

Maria Farkhondeh, Barbara Müller\*

## Holacracy: A New Way of Organizing?\*

### Abstract

Organizations have to act in environments that are constantly becoming more insecure, dynamic, and competitive. Practitioner and scholar literature continue to call for and explore new work arrangements. The concept of Holacracy – often referred to as a ‘new form of organizing’ – represents a reaction to the increasing complexity and environmental dynamics that organizations have to deal with. It promises a new way to run organizations and aims to replace traditional hierarchical and bureaucratic structures in organizations with decentralized authority and self-organization. This article looks beyond the recent hype about Holacracy and analyses what is actually novel about the concept. In specific, we aim at identifying the core principles of the concept and discuss them against the background of bureaucratic and post-bureaucratic approaches to review whether and how Holacracy deviates from these two approaches. We do so by applying a qualitative analysis method where the book ‘Holacracy’ was subjected to content analysis. The results of this paper demonstrate that – given the high degree of formal standardization – the concept itself is still bureaucratic, although with certain modifications, especially regarding participative decision-making processes. Further, our results demonstrate that Holacracy has a very unique and unprecedented interpretation of power and authority, which requires more intensive empirical research and analysis.

Keywords: self-organization, distributed authority, and decision-making, (post-) bureaucracy, new forms of organizing, holacracy  
(JEL: L200, L220, D230)

### Introduction

Organizations and people acting within them face intensified complexity and ambiguity due to changing work environments. These developments resulted in an increasing call for and explore new work arrangements, as the quest for new organizational designs, structures as well as practices have become an intense pursuit of management these days (Bolin & Härenstam, 2008; Puranam et al., 2014; Lee &

\* Maria Farkhondeh (corresponding author): Johannes Kepler University Linz, Institute of Leadership and Change Management, Altenbergerstraße 69, 4040 Linz, Austria. E-Mail: dissertation.farkhondeh@gmail.com

Barbara Müller: Johannes Kepler University Linz, Institute of Leadership and Change Management, Altenbergerstraße 69, 4040 Linz, Austria. E-Mail: barbara.mueller@jku.at.

\*\* Date submitted: May 31, 2020

Date accepted after double-blind review: September 16, 2021.

Edmondson, 2017). Several such new concepts have emerged in the practitioner literature, one is the concept of ‘Holacracy’ (Robertson, 2015), a new management system, which aims to distribute authority and decision-making throughout the whole organization through a holarchy of self-organized teams rather than being anchored in traditional forms of management (Schell & Bischof, 2021). Holacracy intervenes profoundly in the organizational structures of a company and therefore claims to be different from all those various and novel forms of organizing.

Flattening hierarchies, decentralizing decision-making, empowering employees, and introducing self-management are not necessarily new. In fact, these are all common examples of processes characterizing post-bureaucratic organizations (Jaffee, 2001), which are used as valuable tools for companies of all kinds (Bernstein et al., 2016). Thus, the question remains open, what is the ‘new’ in the concept of Holacracy. To better understand what characterizes the new that is being proclaimed, our paper aims to identify the core principles of Holacracy and to discuss them against the theoretical background of bureaucracy and post-bureaucracy (Weber, 1958; Alvesson & Thompson, 2006; Grey, 2007; Schreyögg & Sydow, 2010; Lee & Edmondson, 2017; Martela, 2019). Our research is guided by the motivating research question of whether and how Holacracy deviates from features of bureaucratic and post-bureaucratic approaches in order to assess the novelty of the concept.

## Theoretical Background

### Holacracy Proclaimed as a Novel Form of Organizing

One of the most persistent rhetorical themes – one that reached its peak today – is that “the business environment is changing now like never before, that previous management practices are no longer tenable, and that a new management paradigm and a new organization must be created” (Eccles & Noriah, 1992, p. 22). The practitioner-oriented best-seller literature “Holacracy – The (r)evolutionary management system that abolishes hierarchy” (Robertson, 2015) promises such a paradigm shift in the understanding of management.

Robertson (2015) describes Holacracy as a new method of organizational governance, which aims to distribute authority and decision-making throughout the whole organization by pushing decision-making authority down to the level of each individual in the organization. It is a “governance framework that aims to replace traditional and hierarchical top-down structures in organizations by distributing authority and power to each employee” (Schell & Bischof, 2021, p. 3; see also Bernstein et al., 2016; Lee & Edmondson, 2017).

Decentralized authority throughout the whole organization and self-organization are the core principles of Holacracy. Based on those two key principles Holacracy intervenes profoundly in the organizational structures of a company through its “constitution”, a generic written document used to define people’s roles and spheres

of authority within it. Further, the concept is defined as a “unique decision-making process for updating those roles and authorities, a meeting process for keeping teams in sync and getting work done together” (Robertson, 2015, p. 20). In summary, the Holacracy constitution defines a governance system that claims to be a novel form of organizing, “distinctively different from those of a conventionally governed organization” (Robertson, 2015, p. 20).

