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The Pursuit of Effective Performance Control

A multiple case study on the effects control mechanisms have on employee performance in knowledge-intensive firms.

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We hope that you as a reader enjoy the text and can learn a valuable lesson!

David Hansson & David Persson

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Abstract

Title	The Pursuit of Effective Performance Control: <i>A multiple case study on the effects control mechanisms have on employee performance in knowledge-intensive firms.</i>
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Research Questions	<p>How do control mechanisms affect employee motivation, job satisfaction and knowledge-transfer in knowledge-intensive firms?</p> <p>What design of control mechanisms facilitates employee performance in knowledge-intensive firms?</p>
Purpose	Provide valuable insight for executives of knowledge-intensive firms on how their control systems can be designed to facilitate employee performance.
Methodology	This qualitative study was performed using an abductive approach in conjunction with an interpretivist lens paired with social constructivism. The empirical data was collected using semi-structured interviews.
Theoretical Perspectives	The theoretical foundation is based on research knowledge-intensive firms, knowledge management, motivation, incentives, organizational culture and hierarchical control
Findings	The empirical material is based on eight interviews with employees at six different knowledge-intensive firms in four industries.
Conclusion	Hierarchical control, organizational culture, and incentives affect employee motivation, job satisfaction and knowledge-transfer, which in turn affects employee performance. There are possibilities for knowledge-intensive firms to improve employee performance by incentivizing knowledge-transfer, identifying the point where autonomy leads to efficiency issues, and providing extrinsic rewards to increase hours worked beyond 40 hours a week.
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1. Introduction

1.1 Background

With the rise of new economies based on information-assets, the idea of using natural resources as an economic foundation has seen a general decline in popularity. This has shifted the competitive value of tangible resources in the favor of knowledge as a competitive asset (Alvesson, 2004). In addition, new organizational forms have been emerging. The aspect of knowledge has become increasingly highlighted with many well-renowned organizational practitioners switching from “capital-intensive” industries to study “information and innovation-based” industries where knowledge plays a big role. During the late 1980s, researchers of organizational theory began to discuss new possible firms that were deemed by some to be the firms of the future. These types of firms were dubbed as “knowledge-intensive firms (KIFs)” (Leon, 2013). The increased interest in regard to KIFs underlines the importance of these firms in the economy. The rapid growth of IT consultancy firms and other KIFs contributes to the increase in attention. The main activities in KIFs are based on the competence of the workers who are often deployed within R&D, sales, law, service-work, and other professions based on the utilization of special knowledge (Alvesson, 2004).

Knowledge itself plays a big role within many different companies, and evidently, this is especially true for KIFs. Many organizational theorists consider knowledge and proficiency to be a key aspect in terms of management and organization (Alvesson, 2004). In particular, the very uniqueness of this knowledge is fundamental for the success of the KIF and its ability to remain competitive (Gottschalk, Holgersson and Terje, 2009). Further, Alvesson (2004) points out that the employee's ability to use personal judgment based on their particular skill set is of key importance within a KIF, further emphasizing that the associated knowledge is considered as a valuable-resource. Naturally, this has made the management of knowledge a hot topic and a key aspect to investigate within KIFs.

As mentioned, the employee's knowledge is of utmost importance in a KIF, and just like in non-KIFs, control mechanisms are utilized to control the performance of the employees. The hierarchical control, organizational culture, and different incentives can all function as control

mechanisms in a KIF. These three types of control mechanisms have been chosen as the ones to focus on in this paper, since they strongly affect the employee's motivation, job satisfaction, and overall performance (Alvesson, 2002; Chenhall & Langfield-Smith, 2003; Fehr & Falk, 2002; Mayfield, Mayfield & Ma, 2020; Ouchi, 1979). Due to the employees and their knowledge being the most valuable asset in these firms, shaping the control mechanisms in a sensible way to allow for the full potential of the employees is especially important within KIFs (Alvesson, 2004).

1.2 Problem Statement

The research on how organizations can increase employee performance among their employees is quite extensive, but the inherent differences between traditional organizations and knowledge-intensive firms is not adequately addressed in relation to performance. In an organization where the knowledge of their employees is the most valuable asset, it is reasonable to assume that factors that affect employee performance are more critical to address. In addition, employee retention becomes a more intense subject as a knowledge worker would take some of the firm's value offering with them when they leave. Achieving job satisfaction is therefore critical for KIFs. The connection between control mechanisms such as culture, hierarchy and incentives with job satisfaction is strong (Fehr & Falk, 2002; Thibault Landry & Whillans, 2018; Mayfield, Mayfield & Ma, 2020).

Of course, organizations want to design their control mechanism system in a way that maximizes the value for the company. Some firms find value in standardizing tasks and limiting employee autonomy to keep costs down. As one might imagine, this is not suitable for KIFs as knowledge workers need to exercise their creativity through personal freedom. Since these differences are not addressed by current literature, it gives firms a lack of adequate information on how to design a system of control mechanisms that is suitable for their organization.

The lack of research in this area may lead to missed value for both knowledge-intensive firms and their clients. KIFs are expected to provide valuable expertise. Information on how they can facilitate employee performance can provide value for clients as the, often very expensive, services they purchase would be of better quality, given the increase in performance. For the firms themselves, improved performance could create more demand for their services as well as less

time needed for their employees to complete projects, which would enable them to take on more clients, both resulting in higher revenue generation.

1.3 Purpose and Research Questions

Given the formulated problem statement, the purpose of this study is to provide valuable insight for executives of knowledge-intensive firms on how their control systems can be designed to facilitate employee performance. After having studied the literature in the area of performance in knowledge-intensive firms, we have concluded that employee motivation, job satisfaction and knowledge-transfer are the three most important indicators of performance in KIFs. Therefore, this study aims to identify how these factors are affected by the control mechanisms in the respective firms. In turn, we will be able to conclude what design of control mechanisms that facilitates employee performance. This has led us to the following research questions;

How do control mechanisms affect employee motivation, job satisfaction and knowledge-transfer in knowledge-intensive firms?

What design of control mechanisms facilitates employee performance in knowledge-intensive firms?

1.4 Thesis Outline

Following the introduction, chapter 2 provides the reader with a theoretical foundation related to concepts that have a significance for the purpose of this thesis such as motivation, incentives, knowledge-transfer, organizational culture and hierarchical control. After the literature has been accounted for, chapter 3 provides a methodology section regarding the research approach, data collection, data analysis, and qualitative validity. Chapter 4 provides the reader with a presentation of key findings gathered from the collected data. After this, chapter 5 will discuss and analyze the findings in context of the previous literature review. Chapter 6 ends the thesis with a conclusion in regard to how control mechanisms affect employee performance and motivation in a KIF as well as implications of the thesis and suggestions for further research.

2. Literature Review

This chapter has the purpose to give a detailed account for the chosen literature that will be used to provide insights into the subject at hand. Initially, a description of KIFs is accounted for alongside a definition of the term “knowledge” and how it can be managed. Followed by this is a closer look at control mechanisms such as motivation and incentives, organizational culture, and hierarchical control. This chapter concludes with a summary of the chosen control mechanisms alongside a conceptual model that illustrates the most important concepts found in the literature and how they interact with each other.

2.1 The Knowledge-Intensive Firm

In order to effectively study KIFs, it is important to clarify exactly what it constitutes. In this subchapter a thorough description of KIFs will be provided and how the concept of knowledge affects them as well as previous literature on how knowledge can be managed in organizations.

2.1.1 Definition of the Knowledge-Intensive Firm

In general, researchers within KIFs have not agreed upon a specific definition of the term “KIF” (Leon, 2013). In this paper, we choose to define a KIF in the words of Alvesson (2004):

KIFs can be loosely and preliminarily defined as organizations that offer to the market the use of fairly sophisticated knowledge or knowledge-based products... The core of activities in these companies is based on the intellectual skills of a very large proportion of the labor force deployed in development, and often also in the sale of products and in service work.
(p.17)

A KIF retains valuable knowledge and utilizes it to create different products or services. There is often a weaker emphasis on capital intensity and a stronger focus on learning. It is common that the employees have a greater loyalty to their profession itself rather than their employer, which makes motivation a key aspect of employee retention (Nurmi, 1998). The employees often have an academic background with relevant education and there is a focus on utilizing symbolic work such as concepts and ideas. The salaries are thereby in general high and the workers themselves are sometimes referred to as “gold-collar” workers (Alvesson, 2004). The competitive advantage

derived by these firms emerges from the employees' problem-solving through utilization of knowledge from a specific field of practice. KIFs can thereby be seen as firms that remain competitive by allowing for the cultivation and development of an internal knowledge-base, often through both external and internal collaboration (Leon, 2013). More specifically, Alvesson (2004), points out seven different characteristics related to KIFs:

1. Competent workers performing knowledge-based work by utilizing intellectual and symbolic skills.
2. A relative high level of autonomy in conjunction with a reduction of organizational hierarchy.
3. Organizational forms are signified by adaptability and ad hoc traits.
4. Communication is key for coordination and problem-solving.
5. Heavily personalized client services.
6. Asymmetry exists within information and power that favors the professional rather than the client.
7. The quality assessment is often subjective.

This valuable knowledge is not only important for the competitiveness of the firm, but also for the creation of communities within the organization itself (Brown & Duguid, 2001). Inside these communities, employees often share interests, work practices, and goals (Davenport & Prusak, 1998). The communities also develop a collective outlook on the work itself (Brown & Duguid, 2001). These communities of practice provide several benefits to the work within KIFs. They enable effective problem identification and production of knowledge as well as an ability to adapt to environmental change. In addition, these communities provide "maintenance" and a reproduction of knowledge while providing the employees with deeper insights (Gottschalk, Holgersson & Terje, 2009).

