these teams, the members use first hand information to respond appropriately to customers and increase their individual expertise over time. The time it takes to make a decision with a customer will be shorter than within other group formations. A reason why self-managed teams have been so popular to use is because it promotes employee satisfaction, due to the fact that the members have the ability to take more responsibilities and develop their personal skills. Self-managed teams also help the organization to be more proactive. It releases
individuals from first-line supervisor roles that normally are more reactive and instead they can be more focused on future-orientated work, which encourages organizational growth. These work groups are best suited in organizations where there are no major barriers to share knowledge between group members.

There are also some downsides with using self-managing teams. One problem that Cohen (1993) raises is that structuring the employees in STMs might not lead to directly employee satisfaction and a more efficient work structure. Instead, unpleasant conflicts might occur that can complicate the ongoing teamwork. Studies have shown that the autonomous and freedom self-managing teams are given can result in potential for misbehaviour and conflicts. Therefore, it is important for managers to give self-managing teams the proper skills to manage themselves well, and not letting them “sink or swim” on their own.

3.3.1 When is it suitable to use self-managing teams?
SMTs have traditionally been adapted in the assembly industry, especially in the event of new product development processes (Nordqvist, 2002). In the service industry, in which complex procedures are involved, it has also proved to be effective to use SMTs (Griffin et al., 1994). Furthermore, this type of team is well suited in knowledge-intensive companies where integration of employees skills are required to get the product or service out on the market. Organizations where the employees work as engineers or consultants are good examples of when working in SMTs is suitable. (Ray & Bronstein, 1995) Studies have shown that self-management in service organizations increase worker productivity and customer satisfaction. The reason for this is that the work in a self-managing team requires that the employees can handle variable, complex, and uncertain events. This is something that can be required in the service industry where it is harder for the customer to describe the actual demand. (Griffin et al, 1994)

Moreover, self-managing teams allow the members to acquire skills from one another but it is not suitable in teams where a wide range of highly specified skills are presented (Silverman & Propst, 1996). Also, according to Ray and Bronstein (1995), it is not suitable in climates and cultures where political restrictions are high, which means that there are methods of control practiced by the top management. It is also hard to adapt SMTs in highly traditional and hierarchal organizations. A lot of work needs to be done in these organizations before they can implement and exploit the full potential of this team structure. Finally, it is not always suitable in small-to-middle-sized family owned businesses. They seem to have problems with letting the teams get the kind of responsibilities needed over the decision making process. (Ray & Bronstein, 1995)

3.3.2 External factors affecting the work in a self-managing team
The external impact is features that can influence the team from the outside, but within the company, such as the external leaders, as well as the information systems available for the company.
3.3.2.1 The role of external leaders

Druskat and Wheeler (2004) purpose that SMTs require a leadership that is different compared to the traditional management leadership. The external leader, who is a manager outside the team but an employee at the company, must avoid the attempt of taking to much control, as this weaken the managing teams’ ability to get the most out of the advantages with SMTs. The team members can manage their own activities, and the need for leaders who are not members of the team are therefor reduced. Despite this fact, there are still reasons why an external leadership can have an important role regarding the team effectiveness. (Druskat & Wheeler, 2004) According to Morgeson (2005), it is not often that the team is entrusted with full decision-making authority. It is often an external leader who makes key team decisions such as hiring or firing a team member, or dealing with customer related problems.

Morgeson (2005) and Druskat and Wheeler (2004) argue that the role of the external leader is something of a paradox. Morgeson (2005) who describes the functional leadership approach argue that there sometimes are a need of someone who can collect information about the absolute level of team performance, environmental changes, as well as gathering information about goals and task requirements. He or she thereby support the teams’ self-management, provides performance feedback and coaches the team if needed. But often, there is no need for an external leader and the intervention can have negative effects on the team. When the intervention is to active, the team members can feel a stronger dissatisfaction with the leadership than when the interventions are less active. Instead, it is important to find a way of interaction that is suitable for the specific SMT. (Morgeson, 2005; Druskat & Wheeler, 2004) According to Carte et al., (2006) external leaders’ involvement in SMTs should depend on how mature the SMT is at managing themselves. In mature groups, a team member often takes on more responsibilities and emerges to a team leader. This can happen both due to a formal transformation of the leadership from the external leader towards the team leader, but also, it can turn out to be an informal process where qualified members take on more responsibilities. Whatever reason, empirical studies have shown that team leaders in self-managing teams have to take a stronger leadership role if the team wants to be successful. (Carte et al., 2006)

During the transformation from an immature to a mature group, it is important that external leaders change their leadership from traditional management towards a self-managing leadership that enhances self-leadership and enables a greater accountability within the group. The most important self-management leader behaviours are “encourage self-reinforcement” and “encourage self-observation/evaluation”. The difficult part for the external leader to manage this self-managing leadership is to lead in balance with the team development towards becoming more self-directed. This implies that external leaders must be extremely good at evaluating the current needs of the
team and then acting accordingly. (Cheryl et al., 2003) Furthermore, Schermerhorn et al., (2003) describe one of the main problems for failure of self-managing teams within organizations as the lack of transitional planning. Some external leaders saw this as an excuse to delegate more work and distribute many of their unwanted tasks to the team, only to burden the teams. Schermerhorn et al., (2003) also observed that the organizations shifted recommended models and guidelines without considering the necessary training, experience and knowledge transfer for each team.

3.3.2.2  Information systems
Information technology has changed the structure as well as the effectiveness of organizations, and with efficient information systems, the communication at a company can be enhanced. If a company wants to stay competitive in this ever-changing working environment, they need to respond quickly to customer demand and to the increasing importance of information technology. (Griffin et al, 1994) This is also something discussed by Nordqvist (2002) who sees information and communication systems as important elements that increase the pressure on teams to become active seekers of information, rather than passive recipients. If organizations want their teams to be more autonomous they need to have a competitive strategy to ensure that the needed information is communicated to the employees. However, when a strategy is implemented, it is also important to educate the teams to seek for information through the right channels.

It is most appropriate to have the employees structured in SMTs when the technology in the organization has a high level of interdependence. This also requires a high level of employee information processing, meaning a need for employee autonomy. (Cohen & Ledford, 1994) When the employee responsibility and empowerment increases, the systems for information sharing will have an even more important role. Well functioning information and communication systems are needed to ensure that the teams have all the tools they need to make effective decisions and that they have the ability to perform successfully. (Manz & Sims, 1993; Hamel, 2011) A common way to manage the flow of information is through meetings. To ensure clear communication, meetings should be held where the employees can be educated, activities can be coordinated, and where the team can make important decisions. (Ray & Bronstein, 1995)

Within the SMTs, especially in the service sector, the employees have high information needs. First, information is required to know how they should produce the service product. If the communication between the company and the customer is clear, the better the product. Secondly, information is needed when the self-managing teams should negotiate for resources to complete their business activities. Finally, information is required in order to perform the developmental functions that might be needed within the team. Without clear information, it is impossible for the individuals to take on greater responsibilities (Griffin et al., 1994).
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Furthermore, much of the decision-making responsibly should be pushed down the organization to the SMTs, which will result in an information flow that differ from traditional organizations. For example, most of the feedback information should be circulated and evaluated by the teams. Griffin et al., (1994) also address a problem that can occur for organizations with self-managing teams as if the flow of information lacks a connection with the rest of the organization. It is very important that the information systems are constructed in a way that enables an information flow throughout the whole organization in order to negotiate team goals and decision-making support. Moreover, the information must be able to flow from team to team if decisions need to be coordinated. Hamel (2011) further adds that employees sometimes need cross-company information to calculate how their decisions will influence employees working at different areas.

3.3.3 Internal factors affecting the work in a self-managing team
The self-managed team needs to have shared beliefs, an efficient team composition which will give them the prerequisites to be able to work effectively, as well as clear roles and responsibilities within the team. These can be seen as internal factors that have an impact on the SMTs.

3.3.3.1 The team beliefs and meeting the organizational objectives
Norms are defined as beliefs that are shared between the group members that regulate the group member behaviour. It can also be viewed as a set of expectations about what someone should do under a given condition. Thus, well-defined norms are by many means a necessary condition for team effectiveness. (Cohen, 1993; Nordqvist, 2002; Clegg et al., 2008)

Clegg et al., (2008) explain the values and norms as a non-visible facet of culture, including the norms and beliefs that employees express when they discuss organizational issues. The mission statement is a part of this level and represents the overall purpose of the organization. Nordqvist (2002) purposes that it is through interaction with each other that the members will learn how to understand the company objectives, as well as what the team members' responsibilities are. Depending on similarity of members' interpretations of other member actions, members either implicitly agree or must negotiate a common understanding of appropriate behaviour for the situation. Unless a team has established routines for how to act and how the team process should work, it is difficult for the team to work towards common goals. (Nordqvist, 2002)

Druskat et al., (2002) discuss three sources of information that can influence the development and sustainability of a shared belief that arise in a team. These three sources are: the team member history or prior experience from working in teams, the team task, and the organizational culture and environment. As the SMTs need to take more responsibilities than traditional teams, it is important to take into consideration
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how much experience the team members have from working in SMTs, as this increases the ability for the team to accept and adopt this structure. The second source of information is dependent on the team task. The task influences how the team performs and one important component of the task is the level of interdependence among the group members, as well as how the information about the task is communicated. The team needs to know how much power and autonomy they have. The last source of information is dependent on the organizational culture and environment, which highlights the importance of having a business culture that favours information sharing. (Druskat et al, 2002)

The organization culture therefor needs to support the job design of SMTs and without a fundamental belief in the capacity of humans it is impossible to have sufficient SMTs (Elloy, 2006). According to Silverman et al., (1996), the organizational culture will influence the stream of work performed by the employees and in the self-managing teams it is therefor important to inform the members about the vision and goals set by the organization. The authors further discusses that the SMT needs to have certain members that are dedicated to a particular role with responsibilities focusing on making and keeping the team vision-directed. Pfeffer (1998) believes that regardless the configuration of the methods and models implemented in the organization, the individual tasks must be aligned with one another as well as being consistent with the organizational culture. If not, this can have a negative impact on company performance as well as on the team performance. The overall philosophy and strategic vision of the organization should ensure a belief in achieving profits through people. In contrast to a fragmented framework, a company wide framework increases the likeliness of taking a systematic approach in implementing strong engagement in organizational activities.

3.3.3.2 Team composition

Teamwork is a complex process including both individual and team activities and according to Nordqvist (2002) the team characteristics, such as the composition or the structure, influence the members’ motivation and affect the outcome for the whole team. Hackman (1987) states that a good group design creates a condition that makes it easier for task-effectiveness; hence it is not a guarantee for good performance. In general, the team composition is thought to have an impact on the team performance because members’ different background and interpersonal styles affect which skills and knowledge they can contribute with and it also affects how the team can work interdependently (Nordqvist, 2002; Bell, 2007). Consequently, many researchers have focused on which team composition variables that will help to build up the most effective team (Bell, 2007).

According to Ramarajan and Thomas (2010), team composition can either be homogeneous (all the same) or heterogeneous (containing differences). There are conflicting opinions on which one of these two that are the most suited one.
Homogeneous teams may perform better due to similarities of experience and knowledge, while heterogeneous teams may perform better due to their multiple skills.

Bell (2007) as well as Ramarajan and Thomas (2010) talk about two different levels of psychology; surface-level and deep-level. Surface-level variables refer to demographic characteristics of members, such as age, race, gender, social class or other dimensions of social identity. In contrast, deep-level variables refer to underlying psychological characteristics, such as personality, personal norms, values and attitudes. Bell (2007) states that regarding surface-level variables there is no proven evidence that groups with homogenous members perform better than groups with heterogeneous members. In other words, Bell (2007) stresses that team effectiveness does not depend whether all group members are male or female or if the group members belongs to the same or to different social classes. Ramarajan and Thomas (2010) state the opposite, that a surface-level diversity group gets broader perspectives, which encourage teamwork.

When it comes to deeper-level variables the researcher findings are more alike. Teams composed of individuals with similar values and attitudes are more likely to perform better. That is, the more similar attitudes people have, the more attracted they are to each other. Teams work better if the team members understand each other and works towards the same direction. (Nordqvist, 2002; Bell, 2007) Still, either if the group is categorized as homogeneous or heterogeneous, the self-managing team must have the appropriate composition of group members that together have the right requirements for caring out the team task. The effectiveness depends on the groups’ collective skills and the knowledge that is held by the group, as well as the members’ ability to work interdependently. (Cohen, 1993)

Another important factor, which affect the team effectiveness, is the size of the team. The size of the team should always be the lowest number needed to get the project or job done. Still it is important to have a size that allows all kind of knowledge that is required for the group to have to be able to perform the task. (Cohen, 1993) Furthermore, it is also important with continuity of the team’s members. If there is a high degree of group member turnover, the group needs to spend a lot of time to orient the new group members to the technical requirement, as well as how the group works together. Cohen (1993) means that if there is a constant team member turnover, the performance will suffer. Also, Nordqvist (2002) states that an SMT is most efficient when it has a formally constant group of team members and if the team composition constantly changes, the team will not be able to develop norms and a clear working process, which is needed to achieve effectiveness.

3.3.3.3 Roles and responsibilities
Teams must establish an internal structure that defines the roles held by members and leaders. This includes roles within the teams as well as role network. (Stoak Saunders & Ahuja, 2006) The team need to be role integrated, meaning that the group members can
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have different specialities but the individual team member need to work together with the other members during the project (Alvesson & Sveningson, 2007). According to Stoak Saunders et al., (2006), roles in SMT seem to be dynamic, where individuals often take on multiple roles.

Team members
To make a self-managed team function effectively there is a range of different roles that should be filled. These roles have to be identified and specified with clear role descriptions. The number of roles can vary from team to team, depending on the specific objective and task. The defined roles can be viewed in two ways; the first is in terms of functional roles that are related to the job assignment that each member should take in the team. It can for instance be as a developer, a sales manager or a marketing manager. People are often chosen as a member of a team due to their functional role, which is connected to what task the member should focus her work on. However, today it is also important that team members take a more imaginary role, which helps the team during the process towards achieving the objectives. For instance, a team member might naturally be a good analyst, while another rather takes the role as a coordinator. (Parker, 1990)

Silverman and Propst (1996) further discuss the need of someone in the team that could focus on mission-directed work, which focus on what needs to be done today to serve the current customers. Vision-directed work are also needed to make sure that strategic management activities are made in line with the vision and goals set by the organization. A number of different team roles can be identified and these vary according to various writers. Parker (1990) defines four different team roles while other authors define as many as fifteen roles. Regardless the amount of roles, studies have proven that by identifying and giving the team members not only functional roles, but also team roles, this will enhance the performance and outcome of the team (Senior, 1997).

Team leader
As mentioned before, self-managed teams are allowed to manage their own processes, in other words they have the responsibility of the outcome and the function of process towards it (Silverman & Propst, 1996). In the process of making the self-managing team effective, the team leadership needs to be taken by a fellow worker in the team and not a supervisor outside the team. The team leader should lead by setting up good examples rather than just be giving directions. (Senior, 1997; Stoak Saunders & Ahuja, 2006) According to Stoak Saunders et al., (2006), the responsibilities and tasks that the team leader must be able to manage and perform can vary from team to team, depending on the goals and the complexity of the task, technical requirements, among other things. Senior (1997) though states that the responsibilities are often of a more coordinating nature and the leader of an SMT helps the team to be more effective by participating in the decision making processes, rather than making the decisions. The leader should also facilitate communication between the team members as well as communication across
the team boundaries, rather than act as a channel for communication through which all information must pass. The team leader also needs to help team members identify and develop their unique abilities and skills for accomplishing the team goals.

3.3.4 Critical success factors for a Self-managing team
This chapter about self-managing teams will be concluded with the idea of critical success factors needed in a team as developed by Wageman (1997), which can summarize the theories which have been presented above. By giving the team all the right features and prerequisites for being able to work efficiently, it is still important to structure how they should approach their work. Wageman (1997) further states seven critical success factors for the team including getting a clear direction, a real team task, team rewards, material resources (supporting systems), authority to manage the work, team goals and strategy norms.

And how should the team achieve all this? They need a well-structured performance management system, which leads us to the next chapter of this frame of reference.

3.4 Performance Management
This section will provide information about performance management and how it should be accomplished in self-managing teams. The theories described will provide general information about the concept as well as give the reader a deeper understanding regarding how the team should work with performance management to be able to meet the organizational objectives and how the performance feedback and appraisals should be given in order to be able to give an appropriate reward to the team members.

According to Svensson (1997), the performance management process is a great way of creating an empowered workforce and makes the self-managing teams work better. The idea of performance management resulted from a desire of replacing old regulation systems in an attempt of improving the overall efficiency of the organization, as well as creating a workplace that brings out the best in people while generating the highest value for the organization. This was also discussed by Hackman (1987) who stated that teams who consider themselves as effective and well performing are also more likely to be considered as well performing by customers, co-workers and other stakeholders, which will affect the performance and outcome of the task. Furthermore, teams who see themselves as an effective team are more likely to put in an extra effort if needed to be able to succeed.