### An Increasing Call for Less-Hierarchical and Self-Managed Organizations

The call for self-organization and less hierarchical organizations is not new. In fact, referring to organizational structures, the interest in new organizational forms has existed for many years, as many arguments in favor of abolishing hierarchy and delegating decisions can be found in the organizational theory literature from back then. Stryker (1956) for example argues that the more complex an organization becomes, the more it makes sense for top managers to relinquish their decision-making (Ezzamel & Willmott, 1998). Today’s practitioner and scholar literature, continue more and more, to call for and explore less-hierarchical forms of organizations (Palmer et al., 2007; Schreyögg & Sydow, 2010; Puranam et al., 2014; Lee & Edmondson, 2017).

The rise of such forms of organizations has been attributed to these days more rapidly changing environments, which require organizations to adapt quicker, where professionalized employees require more autonomy and more digital solutions and advanced IT systems make it possible to coordinate and manage work without the need of managers (see also Bernstein et al., 2016; Lee & Edmondson, 2017). Managerial hierarchy, which has a long tradition, relies on two basic principles: A hierarchy of authority that is, individuals reporting to managers who have the authority to direct and prioritize the execution and allocation of tasks and review performance and a hierarchy of accountability that is, work accountabilities roll up from direct reports to managers who hold ultimate accountability for the work of all those below in the organization chart (Lee & Edmondson, 2017).

Burns and Stalker (1961) note already in 1961 that managerial hierarchy functions more effectively in stable conditions but faces serious challenges in dynamic conditions. Lee and Edmondson (2017) recognize that these challenges are increasing massively due to three current trends that can be observed. First, they point out that managerial controls and reporting chains do not allow for quick reactions that are needed in dynamic environments. Second, due to an increase in knowledge-based work, managers lack the full expertise that would be needed to solve organizational problems. Third, a trend towards viewing work and organizations as places for personal meaning, employees increasingly perceive work as more meaningful when they have more control over their tasks.

## Post-bureaucratic Concepts as an Alternative

Alternative structures relative to the classic hierarchical principles (Fayol, 1949; Weber, 1958) have been a domain in the early classic study at least since 1950 where the focus lied on self-directed work teams (Trist & Bamforth, 1951; Cummings, 1977; Ezzamel & Willmott, 1998) and where “self-managed teams have been used to delegate managerial authority to groups of individuals who are close to, and expert in, the work that must be carried out on behalf of the organization and its customers” (Lee & Edmondson, 2017, p. 37). The same is true for participatory structures, where employees increase their commitment through work participation (Collins, 1995) or empowerment initiatives, where the decision-making authority is given to the employees to make decisions and to take actions within their scope of task experience (Conger & Kanungo, 1988).

In recent years the discourse about bureaucracy and related managerial hierarchy increased with concepts such as ‘Holacracy’. “Weber’s ideal type ‘bureaucracy’ is declared as belonging to the history of a vanishing industrial society and replaced by a postmodern ideal type of organizational form that is designed for dealing with the new situation” (Bolin & Härenstam, 2008, p. 542).

According to Dischner (2015), structural features of bureaucracy as pointed out by Weber (1958) can be distilled into five core elements: (1) specialization, the division of labor into several distinct operations, (2) decision autonomy referring to the level of independents in making own decisions, (3) participation in decisions as the degree to which employees can influence decisions, (4) formal standardization, employee behavior and work process standardized by written rules, routine and procedure and finally (5) punishment referring to the coordination of behavior. Following Weber’s (1958) logic, the bureaucratic view implies that the degree of specialization, formal standardization, and punishment is high, whereas the degree of decision autonomy and participation is low. Post-bureaucracy is characterized by diametric points of view of each feature (Dischner, 2015). The following table delineates the degree of the five core features of bureaucracy as pointed out by Weber (1958) in comparison to post-bureaucratic organizations as described by various scholars (Maravelias, 2002; Grey, 2007; Bolin & Härenstam, 2008; Lee & Edmondson, 2017; Martela, 2019).