2.1.2 Defining Knowledge

The access to knowledge is considered to be a great source of power within the market of KIFs (Nurmi, 1998). This great emphasis on knowledge also creates the urge to define knowledge, as there is no concrete definition of this term. In addition, researchers often lack a general understanding of knowledge itself and the knowledge-creating process (Nonaka, Toyama &

Konno, 2000). Gottschalk, Holgersson & Terje (2009, p.2) refers to knowledge as “information combined with interpretation, reflection and context”. Naprawski (2021, p.4407) refers to knowledge as “an interactive perspective shaped by interpersonal social experiences”. He further states that knowledge is “ingrained in a person's subconscious and is the product of beliefs, procedures, attitudes, and habits”.

De Long (1997, p.5) chooses to define knowledge as “the combination of information and human context that enhances the capacity for action using two different dimensions”. The first dimension refers to where the knowledge is found, i.e. at the individual, group or organizational level. The second dimension refers to the nature of the knowledge, i.e. *explicit* or *tacit*. Explicit knowledge can be easily codified and shared through documents and conversation, whereas tacit knowledge is difficult to formalize and transfer since it relates to personal beliefs, values, and experiences, i.e. things we cannot explain (De Long, 1997; Krylova, Vera & Crossan, 2016). De Long (1997) further points out the importance of recognizing these two types of knowledge due to the differences in impact that culture has on each.

However, Alvesson (2004, p.46) points out that knowledge cannot be fully tacit or explicit. He states that the “tacit–explicit distinction is better seen as ... different dimensions or aspects of knowledge that mutually constitute each other in a symbiotic relationship than as pointing up different ‘forms’ of knowledge”. Evidently, some researchers utilize the term “information” when defining knowledge. However, Alvesson (2004) states that knowledge should not be affiliated with the term “information”. He underlines that information is related to codification and is usually stored in databases. Instead, Alvesson (2004, p.43) points out that knowledge includes the exercise of judgment and the capacity to make interpretations. In order to make a stance in regard to how we choose to define the term “knowledge”, we have chosen to define knowledge in the words of Alvesson (2004) as his ideas and concepts of KIFs are greatly used throughout this paper. This will increase the consistency of the included theories.

2.1.3 Managing Knowledge

With knowledge as a key resource within a KIF, rivaling firms try to imitate the knowledge of rivals while protecting their own knowledge at all costs (Krylova, Vera & Crossan, 2016). At the same time, KIFs need to have an internal sharing of knowledge between employees to increase

innovation and improve external as well as internal effectiveness (Evans & Price, 2017). In addition, Alvesson (2004) states that KIFs must build upon their existing knowledge base by intertwining different competences of employees. These challenges related to knowledge itself have naturally increased the need for successful *knowledge management* within KIFs.

Knowledge management (KM) refers to the practice of managing organizational resources in the form of employees' knowledge (Alvesson, 2004). In the words of Zeide & Liebowitz (2012, p.1), KM focuses on "how to best capture, share, apply and generate knowledge throughout the organization". It can be further seen as an architecture for sharing knowledge and building communities within the organization (Alvesson, 2004). *Knowledge-transfer* is a common challenge that KIFs pose. KIFs that succeed with their knowledge-transfer between employees will often retain greater firm performance (Krylova, Vera & Crossan, 2016). According to Krylova, Vera & Crossan (2016, p.1) knowledge-transfer can be seen as "a process of exchange of explicit or tacit knowledge between two agents, during which one agent purposefully receives and uses the knowledge provided by another". The transfer of knowledge is also impacted by its nature. For example, tacit knowledge is harder to transfer in comparison to explicit knowledge. The structure of the organization may also pose challenges for the transfer of knowledge. A vertical structure might be too rigid and make the knowledge-transfer inflexible while a horizontal structure might be too loose and chaotic (Krylova, Vera & Crossan, 2016). Alvesson (2004) points out that problems related to knowledge-transfer boils down to figuring out the most effective ways to allow for communication between employees. He further states that the design of knowledge management systems often functions as a trap for the capture of knowledge, as these systems can hinder the development of social relationships, which are essential for successful knowledge-transfer.

There are ways that have been proven to be successful in terms of transferring knowledge between individuals in a KIF. For example, previous research has shown that experimentation and receiving help from colleagues in the shape of guided problem-solving can function as effective ways to transfer tacit knowledge between employees. In addition, the employees should also be given time to think and "tinker" with different solutions as a means of "thinking outside the box" (Krylova, Vera & Crossan, 2016). Levine & Gilbert (1998) points out that employees need to reflect upon their ideas in regard to their applicability somewhere else in the organization. They further

emphasize that employees should be given incentives to encourage knowledge-transfer. These incentives can be as simple as paying a bonus to individuals that provide insightful ideas and suggestions. In addition, structures also need to be put in place that support knowledge-transfer. Brainstorming sessions, quality-circles, and self-directing teams are good examples of structures that allow for knowledge to be shared. Ultimately, knowledge-transfer is known to have a positive effect on the performance of the KIF (Palacios-Marqués, Peris-Ortiz & Merigó, 2013). Knowledge-transfer creates better performance by encouraging the forming and revivification of competences and capabilities. Practices such as employee rotation, interdepartmental projects, and multidisciplinary teams are further examples that are often used by managers in order to encourage knowledge-transfer.

2.2 Motivation and Incentives

This subchapter will provide information of the two very interlinked concepts of motivation and incentives. It will start by giving detail to the self-determination theory which is an extensively discussed theory among many authors, hence why it will be the basis of the motivation chapter. Furthermore, literature on how motivation is affected by different types of incentives will be presented.

2.2.1 Self-determination Theory

The self-determination theory was introduced by Ryan and Deci in 1985 in their book *Self-Determination and Intrinsic Motivation in Human Behavior*. Since, it has aided people in understanding their motivations. The theory describes three psychological needs that determine the degree of self-motivation; *autonomy*, *competence* and *relatedness* (Ryan & Deci, 2000a). To enable optimally functioning growth, social development and personal well-being, these psychological needs have to be fulfilled (Ryan & Deci, 2000a). The initial idea of the self-determination theory was that there is an inherent difference between amount of motivation and quality of motivation, where quality was more important for predicting many important psychological outcomes (Ryan & Deci, 2008). They argue that there are two main types of motivation, *intrinsic* and *extrinsic*. Intrinsic motivation is when the activity is performed for its inherent satisfaction opposed to a separable outcome (Ryan & Deci, 2000b). Unfortunately, most of the activities that people perform are not intrinsically motivated. With increased age, freedom

of choice decreases as social demands require us to do non-interesting tasks (Ryan & Deci, 2000b). To get people to perform these types of activities, there is a need to facilitate extrinsic motivation. Extrinsic motivation is behavior attributed to external rewards such as bonuses, awards, and grading systems (Ryan & Deci, 1985). It is the outcome of the action which is the source of motivation, not the task itself.

The first of the three factors of self-determination, autonomy, is about the perception of choice. People have a need to perceive that they are responsible for their own actions, that no one else is controlling what they are doing (Fowler, 2014). How a person perceives autonomy can be affected by the way that it is framed. Leaders can, for example, frame goals as tools for reaching personal success instead of a way to hold people accountable (Fowler, 2014). The second need, competence, stems from one's ability to feel competent and effective in meeting challenges, demonstrating skills and feeling a sense of growth (Fowler, 2014). To rekindle the desire to learn, leaders can facilitate a sense of competence by making learning resources available and set learning goals (Fowler, 2014). Relatedness, the third universal psychological need is the sense of connection to other people (Fowler, 2014). Attachment to other people without ulterior motives can help one to feel that their work is contributing to something greater than themselves, and this can be facilitated by allowing for the exploration of one's feelings (Fowler, 2014).

2.2.2 Incentives' Effect on Employee Motivation

The self-determination theory can help organizations in understanding how to increase productivity among their employees. Chamorro-Premuzic (2013) urges managers to facilitate intrinsically rather than extrinsically motivated employees. Their analysis of previous research of intrinsic and extrinsic motivation points to the fact that money does not create an engaged workforce. In fact, intrinsically motivated employees have three times higher engagement levels than those who are extrinsically motivated (Chamorro-Premuzic, 2013). Cerasoli, Nicklin & Ford (2014) explain that incentives should be adapted to the characteristics of the task. For *quality type tasks*, which are complex and require more expertise and personal involvement, intrinsic motivation is a better determinant for increasing performance (Cerasoli, Nicklin & Ford, 2014). *Quantity type tasks* are generally lower in complexity, very repetitive and require less personal engagement. These are not inherently interesting, so extrinsic rewards are required to facilitate productivity (Cerasoli, Nicklin & Ford, 2014). The presented research points to the fact that

monetary rewards are not optimal for maximizing performance, and according to Thibault Landry and Whillans (2018), organizations should avoid installing financial incentives assuming that money is sufficient motivation for employees.

There are numerous studies supporting the fact that extrinsic rewards can lead to decreases in productivity (Lepper & Greene, 1974; Deci, 1985; Sherman & Smith, 1984; Fehr & Falk, 2002; Cerasoli, Nicklin & Ford, 2014). Lepper and Greene's (1974) experiment on children making drawings, showed that when an award for the task was introduced, the intrinsic motivation was heavily decreased when the activity was repeated. There is a *crowding-out effect* that occurs when external incentives are introduced for tasks that already are intrinsically motivating (Fehr & Falk, 2002). Fehr and Falk (2002) calls this an *over sufficiently justified task*, and if the extrinsic reward is taken away, the intrinsic motivation will be lower than what it would have been if there never was an extrinsic reward. Deci's (1985) *cognitive evaluation theory* explains how intrinsic motivation is dependent on the factors of self-determination. External rewards can be perceived as controlling, and thereby the need for autonomy is satisfied to a lesser degree which undermines the intrinsic motivation (Deci, 1985). The negative effect that extrinsic rewards can have on intrinsic motivation is referred to as *hidden costs of reward* (Deci, 1976). There are however some ways that extrinsic rewards can positively affect overall motivation. If the task is monetary, such as games of chance or the stock market, it can create intrinsic motivation (Frey & Osterloh, 2002). Deci (1985) further argues that if external rewards offer feedback about an individual's performance, it can satisfy the need for competence and thus enhance intrinsic motivation.