For many companies, this has led to the desired improvements and a more effective organization, but sometimes, the organizations have not seen the desired results. The problem is that many companies have not implemented all the actions that are necessary in order to make the performance management work. It is hard for the managers to put the theories into practise and to fully structure the organization with methods for how to work with and measure performance. (Svensson, 1997)
Dransfield (2002) argues that the performance management of a company can be seen as a process that is designed to improve organizational, team and individual performance as well as the activities in organizations that are undertaken to enhance the performance. Performance management is a two-way process between the employees and the managers and it can only be effective when communication between the parties is clear and based on mutual trust, commitment and understanding. The author further argues that the system needs a statement outlining the organization values as well as the company objectives.

The goal with performance management is to ensure that the organization is working together as a whole, in the same direction, to achieve the results that are desired by the organization (Biron et al., 2011; Otley, 1999). To achieve these desired results, the company can work with many different activities (Biron et al., 2011). Various writers have described their strategies for achieving efficient performance management and according to Biron et al. (2011) the activities of performance management are for example the setting of corporative, team and individual objectives, the use of appraisal systems and reward strategies.

Another author who discussed this was Otley (1999) who developed a framework where the performance management control system was structured around five central issues; (1) the key objectives set by the organization, (2) strategies and plan for attaining objectives, (3) target-setting, (4) incentives and reward structures, (5) providing information feedback.

In Figure 5 a mixture of performance management activities presented by the authors above will be used to describe how the self-managing teams can work efficiently with performance management.

![Figure 5: Activities needed for efficient performance management](image-url)
3.4.1 Goal setting

According to Nordqvist (2002), the best effectiveness comes when the team work in the same direction as the organizational expectations and when the team tasks are clearly clarified. Hackman (1987) states that it is important that the team fully understand the objective of the task. Otherwise, there is a risk that the performance of the team decreases. The author further stresses that it is important that the outcome of the task have significant consequences for other people within the organization or among external clients. The team owns the task and the members are responsible for the outcome. Therefore it is important that the team perceives the task as a meaningful piece of work.

The wanted outcome of the task can also be defined as the goal or objective that the team needs to accomplish. Goal setting has proven to have a beneficial impact on the performance. Similar to the task, it is important that the goals are concrete but also challenging as well as attainable. With concrete and challenging goals, the team puts in more effort, and the performance and motivation enhances. How challenging the goal is also has a great impact on skill developing and the development of effective strategies that enhance the performance in later sessions. (Nordqvist, 2002; Locke & Latham, 2002)

Locke and Latham (2002) made several studies that showed that specific and difficult goals led to higher performance. If people just were told that they could “just do their best,” they actually did not do so. The authors argue that the do-your-best-goals have no or little external relevance and allow a wide range of acceptable performance levels, because the relevance is too hard to measure. Locke et al. (2002) points out that clear goals do not automatically lead to higher performance because specific goals can vary depending on the complexity of the tasks that need to be performed to meet the goals. Furthermore, people with higher confidence set higher goals than people with lower confidence, and in line with this, people with greater confidence are more committed to the goals. It is therefore important to engage the employees in the goal setting process, whether it is goals set for a team or for the individual. When Nordqvist (2002) describes the importance of a clear goal setting he argues that the team members need to participate in the goal setting process to improve the acceptance and commitment to the goals. People become more motivated to perform well when goals are fully accepted and when they receive feedback regularly in their process towards the achievement of the goal.

Even if the vision, strategies and goals are clearly set by the managers or the CEO, they can sometimes be fuzzy and difficult for the team members to understand and visualise. The goals can be too complex and the ability to measure performances on an individual, or even team level, is hard when you are not able to break down the objectives to an extent that is easy to understand. A clarified understanding can be achieved through a process called strategy briefing were you break down the strategies to more specific and
Frame of reference

tangible actions. When the overall strategies has been broken down to a level that is more easy to understand, the team and the individuals need to integrate their beliefs with these strategies. (Bungay, 2011)

Several authors, including Bungay (2011), Otley (1999), Silverman et al., (1996), as well as Ray and Bronstein (1995), have all presented methods and ideas like strategy briefing to describe how the strategies can be broken down to a more specific and tangible level and why this is important. Here, the method used by Bungay (2011) will be described to visualize the idea. According to the author, the goals and strategies can be broken down in a five step briefing process described below.

1. **State your purpose.** First, the purpose of the team must be clarified. By drafting a statement about what each group member thinks that the manager outside the team expects from him, or what the customer expects from him, the purpose can be clarified when answering questions like; What is your mission/task? Why are you expected to do this?

2. **Modify the purpose in the context of the company’s situation.** It takes time to find the right statement of intent; therefore a context needs to be set by the team leader. Setting a context requires an understanding about the goals and limitations set by the top managers. It is important to do this step while being self-critical, as it will require readjustments.

3. **Determine which measures that should be used.** It is important to have the right measures to see what best indicates whether you are achieving your goals or not. The top management must set the performance measures, and the team leader needs to speak with his superior if the measures are not the ones that are really suitable for the team members.

4. **Define what tasks that are implied by the stated purpose.** Set up which tasks the team members need to perform to meet their mission/purpose and prioritize those tasks. The ones with the highest priority should be the ones that have the largest impact on the company’s overall intent or goal.

5. **Define the boundaries or limitations.** To be able to execute a strategy, the employees must be able to adapt if the situation changes. The team therefore need to set boundaries to clarify their limits as a team and as individuals within a team.

Zigon (1998) talks about the importance of identifying clear measurement points in the work process in order to find a way of measuring goal attainment. Even he suggests processes as the strategy briefing process but is adding a method called work process mapping in order to find points in a work process that are worth measuring. By mapping the steps in the work process where new activities occur one can find points
were the quality could be improved. He further adds the advantage that teams that support a work process can evaluate their effectiveness in terms of the process’ performance instead of focusing on a specific individual.

3.4.2 Performance feedback
To meet the goals that have been identified, people need to obtain feedback that can show if they have done any progress with reaching the goals. If they do not know how they are doing, it will be difficult to adjust the level or direction of their effort, or to adjust to performance strategies that will match the goal requires. (Locke et al., 2002) When providing feedback on performance it is therefore important to have a clear understanding about how the feedback can be given in an effective and well-understood way. Busser (2012) means that feedback should be shared thoughtfully and on a regular basis, and not tied to annual or quarterly performance reviews. He also suggests that the performance team feedback should contain feedback about how the team behaves and be a forum where the team discusses how the corporation in the team works, how effective the meetings have been lately, or how the decisions have been made. Before giving the feedback it is important to structure the thoughts in a clear way, especially when they are based on your own assumptions and impressions. It is also important to tie the performance feedback to the goals set by the team or the organization. (Busser, 2012) Zigon (1998) further describes that it can be a good idea to develop a feedback system so that data collected for the feedback process can be kept. Here, it also needs to be described who should give the feedback and who should collect the data.

Therefor, one of the most complex questions for organizations that have implemented self-managing teams is how to appraise group members’ performance and facilitate employee development without managers (Druskat & Wolff, 1999) and Ray and Bronstein (1995) further stress that it is important that the team members trust and respect the feedback system. According to Cohen (1993), the first thing that needs to be done is proving feedback to the team about the performance of the whole team. This kind of feedback helps the group members to be aware of how well the team has performed. Secondly, performance feedback needs to be considered at an individual level, meaning that all team members should receive feedback with respect to their individual performance. Feedback concerning the team performance can either be received from the peers in the team, external leaders, or from customers (Cohen, 1993; Zigon, 1998).

Normally, SMTs work closer to the customer than what ordinary teams do, which enable the team to get feedback directly from the customer, rather than filtered through an external leader. Due to this, members in SMTs can respond directly to this feedback and thus continually increase their own learning over time. (Silverman & Propst, 1996) Another example of performance feedback that is focusing on the whole team is that the team receives information about if they have met the quality requirement formulated in
the planning of the project. The team should use the quality goals as a way to monitor and engage in problem solving required for determining improvements. Concerning individual feedback, this should be given by the team leader or by the team members, because they are the ones working closely to the individual. (Cohen, 1993)

3.4.2.1 Peer review

According to Stewart and Courtright (2012), a popular practice in SMTs to provide feedback is through peer-based control or peer review, meaning that the peers in the team evaluate the team performance and team behaviours. All members of the team thereby get responsible for monitoring and influencing one another in the group to coordinate the work that needs to be done. This is also discussed by Hamel (2011), who describes the peer review as an occasion were every member in the team can get feedback for her performance and has to explain why she has made certain decisions and taken on certain actions since the last time they met for peer review. Peers have been called the most accurate and informed judges of their co-workers’ behaviour and it has been found that the peer often perform better than supervisors when it comes to evaluating skills that lead to improved performance.

The advantages with peer review is that it can influence motivated behaviour in work teams because the members emerge together with shared beliefs regarding what is valued in their work environment (Stewart & Courtright, 2012). Druskat and Wolff (1999) argue that it is through performance discussions that peer reviews members can build and refine feedback and communication skills. Providing peer feedback can also strengthen skills in observation, evaluation and reinforcement – all identified as important factors to effective group self-management. This control method also influences the individual as well as collective efforts and thus influences goal achievement and team outcome. (Stewart & Courtright, 2012) The authors further discuss the possibility of letting a small amount of the salary being based on the peer review as a way of motivating individual and collective actions. By that, the team members feel that they are giving rewards while evaluating their team members.

An important factor in peer review context is its purpose. Peer appraisals are usually intended to provide feedback and facilitate employee development. Some organizations have also included the review process when setting salaries and evaluating individuals. However, studies have shown that the best outcome from peer-review is when it is used for increasing team performance. Peer-reviews focusing on development are more appreciated by the peer and more open than those used for evaluation and can more easily involve face-to-face feedback. (Druskat & Wolff, 1999)

Ray and Bronstein (1995) also favour a system were feedback can be shared between the team members and designed with open communication channels. The feedback system should aim to enable the team members to talk about things that can lead to
disagreements in the group, and transfer the responsibility for problem solving process towards the team, rather than drag management in as a mediator. This stresses the importance of a business culture that has clear communication channels were the information is shared among all members. In practice, a facilitator is scheduled to be at the feedback meeting, which according to Ray and Bronstein (1995) should take place once a month. The facilitator collects written comments from the team members considering what they like and appreciate about how others are performing their jobs. The meeting starts with sharing the written notes among the team members and later change focus towards discussion about improvement feedback. By focusing on improvement, this system gives direction to change in performance, which is a real point of feedback.

3.4.2.2 360-degree assessment model
Another model, discussed by many authors, is the 360-degree assessment model. This model is designed to not just focusing on getting feedback from one person; instead it takes other factors and stakeholders in consideration. Research has shown that multiple input on appraisals or the feedback process provides more accurate, reliable and credible information. Which factors that should have influence on an individual employee can vary depending on which position the employee has in the company and also varies from organization to organization. (Chappelow, Taylor and Fleenor, 2008)

Davis (2007) calls the input factors sources, were the most common ones are presented in Figure 6:

![360-degree feedback model](image)

**Figure 6: 360-degree feedback model**

1. Superiors/Manager/Appraiser: Evaluation by superiors is the most traditional source of employee feedback. This form of evaluation typically includes rating on the individual performance by supervisors from the employees’ performance plans.
Frame of reference

2. **Self-assessment**: This form of performance information is a quite common process where the individual is evaluating himself in order to assess aspects that are important for his own identity.

3. **Peer**: When downsizing and reducing hierarchies in organizations, as well as the increased use of teams, peers are often the most relevant evaluators or their performance. Peers have a unique perspective on a co-worker's job performance and peer rating can be used where performance and results can be observed. There are both positive aspects and serious pitfalls that must be carefully considered before including this type of feedback in a multifaceted appraisal program.

4. **Subordinates**: An upward-appraisal process of feedback survey is among the most significant and yet controversial features of all sources but subordinated often have a unique, and different perspective. The subordinate’ ratings provide particularly valuable data on concerning managers and supervisors behaviour. However, there is usually great reluctance concerning implementation of this rating dimension.

5. **External customers**: External customers are outside the organization and measure if the individual have met the customer standards set, and the customers overall opinion of the employees.

6. **Internal customers**: Internal customers are defined as users of products or services supplied by other employees or teams within the organization.

### 3.4.3 Performance appraisal

Most managers and organizations want to succeed and be effective in all aspects of their performance. However, frequent changes in assignments, skills, technology and knowledge requirements make organizations and their employees witness an ongoing change. (Maddux & Godding, 2000) According to Grote (2002), performance appraisal makes it easier for an organization to take good decisions about making sure that the most competent individuals for a specific position fill the most competent positions. Furthermore, Maddux and Godding (2000), state that performance appraisals can be done both between a manager and a team or a manager and one employee. Whether it is on a team level or an individual level, the performance appraisal should cover all aspects of the employee(s) performance, development and future prospects.

Grote (2002) describes a scientific study conducted at General Electrics (GE) in the early 60's that tested the effectiveness on the yearly appraisal meeting and found for example that:

- Criticisms has a negative effect on achievement of goals
- Performance improves most when specific goals are established
- Coaching should be a day-to-day, not once-a-year activity
- Mutual goal-setting improves performance
• Appraisal meeting designed to improve an employee's performance should not in the same time weigh his salary or promotion.

The findings remain today as valid as they were when GE first developed them. (Grote, 2002) However, one fundamental problem with performance management is that we load one system with too many expectations. It is very difficult for one management system to serve so many objectives well, particularly when there is a pressure from managers to reduce the numbers of meetings. (Maddux & Godding, 2000)

3.4.3.1 Team appraisals
Some tasks are easy for a team to accomplish completely by itself, such as routine work, continuous improvement, setting production, and vacation schedules. Tasks like managing cross-functional team relationships, hiring new team members, and budgeting, are harder. Team performance appraisal, is even more complicated, states Grote (1996).

The primarily dilemma with performance appraisals and teams is that the appraisal forms and processes often are built with individuals in mind. The appraisal job gets even tougher when the teams are cross-functional and not permanent and homogenous. One of the most appropriate approaches to team appraisal is to let the team itself create their own performance expectations and measures of how well those standards or expectations are being met. The more the team is involved in determining what will be appraised and how it will be measured, the more likely the team will be to accept the legitimacy of the appraisal process and the more likely it is that the team will behave in the ways that its members have determined to be ideal.

The self-managing teams need to take the customer needs and expectations in consideration when constructing appraisals for the team, but also the organizational overall objectives. To make sure that the appraisals are in line with the company objectives, it is recommended that a yearly meeting is held together with a manager outside the team. Here, the team documentations of achievements during a period of time can be compared with the company’s standards of excellence. (Grote, 1996)

3.4.3.2 Individual appraisals
Too often, individual performance appraisal is seen only as a once-a-year drill mandated by the personal department. But in organizations that takes performance appraisals more seriously and use the system well, it is an ongoing processes and not merely an annual event. (Grote, 2002)

Grote (2002) further discusses a four-phase model that can be used for making the annual appraisals to an ongoing process, which is shown in Figure 7. After the process has been performed, the right rewards should be given to the employees. This is also illustrated in the Figure below:
1. Performance Planning
Performance planning is the first step in the performance appraisal process and should be seen as a meeting for discussion. Performance planning typically involves a meeting of about an hour between the appraiser and the appraise. The discussion and topic of this meeting should include what the individual will achieve over the next twelve months (key responsibilities of the persons job and goals and project the person will work with) and how the person will perform this job. The meeting should also outline in an individual performance plan for the employee. (Grote, 2002) Here, it is important that the goals that will be discussed during the meeting are in line with the company objectives, concrete and possible to fulfil (Otley, 1999). The performance-planning discussion gives the manager the chance to talk about her expectations and what she sees as genuinely important in the individual’s job. It also gives the individual a change to fully understand the expectations and what work that has the highest priority and operating in a way that the organization expects. (Grote, 2002; Otley, 1999)

2. Performance execution
Once the performance-planning phase has been completed, the next step is to execute the plan. Performance execution is the second phase and during this phase it is the
employees job to achieve the objectives. For the appraiser, there are two major responsibilities: creating conditions that motivates and resolves any performance problem that arises and should also provide feedback and coaching for success. In an effective performance management system, performance execution also includes a midterm review to ensure that the performance is on track. (Grote, 2002)

3. Performance assessment
During the performance assessment phase it is time to prepare for the appraisal meetings that should reflect and evaluate how well the candidate has performed over the year. Both the individual that will be evaluated and the one that is preparing the meeting will need to prepare paperwork that will form the basis of what will be discussed during the meeting. (Grote, 2002) Here, the individual accomplishments must be identified so that the individual can be evaluated regarding how well he or she has been supporting the team with his or her own individual contributions. By this, the one that is executing the performance evaluation meeting can coach the individuals in a way that will be beneficial for the whole team instead of facing the risk of being to personal. (Zigon, 1998) Of course, the employee also needs to be prepared by reviewing the personal performance over the year and assessing accomplishments against the development plan. He or she also needs to write a self-appraisal form and consider what revisions that are needed regarding the responsibilities, goals, competencies and development plans. (Grote, 2002)

When it comes to actually knowing what to evaluate, Zigon (1998) argues that it is important to construct a performance measurement system that avoids a conflict between the individual and team measures. As he puts it; “an outstanding individual needs to be rewarded even though he or she might be working for a losing team”. To prevent this, Zigon (1998) suggest that a role-result matrix can be conducted that will identify which individual accomplishments that are needed to support the team’s accomplishments. Another idea, discussed by Grote (1996), is to have a performance appraisal form were different competences that are important to pursue and develop is listed. The competences can vary depending of the organizational objectives, but Grote (1996) suggests that “Teamwork” need to be one of the competencies. There should also be behavioural indicators regarding how effective teamwork can be achieved, in a way of describing what the organization expects of the team members regarding their service in the team.