Even though the illustration may give this impression, it is important to emphasize that a clear dichotomization between bureaucracy and post-bureaucracy is not possible (Alvesson & Thompson, 2006). Lee and Edmondson (2017, p. 41) explain that “the features of post-bureaucratic firms described by scholars in recent years continue to echo the description of the organic form offered decades ago by Burns and Stalker”, who seek to delineate a distinction between radical and incremental efforts to organize less hierarchically and that the ideal type of organization is within the continuum of these two ends. According to Puranam et al. (2014) the question of whether a new concept can be considered a ‘new form of organizing’

**Table 1: Bureaucratic vs. Post-bureaucratic Features**

Features	Bureaucracy	Post-bureaucracy
<b>Specialization:</b> The division of labor by splitting tasks/production process divided into several distinct operations.	<b>high:</b> Specialization/division of labor is a core principle, the task is split into small and repetitive parts by the top management, who allocate the tasks to their subordinates.	<b>low:</b> Concentrates on the integration of various tasks; task division takes place more autonomously.
<b>Decision autonomy:</b> The degree of decentralization meaning an employees' decision-making authority degree.	<b>low:</b> Hierarchical single authority structure with hierarchical chains of command through strong supervisor-subordinate relationship.	<b>high:</b> Overarching structure is given by top management and teams having decision-making authority in certain issues with boundaries concerning decision-making power.
<b>Participation:</b> The degree of participation in decisions.	<b>low:</b> Areas of competence are strictly defined and low in which employees can participate in the decision-making.	<b>high:</b> Key characteristic is consensus-finding in decisions for which participative processes are preconditions. The legitimacy of decisions is increased by including employees in the decision-making through participation.
<b>Formal standardization:</b> The degree to which employees' behavior and work processes are standardized by written rules, routines, and procedures.	<b>high:</b> The execution of tasks is regulated in detail by prescribed standards and deviant behavior can be reduced by written rules and procedures as standardization constitutes the basis for predictable and reliable behavior.	<b>low:</b> Instead of formal rules and procedures, there are abstract principles that guide behavior and ensure flexibility. In consequence, low levels of formal standardization facilitate quicker and innovative decisions.
<b>Punishment:</b> The degree to which organizations utilize threats of punishment to suppress undesirable employee behavior and to achieve the desired behavior.	<b>high:</b> Obedience is achieved by identifying and punishing employees who do not comply with the formal expectations of behavior.	<b>low:</b> Coordination of behavior relies more on direct interaction rather than on indirect control and punishment.

is not only relative to how a certain goal was being met traditionally, it might even be, that much of a novelty can be explained by existing theories, and still fruitful avenues for further developing our organizational understanding can lie in the “complementarities across the solutions to the problems of organizing that these new forms of organizing embody” (p. 177). We support these views. The aim of this paper is not to categorize Holacracy into (post-) bureaucratic approaches, but the underlying characteristics of these approaches help to better understand the concept of Holacracy, especially the problem-solving (resp. decision-making) solutions it offers.

In summary, referring to the most persistent rhetorical theme, that new management practices have to be created, this article is in particular interested in what is new about Holacracy and deviates the concept from traditional bureaucratic or 'old' forms of organizing. Puranam et al. (2014) argue that the novelty of new forms of organizing can be identified in the way how problems are solved in organizations. We are therefore interested in understanding decision-making based on the core principles as defined by the concept of Holacracy in greater detail. Such analyses need dimensions on which to compare (Puranam et al., 2014). Given that Holacracy is postulated as being a post-bureaucratic concept we use the theoretical background of bureaucratic and post-bureaucratic approaches in order to assess the novelty of the concepts.

## Method

### Research Approach

We used Robertson's (2015) book "Holacracy – the (r)evolutionary management system that abolishes hierarchy" as the text source of our analysis to better understand and interpret the core principles as well as the base of the concept. We applied a qualitative content analysis as it allows a systematic study of messages and the meaning that those messages convey (Krippendorff, 1980; Miles & Huberman, 1994). The content analysis referring to the act of interpreting and producing inference during the analytical process examines central analytical steps, by comparison, contrast, and categorization of a corpus of data (Drisko & Maschi, 2015).

### Data Analysis

Building thematic codes (Gibbs, 2007) based on (post) bureaucratic features (i.e. specialization, decision autonomy, participation, formal standardization, and punishment) was the first step of our analysis. The emergent patterns, in turn, created a structure for the content analysis, which helped to gain a deeper understanding of the concept's core principles.

To further process and structure our data, we performed a multi-step interpretive analysis (Gioia et al., 2012). We paraphrased and coded the textbook passages into 'first-order concepts'. In doing so we especially focused on the organization of authority (based on the concepts core-principle of decentralized authority we aimed at analyzing where and how authority is organized), and decision-making processes (based on the core-principle of self-organization through distributed decision-making we aimed at understanding where and how decision-making is organized). The first-order concepts enabled us to develop 'second-order themes' which we then condensed into 'aggregated dimensions' such as 'structure and power' (referring to the shift of power to the process as defined by the written constitution), 'spheres and processes of decision-making' (based on clearly defined roles) and the 'scope of action' for individuals in this process (enabling autonomy and empowerment).

Table 2 provides an exemplar overview of the data structure that emerged from the coding process of text referring to the Holacracy constitution. We considered the focus on analyzing the description of the constitution as especially important as this rulebook captures and regulates all activities of decision-making.