2.3 Organizational Culture

Given the importance of interaction to facilitate efficient knowledge-transfer (Krylova, Vera & Crossan, 2016), organizational culture is relevant to explore. This subchapter will provide a definition of organizational culture and explore how organizational culture can be used as a control mechanism and thereby affect employee performance.

2.3.1 Defining Organizational Culture

Within KIFs, there is a need to foster a certain image and identity as the workers themselves are often a big part of the delivered product. This importance is further underlined if the product lacks tangible attributes to a great extent, which is often the case with services (Alvesson, 2004). The image can be managed to some extent using formal structures such as office design, dresscode, marketing etc. However, within KIFs, there is a greater need to ensure that employees are performing in relation to the desired corporate image, as the employees are the ones in contact with the clients. For example, a lawyer is the one providing the client with the service on behalf of the firm, and is therefore also a big part of the client's experience (Alvesson, 2004). This creates a need to understand the importance of the organizational culture within KIFs and how it affects the employees.

Much like the previously mentioned concepts of knowledge and KIFs, the term "culture" lacks a clear definition. This creates a need to select a specific definition of culture in order to bring clarity to its use in this paper. Hofstede (1980, p.24) defines culture as the "collective programming of the human mind that distinguishes the members of one human group from those of another. Culture, in this sense, is a system of collectively held values". In terms of organizational culture, Padhi (2017, p.1) refers to it as "the beliefs and values that have existed in an organization for a long-time, the beliefs of the staff and the foreseen value of their work that will influence their attitudes and behavior". Lunenburg (2011, p.1) states that organizational culture is "the set of shared values, beliefs, and norms that influence the way employees think, feel, and behave in the workplace". Furthermore, De Long (1997) argues that organizational culture is a concept that consists of values, norms, and practices. Values relate to the employees preferences for specific outcomes or what they believe is worth doing. Norms reflect the employees' ways of behavior, i.e. how they believe things should be done. Practices refer to the formal and informal routines that the organization officially utilizes in order to accomplish task assignments. Overall, it can be stated that organizational culture is a broad term, but most researchers agree that it relates to values and beliefs. In this paper, we choose to define organizational culture in the previously mentioned words of De Long (1997), as we believe that this definition is the most comprehensive and relevant one.

The question arises as to why culture is of interest when investigating the employees behavior in a KIF. De Long (1997) argues that there are many different reasons why culture within an

organization matters. Not only is culture beneficial for the overall performance at the firm, but also for knowledge-transfer. The culture can create patterns that relate to different interactions related to the creation, use, and sharing of knowledge. Culture will allow for and determine how effective the interactivity is between the employees. In addition, norms and practices found within the cultural nature of the firm, helps ensure a collaborative environment as well. This is due to employees' willingness to do things “the way they are to be done”, and might therefore in many cases ask for help from colleagues, promoting collaboration. This collaboration between employees helps to create new knowledge within the organization. The norms and practices may also help or hinder the employees ability to seek out and build on existing expertise.

Organizational culture can also be linked to other important aspects that go beyond the creation, use, and sharing of knowledge. The culture of the firm is also an important factor to consider in terms of performance and motivation. Alvesson (2002) points out that the organizational culture creates a sense of belonging in conjunction with a sense of responsibility. By retaining a distinct organizational culture, firms can enable a more effective goal alignment throughout the organization. The values, norms, and symbolism at the workspace are also factors of organizational culture that can have an effect on employee motivation and thereby performance. In addition, the level of profits within a firm can be directly linked to the strength of the organizational culture. Organizational culture is also known to have an influence on organizational performance related to aspects such as job satisfaction and problem-solving (Lunenburg, 2011). If the organizational culture encourages a creative environment, worker absenteeism can be reduced as a result. In addition, the increased creativity in the work environment can lead to greater job satisfaction, which can be further linked to a greater level of motivation amongst the employees (Mayfield, Mayfield & Ma, 2020). Hence, organizational culture may function as an informal control mechanism by encouraging a certain way of behavior at the workplace (Welch & Welch, 2006).

2.3.2 Organizational Culture as an Informal Control Mechanism

When investigating the fundamentals of control mechanisms, the literature often provides the reader with a distinction between both formal and informal ones (Ouchi, 1979). Formal control mechanisms may include “rule based, standardized procedures and operate within formal hierarchical structures” (Chenhall & Langfield-Smith, 2003, p.2). Formal modes of control mechanisms tend to not take interpersonal and self-regulating dynamics into account. This flaw is

instead handled by informal control mechanisms (Kirsch, 1997). Informal control mechanisms can be seen as “open and flexible, involving relationships characterized by informal, cooperative personal interactions” (Chenhall & Langfield-Smith, 2003, p.2).

Organizational culture can be seen as an informal control mechanism, given its informal nature and reliance on interactions and relationships within the firm (Ouchi, 1979). Furthermore, the organizational culture is known to have an effect on employees perceptions and actions, while being less obtrusive and thereby retaining fewer disadvantages compared to formal control mechanisms (Goebel & Weißenberger, 2017). There are also different types of sub-systems related to control within the organizational culture, but the most prevalent ones are *clan-control* and *self-control* (Kirsch, 1997; Ouchi, 1979).

A clan itself can be seen as a group that has a homogenous nature in terms of its culture, where values, beliefs, and norms are shared between the members (Chua et al., 2012). Clan-control is a type of informal control that aims to “direct, influence, or regulate others to achieve project goals” (Chua et al., 2012, p.2). More practically, clan-control encompasses different socializations such as meetings, ceremonies, and rituals (Yang, Shinkle & Goudsmit, 2022). One drawback to clan-control is the high embeddedness of the practices, as they are related to the culture of the firm. This makes revisions to behaviors sprung from clan-control difficult and long-spun to address if need be (Yang, Shinkle & Goudsmit, 2022).

Self-control, or self-management, is another informal control mechanism that is impacted by organizational culture. Clan-control can be seen as the group-level control, whereas self-control relates to the individual-level control. Under self-control, the individuals set their own goals in relation to a specific task, and then proceed to self-reward and self-monitor. In comparison to clan-control, self-control has a greater focus on the individualistic standards and objectives that the employees may have (Kirsch, 1997). Self-control does have its own issues, such as the nature of some employees to prefer to be “told what to do”. This may lead to some employees leaving the firm, if the degree of self-control is too extensive (Rolls, 2021).

2.4 Hierarchical Control

Among Alvesson's (2004) characteristics of KIFs, is the downplaying of organizational hierarchies and high degree of employee autonomy. Seemingly, there are some structural requirements to be considered a KIF. In this subchapter we will dig deeper into how KIFs generally are structured in the form of hierarchies and what coordination mechanisms that are utilized. How managerial control in general affects employee behavior will be discussed, as it is important to map out what advantages and disadvantages that the typically used low managerial control within KIFs can have.

2.4.1 Structure in Knowledge-Intensive Firms

While there is a heterogeneity among KIFs in regard to management and organization, their managerial issues are generally different compared to those of traditional firms that are often more hierarchically structured (Alvesson, 2004). The significance of top management power is relatively low due to the nature of tasks and the qualifications of employees (Alvesson, 2004). It is often senior managers that are unaware of employees' performance as many tasks are complex and thereby not easily quantifiable, limiting the possibility and relevance of managerial inputs (Alvesson, 2004). The high degree of expertise amongst employees also enable them to handle many issues independently, further limiting the need for managerial control. In comparison to most traditional firms, KIFs do not have the same need for a joint strategy that everyone in the organization works towards, but are able to handle "horses pulling the cart in different directions" (Alvesson, 2004). In line with Alvesson's ideas, Nurmi (1998) argues that the traditional layered and functionally divided organization is not appropriate for KIFs. They should have fewer hierarchical levels to enable flow of information between management and operations. Furthermore, as the interpersonal interaction goes beyond department lines, they cannot be strictly departmentalized (Nurmi, 1998). Instead, KIFs are organized through a field of short-lived, loose and ad hoc interactions, where internal conflicts serve a constructive purpose that enables creativity and learning (Nurmi, 1998). With knowledge as the core competence, KIFs are required to be organized in a way that tolerates ambiguity and deemphasizes formal routines and procedures (Nurmi, 1998).

Coordination mechanisms that are used in traditional organizations are not as effective in KIFs due to their high level of complexity. The lack of such mechanisms in KIFs puts a large emphasis on effective communication (Nurmi, 1998). The typical manager role, that usually is centered around overseeing operations, is not quite alike in KIFs. Nurmi (1998) states that “managers can best be characterized as experts who serve as part-time managers” (p.4). With the limited need for managers to actively monitor operations, they partake in operations themselves, making the line between management and operations blurry (Nurmi, 1998). The absence of formal coordination mechanisms puts a large emphasis on the notion of trust. Adler (2001) discusses the importance of trust in dealing with knowledge-based assets as it is a crucial ingredient in developing healthy relations between management and employees. In KIFs, where the firm needs high levels of firm specific knowledge, the presence of *relational teams* described by Williamson (1981) is most suitable (Adler, 2001). The relational team is characterized by strong social conditioning and job security and is highly dependent on trust (Williamson, 1981; Adler, 2001).

2.4.2 How Managerial Control Affects Employee Behavior

Numerous studies have been conducted on how managerial control impacts the employees. The theme in these studies seems to be that increased managerial control has detrimental effects to intrinsic motivation. Zuckerman et al. (1978), found that when subjects are being controlled in the form of procedural specification, intrinsic motivation is negatively affected. In comparison, subjects with a possibility to choose the type and duration of work, have an increased intrinsic motivation. Lepper and Greene (1975) illustrates that monitoring employees’ behavior also results in negatively affected intrinsic motivation. Fisher (1978) showed that when employees perceive to have less control over their performance, their intrinsic motivation decreases. Similarly, Amabile, DeJong and Lepper (1976) proved that the inherent interest in a task is decreased with the adjacency of a deadline. The common denominator between these studies is the sense of self-determination which is threatened (Sherman & Smith, 1984), which is the reason for the decrease in intrinsic motivation. In addition, Sherman and Smith (1984) suggest that extrinsic factors do not need to be tangible to decrease intrinsic motivation. It is argued that a general perception of external constraints can lead to such a decrease since the factors of self-determination are reduced. External constraints can for example come in the form of *centralization*, *formalization* and *standardization*, of which Deci (1976) argues increases control and reduces flexibility, which

results in decreased perception of self-determination. These types of constraints are typically towards the mechanistic end of the structural spectrum. According to Sherman and Smith (1984), the formality in the form of rules and procedures are the reason for a decreased perception of self-determination. This decrease in intrinsic motivation can thereby lead to a stronger need for control mechanisms to keep productivity at a high level (Sherman & Smith, 1984).