4. Performance review
In the model constructed by Grote (2002), performance review is the final phase of an effective performance appraisal system and should be held for about an hour, tentatively once a year. It involves the individual and the manager discussing the performance appraisal document that the manager has created and how well the employee has performed over the past twelve months. The employee’s performance the
Frame of reference

last year can either be better than the goals that were set and if a lower performance have been identified, it is important to discuss the reason for this. Further, criticism has a negative effect on achievement of goals, it is therefor important that the feedback given at the appraisal meeting is delivered in a positive way that instead increase motivation and future performance. The performance appraisal process both ends and begins with the performance review meeting. At the beginning of the meeting, the individual's past year’s performance is reviewed and the success of the development plan is evaluated. At the end of the meeting the appraiser and the employee shout set a date to create the plan for the next year’s goals, objectives and development.

The study at General Electric showed that appraisal meetings designed to improve employee’s performance should not in the same time weight salary or promotion. However, the outcome of the review performance meeting makes it easier for an organization to make good decisions about making sure that the most competent positions are filled by the most competent individuals’. Also, working with performance appraisals and the outcome of the meeting creates good conditions and facilitates the promotion decisions. (Grote, 2002)

3.4.3.3 Reward systems
Both Cohen (1993) and Dransfield (2000) state that an efficient management system should be performance-related, meaning that the pay is related to how well you perform your work tasks. Within companies using self-managing teams, numerous authors address the need of a reward system that rewards both the individual and the team (Druskat et al., 2002; Cohen, 1993; Pfeffer, 1998). Druskat et al., (2002) further state that if the organizational culture requires that the team members are being rewarded only trough their individual performances, it will be difficult to design efficient SMTs. This is also something discussed by Cohen (1993), who argues that a self-managing team needs an organizational context that supports the employee involvement. Cohen (1993) further uses rewards as one on the five features that improves the team and lower the organizational levels as a step to a higher degree of employee involvement. The rewards should be tied to performance results and to the development of contributions. If the employees who have been given the rewards do not have the information about how they should influence the performance, the reward will be wasted.

Hackman et al., (2005) also favours an organizational reward system that recognises and emphasizes team performance and that avoids the problem of placing the team members in competition with one another for individual rewards. He further adds some critics to rewarding the team. He argues that this can have destructive effects on the individual contribution and that it therefor is not feasible to provide rewards to the team as a unit. It might then be better to reward a larger group, such as a department or division. If just one team gets rewarded and not another, this can develop a competition
between the groups that might not be desirable. Many authors, including Hackman et al (2005), Cohen (1993) and Biron et al. (2011) discuss the reward structure as a system that should support the self-managing teams. The actual rewarding therefor does not need to be made within the team, but it needs to support the chosen organizational structure were the individual and the team should be rewarded with respect to their performance. The reward system is connected to the outcome of the whole performance appraisal process. When the appraisal meetings have been held, a reward has been given to an employee in terms of an increased salary or/and a more desired job position.

3.5 A synthesis of the theories

This section presents a model that will describe how all the theories discussed in the frame of reference can be summarized and synthesized. The model will help to structure the empirical findings and the analysis, so that data that is relevant for the purpose of this study will be examined and nothing else.

In the chapter, the reader has received information about mainly three blocks of literature studies; knowledge-intensive companies, self-managing teams and performance management activities that are suitable within the self-managing teams. For a knowledge-intensive company, the employees’ knowledge is their most important input (Starbuck, 1992). To get the most value out of the resources, it has been common for many companies to organize their employees in teams to integrate the knowledge to perform the tasks in an effective and desirable way towards common goals (Dilitto, 2004). To let the employees’ work in self-managing teams has grown in popularity (Cohen et al., 1996) and when structuring the teams, the organization must know that certain factors have an impact in how to create efficient teams.

Here, the impact were divided into the features that had an impact on the team from outside the team but within the organization in which it operates, referred to as external factors, such as the influence from external leaders and the information systems at the company. Furthermore, the team beliefs and ability to meet company objectives, team composition, as well as roles and responsibilities are seen as factors that have an internal impact on the SMTs and will affect the performance. The last section described performance management activities that are useful in teams in line with working towards common goals.

3.5.1 A synthesis of the theories

To structure these theoretical findings, a model was conducted. In Figure 8, the outer layer represents the need of having a knowledge-intensive organization that supports the construction of SMTs. The next two layers in the model represents the external and internal factors that are believed to be required for creating efficient SMTs. In the inner layer, the performance management activities that need to be performed by the SMTs are presented.
Frame of reference

Figure 8: A model for synthesis of the theories
4 Empirical Findings

This chapter will provide information about how Findwise are working today and how they the company has structured some of the employees into self-managing teams. Information about the performance management that the company is working with will also be provided. The data was partly gathered during interviews and informal meetings with employees at the office in Stockholm and in Gothenburg during April and May 2012 and a detailed list of all the interviews is provided in Appendix B. The rest of the data was gathered from a brochure called the “Findwise Spirit”, the personal handbook, and documents constructed by members of the TM process. The empirical findings will help the researchers of this thesis to answer the purpose of the study.

4.1 Company presentation

Here, general information about the company will be provided, as well as information about the company vision and goals. The section ends with a presentation of the organizational culture that encourages the employees to take responsibilities.

Findwise is a growing IT-consulting company, founded in 2005. The company currently has offices in Gothenburg, Stockholm, Copenhagen, Warszawa and Oslo, headquartered in Gothenburg. Today, 73 people work for Findwise, but the number of employees is increasing and a goal is that the number of employees should be doubled in the end of 2013.

The company objective is to be a leading actor on the international market, creating search driven solutions that can utilise the full potential of search technology to assist their customers in making all desired information easily accessible to both employees and their customers. They help companies manage the overflow of information by implementing the search solution but also by offering consultation. Furthermore, Findwise help their customers to choose, design, implement, adapt, and maintain search driven solutions for intranet, web, e-commerce and applications. They are also providing their customers with project management, business development, consulting, and application development within the search field.

Findwise business idea is to offer their customers search driven external and internal solutions that can help their customers to get fast and effective access to their information. There are many IT-companies on the market today and the competition is fierce. Findwise strategic choices has been to create and focus on a specialized niche by concentrating on and getting cutting edge competence within the area of search technology. Furthermore, the business idea also includes creating flexibility by building partnership with several suppliers of search platforms instead of being bound to a single partner. With many platforms, Findwise can decide which search platform that is the most suitable for each customer on the basis of the customer needs and desires. This is
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something unique for Findwise, compared with other companies working in the search technology field were working with a single search platform is more common.

The company is a process-oriented organization with processes in three main areas: operative, strategic and supporting. The processes within the operative area (see Figure 9) are Sales, Production, and Talent Management. The Sales process is responsible for selling the search solutions created by Findwise to new and existing customers and the output of this process should be a contract with the customer. The Sales process is integrated with the Production process, which is responsible for delivering the deals that has been sold by Sales. The work performed by employees with roles connected to the Production process is organized into permanent teams were the employees execute the customer projects. The last process within the operative area is the TM Process, which is responsible for promoting and developing the skills of all the staff at the company. This process is also responsible for the recruitment of new staff as well as creating a positive work environment by organizing social events. The idea with a process-oriented structure is based on a thought that compared with a linear organization this gives a better flexibility. With processes and a greater flexibility, Findwise also believes that the knowledge transfer can be facilitated. Each co-worker at Findwise can work for all the processes but take on different roles depending on what process the employee work for when performing a particular task.

![Figure 9: The operational processes at Findwise](image)

4.1.1 Company goals and vision
During the past three years, Findwise has been working with a project that would clarify the company vision, business culture, rules and values. In April 2012, this was all compiled in a brochure called “The Findwise Spirit”, which was handed out to all the co-workers at the company. The idea was to put together everything regarding the
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organizational culture and beliefs so that each co-worker would know what the true spirit at the company was.

“We make knowledgeable decisions easier”

- Findwise’s vision

This was something that was very clear when the company just consisted of a few co-workers, but as the company has grown rapidly over the past years, they saw a need of visualising everything that the company believed in, as well as having something to give to each new colleague who begun at Findwise. Despite this, the company has decided not to state any goals in the brochure, because the co-founders believe that the most important thing is to have a clear core value as well as a strong business culture, the rest can be more undefined and up to employees to determine. Of course, the company should have goals and one of the co-founders highlights the importance of goals at different levels (company, process, team, individual), but he sees no meaning with writing down an overall goal that should be stated in a brochure.

4.1.2 An organizational culture that encourages taking responsibilities

The organization has decided not to have a CEO, instead the three co-founders sometimes take a role comparable to what a CEO does. But as one of the co-founders puts it, it has a symbolic value in not calling anyone a CEO. If anyone is struggling and facing problems, these problems should be solved in a group and not passed forward to a higher instance in the organization as it sometimes does in a more hierarchical organization. This makes the organization more flexible and fits co-workers that do not want to be controlled by a manager. People will then learn how to take more responsibilities and the belief of giving each co-worker responsibilities is something that permeates the whole organization. During the interviews, many employees agreed that the co-founders are “one in the gang”. The economical status, as well as events that are happening at the company is shared between all co-workers, and the employees feel that they are involved in the company development. Due to the fact that the co-founders have a lot of knowledge and competence from working at the company since the beginning in 2005, they sometimes take the role as a leader or maybe more as an expert or tutor with a lot of experience, as one employee puts it.

At Findwise, many of the consultants come from the major universities of technology in Sweden and according to members of the TM Process, the goal is to gain access to competence from the niche area of search technology that is the company’s business focus. Even though many of the co-workers are newly graduates, Findwise is trying to recruit more senior developers to get at greater variety of co-workers at the office. Last year, they also started an initiative for a trainee program that would target people with competence in both computer science and business consulting.
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In the employee handbook, the organization culture is described as being characterized by taking responsibility, team spirit, curiosity and entrepreneurialism, humanity and trust, flexibility, “easy to deal with”, and “dare to go wrong”. Findwise aim is to build an organization that reinforces each individual co-worker and to have an environment where each employee has a substantial opportunity to develop their skills and thereby contribute to the development of Findwise as a company. Findwise arrange common social activities, such as kick-offs, which are held twice a year, were all employees from the different offices are invited. Here, the co-workers can share knowledge, discuss and solve problems, as well as having time to socialize with each other. These kick-offs are perceived as very beneficial for the employees because it is a forum to meet colleagues working at the other offices. To meet someone in person, and not just to know the name, makes it easier to call a person working at a different office to ask for help.

Besides the kick-offs, Findwise organizes other activities to create an integrated work environment where the individuals can learn from each other. One of the social activities that are organized at Findwise is what they call a “BÖl”, which means Bulle och Œl (bun and beer) held approximately twice a month. Here the employees meet for an hour or two during working hours to discuss current topics within the search field, but also other subjects that can be relevant for the organization. The idea with a BÖl came from an initiative of creating a forum where the employees could talk under more relaxed conditions and it is also a forum where the employees together can come up with solutions to various problems. Instead of letting just one person decide how a problem or an assignment should be solved, they can come up with an answer in the group. After the BÖl, someone summarizes the relevant output from the discussion and many of these meetings have shown results in terms of for example achieving new working methods by finding a more structured way of executing projects.

The employees agree that the business culture encourages each individual to take more responsibilities, and many of them believe that you must enjoy taking own responsibilities to be able to enjoy the working climate at Findwise. The co-workers like the organization culture and many of the employees stated that the main reason why they appreciate working at Findwise is due to the culture and the open approach. You always feel welcome to ask other co-workers for help, even if they are overloaded by work. The co-workers also describe the open landscape at the office as a facilitator to this open approach. Some employees’ also argue that the culture and cohesiveness at Findwise is due to their working climate were they work closely together as a team and that they work more from their own office, and not as resource consultant at the customer. Almost no one at Findwise therefore works as a resource consultant but the team members participate at meetings with the customers or spend a week or two at the customer office. In some special cases, there have been projects that have required that a consultant should work on site with the customer, but this is not something that is
desirable for Findwise in the long run, according to the Regional Manager at the Stockholm office. The Regional Manager is the one with the overall responsibility for the work performed, and the employees at the office. He further adds that he believes that it can be an idea to have more consultants working close with the customer but not as a resource consultant, more like a partnership between Findwise and the customer.

4.2 Information systems and communication
Despite the fact that most of the co-workers at Findwise work from their own office and not from the customer office, the company still believes that the information sharing is very important to make sure that the every person at the company gets the information they need at the right time, and to make the sharing of knowledge possible. According to the Chief Information Officer (CIO) at Findwise, this is something that they need to structure even better, but he further adds that it has been improved the recent years. From a non-technical perspective, he believes that the idea of working in processes is an advantage when it comes to information sharing, with more people working together to receive the right information. At the company they have a variety of information systems that are connected to the various offices.

One of the problems that the CIO sees today is that some important information still is distributed via email. According to him, it is a useful channel that makes sure that everyone gets the information they need. The problem is that the amount of information easily becomes too much to handle and you can miss important information if you get too many emails. Another problem is that if you are for example newly employed, you have not received the information if it is something that has been distributed via email, even though it might be useful for you in your future work.

Beside the email services, Findwise has a great variety of different information systems including for example a production planning tools (Redmine), Sugarsync where documents are shared and put for backup, Wisenet (their intranet), and Yammer. As the CIO sees it, their most important communication channel is Yammer, which is a service solution similar to a micro blog like Twitter. Here, the employees can get in touch with each other at the different offices as well as ask questions without the need to specify who should answer the question. This gives all employees the opportunity to ask all kinds of questions, but sometimes the information flow can be too fast and easy to miss, which is why it is important to combine this system with sending email or having meetings.

Another channel of communication is the range of meetings that are held at the company between the employees, or between employees and customers. Within the development teams, there are so called stand-up meetings held once a day, among with other meetings within the teams or cross-functional meetings between members in the different teams. These meetings will be explained in more detail in the following chapter. Once a month, Findwise organize a meeting at each office called Findwise
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(monthly) – a meeting where economic status, sales information and other news are presented and where questions and issues can be brought up. Today, the different offices organize their meetings independent of each other but they always encourage co-workers that are travelling between the offices to stay at a regional meeting if they have the time. The social process organizes the meeting but there are always various co-workers that are responsible for arranging the activities following the meeting, as well as presenting the agenda with topics to discuss. During this meeting, all employees are encouraged to express their opinions, influence and to be involved in the discussions. After the meeting, they always arrange a social activity where the co-workers can socialize with each other. Furthermore, there are a lot of informal meetings held at the company during lunch or just during work hours. This is facilitated due to the fact that the employees’ work in an open landscape where you easily can ask a co-worker a question or discuss a specific problem. A summary of all these communication channels can be found in Figure 10 below.

Figure 10: Some of the information and communication channels at Findwise

The knowledge transfer within the organization is also important and works in line with the sharing of information. As one member of a development team in Stockholm explained, he learned many of the things that he needed to know by asking other employees about how they did things. When he started at Findwise, there was a start-up program but it was not really organized in a particular way. Instead he got involved in customer projects almost right away, which he thought was good. By that, he got the change to learn both how to execute developing-related activities, but he also got some valuable knowledge about more customer related activities. Today, when he needs information or knowledge about a particular subject, he just asks someone working in the Production process if he has questions about how he should solve a customer related problem, like how the coding of the search solution shall be done.

4.3 The development teams

At Findwise, some of the employees are organized in permanent teams that are hold constant even after a project is executed. Here, the background to this working structure is
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*described and information about the teams will be provide as well as information about the people and activities that affect the teams in their daily work will be explained.*

The concept with organizing consultants into self-organizing teams working according to the AWMs started approximately one year ago, in Autumn 2011, at the Stockholm office. Before this, the planning and executing of the projects had another structure and it was hard to coordinate the work, according to one of the team members. After a initiative from a couple of co-workers at Findwise, the teams at the Stockholm office started to structure their work according the theories of AWMs, especially the Scrum method, where the managing of software development is incremental and iterative. As it should according to the AWMs, the employees at the office got structured in teams that became more and more permanent which facilitated the resource planning.

At the Stockholm office, the IT-consultants are organized into three different development teams, specialised on developing search solutions to customers. All these teams are working with projects and are building search technology solutions towards customers. The team are named Mumin, consisting of five members four male developers and one female business consultant, Truckers that consist of five members all male working generally as developers, and Björnligan consisting of three male team members, all essentially as developers. These development teams are ongoing, meaning that they consist over time and each team should have one to three projects running parallel. In practise, this is not always the fact because it depends on the project pipeline that the sales process has at the moment. This concept of working for the same team was developed and implemented while the AWMs were adapted. According to the Team Leader of Björnligan, the working structure was very confusing before adapting AWMs and permanent teams. The team members had different projects working parallel but within different more temporary teams.