**Table 2: Data Structure: The Holacracy Constitution**

1st Order Concepts	2nd Order Themes	Aggregate Dimensions
<p>“With Holacracy, distributing authority is not just a matter of taking power out of the hands of a leader and giving it to someone else or even to a group. Rather, the seat of <u>power shifts from the person at the top to a process</u>, which is defined in detail in the <u>written constitution</u>. Holacracy’s constitution is a <u>generic document</u> applicable to any organization wishing to use the method; once formally adopted, the Holacracy constitution acts as the <u>core rulebook for the organization</u>. Its rules and processes reign supreme, and trump even the person who adopted it. Like a constitutionally backed congress defining laws that even a president can’t ignore, so too does the Holacracy constitution <u>define the seat of authority for the organization as resting in a legislative process</u>, not an autocratic ruler.” (Pos. 136).</p>	<p>Distributed authority through a written constitution.</p>	<p>Organizational structure and power</p>
<p>“Still, it’s critical to know that there is a <u>rulebook</u>, and to agree to abide by it; a game isn’t a game when one person gets to make up the rules as they go. When I work with an organization on the path of implementing Holacracy, the very first step is for the CEO to formally adopt the Holacracy constitution and <u>cede his or her power into its rule system</u>” (Pos. 137).</p>	<p>Shift from personal leadership to a process of constitutionally derived power.</p>	
<p>This <u>shift from personal leadership to constitutionally derived power</u> is essential to Holacracy’s new paradigm (Pos. 138).</p>		
<p>“By distributing power in this way, Holacracy liberates those within the organization to be simultaneously more autonomous and more <u>collaborative</u>. In a Holacracy-powered organization, there are no more managers—which, as one of my clients recently put it, “sounds like democratic chaos, but the truth is it’s quite autocratic.” With authority clear and distributed, <u>no one has to tiptoe around an issue to build buy-in or push to get others to see things the same way they do</u> (Pos. 143).</p>	<p>Constitution clearly defines the distributed authority of the roles, their decision-making domains as well as their interaction.</p>	<p>Spheres and processes of decision-making</p>
<p>“Holacracy constitution brings two foundational elements of our broader human societies into our organizations: there’s rule of law, through the <u>defined governance process</u>; and there are property rights, through <u>clearly defined domains</u> distributed across different roles” (Pos. 383).</p>		
<p>In “Governance Meetings,” circle members refine the structure of the circle based on the basis of new information and experiences that arise during day-to-day work. This results in <u>clear understanding of roles</u>, their <u>activities</u>, and their <u>relationships</u>, as well as of <u>circle policies</u> (Pos. 290).</p>		
<p>In “Tactical Meetings,” circle members use a fast-paced forum to deal with their ongoing operations, <u>synchronize team members</u>, and triage any difficulties that are preventing progress. This results in clear understanding of projects and next-actions to be taken. (Pos. 291).</p>		

1st Order Concepts	2nd Order Themes	Aggregate Dimensions
<p>“With clear governance, you no longer have to wait for someone else to tell you what to do, or seek buy-in or consensus to get a project moving: you know what you are <u>accountable</u> for and whose input, if any, you need to get. Clear governance <u>empowers</u> you to use your <u>own best judgment</u> to energize your role and do your work” (Pos. 389).</p>	<p>Human agency, autonomy and empowerment</p>	<p>Scope of action</p>
<p>“Holacracy’s authentic distribution of authority transforms the arena of operations by giving people throughout an organization <u>clear autonomy to take decisive action</u>. But with that authority comes increased <u>accountability</u> to <u>self-manage</u>” (Pos. 404).</p>		
<p>This <u>frees people</u> to <u>take action</u> confidently, knowing that a legislative process has granted them that authority with due input and consideration.” (Pos. 143).</p>		

To reiterate, the findings of the data analysis were compared and linked back to existing theory and thereby enabled further interpreting whether and in what respect Holacracy deviates from existing approaches. With a focus on the features of bureaucratic and post-bureaucratic approaches, we comparatively analyzed the thematic categories against the background of the features as described in table 1 (according to Weber, 1958; Dischner, 2015).

## Results

### The Holacratic Principles Embedded in the Constitution

The core aim of Holacracy is already positioned in the title of the book. A concept that has set itself the goal of breaking down and abolishing hierarchical structures in organizations as “traditional pyramid-shaped management hierarchy is (...) often far less ideal for enabling distributed authority (...)” (Pos. 195). Distributed authority is enabled through the Holacracy constitution, a generic document that applies to any organization that wants to make use of the method. The constitution defines the seat of power for the organization as resting in a legislative process with which “the seat of power shifts from the person at the top to a process, which is defined in detail in a written constitution” (Pos. 136). The organizational structure in Holacracy is made of circles and sub-circles, which may intersect, stand-alone, or be part of a bigger circle. The main aim behind this structure in circles is that from the circle structure no hierarchical structures can be derived at first glance – as is the case in traditional organizational charts. This constitutionally derived power clearly defines the distributed authority of the roles as well as their decision-making domains in the decision-making process. The decision-making process is designed to get the work done faster than in conventional organizations. Such clear governance empowers employees to use their own judgment and gives them autonomy to take decisive action. Overall, Holacracy follows the normative

claim to make organizations more efficient and effective through the concepts core principles embedded in the constitution.