2.5 Chapter Summary and Conceptual Model

In order to bring further clarity as to why we have chosen the three previously mentioned control mechanisms, we will hereby provide a summary of this chapter and illustrate it using a conceptual model (see figure 1).

We started this chapter by providing general information regarding the definition of a KIF. This allowed us to state how we view a KIF in terms of functions and roles. This was of importance due to the nature of this paper, as it purely focuses on KIFs. Furthermore, we also described the essence of knowledge. We provided a definition of knowledge in conjunction with an elaboration on how to manage it. These are important aspects since knowledge can be hard to define, and the way KIFs manage knowledge has proven to affect their performance. Moving on to incentives and motivations, we mentioned the self-determination theory and its factors: autonomy, competence, and relatedness. This was done due to this theory's significance for creating motivation and shaping incentives. For example, autonomy is a great factor of self-determination theory, and is very prevalent within KIFs. In addition, the factors of self-determination theory can affect the motivation of employees. Organizational culture was also subject for discussion, as it can have an effect on knowledge-transfer, goal-alignment, worker absenteeism, collaboration, job satisfaction, problem solving and, thereby, overall employee performance. Lastly, we discussed how the aspects of hierarchical control regarding internal structures and managerial control can affect employee behavior.

To provide the reader with a clearer view, we will hereby provide a conceptual model that illustrates the relationship between the three chosen control mechanisms and employee performance. Incentives, organizational culture, and hierarchical control are chosen as the main

control mechanisms that affect employee performance in a KIF, given the previous elaborations in the literature review. The factors in the outer triangle directly affect the factors in the middle triangle, which in turn affects the central triangle. An example would be organizational culture affecting knowledge-transfer, which then affects employee performance. These kinds of relationships will be further portrayed in the discussion section. Hence, incentives, organizational culture, and hierarchical control are the overarching control mechanisms that will be investigated in regard to how they affect employee performance in a KIF.

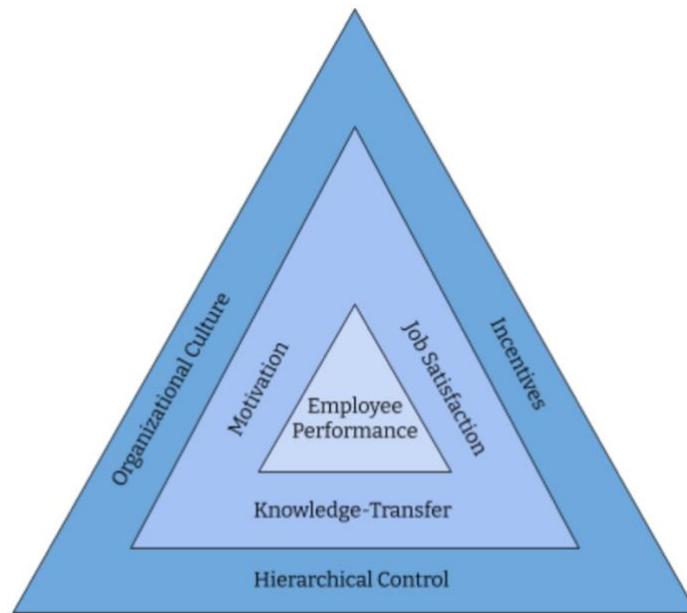


Figure 1 - Conceptual Model of the Factors that Directly and Indirectly Affect Employee Performance

3. Methodology

This chapter describes the chosen research design. First we argue for the qualitative and abductive nature of the research, followed by a detailed review regarding the subject of study. Following this, the process of data collection and characteristics of respondents is accounted for in conjunction with the chosen approach for the data analysis. The chapter concludes with a description of the qualitative validity and reliability along with the ethical considerations.

3.1 Research Approach and Design

As mentioned in the introduction, this study aims to explore how executives of KIFs can design control systems to allow for optimal employee performance. In order to answer the RQs of this study, a *qualitative research approach* was utilized to investigate this subject. The aim of this research is thereby to explain and interpret the different ideas and experiences that the employees within KIFs described in terms of motivation and performance. Several benefits can be drawn from using a qualitative research approach. Since this study is based on interviewing respondents that are employed within KIFs, we can unlock the opinions and ideas retained by these respondents. This will provide the study with rich details in regard to the employees subjective experience, which is highly valuable to this study's data analysis. The interpretative nature of this study makes a *quantitative approach* not as suitable as a qualitative one, given that the subjective experience of employees would be very hard to capture and describe using quantitative measures. The theories are to be generated out of the empirical material (Bell, Bryman & Harley, 2019; Creswell & Creswell, 2018).

In order to investigate the research questions of this study, there is a heavy emphasis on exploring the opinions and feelings of the respondents, i.e. how they perceive and experience control mechanisms. This demands a specific *research ontology* as there is a focus on subjective contexts found in the individual's workplace and in their actions and interactions. In order to find a suitable research ontology, we must understand what we are looking for. Since we want to understand how employees in KIFs experience control mechanisms, a *social-constructivist ontology* would be the most fitting given its open and explorative nature regarding subjective aspects (Bell, Bryman & Harley, 2019). This ontology is utilized alongside a specific *epistemological approach*, which in

this case is *interpretivism*. Interpretivism aims to explore the meanings of the actions and feelings found in human behavior, and is heavily used in conjunction with a constructivist ontology (Bell, Bryman & Harley, 2019).

In further detail, there are three main approaches to consider when performing qualitative research: *deductive*, *inductive*, and *abductive* (Bell & Bryman, 2011). For this paper, the abductive approach will be utilized. The abductive approach alternates between theory and observations, allowing for modifications of the theories to be made based on these observations. The abductive approach can be seen as combining elements of both deductive and inductive research, addressing weaknesses of each (Bell, Bryman & Harley, 2019). The one deemed as most relevant for this study was the abductive approach. The flexibility of this approach in terms of both theory and observations makes it the most suitable for this study, as we strive to both uncover and analyze the thoughts of employees regarding control systems within KIFs. This approach also allows us to uncover behaviors and thoughts that have not been previously covered by the literature. Thereby, we can also interpret these new findings with the literature in order to further explain them (Alvesson & Kärreman, 2007).

3.2 Subject of Study

To enable a thorough understanding of the effect of control mechanisms in KIFs, it is of importance that we are analyzing a broad range of control mechanism designs. Therefore, we chose to conduct a *multiple case study* of a few employees in multiple organizations, instead of a *single case study* focusing on only one company. Even though this would provide greater insights and detail, we valued the range of control mechanisms higher. In addition, multiple case studies are normally considered to be more convincing due to the fact that it generally includes more evidence (Bell, Bryman & Harley, 2019; Eisenhardt & Graebner, 2007). The sample of respondents were *purposefully selected* which allowed us to focus on finding respondents that would best fit our study (Creswell & Creswell, 2018). This selection aimed to find KIFs of different sizes that acted within a multitude of business-areas to ensure as much diversity as possible (see figure 2). Included in the study are eight employees from six companies. The design of control mechanisms is affected by many factors, such as company size, age and industry. Hence, we included companies towards different ends of the spectrums of these factors to achieve different designs of control mechanisms.

The role of the interviewee in the organization in question is also important. All employees in a KIF are not knowledge workers. The included interviewees all conduct knowledge work, as it is these employees that are relevant for the study.

3.3 Data Collection

The data collection was based on the use of semi-structured interviews that were guided by an interview guide, formulated to allow us to explore the experiences of employees in terms of control mechanisms within KIFs. The interviews were held with an open-mindedness in regard to the structure which gave the respondents more freedom in terms of what was relevant to say. This provided the respondents with plenty of room to elaborate on their experience in more detail in conjunction with allowing the interviewer to ask follow-up questions (Bell & Bryman, 2011). The questions asked were based on the theoretical concepts explained in the literature review in order to maintain a relevant focus. The questions were mainly structured into the three concepts of hierarchical control, organizational culture and incentives, which are included in the conceptual model (see figure 1). To remind the respondents of this freedom, we mentioned that it is better to speak too much than too little, at the start of each interview.

In total, eight interviews were performed and the respondents had a wide variety of backgrounds and positions (see figure 2). The interviews were held online through Zoom and were also recorded to allow for a transcription to be made later on. Since the interviews were held online, there was a loss of eye contact and ability to read body language. This might have affected the way we perceived the respondents during the interviews. However, the interviews allowed for more flexibility in terms of time, as physical interviews would demand more time and planning. In order to protect the personal integrity of the respondents, they were asked beforehand if the recording of audio was allowed. The respondents were also re-informed about the purpose of the study and were also given the opportunity to ask questions before starting the interview. The interviews were held in Swedish as this was the mother-tongue of the respondents, which also ensured and allowed the respondents to speak freely without any concern of possible linguistic barriers. The recorded audio from the interviews was run through a transcription software which was then reviewed and corrected if needed to ensure accuracy. After having conducted the eighth interview, we were satisfied with the amount of collected data as there were a lot of repeating answers. After the

analysis we experienced no lack of data, giving us confidence that we correctly identified the point of saturation.