4.3.1 The Production Manager

The Production Manager is not a part of the team but he is responsible for the pipeline of incoming projects. Before the employees got structured in self-managed teams, the work performed by the Production Manager included a lot more work tasks than it does today. When the number of employees increased it began to be too much to handle for one person. The Production Manager now just supports the Team Leader and the team instead of telling them what to do. He still has the final say about what team that is the most suited one for a specific project but as he puts it, he is “trying to make himself unnecessary” and the teams can make decisions regarding which projects that are suitable for the particular team and which are not. To summarize, one can say that the Production Manager has the overall operative responsibility for the coordination of the projects.

According to one of the Team Leaders, the cooperation between the Production Manager and the teams work well. This is something that the other Team Leaders also agree on and they all noticed that the Production Manager has taken a step back since
they got organized in more permanent teams and that the teams have the ability to be self-managed. Once a week the Team Leaders have a meeting where they exchange knowledge and discuss problems that they have been facing during the week. Here, the Production Manager is present but he is more like a meeting chairman who listens to the conversations and can answer questions or participate in discussions if necessary. Another meeting where he is present is the meeting that is hold once every second week between the Project Managers in the different teams (the role of Project Managers will be explained in the following chapter). As at the Team Leader-meetings, the Production Manager is listening to what the Project Managers has to say and they have a debriefing about the ongoing projects.

4.3.2 The Production Process Owner
At Findwise, the role as the Production Process Owner has a strategic responsibility over all the production teams, including the development teams and the expert teams (that will be described bellow). The Production Process Owner makes sure that all the teams have projects to work with and the goal is to have a billable rate of 80 % at the office. Today, the same person who has the Production Manager role holds the Production Process Owner role.

4.3.3 Providers of knowledge to the team
The projects that the teams execute can be of various characteristics, which imply that sometimes knowledge that cannot be found within the team is needed. Because of this, Findwise has developed some expert teams from were the self-organizing teams can borrow a member if necessary for the particular project. One competence that they sometimes use is the so-called UX-competence, User Experience, when they need someone who can help them with the interaction design. This is focusing on designing the product so that it will satisfy the needs and desires of the customer who will use the product. This team is geographically based in Gothenburg but help the office in the Stockholm office when needed. According to an UX-member, this role would not even fit in a permanent team. The problem is that the work performed by someone with “only” UX-competence will not be a full-time job if you only work for one team with not more than three ongoing projects at the same time. That person needs more projects to work on which means that this person in that case has to work with more than one development team.

The Stockholm office also recently set up an expert team focusing on business consulting, with the main focus to analyse and identify customer needs, called Findability Business Consulting. The idea of this expert team is to be able to help in the beginning on a new project if needed. It is also possible for the team to borrow colleges from other teams if they need a specific competence.
4.3.4 Agile working methods

Another factor that affects the team’s daily work is the fact that they work along with agile methodologies, which include high focus on delivery towards customers and to prioritize the task that provides the most business value. Each team has its own whiteboard where the team members daily have so called stand-up meetings. During this meeting, each team discusses what all team members did yesterday, what they need to do today, which assignment that have gone well and those that have not gone the way it was planned. On the whiteboard, one can also anticipate the nature of the task that are assigned, in progress, and completed as illustrated by post-it notes. The whiteboard also shows the upcoming sprints (a set period of time during which specific work tasks need to be completed) and what assignment that have to be done to each of these. During these sessions, they also give feedback on how well they have executed the different activities. The feedback is not directly personal, it is more a way of talking about how they could have performed the activities better or if everything went the way it was planned. When it is time for a specific sprint, all work done so far should be delivered to the customer. Many of the team members feel that the AWM has had a positive effect on their work. The working method gives clarity to the customer (the customer becomes more involved) and a clearer focus on delivery, which is good.

4.3.5 The different work methods in Gothenburg

Not all teams at Findwise are structured in self-managing teams and work according to the AWMs. In Gothenburg, the Production Manager has temporary teams and the teams are only permanent during a certain time. This means that team members can shift even during a customer project in a way of letting new and less experienced co-worker get a chance to learn new platforms, get to know the customer, and so on. Another reason why they are structured in temporary team is that the Production Manager in Gothenburg believes that the knowledge-transfer becomes easier. In Gothenburg, the pressure on the Production Manager is much higher and he has more responsibilities and control over the projects than the Production Manager in Stockholm has.

The Process Owner of the Competence Development at the company believes that the self-managing teams might be a good idea in Stockholm but that it is hard to have permanent teams working according to Scrum because some of the customers they have in Gothenburg does not prefer that working method. He also believes that it will be hard to use self-managing teams when the organization grows. On the other hand, many of the employees in Stockholm cannot understand how the Production Manager in Gothenburg can put up with the amount of work that he has today.

4.4 Roles and responsibilities taken by the team members

The development teams at the office in Stockholm are more or less self-organizing, and within the team multiple roles co-exists. This means that each member can have different roles depending on the scope of the project, the complexity, what search platform they
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shall work on, etc. Here, some of the most common roles as well as the responsibilities that the role entails will be explained. Furthermore, the employees sometimes work for an internal process and the meaning of this will also be explained.

4.4.1 The meaning of being a consultant
Many of the team members agree that the meaning of being a good consultant is the most important characteristic that you need to pursue. When they have a customer project it is important that they can talk to the customer in a way that the customer can understand, as well as pursuing social competences and having a clear focus on sales. They need to have an understanding for their product and the business and what value their product can give the customer.

4.4.2 Functional roles in a search project
The functional roles within the development teams that are needed in a search project are concerned as roles that are needed to execute a customer project.

4.4.2.1 The Team Leader
Each team has a Team Leader and his or her main function is to eliminate problems that the team has and to plan the resources for the team members. One of the Team Leaders explains that the idea of having a Team Leader came from the concept of having a "Scrum master" as a team should have according to Scrum. The Team Leader for Truckers further adds that the responsibility that comes with being a Team Leader now include more than just resource planning and solving problems, as it should according to Scrum. At Findwise they saw a need of giving more responsibilities to the Team Leader so that the team could have a better change of working more self-managed. The Team Leader further adds that it is the Team Leaders’ responsibility to make sure that the team members are enjoying their job as well as making sure that the team is developing in the desirable direction. The Team Leader for Björnligan more over adds coaching of team members and making sure that the competence needed to execute the projects exists in the team. The newly implemented assignment for Team Leaders at the Stockholm office today is to take over the development plan for the team members, meaning that the Team Leaders should also be responsible for parts of their team members professional development. All Team Leaders at Findwise also work as a developer and they add that it sometimes can be hard to coordinate how much time that should be dedicated to the work as a Team Leader, with all the administration and responsibilities that comes with that role, and how much time that should be dedicated to the work you need to perform as a developer when executing a customer project.

4.4.2.2 The Project Manager
Furthermore, each project also has a Project Manager. This person is not a fixed Project Manager for each team; it is instead fixed for each project. For example one team can have three ongoing projects and these projects can have different Project Managers. The Project Manager can be both internal, when one of the team members have the role, but
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it can also be external where someone outside the team steps in, for example if an
certain expert is needed who can help the team. The Project Manager main assignment
is the resource planning for the project but he or she is also responsible for the main
contact with the customer, setting up meetings with the customer and maintaining
customer satisfaction. He or she also has budget responsibilities and makes sure that the
team can stay within the given budget.

4.4.2.3 Other roles
The teams also have a role that is responsible for the bid management together with the
sales process as well as handling the communication with the sellers and going to sales
meetings, called pre-sales. Other defined roles are for example information management
analyst, frontend developer and backend developer. The tech-lead role, as well as the
role as a front-end or back-end developer will have the responsibility for the technical
quality and the development of the solution. Other responsibility areas that sometimes
are filled are for example the UX-competence, Business consultant, customer support
and test lead. The roles and responsibilities that are needed depend on the
characteristics of the certain customer project.

4.4.3 Internal processes
Besides all the functional roles in a developing team, many of the employees have roles
related to an internal process. This comes from a desire of not wanting to lock the
employees in a certain process or job position, therefor the members of the
development teams has other responsibilities than the ones they have when executing
customer projects. This means that an employee can be a developer of a development
team but also owner of an internal process, or at least a member of another process. For
example one of the team members in one of the development teams recently started to
work with UX. The idea is that he should be a part of the UX-team in Gothenburg but
primarily be a part of his development team in Stockholm, and help the other
development teams in Stockholm with UX, when needed. Furthermore, other team
members are part of the social process that organizes the social events that were
described in an earlier section. Many of the employees perceive this as an advantage of
working at Findwise because there are many opportunities and it is possible to become
for example a process owner in a rather early stage in the career. However, many of the
multiple roles makes it difficult to find the time to do what you are expected to do in a
specific role. A basic rule is that billable time must go before non-billable time, which
therefor can affect the internal processes. Another problem with multiple roles that
some employees admit is that those with multiple roles also are the ones that have the
most work to do in the projects because of the fact that they in many cases are the most
experienced ones.
4.5 Performance Management

This section provides information about whom is executing the various performance management activities today and what activities they currently are working with at Findwise.

In 2011, Findwise hired a consulting firm called Stardust specialized on helping companies with structuring an efficient talent management, and Stardust helped them to evaluate the work that was done regarding the talent management at the company. Stardust analysed Findwise as a company with a very lightweight and generally poor target setting and follow-up. They also saw an immediate need for role descriptions and that the career development potential needed to be visualized. In line with this, a discussion about performance development was needed that could be more aligned with company needs. (Stardust, 2011)

It was not until then that Findwise realised the importance of performance management and they decided to use some of the advice they received from Stardust to start up the work. Besides the work regarding performance management activities, Stardust gave Findwise advice about the need of clearly defined vision and goals, as well as highlighted the importance of having an employee branding.

Today, Findwise work with adapting more performance management activities through their TM process. The TM process includes five different areas or processes; Competence Development, Recruitment, Social, Performance and Benefits and Personal Development, which are showed in Figure 11.

The Competence Development process is responsible for ensuring that the company's need for competence is satisfied. An evaluation is conducted each month regarding what skills the office owns at the moment; both in terms of IT-related knowledge and more strategic areas. The evaluation also examines which competence that might be needed in the future. If they lack a specific competence area, some employees are offered
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competence development in line with Findwise needs, but also in line with the employee's wishes and needs. The second process, Recruitment, is a process responsible for attracting and employing the right people to Findwise. It is important to find people that can adapt to the Findwise culture, with open communication and few hierarchies, but also to find people willing to work with search solutions. Further, the Social process is responsible for the social activities that are arranged at the company and the Performance and Benefit-process have the responsibility of setting salary and carry out the appraisals of the team members. The process for Personal Development is responsible for each employee's development at Findwise. Each co-worker should have individual goals that should be fulfilled during a specific time frame and then evaluated.

According to one of the co-founders, the work with performance management is now an ongoing process, and the goal is to find a way to connect the strategies to the work performed by the individual co-worker. This is something that they have not done before and it has been hard to see what the single co-worker has contributed to the organization. According to him, they also lack a clear model and guidelines for how the individual goals should be set and how each co-worker should be evaluated regarding his or her own goal fulfilment. Although they lack guidelines for how to set individual goals, they do have started to break down goals to a process level thanks a development project called "the Journey". This project started with the objective to engage the employees in the development of the company. Here the employees together established five goals during the project which all shall be achieved in the end of 2013 (see Figure 12). In 2013, Findwise shall be the leading IT consultant company in the area of search driven solutions as well as having a turnover at 150 MSEK. The company shall also have profitability at 20 % and an employee and customer satisfaction at 95 %.

![Figure 12: The five "Journey goals"](image)

The financial goal is to grow faster than the market, and so far own equity have always financed the company, and they have showed positive revenue since the start in 2005. Moreover, Findwise also have the ambition to be the leading employer within the specific search technology field, with a capacity to attract and keep the best talents.
4.5.1 Personal development and appraisals

Until recently, a member of the Personal Development-process outside the team executed the “Personal Development” meeting with all team members. Since the beginning of 2012, the Team Leaders are instead responsible for executing these meetings and therefore now have a role as a "Talent Manager", belonging to the Personal Development-process. During these meetings, the team member and the Team Leader (Role: Talent Manager) set a plan for the employee’s personal development. The team member are then responsible for working towards the set goals during the upcoming year, while the Team Leader is responsible for creating conditions for the team member so that he or she can be able to achieve the goals.

A person from the Performance and Benefit-process then holds the appraisals meeting for team members, where the team member gets evaluated regarding how the employee has performed his or her work and if the goals that were set during the previous meeting have been attained. They discuss the different work tasks that the employee has worked with, as well as the work results. Each team member has a debit goal for each year, which is also evaluated during this meeting. The debit goals, for debiting customers, are something that all employees working as consultants have as a personal monetary goal. This goal is individual but according to the former TM-process responsible it is complex and difficult to evaluate because in addition to working with customer projects, most of the team members also have some in-house project responsibilities. These responsibilities are within the internal projects or activities within some of the other processes that were described above, and are not related to billable customer projects. The appraisal meeting also include talking about what the employee thinks about cooperation (for example when working in teams) and how they perceive the work environment. Furthermore, the employee should prepare for the meeting by filling in a list where different abilities or strengths should be graded regarding how the individual believes that he or she is performing regarding those abilities. Further, as many of the team members also have roles in some internal processes, the appraiser is also responsible for gather information from relevant process owner that can be useful when evaluating the individuals performance last year.

An idea that have not been tested yet is to base some of the salary on the outcome of the peer-review, which means that the co-workers get a chance to evaluate the members in the team and that this should form the basis when they set the salary. The co-founder that was interviewed is positive to the new idea but believe that a model is needed to visualize how the activity should be performed. He believes that the organization culture they have at Findwise makes the peer-review possible but that it can be hard for the co-workers to evaluate each other. Especially when this can affect the salary and because of the fact that many of the consultants have Findwise as their first employer which can make it even harder if you have not done anything like this before. The employees have different opinions about peer-review. Some of them like the idea of a
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forum for feedback but are against the idea that peer-review should be a base for setting salaries. Other employees do not like the idea of peer-review at all, due to the fact that each individual will get personal feedback and it can be hard to give each other criticism in the right way. One team member said that he believed that it would be hard to have peer-review in teams where the members constantly change, but it was better to give and be given feedback to the team members than from an external manager. Today, the only feedback given in the teams is based on the tasks or assignments and not on personal performance. Finally, there is no concrete goal setting for the whole team today, besides the customer goals they have to fulfil during the project. They have an idea of always trying to use at least one innovate idea during each project, in a way of encouraging the entrepreneurial spirit of the company. But today, this has not been done in all the projects because sometimes there is a limited time to execute the projects and it is then better to just fulfil the customer goals. Furthermore, the Regional Manager in Stockholm states that he sees the team more as just a way of organizing employees of the organization, and not like a performing unit.

The team members welcome the idea that the Team Leader should be responsible for the personal evaluations from now on. The Team Leader is the only one that has influence on which projects a team assigns and are therefor the only one that can chose a project that are in line with areas the team members which to develop further within. However, there are different opinions about the Team Leader as responsible person for measuring team members’ performance as a base for salaries. This task is not currently the Team Leaders responsibility, only to evaluate developments that the team members want to focus on the upcoming period. Further, there is no specific forum for feedback between the team members today. Some employees also thought that it would be hard to find the time to have real feedback sessions where they could discuss each other’s performance. According to a team member, there is no need for that today due to the fact that the teams work so closely together and he believed that it would be hard to give feedback in an efficient way. Feedback and criticism is a natural par of the regular teamwork and the company culture advocates openness both to ideas but also to feedback.

4.5.2 Rewards and incentives
While each Team Leader now should become responsible for the evaluation meetings of the team members, they are still not responsible for determining the salary for each member. Today, the Performance and Benefit process is responsible for setting the salaries and the idea is that each result from the evaluation meetings should form a base for the upcoming salary meeting. But due to the fact that the Team Leaders recently took over the evaluation meeting, there is no given approach or given way for how the information from the appraisals should be transferred to the Performance and Benefit-process in a way that works well for both the appraiser (the Team Leader) and the team member.
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Findwise has a salary reward review once a year connected to the new calendar year and the Personal Developing meetings. Findwise uses individual rates of wages, where the salary is linked to work tasks, responsibilities and roles. In line with this, one of the co-founders and members of the TM process constructed a role matrix, which can be found in Table 1. The idea with the matrix is to visualise how you can develop as a co-worker by taking more responsibilities and the role matrix could in some ways be connected to your salary increase. According to one of the co-founders, the idea is also to have something that is consistent between the different regions and offices, to create transparently at the company. Another dimension is that it can be a tool when creating goal attainment and a good base for individual development. The role-matrix include clear standards that each individual can follow and helps the employees to understand what is required in order to become for example a Project Manager.