### Defining Features in Holacracy Linked to (Post-)Bureaucratic Features

In order to understand the concept in greater detail and to assess its novelty, the characteristics of (post-) bureaucracy are helpful dimensions to compare to the basic intention of Holacracy. Table 3 shows an overview of our results.

**Table 3: Defining Features of Holacracy Linked to (Post-) Bureaucratic Features**

Features	Degree	Defining feature in Holacracy
<b>Specialization</b>	High on role-level, as each role has its own clearly defined function and tasks, integrated on employee level if employees take several roles	The division of labor is in done by the requisite various roles, which are formally captured by the constitution, which defines the structure and roles of the organization, and which is constantly updated by the people within the organization. Employees can take various roles in order to integrate various tasks.
<b>Decision autonomy</b>	Medium as constrained by clear and strict boundaries as defined by the constitution	The decision autonomy is constrained by clear and strict boundaries. Every role has its own authority, granted by governance, to make specific operational decisions. People's spheres of authority are defined by the roles. Whoever fills a role will use that authority to make the specific operational decision with greater autonomy.
<b>Participation</b>	High through involvement	Participation manifests itself in the governance process and the decision autonomy of the roles to make specific operational decisions. This leads to higher involvement of the people who fill the roles, as they have the responsibility and authority to deal with a roles' tensions.
<b>Formal standardization</b>	High as clear formal standardization is given through the Holacracy constitution, which is adapted and agreed upon by the organizational members – based on rules.	The Holacracy constitution acts as the core rule-book for the organization. Holacracy constitution define the seat of authority for the organization as resting in a legislative process, not an autocratic ruler. The seat of power shifts from the person at the top to a process, which is defined in detail in a written constitution. The Holacracy constitution is a generic document. Adaptations to the Holacracy constitution are left to the organization members, where updates are made based on consent.
<b>Punishment</b>	Low	The coordination of behavior relies more on direct interaction rather than on formal punishment / reward systems.

Our analysis reveals interesting results regarding the defining characteristics of (post-) bureaucracy. In Holacracy, the various tasks and responsibilities of the respective roles are clearly defined by the constitution. The constitution acts as the core rule book for the organization as the written constitution regulates the level of specialization, the decision autonomy as well as the involvement of the roles. This,

in turn, signifies a high level of formal standardization. Further, the constitution clearly defines the responsibilities of respective roles and therefore regulates the decision autonomy concerning tasks and responsibilities of the roles. The level of decision autonomy is perceived as medium level on one hand as the decision domains are defined by the constitution but on the other hand “It’s a lot easier and safer to execute quickly and autonomously and get the work done when you know exactly what authority you have, what’s expected of you, and what limits you need to honor” (Pos. 181). This is claimed to result in correspondingly high participation through the involvement of the people filling their roles. “You have the responsibility, and the authority to deal with your own tensions. This simple shift lifts everyone involved out of the parent-child dynamic (...) into a functional relationship between autonomous, self-managing adults, each of whom has the power to ‘lead’ his or her role in service of the organization’s purpose” (Pos. 138). Accordingly, the degree of specialization is relatively high on role-level due to the defined roles and their spheres of authority. Labor is divided into roles with clearly defined tasks. At the same time, an employee can take more roles and thus integrate different functions and tasks into one person. In addition, the tasks are subject to update in case they need adaptation. Finally, the degree of punishment is low in Holacracy as the coordination of behavior relies on direct interaction, again guided by formal rules.

Summarized, the results of the analysis show that Holacracy – even if no clear line can be drawn – basically builds on features as defined in post-bureaucracy, except on the level of formal standardization, which is high based on the constitution – a rule book that defines much more than ‘abstract principles’. The formal standardization influences how the other features (specialization, decision autonomy, participation, and punishment) are applied in detail. Thus, it can be concluded that the concept itself is still bureaucratic through its high degree of formal standardization, although with certain modifications, especially on the level of decision-making participation.