To give further context to the study, it is necessary to describe the process of recruiting the respondents (Creswell & Creswell, 2018). The recruitment of respondents was made through the utilization of personal contacts, as well as well-drafted emails targeted at employees with appropriate positions of different organizations. For example, certain HR managers were contacted as these were deemed as appropriate due to their ease of access to suitable personnel within the organization. Another reason for targeting these internal contacts was to speed up the process by avoiding more general emails. The wide variety of respondents in terms of their backgrounds, provided us with a variety of theoretical insights into the subject of employees’ control mechanism experiences within KIFs.

Firm Name	Line of Business	Nr. of Employees	Founded	Nr. of Respondents	Respondent Names
Integrate	Management Consultancy	1000	1996	3	Ellie, Miles, Tyler
Managy	Management Consultancy	85	1985	1	Daniel
Clicky	Software Consultancy	350	2002	1	Scott
Patenties	Intellectual Property Firm	13	2012	1	Madelyn
Property	Intellectual Property Firm	60	1934	1	Logan
Justicium	Law Firm	112	1992	1	Jessica

Figure 2 - Table of Study Objects

3.4 Data Analysis

Conducting eight interviews at approximately 40 minutes each, generates an extensive document of transcripts, thus requiring a structured method to analyze the material in an effective way. As a general method, we have adopted Rennstam and Wästerfors’ (2015) theory of analyzing qualitative material. It includes three general principles for conducting an effective analysis; *sorting*, *reduction* and *argumenting*.

Sorting the empirical material tackles the *chaos problem*, which is the issue of having an abundance of unstructured data, making an initial analysis difficult to conduct (Rennstam and Wästerfors, 2015). Bryman, Bell and Harley (2019) argues that the large amounts of unstructured data is one of the biggest challenges of qualitative research and that a method of sorting it is crucial. A common mistake according to Rennstam and Wästerfors (2015) is to assume that you as a

researcher are familiar with the material after being present at the interview and have had a quick read through the transcription. The material needs to be thoroughly studied in the sorting phase to discover relevant information, insights and ways to structure the material. A significant step of the sorting process is *coding*. This step is to dissect the material and find relevant topics that can be the base of a categorization of the data. The coding helps to find patterns in the material that can be used in the discussion. Relevant topics were mainly derived from concepts found in the literature, which Rennstam and Wästerfors (2015) argue to be of importance in order to capture relevant topics. Following the suggestion by Bryman, Bell and Harley (2019), the coding process started as soon as possible and not after all data were collected as it sharpens the understanding of the data and relieves the feeling of being overwhelmed with the abundance of collected data. Creswell and Creswell (2018) call this *simultaneous procedures*, as the collection process is ongoing while an analysis of previously collected data is being analyzed. We began the sorting phase after having conducted and transcribed four of eight interviews, due to the fact that we believed that patterns would emerge at this stage. In the transcriptions we could identify recurring themes based on both our own ideas as well as theoretical concepts, and these became the codes that the material was sorted in.

As the material of a qualitative study generally is quite significant, the data requires to be heavily reduced (Rennstam and Wästerfors, 2015). It is important that the included material is representative of the material. Therefore, the included material cannot only be data that supports the favorite thesis, it needs to be accurate (Rennstam and Wästerfors, 2015). The selected material should be in line with what the study aims to research as well as what the researchers deem as interesting (Rennstam and Wästerfors, 2015). Bernard and Ryan (2003) argue that there are benefits in starting off with many different themes, as this can lead to a more effective reduction where the researcher can more easily identify which themes are more interesting than others. The reduction phase was at points conducted simultaneously to the sorting phase. When sorting the material into codes, we chose specific quotes from the transcription document and copied them into the coding document, leaving much material untouched. The material that was left had been thoroughly analyzed and discarded with judgment. A reduction of the data was also conducted when adding the quotes when writing our analysis. Not all quotes on one topic were used, and the decision to not include a quote was based on if it lacked relevancy or was repetitive.

In the argumentation step, the chosen material is put in relation to the literature (Rennstam and Wästerfors, 2015). It is in this process that the researchers add value with their study and show how their research has added to the understanding of the topic (Rennstam and Wästerfors, 2015). The argumentation process in this study will contribute to the understanding of the effect that control mechanisms have on motivation and performance in KIF's. This process started by going back to the literature review to refresh the minds regarding previous research ahead of discussing the presented data. This step helped us to identify whether the empirical data confirmed, contradicted or added to the existing literature. Following this process, we could determine our most interesting findings and discuss them in relation to the literature. This contribution is presented in the discussion chapter.

3.5 Qualitative Validity and Reliability

The different steps taken to ensure *validity* and *reliability* are crucial to account for in order to provide the research with credibility (Creswell & Creswell, 2018). It can be beneficial to first start out with defining the term “validity” and its meaning for this qualitative study. According to Creswell and Creswell (2018), qualitative validity refers to the accuracy of the findings from the perspective of the researchers, respondents, or the readers of the study.

This study is based on the idea of investigating and comparing employee experiences from multiple firms that are signified by differences in size and business. These differences are important to consider due to their possible influence on the validity of the result of this study. In order to provide this study with qualitative validity, we choose to perform *multiple-validity procedures*, i.e. the use of multiple strategies to ensure validity. We will make use of validity strategies such as *member checking*, *thick descriptions* and *data triangulation* (Creswell & Creswell, 2018).

The qualitative nature of this study means that there is a great deal of interpretation involved. This creates the urge to actually verify that we as researchers are interpreting the statements of the respondents in an accurate way. Member checking refers to the act of allowing the respondents to review the gathered data from their interview, and give an opinion on the accuracy of the

interpretation (Creswell & Creswell, 2018). The respondents also need to give an opinion on the used data from their interview. This is the most important aspect of member checking as it allows us to determine if the gathered data is utilized with correct meaning in the analysis (Creswell & Creswell, 2018).

Thick descriptions are an important aspect to consider when performing qualitative research (Creswell & Creswell, 2018). The idea of using thick descriptions is to provide the reader with a sense of the more subjective aspects that surround the findings. This can be as simple as describing the findings from many different perspectives in conjunction with giving the reader an idea of the setting in which the data was collected from. Emotions and relationships can also be described and thereby utilized to give the research a greater amount of validity and meaning (Bell & Bryman, 2011).

Triangulation is another common method to provide the research with greater validity. This is done by seeking convergence of the gathered data. This study utilizes investigator triangulation as the two researchers discussed and analyzed the gathered data, which also helps to mitigate the risk of interpretation error (Bell & Bryman, 2011).

In addition to these validity strategies, we also focused on two aspects of trustworthiness: *transferability* and *dependability*. The transferability of the study was strengthened by the use of respondents from multiple different firms. This allows the analyzed data to be generalized to more than one line of business (Bell & Bryman, 2011), which would not have been the case if a single case study would have been conducted. The dependability was ensured by the constant feedback and reflection provided by the communication with our supervisor as well as the attendance at seminars where our study was peer-reviewed by class-mates.

3.6 Ethical Considerations

There is a need for researchers to be aware of different ethical dilemmas that might occur during the research process (Creswell & Creswell, 2018). Certain actions were taken into consideration to ensure an ethical research collection. First, at the beginning of each interview, the respondents were asked if they were familiar with the purpose of the research. This was done to make sure that

the respondents fully understood the purpose and gave us as researchers a possibility to clarify any uncertainties if need be. Second, the recorded interviews were stored in a safe cloud-based storage medium, to ensure that no unauthorized access could occur. The collected data was then deleted after utilization. Lastly, before starting the interview, we asked for the respondents permission to record the audio.

4. Results

The following structure of the is based on themes that were identified in the coding process. The three overarching themes are hierarchical control, organizational culture, and incentives. with subchapters that were identified in the coding.

4.1 Hierarchical Control

From the empirical data we could identify that hierarchical control affects the employees significantly, mainly when it comes to motivation and job satisfaction. This subchapter will present how the firms are structurally designed, the degree of autonomy among employees and how the respondents were affected by these factors. The data also showed differences in workload between firms and how this affected the respondents work-life balance. Due to the fact that work-life balance was very affected by managerial expectations, it is also included under this subchapter. Since the amount of text under 4.1.1 is very extensive, we have added small headlines of the current topic that is discussed to simplify the reading.

4.1.1 Structural Design

Hierarchical Structure

Very noticeable among all the study objects is a general lack of hierarchical structure, but there are of course slight differences to how loose the structure is. Exemplified below is the structure of one of the management consultancies, which seemingly is one of the least structured organizations of all the included firms in the study.

There is a clear absence of hierarchy. It is almost a full on network organization in many ways. It is a rather unusual way of organizing. It is nothing I have encountered with either clients or other consultancy firms... We don't have a staffing group who assigns people projects, so it is basically done through 1 on 1 networking. If I do not have a project currently, I need to contact people that are looking for team members and convince them to include me. It kind of becomes an internal market to get projects assigned - Tyler, Integrate

His colleague Miles also regards their structure to be very loose: *“We don’t really have a structure. At least there is no firm structure. Everything is very agile”*. While there is a general lack of hierarchical structure among the included firms, the complete lack of formal roles is only identified within Integrate and the other management consultancy firm Managy. Daniel at Managy says that: *“Formally we do not have any managers at all. It is the CEO that technically decides everything but in practice it is the team leaders who I consider as my manager”*. The team managers at Managy do not have permanent roles, but are project based and continuously dissolved and created again. On the theme of “technically vs in practice”, Scott from software consultancy Clicky explains that:

We have a hierarchy because it is practical... not because all decisions come from the top. I wouldn’t say that our hierarchy is strong, but it is clearly defined. So if you are unsure about something, you can send decisions upwards. - Scott, Clicky

While they still are operating with a very flat hierarchy, the formal roles are there as a safety net for when you need assistance. This is seemingly something that the management consultancies could benefit from, as they express that the lack of formal roles can lead to confusion and frustration.