Table 1: The Role matrix*

<table>
<thead>
<tr>
<th>Competence and Knowledge Transfer</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative and Creativity</td>
<td></td>
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<tr>
<td>Customer Focus and Business Sense</td>
<td></td>
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<tr>
<td>Team player and Leadership</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Solution Focus and Fighting Spirit</td>
<td></td>
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</tr>
</tbody>
</table>

* The characteristics and activities that you need to pursue at each level is not showed due to it should only be for the employees at Findwise.

Further, the role-matrix includes four different levels that employees can achieve. To achieve a higher level, different criteria and areas of expertise are evaluated, such as: competence & knowledge transfer, innovative & creativity, customer focus & business sense, team player & leadership and solution focus & fighting spirit. In addition to more clearly demonstrate the career opportunities at Findwise, the model was also designed to optimally be a part of the rewarding system. The role matrix has not yet been used during the appraisal meeting but the employees have seen it and been given opportunity to give feedback to the model. Whether a certain level is to be associated with a specific role is still undecided but discussed. For example, employees that have reached level two have reached the specific criteria to become a Team Leader.

The employees have different opinions about the role-matrix and some believe that it is a little rigid but that it can be helpful for the one setting the salary when the one setting
Empirical Findings

the salary shall motivate why a certain salary is set. As one of the Team Leaders puts it, it is important that the role-matrix becomes transparent so that you can change the matrix if needed. He also agrees that it can be good to show newly employed that you can have a career within the organization but that in this organization “it becomes what you make of it”. Other employees believe that it is a good to have different, visible, levels and that there now are some clearly defined roles, even though some of them are believed to be a little too fuzzy. Two of the team members also pointed out that they today saw no need of a role matrix when it comes to clarifying possible career ways. For them, the most important thing when you grow in an organization is not to make a career. They both pointed out that for them, the level of expertise that you are holding after a few years are much more important. Job titles or a need of defining what roles you are taking are less important.
5 Analysis

In the Analysis chapter, the empirical findings will be compared with the theoretical findings and analysed from an objective perspective. The model that was constructed to summarize the theoretical findings (Frame of reference, p 39) will form the base of the structure of this chapter. The purpose of this chapter is to analyse the external and internal factors that impact the SMTs regarding how the factors affect the teams’ ability to perform the activities in an efficient way.

Many employees at the case company have developed specific competence in the niche area of search technology in which the company operates, and the company highlights the importance of having an organization based on a high level of competence. During the collection of empirical data it became clear that Findwise value the level of competence that their co-workers possess and they encourage their employees to always learn more. In knowledge-intensive companies it is common that the knowledge has more impact than other inputs such as capital and labour (Starbuck, 1992; Alvesson, 2004) and the case study showed that the company valued the knowledge that were created in the organization and the facilitation of knowledge-transfer. In line with this, the organization is process-oriented, with a belief that this will create more flexibility and integration within the organization, as well as enhance the information transfer. At Findwise, many of the employees are organized in teams where they together are responsible for performing a specific work task. Theories state that it is a good idea to organize the employees in a knowledge-intensive organization into teams and that letting a group of people with different functional experiences work towards a common goal can increase the cross-functional learning (Ditillo, 2004). At the case company, the teams are constructed with employees that have a similar background but take different responsibilities depending on the work tasks. For the case company, one of the goals of working in self-managed teams was to increase the efficiency of the daily work but the new working structure is also a step towards the wanted, non-hierarchy organization, which is in line with theories about AWM and self-managing teams. To really increase the efficiency, it might be a good idea for Findwise to analyse how self-managed the teams really are today and how the impact from external and internal factors affect them in their daily work. In turn, to be able to work efficiently with activities, such as the ones within the performance management-process, improvements may be needed.

5.1 A classification of the development teams at Findwise

The empirical findings showed that the work towards more self-managed teams has so far proceeded without major problems, and today all decisions concerning customer projects are made within the teams. Further, the development teams are also responsible for managing their own performance, satisfying the customers, and keeping the profitability. To summarize, the development teams fulfil the requirements Silverman and Propst (1996) use as definition for determining if the team is self-
managed or not, which argues that a self-managing team should make the decisions within the group, have common goals and be responsible for their own performance. In Figure 13, the teams are mapped as ongoing because the teams perform on a permanent basis and are not dissolved once they have completed the tasks. Theories further state that self-managing teams should require little, if any leadership (Ray and Bronstein, 1995). According to the theories, this means that today the developing teams at the Stockholm office are almost self-managing teams.

![Team Structure Diagram](image)

**Figure 13:** The characteristics of the development teams at Findwise, (Ray & Bronstien, 1995; Stoak Saunders & Ahuja, 2006) modified by authors (2012).

### 5.2 External factors that affect the performance in the SMTs

As discussed earlier, it is almost impossible to operate as a self-managing team without influence from people outside the team but within the organization. An interaction from people outside the team is necessary, but the degree of interaction can impact how well the self-managing teams will perform. Here, the external impact regarding the external leaders at the case company and the information technology systems will be analysed. At the end of this section, a discussion about other external impact that was found at the case company will be examined.

#### 5.2.1 The external leaders

The literature about self-managing teams discusses the role of external leaders, which refers to managers outside the teams but within the organization (Morgeson, 2005, Druskat & Wheeler, 2004; Carte et al., 2006). During the gathering of empirical data, it became clear that there are many people within the organization that have an impact on the teams. Here, the external leaders that have an impact on the development teams at the Stockholm office can be seen as the Process Owner for the Production Process, the Production Manager, members of the Performance and Benefit and Personal Development processes, the Regional Manager at the Stockholm office, and the co-
founders. Figure 14 will summarize what responsibilities the external managers have taken at the case company that interact with the SMTs.

**Figure 14: The external leaders interactions with the SMTs**

The Production Process Owner has the overall strategic responsibilities in overseeing the development teams. This includes the supervision of the goal fulfilment of the goals set by the organization. A role like this is something that should be held outside the SMTs, according to many theories. If too many strategic responsibilities are held within the teams, this can make it harder for the team to know exactly what the organization is expecting of them. Especially in an organization where the self-managed work is newly implemented, an external role like this is even more important (Carte et al, 2006; Cheryl et al, 2003). The Production Process Owner will definitely affect the execution of the performance management activities by being strategically responsible for the goals set for the team. How he structures his work with goal attainment and what responsibilities are left to the team members is something that will be further investigated.

The Production Manager is responsible for coordinating the overall distribution of customer projects. As the Production Manager explained, he is trying to make himself unnecessary for the teams and a lot of responsibilities that he had taken before are now distributed towards the team and the Team Leader. This is an attitude that enhances and helps the teams to become more self-managed. Furthermore, when Silverman and Propst (1996) defined self-managed teams, they stated that tasks like coordination of the projects or work tasks should be responsibilities conducted by the teams and not by an external part. Compared with the responsibilities hold by the Production Process Owner, the responsibilities that lie on the Production Manager role today are more of an operational context, and the tasks that are performed by the person holding the Production Manager role should therefore, in a theoretical matter, be transferred to the teams. He will by many means not affect the performance management activities in a great extent as he only coordinates the projects.
Analysis

At Findwise, a member of the Performance and Benefit-process (in Figure 14 named PB-responsible) is the one who is setting the salary for all the team members. In theories about self-managing teams and performance management, it has not been discussed if an external manager should set the salary, if someone from the Human Resource-department should do it, or if the Team Leader should do it. But because of the fact that the teams only have been self-managed for less than a year, it can be a good idea to have the salary setting outside the team. Furthermore, an already increased responsibility is put on the team and the Team Leaders, and today it might therefor be better to have it outside the team. They need to be more integrated as a group and the Team Leader must be more confident in his role before taking on more responsibilities. By being the one who is setting the salary for the team members, the person who as assumed this role, will have an impact on the performance management process.

Another sub process that affects the team is the Personal Development-process. The members from this process are having the Performance Development-responsibly (in Figure 14 named PD-responsible) and they have been performing the appraisal meetings until recently. By making the Team Leaders more integrated with this process, there is a chance to get a better understanding about what the team members’ want and how they want to develop as individuals. What has not been clear today is how the Team Leader should take on these responsibilities and Findwise might need to structure this before letting the Team Leader take such great responsibilities for the activities in the Performance Management-process.

The Regional Manager and the co-founders together form the last clear external leader role. They do not have any interaction with the day-to-day work that the team executes but instead they have a supervisory authority and the overall responsibility and control, including the control over the financial performance of this profit unit. Thereby, they should be the ones that have the responsibility for making sure that the company has the desired vision and organizational culture, and that the employees follow and believe in them. In turn, these things affect how well the teams can structure their work with goal attainment that is in line with the company needs. Furthermore, the co-founders and the Regional Manager need to give clear goals to their employees, something that can affect the team’s ability to work as an efficient team. If this is not done correctly, there is a risk that the employees will work in various directions and not towards a common goal.

To summarize, there are many external leaders that affect the self-managing team, and in turn, many of them also must certainly affect the executing of performance management activities. If this can lead to a problem when the teams’ are going to take more responsibility over their goal setting, feedback sessions and appraisals, will be discussed in the section about performance management.
5.2.2 Information systems

It is important that the company has a competitive strategy that ensures that the needed information is communicated to the employees (Nordqvist, 2002). The empirical findings showed that the information systems at the case company have an impact on the team’s efficiency but they have no written strategy about how the information should be communicated throughout the company. They use cross-functional meetings and have an open office structure, which enhances the knowledge-transfer. Furthermore, they also have a business culture that encourages cooperation and flexibility. Findwise have a lot of informal meetings, during lunch hours or just during the ordinary workday. This can also facilitate the knowledge transfer and make it easier for the employees to communicate across teams or within the team. At the case company, important company information is spread to all employees, even information regarding the financial situation and how the other offices are performing.

At Findwise, various meetings are held within the teams but also across the teams. Meetings are a desirable way of ensuring clear communication channels (Ray & Bronstein, 1995) and even if there sometimes are many meetings held, especially for employees pursuing multiple and various roles, a majority of the employees that were interviewed thought that the number of meetings were necessary. Even if the information sharing works well today, it might result in problems when the company grows and more employees are structured into self-managed teams. The cross-functional meetings can be very useful but they are also time-consuming. With a larger organization and more teams, these kind of cross-functional meetings between the teams could steal too much time from their workday. But at the same time, fewer meetings can result in that the knowledge transfer and the information sharing will suffer when self-managing and ongoing teams might shape rigidness and lock people into groups.

Besides the various meetings, Findwise has a range of information systems that they use when sharing knowledge, discussing problems, communicating with customers and colleagues, or reporting their billable hours. It can be hard for self-managing teams to perform their best and take increased responsibilities if they do not have access to the desirable information channels and that the communication channels are clear (Griffin et al., 1994). Therefor, the amount of information channels can become a disadvantage for Findwise. There is a possibility that important information will be missed when they have such a great variety of systems. If the number of employees increases in line with the company goals, the number of teams will also increase. With to many information systems and communication channels it can be hard for the organization to work towards the same goals. Furthermore, the information sharing and knowledge transfer will also have an impact on how well they can execute the performance management activities. If important information is not passed on to the right person or
communicated in the right way it can affect how well the team can operate in an efficient way.

5.2.3 Empirical findings – other external impact

The organizational structure with self-managing teams is heavily based on the exchange of knowledge between the teams, both in terms of information sharing, and the lending of expertise between the teams. The literature does not explicitly discuss the impact from other employees within the organization, which for the case company have an impact on how the team can operate efficiently. When the teams execute a project, they sometimes need help from an external Project Manager but various team members pointed out that having an internal Project Manager facilitates the work process. The Project Manager role can be classified as a key-role in each project and it is important that the rest of the team easily can communicate with the person pursuing this role and the he or she understands the needs of the team. If the Project Manager role is taken by someone outside the team, information can easily be missed and depending on the duration of the project, he or she might have a harder time to adapt to how this team structures their work process. However, because of the fact that the Project Manager sometimes is hired from another team, or when experts are hired to a team for a certain project, the structure of the team can be slightly temporary for some members. For self-managing teams, it is desirable that the team members are held as permanent as possible to become independent of a leader (Cohen, 1993).

Furthermore, Findwise let their employees take part in internal processes at the company and they therefor have responsibilities outside the teams. This comes from the fact that Findwise do not want to lock employees in a certain process as this can create hierarchies and the flexibility they want to keep will suffer. It is important that they can keep this flexibility even when they are working in the more permanent teams. The fact that they take part in activities within the internal processes, outside their work in the development teams, will affect the structuring of the daily work as well as how the performance management activities should be executed. These two factors might therefor both have an impact on the teams’ work with performance management activities. An analysis regarding how this works today will be done in the chapter about performance management. In Figure 15, all the external factors will be summarized.

![Diagram](https://via.placeholder.com/150)

**Figure 15: External impact on Self-managing teams**
5.3 Internal factors that affect the performance in the SMTs

While some things are believed to have an external impact on the SMTs, other factors can be internal. Internal are factors regarding the structure of the team and if the team has beliefs within the team that are in line with the organizational objectives. Furthermore, the roles and responsibilities that are taken by the team members can also affect the team and its performance. As well as in the section about external factors, this chapter will end with a short discussion about other factors that can have an impact on the team’s performance but that was not found in the literature, only during the empirical findings.

5.3.1 Team beliefs and meeting organizational objectives

The organizational culture at the case company Findwise is perceived by the employees as very open, positive and encouraging. Each employee is encouraged to take own responsibilities and many of the employees’ state that to work at Findwise you need to enjoy this non-traditional way of working where everything is flexible and you are not employed at a specific position or to a certain department. These beliefs are shared between all employees and are a typical culture that supports working in SMTs according to Cohen (1993). This open culture is probable also a contributing factor to that the employees so easily could switch from working in project teams into work in self-managing teams. Autonomous teamwork forces the team members to take more responsibilities than in traditional work-positions, and being able to work without strict guidelines. A culture that already supports these accountabilities is an advantage when a company wants to achieve certain changes within the organization, like adapting a new performance management model.

Further, Silverman (1996) argues that each team should have a role working with guiding the team in the same direction as the company objectives. This is not the case for the development teams at Findwise today and with today’s size, with three development teams, this may not even be necessary. However, if the company grows, this role may be of major importance for each team. In a larger organization with more development teams, it will be hard to keep the intimate working climate that Findwise pursue today. With only about 75 employees in total, and 20 working at the Stockholm office, there is a natural connection between all members at the office and also between various team members and the employees who are working outside the teams.

5.3.2 Team Composition

The overall feeling is that all employees have adapted to “The Findwise spirit”, which encourages the employees to act responsible, being flexible and work in a process-oriented organization without directives from managers. Teams composed of individuals with shared norms and values can according to Bell (2007), be classified as homogenous on a deeper-level and these teams will have the possibility of being able to work more efficiently. Whether the development teams are working more efficiently or not due to their homogenous composition are hard to tell, as this is a case study without
any other teams or organizations to compare with. Anyhow, if theories are correct, the shared norms and values among the team members might help the team to work more efficiently when new organization strategies are implemented, such as the performance management process.

Bell (2007), further describes another level of psychology, called the surface-level, which refers to demographic characteristics such as gender and age. Bell (2007) states that there is no proven evidence that a homogenous group perform better or poorer than a heterogeneous group while Ramarajan et al., (2010) say that a more diverse group gives a broader perspective. At Findwise, they are trying to get a more diverse employee composition, but right now the employees are very homogenous when it comes to a surface-level perspective. At the office in Stockholm, all the developers are male and the only business consultant that is part of a team is female. In the teams, all members are newly graduates and Findwise is their first employer. Theories discuss the importance of having a group where the team members are able to take on multiple roles, which might be easier when all team members are on same level regarding experience and age. Anyhow, if Findwise wants to transfer more responsibility regarding performance management activities towards to teams, the homogenous factor on surface-level can instead be a disadvantage. If the Team Leader is about the same age as the team members, and with similar working experience as his team members, this can result in conflicts within the group and internal hierarchies if he alone is going to be responsible for the team members’ personal development.

The size of the development teams varies between three to five employees. According to Cohen (1993), self-managing teams should always consist of the lowest number employees to get the job or project done, still allowing all kind of knowledge needed to solve the task. Nordqvist (2002) further states that the group should be as permanent as possible, meaning that the team members should shift as infrequently as possible. Due to the fact that projects at Findwise vary in terms of size and competence area, it can be hard to have permanent teams containing all knowledge that is needed for a project. To solve this problem, the development teams at Findwise work with one to three parallel projects depending on the projects size and complexity. This solution allows the teams to be constant and only borrow expertise when needed. This is in line with theories in this area, which state that permanent teams are more likely to be effective mostly because it shapes a safe environment and time to understand how the other team members operate. The fact that Findwise have permanent teams will also facilitate the future performance management process within each team.

5.3.3 Roles and Responsibilities
The team members in a development team work closely together in most of their projects and can have multiple roles during a period of time. The only permanent role, always held by the same team member in each team, is the Team Leader. The other roles are dynamic within the teams but fixed for a specific customer project. Stoak Saunders
and Ahuja (2006) argue that something that is characteristic for SMTs is that the roles seem to be more dynamic compared with more temporary teams. At Findwise, most roles are dynamic in the team, and this is also the fact at the company as a whole. These multiple roles and the fact that each individual do not belong to a specific process, just takes on a role in different processes, helps the company to be more flexible and share information between the processes. Still, this is a complex question when it comes to appraisals of a specific team member, as just one of his roles is to be a team member and be evaluated in that position. He also needs to be evaluated regarding the other responsibilities and roles he has at the company.