## Discussion

The motivating question of this article is to understand whether and how Holacracy deviates from features of bureaucratic and post-bureaucratic approaches in order to assess its novelty. Concerning whether Holacracy deviates, we agree with Torsteinsen (2012, p. 324) that the “problem of using ideal-type definitions is that one might start to think of bureaucracy and post-bureaucracy as fixe points on a discrete scale. The prefix ‘post’ conveys the impression that post-bureaucracy is a new organizational form completely different and free from bureaucracy”. This is also supported by the concept: the main aim behind the Holacracy constitution is to “create organizations that are more like cities and less like bureaucratic corporations” (Robertson, 2015, p. 22). However, our results show that the constituting

features of Holacracy involve a set of continuous variables, making it possible to analyze different degrees of bureaucracy and different mixes of bureaucratic elements (Torsteinsen, 2012). Heckscher (1994) indicated a gap between theory and reality as all elements of so called 'new forms of organizing' are all regular parts of contemporary bureaucratic organizations. Post-bureaucracy can be seen as a conglomeration of ideas promoted by the call for more exploration in a scientific and practical field. With this in mind, our first results called for developing a deeper understanding of how Holacracy deviates, which brings us to the question of what characterizes the 'new' of the concept.

### What Is New About Holacracy?

The actual novelty of 'new organizational forms' can lie in the complementarities between the solutions to the organizational problems that these new organizational forms embody (Puranam et al., 2014). Indeed, when it comes to the basics of management, there is little unknown or new (Eccles & Noriah, 1992). Alternative ways of thinking about management come and disappear, some of them return and experience a revival, but the underlying themes remain the same. Therefore, we focused our analysis on understanding the problem-solving (resp. decision-making) solutions as offered by the concept through the 'Holacracy constitution', which enabled us to identify what we know from existing theories and what is new.

The discussions around self-managing at the team level have been discussed at least since the 1950s by scholars like Trist & Bamforth (1951), Cummings (1977), and Ezzamel & Willmott (1998) just to name a few. Given the current trends as outlined in the introduction of this article, research suggests that examples of self-management will increasingly become valuable tools for companies of all kinds. However, there are still challenges in embracing such approaches to their full extent – as suggested by Holacracy (Bernstein et al., 2016).

Holacracy aims to create a new, more agile, and responsive organization that enables effective self-management throughout the whole institution as in Holacracy every role has the responsibility and authority to take decisive actions. "Holacracy creates clarity: who is in charge of what and who makes each kind of decision" (Robertson, 2015, p. 7). In other words, the principle of self-management and self-organization is not only focused on a team level, as it was researched by various scholars in the 20th century but is spread through the whole institution, which scholars also observed in recent decades (see therefore Gelles, 2015; Bernstein et al., 2016; Lee & Edmondson, 2017; Martela, 2019). It is a quite novel phenomenon to see organizations "applying the principle of self-management to entire institutions" (Bernstein et al., 2016, p. 42).

While assessing whether and how the proposed type to run organizations is different from existing approaches, our results demonstrate that Holacracy has a unique and unprecedented interpretation of power and authority. The Holacracy

constitution is the backbone of the concept that acts as the core rulebook for the organization to shift personal power to a transparent and formalized process. It defines the spheres and processes of decision-making and regulates the scope of action intending to empower employees and support their autonomy.

Referring to the spheres and processes of decision-making, the constitution describes in detail a decision-making process for specific meeting settings (governance- and tactical meetings) which contains rules on which topics can be discussed in which meeting settings and which not (organizational, operational, or structural questions). The meeting rules even contain rules on how to introduce a topic in a setting and who, when, and what one is allowed to say or not to say. While the decision-making process is defined in detail, collaboration aspects on the team level including social aspects and group dynamics influencing decision-making are widely missing (cf. e.g. Schell & Bischof, 2021). However, collaboration in workgroups is a critical element of organizations in general and plays an even more important role against the background of self-organized teams (Neck & Manz, 1994) or workgroups that aim at mitigating the effects of hierarchy (Ouchi & Price, 1978).

Referring to the roles and their scope of action, the constitution contains a detailed role description. The core intention behind this detailed description is that role-fillers are aware of their decision-making competencies and can thus fully apply them in their actions. The main idea behind this is to solve problems there, where they can be solved: “Decisions [are] made by the person closest to the action, whose proximity gave the company a better-informed and more instinctive understanding of what had to be done” (Birkinshaw & Ridderstrale, 2015, p. 8). Role clarity, as well as the ability to let organizational members work independently and self-responsible on identified topics, has positive effects on the commitment and engagement of individual employees, which is also common research-knowledge (Trist & Bamforth, 1951; Cummings, 1977; Hackman, 1986; Conger & Kanungo, 1988; Maes & Van Hootegem, 2014; Deci et al., 2017). Further, advocates of self-directed teams emphasize advantages like a greater sense of autonomy, satisfaction, and identification (Cohen & Bailey, 1997) based on role clarity, where each organizational member clearly knows who is filling which roles and what the roles are accountable for.