Inefficiencies caused by lack of structure

It was also discovered that there seems to exist certain inefficiencies that are caused by the lack of structure. Both Tyler and Miles at management consultancy Integrate explain the inefficiencies that can occur with their organizational structure: *“That is the backside of the network based approach, that it becomes unstructured. It’s inefficient because you ‘invent the wheel’ multiple times over. It is hard to find information internally”* (Tyler); *“One of the cons of the loose structure is that we have to ‘invent the wheel’ multiple times... Another is that it might be difficult to find the right person to do something”* (Miles). By ‘inventing the wheel’ they are referring to working on tasks that are similar to tasks that already have been completed. The lack of structure makes it difficult for them to know if anyone has already completed a task, and this leads to excessive time being spent on tasks when it could have been spent elsewhere. The lack of efficiency is also experienced at the other management consultancy Managy:

“In the beginning it was quite difficult to grasp the organization. It was vague and created a certain insecurity... I get frustrated with Managy’s organization sometimes. There are things that might disappear and things that are not adequately described. There are no routines or processes for things internally... It’s not always clear who is responsible for what and who to turn to to express criticism”. - Daniel, Managy

The lack of formal roles causes confusion of whom to turn to for advice and to offer criticism. This can mitigate productivity as time is not spent resourcefully.

Personal freedom

Personal freedom is a positive aspect that was mentioned by the respondents. This freedom seems to be associated with the looser structures within the investigated KIFs. However, there are some setbacks caused by the lack of hierarchical structure that relates to ease of communication within the management consultancies, but the personal freedom is mostly enjoyed by the respondents. Ellie at the management consultancy Integrate explains:

We really live by freedom under responsibility... You still have to deliver and you work a lot... But you can definitely structure it however you wish. There is a lot of freedom in creating your own structure. - Ellie, Integrate

Freedom of choice really seems to be a recurring topic. Tyler at Integrate says that they get to “choose their own leader” and that “we have flexibility in terms of... you get to choose yourself which projects you want to work on”. Freedom like this is a big part of both Integrate and Managy, but it is not exclusive to them. Scott at the software consultancy Clicky mentions that: “I would say that the only thing that limits our freedom is the economical aspect”. He does not feel like the presence of formal roles is a factor that limits his freedom. At the same time, Clicky does not have to deal with the efficiency issues as it is more clear who to turn to for help and tasks are assigned with an intervention of managers. This suggests that there is a point to which the benefits of freedom come to a halt and efficiency issues appear instead.

Trust

Trust was another factor that was mentioned by the respondents, and this aspect seems to be related to personal freedom. Further, to uphold productivity with a high degree of freedom, a lot of emphasis is put on trust. This is further explained by Daniel at the management consultancy Managy:

There is a lot of trust in the consultants to solve and deliver projects in the best possible way... So it is very trust-based I would say... Somewhere you are expecting that all individuals are self-managed. It is a lot of self-responsibility, and I think it is more so here than at other places. It is a lot of trust and little control. It is more like you have a few overarching things we have talked about and that the employees are expected to follow. - Daniel, Managy

Trust is something that is displayed very differently between industries. So far, two management consultancies and a software consultancy have been discussed, and in terms of daily operations, clients and industry they are very similar. We can find more differences between those and the two intellectual property firms, Patenties and Property, and the law firm, Justicium. Their professions are guided by a set of obligations:

We have ethical regulations that The Bar Association have issued, that states that we need to have loyalty, act in the interest of the client and in the client's interest only with unflinching loyalty... We have extremely dutiful employees that go the extra mile to solve impossible problems. - Jessica, Justicium

Patent attorneys follow a similar ethical code as illustrated by Logan at Property: “We are to a large extent very regulated, partly because we have ethical rules that you in the profession shall follow, almost like lawyers one might say”. When comparing the management and software consultancies with the law and intellectual property firms, we can identify a loyalty among all firms from the employee perspective when it comes to conducting assignments with professional accuracy. However, the loyalty in the law and intellectual property firms are not based on a trust relationship, but rather on regulations. Without the presence of regulations, it is more difficult to

facilitate loyalty but seemingly, the management and software consultancies have been able to create such an environment where their employees are conducting the work sufficiently without much managerial intervention.

As previously mentioned, employees at all firms included in the study, experience a great deal of personal freedom. Jessica at Justicium explains:

People in need of more structure and that needs to know “this is exactly what is expected from you”... There probably are better employers to turn to than us. We are more focused on what the individual themselves want to accomplish and the direction they want to go... If you are talented and like to take on responsibility, you can pretty much shape your own path with us - Jessica, Justicium

She further explains that the degree of personal freedom increases with seniority. “When you become a commission lawyer (provisionsjurist), you become more autonomous and you have established connections with partners who trust you. You have built trust over time and you can take more liberties in the form of where and when you work”. There are many similarities to the management and software consultancies when it comes to personal freedom. The degree to which employees get to shape their own future and decide on tasks and areas to work in seems to be generally high amongst all knowledge-intensive firms. This can also be recognized at Property:

“Lately we have focused a lot on involving the employees, to establish involvement... It is connected to the fact that we want employees to have strong self-leadership... We hire a great deal of employees straight from university and they have a lot of freedom in choosing orientation. That is something we aim for”. - Logan, Property

The other intellectual property firm, Patenties, is much younger and smaller than Property, meaning that self-management and individual contribution has been the norm, rather than top management actively shaping a way of working:

“We are decentralized, absolutely... everyone does a bit of everything ... I believe that we have a high degree of autonomy. If my assistant mentions that she wants to work with

brands or design instead of patents, then we will sit down and talk about it to make it happen”. - Madelyn, Patenties

Formal roles

Since the intellectual property firm Patenties have achieved growth in recent years, the lack of formal roles started to become an issue. Madelyn at Patenties explains: “*We have been able to be involved in most things, but now we have become so large that it is not possible. We have recently divided ourselves into a patent group, a branding group and hired a CEO which handles the operational aspect*”. The growth that they had, created a need for structure which was addressed by introducing formal roles. In the similar line of industry, both the law firm Justicium and the other intellectual property firm Property also have these in place as explained below.

We have worked quite intensely in the last 3-4 years to clarify roles... We have a matrix organization where we have an organizational branch that is responsible for business and one that is responsible for operations, which has the formal responsibility. - Logan, Property

It is the partners that control the company... Of course it becomes hierarchical in a way that the partners decide how things should be... There are certain career steps you can take when you are new but you start as an associate. After three years you can become a lawyer... When they have worked for four years you can become a senior associate... After that it is partnership which is the next step. We have another role called “council”, which is to get a more senior role without being an owner. Often you work within a very specialized area. - Jessica, Justicium

There is an obvious difference between the management and software consultancies and the law and intellectual property firms when it comes to formal roles. It appears that firms within law have a much stronger need for formal roles, even in small firms like Patenties which only have 13 employees. The point where autonomy leads to efficiency issues seems to appear much sooner within these firms compared to the management and software consultancies.

Lower level impact

The significance of autonomy does however, create large opportunities for lower level employees to impact everyday decisions and the direction of the company. All of the included firms share a strong ability to impact. Scott at the software consultancy Clicky describes a high involvement by lower level employees in decision making:

I would say [that the decision making process is] decentralized, often as far down as possible. I have myself been working here for three years and have made some quite big decisions. For example, a year ago we redesigned our salary structure and that was something that was pushed from the bottom to the top. - Scott, Clicky

The employees at Clicky are strongly involved in decision making processes and even some big decisions that affect everyone in the company can be impacted by employees at the lowest level. This is not unique to their company or industry. Jessica at the law firm Justicium mentions that she thinks “*it is quite unique that we let lawyers be so involved and make so many decisions that are not just within the operational, but also about organizational issues and about leading the firm*”. As she mentions that it is quite unique to their industry to let employees be so involved in big decisions, we cannot argue that law firms in general have this quality. Though they share this quality with Clicky, which shows that it is possible to implement within both industries.

Between the management consultancies, we can see a similar pattern. At Integrate, Tyler explains that ability to impact is dependent on personal qualities: “*I would say that your possibility to impact comes down to your ability to express and come up with suggestions, rather than some form of hierarchy*” and Miles says that when deciding between “this or that” “*everyone is involved. Everyone is a part of the decision making process*”. At Managy, Daniel says that they “*try to push down decisions as far as possible*”. The management consultancies clearly operate with a focus on lower level impact. Employees on all levels are both expected and encouraged to take initiative. The opinion of the employees seems to be very highly valued in the management and software consultancies as well as the law firm.

At Patenties, the patent attorneys also have a strong ability to affect organizational decisions. However, seeing as they only are 13 employees, it would be strange if this was not the case. It is

explained that: “*Anyone that wants to change something can go to the CEO and that person brings it up with the right person and make sure that something happens*”. Due to their small size it is very easy to directly bring up issues with the CEO. Possibly this would not be the case in a future state if the company experiences significant further growth as the employee, from the other IP-firm, Property, says that “*Some people have a lot of responsibility, but not authority*”. At Property, the employees lack the power to make some decisions without confirmation from a superior. At Patenties they have to go through the CEO to get decisions approved, so it is likely that the possibility of impacting decisions decreases with further growth. As Justicium, according to Jessica, are quite unique in letting employees be so involved in decision making, it sounds like employees in firms within law generally have a smaller ability to impact in comparison to the management and software consultancies.

4.1.2 Work-life Balance

Both between the firms and the industries we could see a vast difference in hours worked per week and the firms seem to value work-life balance in different ways. At the law firm Justicium, the workload seemed to be the most intense.