Further, Parker (1990) talks about other roles in SMTs that are not connected to the team members’ functional roles, instead roles that are created in order to achieve the organizational goals. This is not something that Findwise has today. However, Findwise has recently developed a role-matrix, which is not focusing on the functional roles each employee can take. Instead, it is focusing on important features that are needed when working as a consultant, which in turn is valuable for Findwise as a competitive company. The role matrix is constructed with different steps, where a higher level includes taking larger responsibilities. The employee can then be evaluated and rewarded for taking a larger responsibility regarding meeting the organizational objectives, which can be a step towards a more efficient performance management, especially now when the Team Leader will take greater responsibilities within the process. By giving him guidelines that he can follow and use for the Personal Development-meetings, it will certainly facilitate the process.

According to Senior (1997), a Team Leader of an SMT should facilitate the internal communication within the team, as well as the external communication with leaders and other stakeholder outside the team. The Team Leader should also help the team to be more effective in decision-making processes, and help team members to identify and develop their abilities and skills in line with the organizational objectives. At Findwise, the Team Leader was first thought to be more like a Scrum master, taken from the agile working method Scrum. But when the Team Leader got more confident in his role, he started to take more of the responsibilities in line with what Senior (1997) believes is suitable for a Team Leader in SMTs. To summarize, the Team Leader is responsible for making sure that the methodology is followed and constantly improved, as well as facilitating team meetings and making sure that the team delivers what it has promised.

At Findwise, the Team Leaders seem to enjoy the increased responsibility and according to Carte et al. (2006), the Team Leaders need to take on a stronger leadership role if the team should be successful. But the question is; what will happen if the Team Leader takes too many responsibilities? He will get responsibilities regarding the personal development over his team member, but without becoming a manager for the team. If he becomes more like a manager over his team, the idea of being a company without
hierarchies and managers will be hard to achieve. If so, Findwise has only moved the manager role from external leaders towards managers for every team. Therefore, further investigations need to be done regarding how the Team Leader should be involved in the performance management activities.

5.3.4 Other internal factors
At the case company, the shared beliefs within the team were consistent with the business culture and the organizational objectives, which encourages the employees to take own responsibility over their decisions and actions. However, it can sometimes be hard to understand the objectives and with strong individuals with strong opinions and a true drive, there is a risk that the team members will start working in different directions if they do not have a clear understanding about the objectives. The team performance than risk to be disfavoured and the flexibility that is kept between and within the teams might also be damaged. Although they want to keep this flexibility it is important to have a common working structure between all teams so that they all can use common guidelines, but with the ability to develop their own work methods of how they can structure the daily work in line with these guidelines. Now the permanent teams have worked together for less than a year, but already, the working structures in the teams have become differentiated from each other. Furthermore, the teams in Gothenburg use another working structure than the teams in Stockholm. If Findwise want to increase the number of employees, but at the same time keep this different working structures at the various offices it will be hard for them to coordinate all the work. If they want to have similar economical measures between the offices this can also be complicated by the different structures that they have today. Furthermore, different working structures between the self-managing teams can also have a negative impact regarding the implementation of performance management activities. As Findwise want the PM-activities to be more integrated and done by the team, different working structures might also lead to different way of handling PM-activities within the teams.

The internal factors that have impact on the SMTs are summarized in Figure 16.

Figure 16: Internal impact on Self-managing teams
5.3.5 Summary
The first part of this analysis showed that the internal and external factors addressed in the theoretical framework had an impact on the self-managing teams ability operate efficiently. Furthermore, some factors found during the empirical study also showed to have an impact. The culminate impact factors are showed in Figure 17, where the words that are written in red indicate factors that are empirical findings.

![Diagram showing SMT - External and Internal factors](image)

Figure 17: Factors that have an impact on how the SMTs can work efficiently

Even if self-managing teams should work without too much involvement from external leaders, the external leaders are needed in order to provide the teams with information and connect the company’s objectives with team targets. If the teams should be able to work efficiently, they also need right information channels and a system for how this information should be given to them, whether if it is through meetings or digital channels. Furthermore, empirical findings showed that there are other important factors that influence the effectiveness of self-managing teams. The fact that the team members also work within internal processes have an impact on many teams working in consultant organizations, due to the fact that the team members might have other responsibility areas than just being a consultant. Finally, the last external factor; the external Project Managers showed to have an impact on how the self-managing team can work efficiently. The Project Manager is a key-role in the team and a continuous dialogue is needed between this role and the rest of the team members.

Regarding the internal factors, it is important that the beliefs within the team are shared between all group members in a way of meeting the organizational objectives. Furthermore, the team composition needs to be structured so that it enhances knowledge transfer and flexibility within the group. The teams need to consist of the
number of employees that can ensure that all the work gets done without anyone getting too overloaded with work, or understimulated. The analysis also showed that the roles that are taken within the group and the responsibilities that comes with taking these roles were also found as having an important impact on the self-managing teams. During the gathering of empirical data it was also found that the working structure within the teams have an impact on the performance in the teams. If the teams start to have various working methods, this can result in having the teams work in different directions.

5.4 Performance Management

In this section, an analysis regarding the performance management activities that are executed today will be made. This will highlight areas that work well in the moment, as well as areas that need to be improved.

A well-structured performance management system enhances the ability for a company to work efficiently together as a whole to achieve the desired results (Biron et al., 2011, Otley, 1999). For organizations enhancing self-managing work, such as structuring the employees in self-managing teams, a performance management process can be developed in a way of creating an empowered work force (Svensson, 1997). At Findwise the consulting company Stardust did a review of Findwise where it became clear that they needed to structure their performance management activities and clarify the vision and goals at the company. Theories state that many organizations believe that they are working with performance management activities in an effective way but that they do not see the wanted results. They need methods for how they can put the theories into practice (Svensson, 1997). The empirical findings showed that the case company has an organizational culture that encourages new working methods and that they are aware of that they lack some knowledge about what kind of performance management activities that is suitable for them. The desire from the company was to have a model for how to work with performance management on an individual basis, but also how this could be achieved regarding the fact that many of the employees are structured in self-managing teams. Therefore, the analysis will furthermore be structured by first analysing the performance management activities on a team level and thereafter on an individual level.

5.4.1 Goal setting on a team level

The goals stated in “the journey” have been broken down to process level, meaning that each process owner is responsible for fulfilling their process goals. The teams are thereafter responsible for fulfilling the job and satisfying the customer goals. According to theories about goal setting, it is important that a company’s overall goals and vision set by the managers are broken down to a lower level that is easier to understand (Bungay, 2011; Nordqvist, 2002). As Findwise work with autonomous teams, it is surprising that the goals from “the journey” have not been broken down all way to a team level. However, some internal goals are set by the organization before each project,
Analysis

but it is up to the team to determine if they have the time for fulfilling these goals or not. If the budget and time framing is tight the teams must first focus on fulfilling the contract before taking organizational desires into consideration.

The goals that each team works with are instead the goals driven by the customer projects. The goals of each project is discussed in an early stage with the customer and broken down to milestones in the time frame of the project. When it is possible, the team’s work with agile working processes as a help to work with milestones (sprints) and they have clear deliveries to the customer at each sprint. According to Nordqvist (2002), it is important that the goals set are concrete but also challenging, as well as attainable. If the development teams should be able to fulfil the requirements from the customer and also work with involving organizational desires of creating innovative ideas in each project, there must be space and budget for doing so. Having challenging but reachable goals has a great impact on the development of effective strategies but also enhance the performance in later sessions (Locke & Latham, 2002). The goals affecting the SMTs are shown in Figure 18 below.

![Figure 18: Goals and tasks affecting the SMTs](image.png)

Silverman and Propst (1996) state that besides functional roles in a team, at least one team member should also take on an imaginary role focusing on meeting the organizational objectives and in practice ensuring that the degraded targets at team level is monitored. As the goals set at organizational level is only broken down to process level at Findwise, there are no imaginary roles in the developing teams focusing on meeting the overall objectives. Having clear roles and responsibilities is an important internal factor that affects the efficiency of attaining the goals. Instead of having this role within the team, the process owner for the Production process at the Stockholm office,
which is seen as an external leader, is responsible for meeting the targets at a process level.

5.4.2 Performance Feedback on a team level
Feedback given to the whole team helps the group members to be aware of how well the team has performed and can either be received from external leaders, peers in the team, or from customers (Cohen, 1993). As self-managing teams work closer to the customer than ordinary teams do, the team can get feedback directly from the customer, rather than filtered through an external leader. Today, the development teams work actively with feedback given directly by their customers during projects. As the development teams work with agile methods, they have close contact with customers and deliver part of the final solution continuously throughout the project instead of having a big final delivery. After each delivery, the team and the customer discuss whether the delivery have met the requirements the customer wanted. The team then evaluates the customer concerns and discusses what should be done if they need to improve the solution. These meetings are held on a regular basis, which is in line with what theories state is important concerning this kind of feedback (Busser, 2012) and it is shown in Figure 19, were feedback from customers are marked with a green indicator.

It is also important to tie the performance feedback to the goals set by the organization (Busser, 2012). Therefor, one of the most complex questions for organizations that have implemented self-managing teams is how to give feedback on group members’ performance and how to facilitate employee development without managers (Druskat & Wolff, 1999) Today, the development teams at Findwise have no feedback session concerning the organizational objectives and goals today. This comes naturally considering that the organizational goals only are broken down to process level and not to team level. The only information received about this, from external leaders, is on how well the office is doing each month but not on a team level. In Figure 19 this is shown with a red indicator, which highlights that this needs to be improved.

Theories also suggest that internal feedback should contain sessions where the team discusses for example if everyone gets their voice heard, how the team corporate and make decisions or how effective the meeting have been lately. This kind of feedback is called feedback concerning team behaviour, meaning feedback regarding team performance and not individual characteristics (Zigon, 1998; Busser, 2012). The development teams at Findwise have no internal feedback sessions concerning team behaviours today. To summarize, the teams work effective with the feedback received directly from customers but have no work at all concerning the internal team process or working towards organizational objectives. This is illustrated in Figure 19.
A feedback concept that is used in many self-managing teams is peer review, which can be very useful when discussing team behaviour (as shown in Figure 19 above). One of the greatest advantages with peer-review is thought to be that the peers are the best ones to give the feedback. Peers are believed to be the most accurate judges when it comes to their co-workers’ behaviour and are in many ways better on evaluating skills that lead to improved performance than supervisors (Stewart & Courtright, 2012). At Findwise, they do not have a system similar to peer review today, and the opinions about the concept differ among the employees. Some employees do not see the point in being given individual feedback on a regular basis and they believe that it can be hard to give it within the team if the team members have not worked together for a longer time. In the peer review model discussed by Stewart and Courtright (2012), a small amount of the salary can be based on the peer review in a way of motivating individual and collective actions. At Findwise, a majority of the team members that were interviewed did not like the idea. One team member pointed out that he thought that it would be hard to express things that you knew that you needed to improve if that would have a negative impact on the reward you would be given. The most important thing when organizing peer-reviews is therefor to state its purpose. Should an amount of the salary be based on the peer review, there must be clear guidelines regarding what you need to do to be given the reward. The most important purpose might not even focus on the individual. Studies have shown that the best outcome of peer-review is perceived when it is used for increasing team performance. (Druskat and Wolff, 1999) and that it can work as an input for the appraisal process.

5.4.3 Team appraisals and rewards
One of the toughest tasks to solve for self-managing team is handling team performance appraisal. Grote (1996) argues that when conducting team appraisals, two areas needs
to be evaluated regarding the output from the feedback session. First, the customer satisfaction and job of reaching the goals set by the customer and secondly, the organizational objectives need to be appraised, which was shown in Figure 19 above. As mentioned before the teams evaluate their performance of the projects but have no appraisals considering if the team meets the organizational goals. Grote (1996) states that at least a yearly meeting should be held between managers and the SMT to make sure that the teamwork in the same direction as wanted by the organization. Today there is no yearly meeting held between the whole team and a manager where the team gets evaluated. This is because of the fact that the teams have not been seen as a performing unit, more as a way of organizing the employees. By not viewing the team as a performing unit, it can be harder to both set clear goals on team level as well as knowing how to appraise and reward the team when they have achieved the goals.

5.4.4 Summary – Performance management activities on a team level

On a team level the performance management activities named goal setting, performance feedback, and performance appraisals have been taken into consideration. In Figure 20, it is illustrated how the activities are related to each other.

![Figure 20: The Performance Management Process for Self-Managing teams](image)

5.4.5 Goal setting on an individual level

In the same way as a team’s goals should be in line with the organizational objectives, the individual goals and tasks need to meet the organizations desires. Locke and Latham (2002) further stress the importance of setting goals that are specific and clear to the individual. Within the development teams at Findwise, each member has a billable goal that is set each year. However, these individual targets have proven to be hard to measure. The main reason for this is that in addition to working with customer projects, many consultants also have other internal responsibilities. Moreover, all team members have personal goals to work on each year, which have been set during the last development meeting. To set the goals during a meeting similar to a development meeting is desirable. Here, the individual can receive help with setting the right goals and information regarding last year’s goal fulfilment has been gathered before the meeting. These goals are a combination of what the company and the employee want to achieve. Letting the employees be a part of their individual goal setting are improving
the acceptance and the commitment to the goals, according to Nordqvist (2002). The personal goals depend on what roles and responsibilities that they have in the organization and therefore, the goal attainment will vary from employee to employee. To fulfil the goals, good communication channels are needed at an individual level as well as at a team level to make sure that accurate information regarding how the employees can fulfil the goals is received. To summarize, this process works pretty well at Findwise today, but they need to have more guidelines regarding how to set individual goals. This might be even more important now when this process of personal development and goal setting is integrated in the teams and the Team Leaders responsibility. It is important that he has the right tools and knowledge to set reachable and challenging goals together with the team members.

5.4.6 Performance feedback on an individual level

Cohen (1993) discusses that when the employees are structured in self-managing teams, the performance feedback should be given on a team level as well as an individual level. The feedback needs to be given in a clear and structured way, and as well as on the team level, it should be tied to the goals that have been set (Busser, 2012). At Findwise, they do not have any regular feedback sessions that are concentrated on giving individual feedback to the team members. During the interviews, many of the team members thought that it would be a good idea to obtain feedback from team members and the Team Leader. The only concern was just that they did not know if they had the time to give the feedback in an efficient way that actually could be useful for the peer receiving the feedback.

Davis (2007) describes a model that can be useful when giving feedback, called the 360-degree assessment model, which differs from the peer review model that was described on team feedback level. He discusses the importance of getting feedback from all stakeholders that have an impact on the person that gets the feedback. At Findwise, they do not collect feedback from all the recommended stakeholders today. Figure 21 shows that they only use self-assessment and feedback from an appraisal (a member from the Personal Development-process), and not feedback from internal and external customers, peers, and subordinates, as discussed in the model. Within the self-managing team this concept can make sure that you will get all the information that is needed before the evaluation. On an individual level, it might be hard to receive feedback from an external customer but here, the internal customers are important. These can, according to Davis (2007), be defined as the users of the services supplied by another employee within the organization. For the case company, this can be seen as members of the expert teams or the process owners of all the supporting (internal) processes in where the team members also operate. To summarize, input from employees within the teams and outside the teams are needed before the appraisal meetings.
5.4.7 Performance appraisal on an individual level

As mentioned before, the personal development meetings for a team member were until recently held by a member from the Personal Development-process that was not a part of the development teams. The meetings are still held by a person from the Personal Development-process, but the difference is that the Team Leader for each team now has a role in the Personal Development-process and executes the meetings for his team members. The Team Leader is now also responsible for creating the conditions needed for his team members’ so that they can be able to achieve the goals. Moving this part of the appraisal process towards the teams is in line with moving more responsibilities towards the self-managing teams, which Carte et al., (2006) state is important when the team is mature enough. However, Maddux and Godding (2000) state that the appraisal process should be held between a manager and a team member, which is not the case right now at Findwise as the Team Leader is responsible for half of the appraisal process. Which role or process at Findwise that should be responsible for the two later parts of the appraisal process; assessment and the appraisal/review –meetings is not fully decided yet.

To have an effective individual appraisal system, Grote (2002) states that it is important that the organization and the appraiser understand that appraisals should be an ongoing process rather than a once-a-year assignment. Moving some part of the appraisal-process of team members towards the teams can be a good idea in this aspect. The Team Leader works close together with the team members in day-to-day activities and more easily affect and give feedback on a daily basis, rather than what a manager does outside the team. Also, Senior (1997) states that a Team Leader for an SMT needs to help his team members to identify and develop their unique abilities and skills for accomplishing the team goals. As the Team Leader should be responsible for this area, it also indicates that the Team Leader is the most appropriate person for developing a personal plan and making sure that the team member can execute the plan. Grote (2002) further suggests
that the appraisal process can be divided into four different steps that should be
executed in a time frame of a year. The four steps are called: performance planning,
performance execution, performance assessment, and performance review. The model
constructed by Grote (2002) has been modified and is presented in Figure 22.