While increased freedom at the operational level in organizations can stimulate creative processes (Pasmore, 1988; Ezzamel & Willmott, 1998), it also creates new challenges for coordination as “there will be a growing need for information at the strategic level about activity and performance at the agency level” (Torsteinson, 2012, p. 331). The need for even more detailed information can trigger an information overload and initially lead to a restricted ability to act (see also Birkinshaw & Ridderstrale, 2015) and thereby can lessen the quality and speed of decision-making (Galbraith, 1974; Dean & Webb, 2011; Burton et al., 2017).

In summary, our analysis of the post-bureaucratic concept of Holacracy through its high degree of formalization supports what Torsteinsen (2012) demonstrated for post-bureaucratic approaches in general: That they lead in a paradoxical way to more formalization in organizations. However, also formalized processes may have consequences in their application that were not foreseen, even with rigorous analysis and well-organized intentions and implementation (Alvesson & Sveningsson, 2015). Further research needs to understand the unintended consequences of planned formalized processes, informal aspects such as organizational norms, or social processes that guide organizational behavior, collaboration, and decision-making, in the light of the specific intentions and demands that 'new forms of organizing' require and aspire to.

## Conclusion

The concept of Holacracy aims to remedy the dysfunctionalities of the bureaucratic approach and makes use of principles like self-organization and shared decision-making authority through decentralized authority. Applying the principle of self-organization to the entire organization is a relatively new phenomenon. Many companies are trying to shape organizations as self-organized organizations using novel concepts such as Holacracy. It is not easy to introduce a viable alternative to bureaucracy. There have been several efforts to compensate bureaucratic dysfunctionalities (for an overview see Lee & Edmondson, 2017). Focusing our analysis on the core features of bureaucratic and post-bureaucratic approaches enabled a view of whether and how it deviates from them. As can be seen from our analysis the holacratic management system is still bureaucratic through its high degree of formal standardization, although with certain modifications, especially on the level of decision-making autonomy. No doubt that change and innovation are important, but the constant talk about new designs and formal practices of organizing may ignore a view on informal dynamics that emerge through organizing.

Recently many companies started to use Holacracy or similar concepts of new forms of organizing to experiment with its use to learn and develop (cf. e.g. Schell & Bischof, 2021). They provide fertile ground for further investigation. As long as the discourse on such novel concepts is maintained, the relevance of the topic remains and enables to gain knowledge on both a theoretical and a practical level.

## References

- Alvesson, M., & Sveningsson, S. (2015). *Changing organizational culture: Cultural change work in progress*. Routledge.
- Alvesson, M., & Thompson, P. (2006). Post-bureaucracy? In: S. Ackroyd, R. Batt, P. Thompson & P.S. Tolbert (eds.), *The Oxford Handbook of Work and Organization*. Oxford University Press, Oxford.

- Bernstein, E., Bunch, J., Canner, N., & Lee, M. (2016). Beyond the Holacracy hype. *Harvard Business Review*, 38–49.
- Birkinshaw, J., & Ridderstrale, J. (2015). *Ahocracy for an agile age*. McKinsey Quarterly.
- Bolin, M., & Härenstam, A. (2008). An empirical study of bureaucratic and post-bureaucratic characteristics in 90 workplaces. *Economic and Industrial Democracy*, 29, 541–564.
- Burns, T. E., & Stalker, G. M. (1961). *The management of innovation*. University of Illinois at Urbana-Champaign's University Press.
- Burton, R. M., Hakonsson, D. D., Nickerson, J., Puranam, P., Workiewicz, M., & Zenger, T. (2017). GitHub: exploring the space between bossless and hierarchical forms of organizing. *Journal of Organization Design*, 6(10).
- Collins, D. (1995). A socio-political theory of workplace democracy: Class conflict, constituent reactions and organizational outcomes at a gainsharing facility. *Organization Science*, 6(6), 628–644.
- Conger, J., & Kanungo, R. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13(3), 471–482.
- Cummings, T. (1978). Self-regulating work groups: A socio-technical synthesis. *Academy of Management Review*, 3, 625–634.
- Dean, D., & Webb, C. (2011). Recovering from information overload, *McKinsey Quarterly*.
- Deci, E. L., Olafsen, A. H., & Ryan, R. M. (2017). Self-determination theory in work organizations: the state of a science. *Annual Review of Organizational Psychology and Organizational Behavior*, 4(1).
- Dischner, S. (2015). Organizational structure, organizational form and counterproductive work behaviour: A competitive test of the bureaucratic and post-bureaucratic views. *Scandinavian Journal of Management*, 31(4), 501–514.
- Drisko, J. W., & Maschi, T. (2015). *Basic content analysis*. New York, Oxford University Press.
- Eccles, R., Nohria, N., & Berkley, J. D. (1992). *Beyond the Hype: Rediscovering the Essence of Management*. Boston, MA: Harvard Business School Press.
- Endenburg, G. (1988). *Sociocracy: The Organization of Decision-Making*. Sociocratic Center, Rotterdam.
- Ezzamel, M., & Willmott, H. (1998). Accounting for teamwork: a critical study of group-based systems of organizational control. *Administrative Science Quarterly*, 43(2), 358–396.
- Fayol, H. (1949). *General and industrial management*, translation C.Storrs. London: Pitman. Originally published in French in 1916.
- Galbraith, J. R. (1974). Organization design: an information processing view. *Interfaces*, 4, 28–36.
- Gelles, D. (2015). At Zappos, pushing shoes and a vision. 12.03.2021, from <http://www.nytimes.com/2015/07/19/business/at-zappos-selling-shoes-and-a-vision.html>.
- Gibbs, G. (2007). Analyzing Qualitative Data. In: Flick U (ed) *The Sage Qualitative Research Kit*. Sage, London.
- Gioia, D., Corley, K. G., & Hamilton, A. (2012). Seeking qualitative rigor in inductive research: Notes on the Gioia Methodology. *Organizational Research Methods*, 16(1), 15–31.
- Graetz, F., & Smith, A. (2005). Organizing forms in change management: The role of structures, processes and boundaries in a longitudinal case analysis. *Journal of Change Management*, 5(3), 311–328.