The client comes first and that can lead to late, late night work, weekend work and even work on Christmas eve, if it's really needed... We speak very honestly about the profession and that a lot is required. If the most important thing for a person is to achieve work-life balance, Justicium is not the right place to work at... The people joining us are aware that you need to go the extra mile here. - Jessica, Justicium

It really seems like the lives of the employee's at Justicium are centered around work. The firm actively seeks people that are willing to prioritize work over other things, and likely, they might have a different perception of work-life balance. Jessica discusses this: “*We want the employees joining us to have high ambitions for their development and career. Then work will be an important part of life for those people, so in some sense that is work-life balance.*” Essentially, it comes down to individual preference regarding workload that determines the ability to achieve work-life balance at Justicium. These extremely high expectations of workload are not quite found among the other firms. However, there are some with higher and some with lower workload. Along the

same lines as Jessica, Tyler at the management consultancy Integrate points out that work-life balance is affected by individual preferences: *“It is up to the individual to decide what work-life balance is for them. For a consultancy firm, we have a very good work-life balance, but the consultancy profession in itself is not a profession that will ever have work-life balance”*. Following that statement, one can assume that Integrate does not have as much workload as other management consultancies. However, he explains that: *“It is rare that people work more than 60 hours [a week] but it is also very rare that you work under 50 hours as well”*. This amount of hours suggests that the industry has a significantly high workload even though he explains that they are very good at achieving work-life balance among other firms. However, what Daniel at the other management consultancy Managy says makes one question if Tyler’s statement about their industry position actually is accurate: *“I am very strict in that it’s 40 hours a week (that I work). Some weeks it might be 45, but then you make up for it”*. Over a week, Daniel works considerably less, but Tyler still believes that he achieves a work-life balance. Miles at Integrate is not very interested in working too much, but it does not seem to be an issue for him at the firm: *“For me work-life balance is to not work all the time, but being off duty a lot as well, which is something I feel like I can achieve”*. Even though there are expectations of working a lot of hours, the employees at Integrate perceive that they have a lot of free time. This might be due to what their colleague Ellie mentions: *“There is a lot of flexibility, so it’s been quite easy to manage the high workload”*. The ability to manage their own work process is seemingly how the employees at Integrate can achieve work-life balance with a high workload. It might also be connected to the fact that some people view work as a bigger part of their lives, and that is why the employees at Integrate and Managy both can have the same perception of achieving work-life balance even though they have a vastly different workload. The employees at Integrate seem to be content and motivated with the workload they have. Daniel mentions that: *“If the workload is too high, I don’t feel as good and then I do not perform very well either”*. This suggests that if his workload was at the same level as they have at Integrate, his performance would decrease, which highlights the difference in individual preference when it comes to workload. At the other firms, the workload seems very manageable. Scott at Clicky says:

We have a program where you anonymously can rate how you think and feel about different things. On work-life balance I think we are at 8,8/10. For us consultants it is very

simple, because when the day is over you go home... I would say that I do not work any overtime at all. That is the standard for about 90% of the others as well. - Scott, Clicky

The high expectations of working more than eight hours a day cannot be found at Clicky. Balancing private and work life therefore seems to not be a significant challenge. Not putting employees under heavy pressure is an important aspect at the intellectual property firm Property according to Logan: “*We don’t even have a 35 hour week. It is expressed that you shall “feel good and leave good”. It is very connected of course, if you are not feeling well, you will not perform at work either*”. Property are focusing on a lower workload to enable performance, as they believe employee performance will decrease with intense pressure. Madelyn at the other intellectual property firm Patenties also expressed that the company values work-life balance highly: “*It [work-life balance] is very, very important. And this is very clearly communicated to our employees and we try to work hard with this*”. For management at Patenties, the employee’s ability to balance private life with work is prioritized over maximum efficiency.

4.2 Organizational Culture

In this subchapter, the empirical results related to the organizational culture will be presented. These empirical results will begin by a look at the norms, values and beliefs of the different KIFs followed by relationship building, and knowledge-transfer.

4.2.1 Norms, Values and Beliefs

In the investigated KIFs, there are many different norms, values, and beliefs that shape the culture and the way employees are encouraged to behave. The employees within the KIFs are often subject to different types of demands related to performance and personality, but there is also a respect for diversity as shown by Miles at the management consultancy Integrate:

In essence, it is required that there is a high level of curiosity among the people who work here. You must constantly be curious about what your colleagues are doing, what you are doing, how you are doing it, what you are good at, and what you are bad at. Everyone is different and everyone has their place to fill. Some are extroverts, some are introverts, some like numbers, others hate numbers - Miles, Integrate

Ellie, from the same company, adds: *“In general, the people who work here are very energetic and high-performing. It is a very strong focus on the individual, and you are encouraged to have a life and a passion outside of work”*. In some cases, the KIF does not have any practical demands in terms of personality, but instead refer the employees to their established norms and values in order to encourage a certain behavior. Scott from the software consultancy Clicky points out that: *“I do not know if we have any direct requirements. What we usually say is that we have some core values, so it is very vague. If you see something that is broken, you just fix it yourself, or draw someone else's attention to it”*. The respect for the different personalities of employees is further emphasized by Miles from Integrate as he states: *“You should be able to go to work and not feel that you have to put on a mask in any way”*. There seems to be a focus on accepting people that come from many different backgrounds. Jessica from the law firm Justicium mentions the aspect of cultural-respect when she applied for her job: *“...at this time I was a gothic rocker without make-up, walking around with a cartridge-belt. Justicium was the only agency where I did not feel like I was the black sheep. It was seen as interesting that I was a little different and we could still sit down and talk about law”*.

Ellie from Integrate also mentions the importance of the specific culture at Integrate. There also seems to be a focus on freedom and the will to engage with projects based on one's own will. Similar to Jessica, the culture was something that appealed to her when first applying for the job: *“I chose my job because of the culture. I think it's absolutely amazing. It is an entrepreneurial and innovative, activist culture. It's a lot like a student's life, you get an idea, run on it, no one will stop you”*. Daniel at the management consultancy Managy further adds to the importance of freedom by stating: *“We are probably characterized quite a lot by the fact that there is quite a lot of freedom. It is expected that you want to do things on your own initiative”*.

Some KIFs have a great focus on providing the employees with a sense of well-being, and have a great deal of respect for feelings and integrity. The employees should be able to be themselves, and not be forced into a certain behavior. Miles at Integrate explains:

Somehow it's about us just having to stay true to what we think is important. But we must also be aware that we have a culture that is not about making people follow the rules of a

certain model, that "we should be this way". Everyone is different and everyone has their place to fill - Miles, Integrate

On the topic of well-being, Tyler from the same company further points out: *"So it's like the whole company is built around a specific view that the individual should feel good and that this well-being is the basis for good performance"*. The employees of the investigated KIFs also seemed to value the different relationships and cooperatives that were formed between the employees on the basis of the organizational culture. Miles from Integrate further explains: *"The culture is created by the people you have in your vicinity as well. Nothing has been written in a document"*. In addition, the essence of having well-functioning teamwork is a factor that signifies the culture at certain KIFs. Logan at the intellectual property firm Property mentions: *"Teamwork is a keyword. We want to work with each other. It is of utmost importance"*.

The organizational culture at the investigated KIFs is often signified by humbleness, that there is no need to be "flashy" in terms of prestige. This emphasis on a relaxed and humble culture is further explained by Daniel at Managy:

It [the culture] is also quite unpretentious. You do not work at Managy to have the most flashy assignments or to say that you work at the coolest company with the best suit and the highest salary. It is quite relaxed - Daniel, Managy

This unpretentious culture is also prevalent in other KIFs as well. For example, Scott at Clicky points out the relaxed nature of their culture: *"The core of our culture is that we have quite informal relationships. You do not necessarily need to be best friends with everyone, but we do not walk around in suits and have Powerpoints every lunch for each other when we shall discuss something"*.

4.2.2 Relationship Building

Amongst the investigated KIFs, different social activities were greatly utilized in order to generate and nurture relationships between the employees. Many employees emphasize the importance of networking in their jobs. Therefore, the social activities were considered as an important part of the employees performance. These social activities could be events arranged by the company, but

also on the employees own initiative. Visiting another country, while at the same time, socializing and learning about the company in question was a popular activity among many KIFs:

You have the opportunity to choose international destinations that are combined with various physical activities. I'm going hiking and paddling in the city ____ in ____ together with 8-10 others, where we can hang out and talk a little about the company while having a great time for 4 days. They [Integrate] invest a lot in order to make people feel good and have fun. They have a strong belief in this - Tyler, Integrate

Thus, these trips seem to be an important part of Integrate's strive to promote networking and team-building amongst their employees. The respondents at Integrate also believe that these social activities function as ways to promote their culture. Miles, from the same company, further adds to this idea by stating: *"We have two big things that we do every year to promote our culture. One is a 'strategy trip' where the whole company goes somewhere for two weeks ... connected to different themes that you want to lift the whole company within"*. These social activities are of course a common occurrence within other KIFs as well. Jessica from Justicium points out that there are many different ways for the employees to socialize outside of their work: *"Every other year, we go on a trip abroad where we have conferences, but also have a nice time together for team-building purposes. We arrange parties, and all associate lawyers go on an annual trip"*. In similar fashion, Daniel from Managy states that his company often arranges activities that help create a unified working force by discussing the firms meaning and development: *"Historically, we have held conferences abroad every year, where there has been a lot of focus on workshops and talking about what we do and how we should develop as a company"*. The aspect of combining business development with fun activities is also found in other KIFs. For example, Madelyn from intellectual property firm Patenties states that: *"We usually meet several times a year and make sure that we not only have meetings about improving the business, but also that we have a fun time together"*. Social activities do not have to be very complex in order to have a positive effect. Simpler activities seem to also be appreciated by the employees at KIFs. Logan from Property mentions that: *"We have quizzes every Friday and it is usually very popular. We had one last Friday and it was a lot of fun"*.

In addition to events arranged by the companies themselves, the employees often take the initiative to arrange social events on their own. These events are often more simple things such as gaming nights, restaurant visits, and sports. Scott from software consultancy Clicky further explains:

We play a lot of football and a little bit of frisbee golf. We also have some people who play a lot of League of Legends, including myself. We play maybe once a week or so, so it's a lot of activities outside of work - Scott, Clicky

He further mentions the strive amongst employees to network with each other, especially with employees from other offices: *“Today two people are visiting from the Gothenburg office, so employees from our office will have dinner with these guys after work, in order to socialize with people from other offices”*. Along the same lines as Scott, Daniel from Managy points out the prevalence of employees deciding to arrange social activities on their own initiative: *“One thing that I think shapes the culture is that new employees are encouraged to organize a summer party or to arrange afterwork activities or things like that”*. Likewise, Ellie from Integrate further explains the will of employees to arrange social activities: *“For example, someone loves climbing and invites the office to join in on an evening of climbing. You are really encouraged to have a life on the side because sometimes there can be a lot of work”*.