Figure 22: The performance appraisal process at Findwise, modified from Grote (2002: p.3)

Performance Planning: Today, Findwise works with this concept where the appraiser
and an employee meet once a year during a formal meeting and together determines the
employee’s goals for the upcoming year. The goals are a combination of Findwise
current needs and areas that the employee wants to develop within. This is also in line
with theories that state that it is important that the personal development plan is in line
with the company objectives. Grote (2002) argues that a manager outside the team
should control the individual performance plan made by the employee and the
appraiser. Having the team leaders responsible for the appraisal meeting has not yet
been tested in practice. But when doing so, it is important that the individual plans are
communicated to relevant stakeholders, checking that the plan is in line with the
organizational needs. Hamel (2011) also stresses that good communication channels for
cross-company information is important when working with self-managing teams and
before giving the Team Leader larger responsibility areas, it is important to clearly state
what people outside the team that need the relevant information.

Performance Execution: This second step is described as the day-to-day work over the
year, in which the employee should work with achieving the goals that were set. During
this period it is important that the appraiser creates good conditions for the employee
and resolves any performance problems that can arise. Theories also suggest that
coaching and feedback during this step is important for successful results (Grote, 2002).
Creating good conditions for the team members to achieve the goals are something that
should be easier to fulfill now when the Team Leader is the appraiser. The Team Leader
sees and understands the daily work and can help the team member and coach this
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easier than what a person outside the team can. Theories further state that the appraiser should be responsible for updating the goals and objectives as conditions change over time. This is also easier to do for a Team Leader compared with a manager outside the team. The Team Leader can than affect which projects a team will work on the upcoming period and can therefor be able to, in some manner, choose projects that are in line with areas that his team members wants to develop within.

Performance Assessment: Performance assessment is the third step and includes that the appraiser should evaluate the employee regarding goal attainment, which refers to how well the employee has achieved the goals that were set in the beginning of the year (Grote, 2002). Today, the team members are evaluated regarding their personal goals that were set the last personal development meeting, but also if they have met their personal billable rate. When it comes to actually knowing what to evaluate, Zigon (1998) argues that it is important to construct a performance measurement system that avoids a conflict between the individual and team measures. As mentioned in above chapters, the organizational goals from “the Journey” are not broken down to team level, just to process level. Therefor, Findwise can only determine if the individual goals are in line with the objectives that the Production process should achieve today. To prevent that the individual goals are in conflict with the teams need, Zigon (1998) suggests that a role-result matrix can be conducted that will identify which individual accomplishments that are needed to support the team’s accomplishments. The TM process at Findwise has recently developed a draft for a role-matrix that has not yet been tested as an appraisal tool. The areas measured in the role matrix should, according to the developer of the matrix, reflex characteristics that are important for all consultants at Findwise. Grote (1996) argues that the role matrix should include “Teamwork” as one of the competences, which is the case in today’s version of the role-matrix.

The team members need to be evaluated in their team role but they also need to receive feedback from other internal processes they are involved in. Therefor, the assessment process includes gathering feedback from all possible part that can be useful when evaluating a team member. So far, the performance assessment is done by the Performance and Benefit process at Findwise. However, letting the Team Leader conduct this part have been discussed. If Findwise determine that the Performance and Benefit process is the most suitable for this role in the future, it is important that the Team Leader, responsible for setting goals and create condition for the team member to achieve these, gives a clear and complete report to facilitate for the Performance and Benefit process. On the other hand, if letting the Team Leader conduct this part it is important that the Team Leader control with someone outside the team before setting the final appraisal. Regardless of who perform this part, the collection from other processes is an important step, requiring good structure for how this information will be gathered.
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*Performance review:* The performance review should focus on whether the employee has reached the goals or not and it should not weight salary or promotion at the same time. It is important that the outcome of the review is discussed with someone outside the team. If the goals have not been achieved, the reason why must be discussed. (Grote, 2002) At Findwise, the Performance Development process is not responsible for this part yet, instead the Performance and Benefit process is responsible for having the review meetings with the team members. As this part should include all gathered feedback from different parts of the organization regarding the team member and how to evaluate him, it can be discussed whether the Team Leader is the most appropriate person to execute this part or not. Once again, it is important that the Team Leader do not become a manager for his own little unit, which easily can happen if he also evaluates the goal achievement of his team member. On the other hand, if the Team Leader is the one that plan the team members’ goal setting and the person that creates the condition to facilitate the goal achievement process, he might also be the best person to determine how the process went. Another thought is that as the teams are so homogenous with more or less new-graduated employees’ and with a team leader with almost the same expertise and experience as the rest of the team members, the concept of letting the team leader evaluate the other might end up in a conflict.

5.4.7.1 *Reward systems*

In theories about self-managing teams, there are no explicit opinions about who should give the reward to the members in the teams; if it should be given by someone within the team (the Team Leader) or from someone outside the team (an external leader). Many authors although discuss the need of a reward structure that supports the fact that the employees are organized in teams and by that means, the reward should be based on how well you contribute to the team performance, as well as on how you perform your own work tasks (Druskat et al., 2002; Cohen, 1993). Today, the Performance and Benefit process are responsible for setting the salary for team members within the development teams. This is quit natural, as they still are responsible for the performance assessment and the review meetings. However, if Findwise decide to let the Team Leader be responsible for these parts further on, the discussion regarding who is most appropriate for setting the salary will be an important topic of discussion.

The case study showed that the rewards at Findwise are individually set and linked to work tasks, responsibilities and roles. The salary set is then based on how well the employees have performed their work tasks and if they have achieved the goal fulfilment. The newly constructed role-matrix might help the person setting the salary to make sure that the employee gets the reward he deserves, but as one Team Leader puts it, the model cannot be too rigid. During the interviews it also became clear that many of the employees do not see the need of having the carrier ways as many other consultant companies do, instead they believe that expertise and knowledge is more valuable than a certain title. Finally, it is therefore important to find the right balance between performance requirements, reward system design and how well the group members can
influence the group when implementing self-managing teams (Alvesson & Svenningson, 2007). All team members need to know what the organization expects of them in a clear and well-understood way.

5.4.8 Summary - Performance management activities on an individual level
As for the teams, the performance management activities on an individual level include goal setting, performance feedback and performance appraisals. What is important to consider on an individual level is that the process is influenced by the fact that the individual is part of a team, as well as the team performance management activities and how they are executed. In each step, it is therefore important to remember this impact and take it into consideration. Figure 23 shows the process on an individual level.

![Diagram of performance management activities on an individual level](image)

Figure 23: The Performance Management activities on an individual level
6 Conclusions

The study has shown that internal and external factors that have an impact on the SMTs also affect the performance management activities conducted by an SMT. As this thesis aims to identify how a knowledge-intensive company can work efficiently with Performance Management (PM) in SMTs, the conclusion below will show how internal and external factors have an impact on both team and individual level. Finally, the contributions to the academic world, as well as future research opportunities will be presented.

6.1 Factors affecting the PM-activities on team and individual level
To be able to give the right rewards, it is important that the PM-activities are executed in an efficient way that will lead to the desired results for the organization. In a way of making the PM-activities as efficient as possible, companies need to understand how various factors have an impact on the activities.

6.1.1 Goal Setting on team level
When restructuring an office or a whole organization into SMTs, there is always a risk that the teams differentiate too much from each other, and after a while they might start functioning like small autonomous units. Organizations need to integrate the organizational goals and objectives towards the teams and make sure that each SMT works in the same direction, set by the organization. To make sure that each team does this, roles and responsibilities that are assigned to meet the organizational objectives are needed. This role can be selected in different ways, either through tying these responsibilities to a specific role that already exists in each team, or by implementing incentives by using a role-matrix, and reward the team members that are taking this extra responsibility.

When working in self-managing teams, the co-workers are expected to take on a larger responsibility than in hierarchical organizations, because there are none, or only a few, supervisory control systems. This is an extra dimension considering when it suitable to work like this, in tight teams where you need to enjoy taking extra responsibilities, and having shared beliefs within the team. The organization needs to have a culture that supports these working methods, and it needs to support flexibility and enhance knowledge transfer even if each team in the future will get more specific goals to work with. They together need to work towards the organizational goals. Furthermore, another factor that affect the executing of the goal setting is the external leaders. They need to clearly communicate the organizational goals to the teams and also make clear what they expect from the team. They also need to provide information needed to the team so that they can conduct their own performance management process. In more mature teams, the leader can leave more responsibility to the teams than in immature teams. If the team should work with the team goals, and execute parts of the
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performance management process, information and guidelines for how this should be achieved needs to be communicated to the team. Otherwise, there is a risk that each team develops different performance management processes and work with goal achievement that are not in line with each other and not what the company expect. Figure 24 will show all the factors that impact the goal setting on a team level.

6.1.2 Performance Feedback on team level
Customers, external leaders, or colleagues within the teams can give performance feedback. Many self-managing teams work close together with their customers and should therefore receive the feedback directly from the customer instead that having that information filtrated first by an external leader. The external leader should instead give feedback in specific forums and focus on feedback considering if the team work in the right direction and if they have achieved the organizational goals. When considering peer-feedback it is important that the peers trust the feedback system and that each team member feel comfortable with giving the right kind of feedback. Therefore, the shared beliefs within the group will be affecting this performance management activity. It is important that the group consists of people that are not scared of providing feedback, or receiving the feedback. Furthermore, the information systems at the company need to include a specific meeting where each team can have the feedback meetings. All the impact from internal and external factors will be shown in Figure 24 found below.

6.1.3 Appraisals on team level
This performance management activity is on a team level closely related to the outcome of the performance feedback meeting. Here, a communication channel is needed to make sure that the external leaders within the organization get the information they need about how the teams are performing. Theories state that a yearly meeting should be held where this information can be shared between the relevant stakeholders. In Figure 24, the factors affecting the performance management activities on a team level are showed.

Figure 24: The external and internal impact on the PM-activities on a team level
6.1.4 Goal setting on individual level
When working with goal setting regarding the individuals in an SMT it is important that the relevant people outside the team are involved in the goal setting process. The goals that are set on an individual level should be a combination of what the employee wants and what the organization needs. To meet this requirements, the appraiser who later on will measure goal fulfilment, needs to communicate and get input from departments in the organization that work with competence and personal development. Therefore, the information systems within the company will affect this PM-activity, which is shown in Figure 25 together with the other impact from internal and external factors. Moreover, the team member might have other roles outside the team and it is important to set goals on these once as well. Therefore, the owners of the internal processes (internal customers) need to communicate their wishes towards the appraiser before the goal setting meeting. The external leader must also communicate how the organizational goals can be broken down to a team level, as well as to an individual level. The individual at least need to know how he or she can contribute to the goal fulfilment. During this activity in the PM-process, the organization needs to determine if the Team Leader is mature enough to appraise his team members, so that he or she has the required role and take the needed responsibility for performing the task. Furthermore, each goal should be in line with the roles that each co-worker is taking in the organization.

6.1.5 Performance feedback on individual level
In Figure 25, it is shown how external and internal factors impact the performance feedback sessions. Regarding the individual feedback, this can be given from various stakeholders including internal customers, external customers, external leaders, peers, and through self-assessment. Internal processes (internal customers) affect the feedback process due to the fact that many of the employees in consulting firms usually have internal responsibility areas in addition to being a consultant and a team member. Co-workers within these internal processes need to be a part of the feedback process and give their input. Furthermore, the external leaders within the organization should give the team the conditions to have feedback sessions on an individual level. When considering feedback on an individual level and personal feedback rather than giving feedback regarding executed activities, it is important that everyone feel comfortable with the system and that they have shared beliefs. The employees need to understand how the feedback should be given, and how they should use the feedback. The information systems within the organization must be improved by implementing a meeting or a forum where the feedback could be given. If the feedback should work as a basis for appraisals it is also important to develop a communication channel between the feedback session and the appraiser. It is also suitable to develop a role in the team who can be responsible for gathering the feedback and who has the responsibility over it. In many cases, the Team Leader is the one who is most suitable for this task.
6.1.6 Performance Appraisals on an individual level

When it comes to the performance appraisals, the information systems need to facilitate the communication of important information between the appraiser (the Team Leader) and the relevant department and the external leaders. Before the meeting, the internal processes need to provide the needed information to the appraiser if the employee that is going to be appraised has performed duties in that area. It is also important to consider the fact that some external leaders might need the information that is given during the appraisal meeting and the external leaders furthermore need to decide how the reward should be set and who should have the responsibility for setting the salary. The one who will set the salary and the person being responsible for the employees’ personal development also needs to receive information about the meetings. Finally, the appraiser should evaluate which roles and responsibilities that the employee has executed and developed over that last years, and how he fulfilled the assignments that came with this role. In Figure 25, all these factors that have an impact on the performance management activities on an individual level is shown.

![Figure 25: The external and internal impact on the PM-activities on an individual level](image)

6.1.7 Impact on the whole PM-process

Furthermore, there are three factors that have not been discussed regarding how they affect the executing of the various performance management activities: the team composition, the different working structures, and the external Project Managers. For the case company, all these factors were found to have an impact on how the Self-managing teams could be able to operate in an efficient way, and in turn, an impact on the activities that are executed within the teams. Although it was hard to find exactly how the factors would impact a certain activity, it was clear that they all had an impact on the team performance. A team composition consisting of team members that differ when it comes to deep-level variables (such as personal norms, values and attitude) would have a hard time to work in the same direction and towards common goals. If the working structures were different between the teams in an organization, this would
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affect the structure of the PM-process and make it difficult to have the same process used for all teams. Finally, the use of external Projects Managers, which sometimes was used at the case company, will affect the PM-process as he or she affect how permanent the team is. This would in turn affect how self-managed the team really is and how they should work with the execution of performance management activities.

6.2 Contributions to the academic world

The two theoretical frameworks: self-managing teams and performance management have not been integrated with each other in earlier studies to a full extent. In the research material that was used during this study, the two theoretical areas named above were sometimes linked, by linking one or a few performance management activities to the self-managing team. This thesis gives a broader perspective of how these theories can be used together, which can be useful now when more companies want to reduce hierarchies and operate without managers.

When the analysis was made, and the theoretical findings were analysed against the empirical findings, it was shown how external and internal factors had an impact on each PM-activity. The models that were shown in the conclusion section above (see Figure 24 and Figure 25) over the team and individual PM-process, can be used to map in which external and internal factors that are thought to have an impact on the performance management activities at other companies using self-managing teams. This can give companies deeper knowledge about factors that need to be considered when the employees are structured in teams that shall be more or less self-managing. This thesis highlights factors that need to be taken into considerations and also when certain factors impact a PM-activity.

Another contribution is that the theories about the role of an external leader is mostly described as singular, meaning that it is referred to as one person who has an impact on the team. Here, it became clear that many people within the organization affect the team and that they all can have responsibility areas that will affect that teams ability to perform well, as well as affect the ability to execute performance management activities.

Furthermore, the empirical study showed that more external and internal factors would affect the teams, than the ones that were found in the literature. These factors will in turn affect the activities executed by the teams. Therefore, the impact from internal customers (such as expert teams or internal processes), the working structure and if the team uses an external Project Manager, can be factors that will affect the teams and its ability to perform efficiently. This needs to be further investigated before these factors can be added to the list of factors influencing the teams and the executing of PM-activities, because of the fact that this thesis is based on one case study.
6.3 Future research

In the delimitation chapter, it was described that the purpose of this study would primarily be answered for companies working according to agile working methods, because of the fact that these companies by many means already work self-managed. Therefore, an interesting future research subject would be to investigate if these models can be feasible in organizations where they do not work agile or where managers have a stronger impact, such as in organizations with many hierarchies. This could for example in turn affect the role of the external leaders. As described in the section above, various external leaders were found at the case company, meaning that in a company without any stated hierarchies, many employees were sharing the responsibilities connected to company and employee development. In companies with hierarchies that are using self-managing teams and execute performance management activities, one could investigate if the number of external leaders are fewer or greater and if they take on more or less responsibilities than at the case company.

Furthermore, one of the concerns at the case company was if self-managing teams would be feasible in a larger organization. To see how this would affect factors such as information systems and the team’s beliefs, could be an interesting subject for a future research. With more teams it can be harder to coordinate the performance management activities, as well as suffer the knowledge transfer. But on the other hand, the work performed by the teams would be harder to coordinate for a person outside the team if they were not self-managed.

Another research area that believe to be lacking in the literature today is information about who should set the rewards in organizations using self-managing teams, or simply in organizations trying to work without many hierarchies and managers. How can someone give the co-worker the right salary without being his or her boss? And should someone outside the team or within the team do the actual rewarding?

More example of future research that specifically can be of interest for the case company can be found in the recommendation chapter.
7 Recommendations for Findwise

During the case study, it became clear that some of the performance management activities needed to be improved at Findwise in order to make the whole process work more efficiently. The recommendations below will describe what the case company needs to do in order to let the teams become more self-managed, and in line with achieving efficient performance management activities on both a team and individual level.

7.1 Recommendations to become more self-managed

The development teams at Findwise are by many means almost self-managed already. Although, there are some things they can improve to become more self-managed in order to improve their efficiency as a team.