- Grey, C. (2007). Bureaucracy and post-bureaucracy. In: D. Knights, & H. Willmott (eds.), *Introducing organizational behaviour and management* (pp. 480–505). London: Thomson.
- Hackman, J. (1986). The psychology of self-management in organizations. In: M. Pallak & R. Perloff (eds.), *Psychology and work: Productivity, change, and employment* (pp. 89–136). Washington, DC: American Psychological Association.
- Heckscher, C., (1994). Defining the post-bureaucratic type. In: C. Heckscher & A. Donnellon (eds.), *The Post-Bureaucratic Organization: New Perspectives on Organizational Change* (pp. 14–62). London: Sage.
- Jaffee, D., (2001). *Organization theory: Tension and change*. New York: McGraw-Hill.
- Krippendorff, K. (1980). *Validity in Content Analysis*. New York: University of Pennsylvania Scholarly Commons.
- Lee, M. Y., & Edmondson, A. C. (2017). Self-managing organizations: exploring the limits of less-hierarchical organizing. *Research in Organizational Behavior*, 37, 35–58.
- Maes, G., & Van Hootegeem, G. (2014). Self-directed work teams and power. *Conference Paper*. doi:10.13140/2.1.3605.7286
- Maravelias, C. (2002) *Rethinking Post Bureaucratic Organization*. School of Business Research, Stockholm: Stockholm University.
- Martela, F. (2019). What makes self-managing organizations novel? Comparing how Weberian bureaucracy, Mintzberg's adhocracy, and self-organizing solve six fundamental problems of organizing. *Journal of Organization Design*, 8(1), 1–23.
- Neck, C. P., & Manz, C. C. (1994). From groupthink to teamthink: Toward the creation of constructive thought patterns in self-managing work teams. *Human Relations*, 47(8), 929–952.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook* (2<sup>nd</sup> ed.). Thousand Oaks, CA: Sage.
- Ouchi, W. G., & Price, R. L. (1978). Hierarchies, clans, and Theory Z: A new perspective on organization development. *Organizational Dynamics*, 7(2), 24–44.
- Palmer, I., Benveniste, J., & Dunford, R. (2007). New organizational forms: towards a generative dialogue. *Organization Studies*, 28(12), 1829–1847.
- Pasmore, W. (1988). *Designing Effective Organizations: The Socio-Technical System Perspective*. New York: John Wiley.
- Puranam, P., Alexy, O., & Reitzig, M. (2014). What's "new" about new forms of organizing? *Academy of Management Review*, 39, 162–180.
- Robertson, B. J., (2015). *Holacracy: The Revolutionary Management System that Abolishes Hierarchy*. London: Penguin UK.
- Schell, S., & Bischof, N. (2021). Change the way of working. Ways into self-organization with the use of Holacracy: An empirical investigation. *European management Review*, 1–15.
- Schreyögg, G., & Sydow, J. (2010). Crossroads—organizing for fluidity? Dilemmas of new organizational forms. *Organization Science*, 21(6), 1251–1262.
- Selznick, P. (1948). Foundations of the theory of organization. *American Sociological Review*, 13, 25–35.
- Simon, H.A., (1965). *Administrative behavior*. New York: The Free Press.
- Torsteinsen, H., (2012). Why does post-bureaucracy lead to more formalization? *Local Government Studies*, 38(3), 321–344.

- Trist, E. L., & Bamforth, K. W. (1951). Some Social and Psychological Consequences of the Longwall Method of Coal-Getting. *Human Relations*, 4, 3–38.
- Weber, M. (1958). In: H. H. Gerth, & C. W. Mills (eds.), *From Max Weber: essays in sociology*. New York: Oxford University Press.