1. Always use an internal Project Manager within the self-managing teams

The Project Manager at Findwise today can either be internal (a team member) or external (other employee outside the team). We believe that it is important for the future teamwork to always have an internal Project Manager. Other competences can more easily be shared between teams, while the Project Manager is a central role that needs to understand how the team usually arrange their working process in a project. Always having an internal Project Manager will also facilitate the future work with performance management in teams because it is desirable to have as many roles as possible fixed in each team.

2. The responsibilities taken by the Production Manager can be done within the teams, but rotated among the Team Leaders

The Production Manager and the Production Process Owner are today two roles filled by one physical person. The Production Manager’s role, which is responsible for coordinating the work, is a role that could be moved and handled by the teams, as shown in Figure 26. According to theories about self-managing teams, responsibilities like coordinating the projects should be done within the teams and not by an external leader. One complex issue is that the Production Manager is responsible for coordinating the incoming projects to all teams. This work assignment can therefor not be divided between the development teams and transferred to each teams. One solution could be to let the Team Leaders share this responsibility and let the Production Manager’s role be rotated among the Team Leaders. If doing so, concrete guidelines needs to be carried out to facilitate for the Team Leaders.
Figure 26: Integrate the Production Manager-role with the SMTs

3. Use common guidelines for the internal working structures
Self-managing teams easily develop their own working structures and strategies for how to solve problems and day-to-day activities. This can be seen as an advantage in some cases, but in other cases it is important to ensure that there is a standard that all teams follow. This includes performance-management activities, as it is important that everyone at the company is appraised equally and evaluated by the same standards. To guarantee that each team uses the same structures when it comes to performance management it is important to develop guidelines for a common working structure.

7.2 Improve the PM-process on a team level
Today, there has not been any focus put on the performance management activities on a team level because of the fact that the Region Manager is not seeing the teams as performing units, just as a way of organizing the employees in a more efficient way. Despite this, we believe that it is important that the teams feel that they can contribute to the organizational objectives as a unit. The recommendations below can help Findwise with their work with performance management activities on a team level.

1. Break down the goals to team level, not only to process level.
The goals stated during the “the Journey” project, which are the most concrete goals that the organization have set, are broken down to a process level. Today, the process owner for the development teams has the responsibility to guarantee that the development teams together fulfil the goals set for the Production process. To be able to have fully self-managed teams, and work with appraisals on team level, the teams need to have clear goals that they can work towards. The only goal achievements that the development teams work with today are the goals for each project, set by the customer.
Recommendations for Findwise

The team also needs to work active with the organizational goals. Therefore, strategy breathing down to team level is recommended to be able to evaluate if the teams work effective to reach the goals or not. The organizational goals should also be broken down from goals to strategies or activities at team level, letting the goals become more tangible to work with on a daily basis. But the question is if this really is reachable today. One problem here is that the offices work differently. Only the Stockholm office work with self-managing teams today and therefore it can be hard to break down the journey goals to a team level. By doing that it can result in that the Gothenburg office and Stockholm office will work even more differentiated then they do today.

2. Implement Performance Feedback sessions on team level

Today, the development teams at Findwise have feedback sessions where they discuss the activities that are executed within the ongoing projects. If Findwise want to have an efficient Performance Management outcome, the team must implement feedback sessions regarding team behaviours as well as organizational objectives (as shown in Analysis, p. 71). The feedback session for team behaviour should according to theories be evaluated between the peers in the teams. The organizational objectives should be received from external leaders but this input should also be discussed within the teams. A practical way of conducting these internal feedback sessions is through peer-review where the team evaluates the whole team as well as each other. Theories agree that peer-review is a useful tool for conducting team feedback. However, peer-review does not necessary have to be directly linked to rewards and team members’ salary. A good idea for Findwise can be to initially implement peer-review as a forum for discussion within the teams, where all employees feel that they dare to express their opinions without affecting their own or their co-workers salaries.

3. Implement a yearly meeting between a manager and each team to appraise team performance and set new upcoming goals.

The team needs to clearly understand the organizational goals, and how they can work towards these goals on a day-to-day basis. One recommendation for Findwise is to implement a yearly meeting between a manager and each team to evaluate the team’s performance. A manager can then give an objective view and explain what he has seen during the year regarding the team’s performance. Together they can construct guidelines for how the team should develop during the next years and set goals on a yearly basis.

7.3 Improve the PM-process on an Individual level

To structure the performance management-activities on an individual level, Findwise need to view the activities in a process context. Each step is connected to the next one and the fact that they are linked with each other means that when one step is not done in a correct way, this will affect the whole process. In the analysis, we have described the whole process and indicated which of the steps that are working well at the moment and
Recommendations for Findwise

mentioned which steps they need to improve. Here, some of the most important changes within the individual PM-process will be examined.

1. *Have clear yearly goals connected to the carrier plan that meets the objectives set by the organization*

Today, the employees at Findwise have individual goals that should be accomplished during the year. Because of the fact that the work with clearly structuring a company vision and attainable goals just started in 2011, Findwise has not really used individual goals that are clearly connected to the organizational objectives. During the interview with one of the co-founders it became clear that he does not believe in overall organizational goals. Although, we believe that it is important that the individual feels that the goals that have been set for him are in line with what is desired by the organization. Furthermore, the goals need to be integrated to meet the desires set by the internal process owners, or other employees within the organization that have some input on the work performed by a team member. At Findwise, it is therefore important that some of the goals that are set are related to the fact that they contribute to some processes outside the team, like the social process, the UX-team, or the Business Consultant team. Also, it is important that the goals set on an individual level is a combination of organizational needs and individual desires. These goals should all be linked to the carrier plans that the organization has, and by that, the goal fulfilment will decide how the employee will be rewarded (see illustration in Figure 27).

![Diagram of goal setting process](image)

**Figure 27: Goal setting on an individual level**

2. *Have continuous feedback sessions between the Team Leader and the team members*

It can be hard to find the time for individual feedback sessions and it can also result in complications when feedback sessions are held between the Team Leader and a team member when they together work for the same team. It is important to structure the feedback session so that it does not come directly from the Team Leader in a way that makes him a manager over the team. On the individual level it can therefore be a good idea to use the output from the team peer-feedback sessions and discuss this feedback
with the Team Leader. By that, the team member can get a clearer understanding about how he has contributed to the team and how he has developed his consulting skills during the customer projects. To summarize, the feedback sessions can be based on the team feedback given from the external customers and from the team feedback session where behaviour skills and goal fulfilment has been discussed on a team level.

3. Use a 360-degree feedback as input for the appraisal process

Whether it is the Team Leader or the Performance and Benefit process that will be responsible for the appraisal meetings in the future, it is important that feedback is collected from relevant stakeholders. If the Team Leader is responsible for the appraisal meetings, the feedback received from various stakeholders is important because of the fact that Findwise do not wish to turn the Team Leader into a manager. If he should base the appraisal meetings on his own thoughts and assumptions, we believe that the Team Leader easily can develop into a role that becomes too powerful. If Findwise choose to still have the Performance and Benefit process conducting the appraisal meetings, the meetings will be held by a person from outside team member’s development teams and by a person who do not see the team member’s daily work. Therefore, the feedback received from stakeholders is an important factor here as well. Therefore, we suggest that the input to the appraisal meetings should come from the following stakeholder: Peers within the team giving feedback on team behaviours, feedback from external customers discussed by team members, process owners from relevant processes if the team member is part of an internal process or expert team, and finally from the team member’s self-assessment paper.

Furthermore, the appraiser should be responsible for collecting the relevant feedback but also to give individual feedback during the year, discussing with the team member how he has achieved the individual development plan, so far. In Figure 28 the feedback input is illustrated.

![Feedback diagram](image)

**Figure 28: Feedback given to a team member**
Also, one advantage with using the 360-degree feedback model is that it can be modified
to suit different roles and co-workers easy. Since many employees at Findwise are
involved in one or several internal processes, they need feedback from different
stakeholders when they get evaluated. If the model will be implemented also for the
Team Leader, we think that it would be good if subordinates were included as one
stakeholder. With same motivation as it is important for the team members to give each
other feedback, it is also important that the Team Leader gets feedback from his team
members (subordinates).

4. Visualize the communication channels within the appraisal process

Today, Findwise is using a performance appraisal process similar to the one discussed in
theories used in this Masters’ Thesis. When they now are going to let the Team Leader
execute parts of the process, there are some things within the process that they need to
restructure, and all the communication channels that are needed must be visualized (see
Figure 29). First, as a performance planning activity, the Team Leader ought to have a
meeting with a responsible from the Competence Development process before having a
planning meeting with the team member. At this meeting, they can discuss
organizational desires so that they are clear and what the organization wants regarding
the development of the employees. Then, during the daily work process, input from
other team members needs to be received, as well as feedback from internal customers
(expert teams or internal process owners), and external customers that can help the
appraiser with being prepared for the meeting. These input will also help the individual
with his or her own self-assessment.

As mentioned earlier in this report, it have not been decided yet who will be responsible
for gathering the feedback from different stakeholders as well as conducting the
appraisal meetings (part 3 and 4). Whoever the responsible for these parts will be in the
future, the information from the personal development meetings and the individual goal
achievement needs to be communicated to the Performance and Benefit process
sometime during the year as the set the salary. Preferably, the channel for
communication between the Team Leader and the Performance and Benefit process
needs to be standardised in order to prevent the risk of overlooking important
information.
7.4 Future research at Findwise

More specific research areas that would benefit the case company might be to investigate how Findwise can form clear carrier ways that fits a company that wants to keep their structure as a non-hierarchical organization. The role matrix that Findwise recently developed is something that we believe could work as a base for the salary setting but it needs to be complemented with clearer direction about what you need to do at each level in order to advance to a higher level.

Connected to the carrier ways is the question regarding how the team versus the individual shall be rewarded. In this thesis, there was a discussion about the importance of giving a reward both to the team and the individual. However, the thesis did not answer what kind of reward that should be given to a team. An investigation regarding various rewards that can be given on a team level could be a part of a new research area. Regarding individual rewarding, an issue that needs to be investigated is how the person setting the salary should know if he has given the employee the right reward. Findwise uses an individual salary setting, which makes it hard to transfer this responsibility to a team member.

Moreover, other performance management activities than the ones found in this report could also be investigated, for example mentorship programs that are feasible in non-hierarchical organizations.
Bibliography

Articles in journals


**Books**


Maddux, R., & Godding, C. (2000) *Effective Performance Appraisals : Crisp 50 Minute Book,: Course Technology Crisp*


Electronical sources
Findwise AB, received 31st of March 2012 at www.findwise.com
Findwise AB, received 6th of April 2012 at www.wisenet.findwise.com

Oral sources
A list of all oral sources can be found in Appendix B.
Appendix A – Key words

Keywords to literature study
A
Adhocracy
Agile Project Management
Agile Working Methods
K
Knowledge-Intensive Company
Knowledge-Intensive Company AND Consulting Company
M
Målstyrning
O
Organization
Organisationsteori
P
Performance Appraisal
Performance Evaluation
Performance Management
Performance Management AND Self-managing team
Performance Measurement
R
Rewards AND Self-managing teams
Reward Systems
S
Self-managing team
Self-managing team AND Appraisals
Self-managing team AND External Leader
Self-managing team AND Peer-review
Self-managing team AND Evaluation

T
Team Performance
Teamwork
Appendix B – Interviews

*If nothing else is said, the interview was made during a personal meeting and the interview was both written down and recorded by the interviewers*

<table>
<thead>
<tr>
<th>Role description</th>
<th>Interview area</th>
<th>Date of interview</th>
<th>Length of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Manager in Stockholm/Facilitator</td>
<td>PM/TM, EL</td>
<td>2012-05-08</td>
<td>60 min + 20 min</td>
</tr>
<tr>
<td>Team member /Facilitator</td>
<td>TW</td>
<td>2012-05-07</td>
<td>60 min</td>
</tr>
<tr>
<td>Team Leader</td>
<td>APM, TW, EL, PM/TM</td>
<td>2012-05-07</td>
<td>60 min</td>
</tr>
<tr>
<td>Team Leader</td>
<td>TW</td>
<td>2012-05-15</td>
<td>60 min</td>
</tr>
<tr>
<td>Team Leader</td>
<td>TW, EL, PM/TM</td>
<td>2012-05-14</td>
<td>70 min</td>
</tr>
<tr>
<td>Co-founder</td>
<td>PM/TM</td>
<td>2012-05-10</td>
<td>70 min</td>
</tr>
<tr>
<td>Production Manager (GbG)</td>
<td>APM, EL</td>
<td>2012-05-10</td>
<td>60 min</td>
</tr>
<tr>
<td>Process owner: Competence development</td>
<td>APM, TW</td>
<td>2012-05-10</td>
<td>60 min</td>
</tr>
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<td>Responsible UX-competence</td>
<td>EL, TW</td>
<td>2012-05-10</td>
<td>60 min</td>
</tr>
<tr>
<td>Social Process Owner (GbG)</td>
<td>PM, EL</td>
<td>2012-05-10</td>
<td>40 min</td>
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<tr>
<td>Production Manager (Sthlm)</td>
<td>WL4, TW, PM/TM</td>
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<td>50 min</td>
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<tr>
<td>CIO (Chief Information Officer)</td>
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<td>Email</td>
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<td>TW</td>
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<td>TW</td>
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<tr>
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<td>50 min</td>
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</table>

**APM = Agile Project Management**  **EL = External Leaders**

**PM/TM = Performance Management or Talent Management**

**TW = Teamwork**  **IS = Information Systems and communication**
Appendix C – Interview Questions

In this appendix, the most common interview questions are provided. During the interviews, other questions were asked when there was a need of clarifying the question or if we felt that we needed more information about a particular subject to understand the whole picture.

Agile working methods
1. Have you been working with agile working methods since the start or has the work approach been implemented in a later stage?
2. Did you meet any resistance when the company started to work agile?
3. What advantages and disadvantages do you see with working agile?

Teamwork – The Team Leader
1. Explain the work tasks you hold as a Team Leader?
2. What roles and responsibilities can be found within the team? Competence areas?
3. How does people outside the team affect you? Who are affecting the team and in what ways?
4. How does the team work with appraisals/evaluation? Appraisals regarding customer projects and how the team members are contributing to the work?
5. Has the group any specific goals to work towards (profitable projects, high quality etc). Who decides those goals? Who is responsibility for making sure that the goals are attained?
6. How do you pursue the organization culture at Findwise? How is the atmosphere at the office (compared to other jobs)?
7. What are the advantages and disadvantages with working in self-managing teams?
8. Do you participate in many meetings? Are there too many or too few meetings? Do you enjoy the kick-offs and the other social activities and meetings that are held?
9. What do you think about the peer-review concept?
10. Are the carrier ways at Findwise clearly defined?

Teamwork – Team members
1. What work tasks are connected to your job as a developer/business consultant and that other roles and responsibilities do you have?
2. Who will you turn to if you feel that you are overloaded in your work?
3. Who will you turn to if you feel that you have questions regarding your development within the company?

4. Are you familiar with the company goals and visions? Can you break down the goals to an individual level that is easier for you to understand?

5. Who gives you feedback regarding the work you perform?

6. How do you want to receive feedback from? Someone in the team of someone outside the team? Would it be desirable to receive feedback from all the team members?

7. How do you pursue the organization culture at Findwise? How is the atmosphere at the office (compared to other jobs)?

8. What are the advantages and disadvantages with working in self-managing teams?

9. What do you think about the peer-review concept?

10. Are the carrier ways at Findwise clearly defined?

11. What do you think about the role matrix that has been constructed?

**External leaders**

1. Explain your role? (UX, business consulting, Production Manager, etc) How do you get integrated with the teams and the work they perform?

2. Is it possible to integrate your knowledge towards the teams?

3. Do you regularly have reconciliations with the team regarding the work they perform?

4. What are the advantages and disadvantages with the fact that the teams are working in self-managing teams?

5. Has the working structures changed since you stated to work according to agile working methods?

6. How was the appraising of the team members structured before? What is the plan now when the Team Leaders will be integrated with the Talent Management process?

**Vision, goals and Performance Management**

1. On whose initiative was Findwise founded? Why?

2. What are the differences between a CEO and a Co-founder? How does the work tasks differ?
3. We have understood that you want to create an organization without hierarchies. Why?

4. How has the work with creating a clear vision and goals proceeded? Why did you start that project?

5. What is the goal with working with performance management?

6. Do you work with goal attainment for the team and/or the individuals?

7. How does the feedback sessions work today? Who receives the feedback and from whom?

8. Who does the salary setting at the company?

9. What is the plan with the newly constructed role matrix? How should it be used?

10. When did you start the work with the role matrix?

Information sharing

1. What information systems can be found at Findwise that enhances communication?

2. How can you make sure that everyone gets the information he or she needs?

3. Are the information systems that you have today sufficient to handle all the information?

Complementary questions

1. What is the most important resource at the company? Money, knowledge, the employees?

2. What is the purpose with kick-offs, BÔl, and other social activities?

3. Is the knowledge transfer made easier when the company is divided into processes? What is the greatest advantage and disadvantage with using a process-oriented structure?