4.2.3 Knowledge-Transfer

In the investigated KIFs, many different ways of knowledge-transfer could be found. In general, there seems to be mainly two forms of knowledge-transfer within the KIFs. We can see that both informal and formal ways of knowledge-transfer are utilized by the employees at the companies. The informal knowledge-transfer happened between individuals, such as through collaborative efforts and specific ways of staffing. The formal ways of knowledge-transfer were in the shape of tools, meetings, and online training academies. On the topic of informal knowledge-transfer, Miles at the management consultancy Integrate states:

If I'm working on a project and feel that I do not know enough about the subject, then I can talk to 'these 5 people'. So then you sit with these people for a few hours to learn or perhaps connect them to the project so that they are 'part of it all'. You can always find someone who has 'done this before' - Miles, Integrate

Hence, Miles points out that he always has close access to certain types of colleagues with special knowledge within a particular field. Evidently, these colleagues can help him with the assignment at hand while also teaching him about the subject during the process. Tyler, from the same company, points out the importance of guiding his colleagues: *“I coach those I work with and spend half-an-hour to two hours a day just to support them and explain how to do things. This is where you learn the most”*. These informal ways of knowledge-transfer are very common throughout other KIFs as well. Madelyn, who works at the intellectual property firm Patenties, further points out: *“We learn a lot from each other by simply talking, often through ordinary phone-calls”*. Clearly, This further shows the prevalence of informal knowledge-transfer “on the go” between colleagues and that simple conversations between employees are also a valuable aspect of knowledge-transfer despite its simplicity. In line with Miles, Scott from software consultancy Clicky, mentions some additional aspects of this process of knowledge-transfer:

We are also very thorough with how we staff a project based on what skills people have. For example, if it is a server-upgrade, then we make sure to assign someone who has done a server-upgrade before, alongside someone who may not have done it before -
Scott, Clicky

This shows that the employees in charge of staffing projects at the software consultancy are aware of the importance of knowledge-transfer. By assigning experienced employees alongside more inexperienced ones, they try to allow for a knowledge-transfer to take place. Daniel at management consultancy Managy states that: *“We have designated concept managers. So if I want to talk about process-development, then I know it's Adam I should talk to”*. Once again, the benefits and importance of having a network of contacts to learn from within the KIF is emphasized. These informal ways of learning from each other frequently happen inside the KIF. Ellie at Integrate adds to this fact by stating: *“...knowledge sharing really happens all the time, on an informal basis”*. Scott at Clicky further underlines the prevalence of informal learning between colleagues by stating: *“It is almost the most prevalent way in which we learn, that is, to have several people working on the same task”*.

In addition to the informal ways of sharing knowledge, the investigated KIFs also had a very strong focus on providing the employees with formal ways of sharing their knowledge. For example,

Integrate had established specific lunches with the purpose of allowing for knowledge-transfer to take place:

More formally, we have learning-lunches. For example, someone would think to themselves 'Wow, I was part of a very exciting project, I want to share this'. Then they consequently share their learnings from the project with their colleagues during the lunch - Ellie, Integrate

Like the informal ways of knowledge-transfer, these more formal ways seem to be common amongst KIFs as well. This is further the case as Logan from intellectual property firm Property points out: “*We have an administrative-team, a legal-team and a patent-group who meet on the regular and subsequently share their experiences with one another*”. Evidently, meetings of different kinds are a common occurrence in KIFs and they allow for a knowledge-transfer to take place. In addition to meetings, there are also more structured ways of learning and sharing knowledge, such as mentorship-programs. This seems to also be the case yet again for Property, as Logan states: “*We have mentorship-programs where the idea is that a junior can get the opportunity for skills-development*”.

There are also different databases containing valuable information, guidance, and assets that the employees can utilize in their work in order to save time and to learn. These are perhaps the most formal ways of knowledge-transfer in the investigated KIFs:

We have quite a lot of training internally as well. We have our own academy where you can learn about everything from project management to structured problem solving, and sales techniques - Tyler, Integrate

Ellie from the same company as Tyler adds that in the academy: “*...colleagues teach newcomers about Excel and PowerPoint, but also how to make business transformations, so lots of specific stuff as well*”. In a very similar fashion to the firm Integrate, Scott from Clicky also mentions the existence of an “academy” where employees can receive a lot of learning: “*We have something called CCA [Clicky Consultant Academy] which takes place twice a year, where specific days are set up with courses in new technologies or provide you with repetition of things that you may not have worked so much with before*”. Daniel from Managy also adds to the prevalence of formal

knowledge-transferring as he states: “We have how-to-descriptions, an experience-bank, sales-material and standard presentation-layouts you can utilize in your work, but you may have to adjust them based on the situation”. He further mentions that there are obstacles for internal knowledge-transfer:

Since we sell our time and there is a lot of focus on revenue, there is not really an incentive to work with internal development. If I do something that is very good in my assignment that others would benefit from in their assignments, and I spend a lot of time thinking about what I formulated, then I cannot invoice the customer for it and then my occupancy rate goes down and my income goes down. This may mean that you are not as inclined to work with internal development or to create improved conditions going forward. - Daniel, Managy

This suggests that when given the choice of two tasks, employees may prefer the extrinsically rewarding one. Given that knowledge-transfer in the studied firms does not come with extrinsic rewards, it is possible that this loses importance in the eyes of some employees.

4.3 Incentives

Much of the data collection was focused on motivating factors. We identified many ways that motivation can be affected, but we could also see patterns where the same factors were present at different firms and had similar effects. In the literature research, we found that motivation can be both extrinsic and intrinsic, and that there are considerable differences between these types of motivation. In this subchapter, we have therefore divided extrinsically and intrinsically motivating factors. In addition, we have also included job satisfaction as we have seen that it is strongly influenced by incentives. Lastly, we have included factors that had a negative effect on motivation.

4.3.1 Extrinsically Motivating Factors

A common denominator between some of the KIFs is a flexible salary model, that is based on hours worked on client projects. How it is designed, differs between the firms however. Jessica explains the salary model at the law firm Justicium:

The third year, you transfer to a hundred percent commission based salary. That means that you get a cut of the work you have done which has been billed and paid by a client. It's a very, very lucrative system which of course becomes an incentive to work...

It's no secret that the more you work, the more you can get paid. It's a control mechanism that I would say controls a lot of the incentives and motivation at the firm. -

Jessica, Justicium

The associates at Justicium have the possibility to earn a lot of money if they are willing to put a considerable amount of time into work. The heavy focus on monetary rewards creates a strong motivation for the employees to conduct work. Tyler at management consultancy Integrate also mentions that they have a flexible salary model: *"We have a fixed salary and a flexible part. The flexible part is dependent on how well you achieve your goals... We are very controlled, mainly because of our billing, and that affects you, but on a daily basis you don't really think about it... The goals don't really contribute to my motivation"*. Extrinsic rewards in the form of monetary compensation, seem to be a stronger motivator at Justicium than at Integrate. This might have to do with the salary model at Justicium being directly related to how much they work, whereas at Integrate, it is more goal-related. Tyler, however, mentions other types of extrinsic rewards at Integrate: *"If you have had a great performance, you can informally go on a dinner at the company's expense. We have an abundance of events internally, we get to go on these trips, you get merchandise and other things, so there are a lot of things around you that are very generous"*. The employees at Integrate are rewarded in other ways in addition to the salary. Some things are not even performance based, but can be enjoyed by everyone in the company. Ellie talks about how this motivates her: *"We get a lot of advantages on the side (from the salary), that absolutely is motivating, and limits my desire to switch to another company"*. The additional rewards and activities at Integrate seem to work as an efficient motivator. This might be an explanation to why Jessica at Justicium attributes her motivation to the salary more than Tyler and Ellie does. This is likely also closely related to why Justicium is the KIF with the most workload. Integrate is the one company that challenges Justicium in this regard, but the non-performance based rewards limit their incentive to work as much. Software consultancy Clicky also has a flexible part of the salary according to Scott: *"The primary method of measurement as a consultant is how much you debit. That has a direct connection to your flexible salary"*. Even with strong financial incentives, similar

to Justicium and Integrate, they do not have as much workload. The reason for this is not obvious, but suggestions could be differences in individual preferences, company culture or managerial expectations. In addition, there are some occurrences of other extrinsic rewards at Clicky according to Scott: *“I know that a colleague of mine received a gaming keyboard for making a very good delivery on an integration. It can be very small things that appear quite often”*. So the employees at Clicky do achieve some additional extrinsic rewards, but they are not as significant as the rewards at Justicium and Integrate, and thereby do not contribute much to overall motivation.

At management consultancy Managy the presence of additional extrinsic rewards are not as apparent, but occur occasionally. Daniel at Managy mentions the occurrence of some additional extrinsic rewards : *“If you exceed expectations by a lot, you might get a bonus, but there is no guarantee that ”if I perform this well I can get a bonus”*. It is rather that if there has been something exceptional during the year you can get one”. The fact that there is no guarantee of a bonus or a distinct level of performance expressed, limits the impact that the additional extrinsic incentives at Managy have on motivation.

Madelyn at intellectual property firm Patenties expresses a desire to extrinsically reward employees, but that there is an obstacle in the way: *“ We cannot issue high salaries, we are too small for that... We try to compensate for those with smaller salaries than what they could get elsewhere by giving them bonuses”*. Patenties do have a stronger emphasis on bonuses than the others, but do it for retention purposes rather than motivational purposes.

4.3.2 Intrinsically Motivating Factors

In addition to the extrinsically motivating factors, there was also a great deal of intrinsic motivation that encouraged the employees to perform within their profession. There seems to be a vast variation in regard to how the employees value these incentives. Many of the intrinsically motivating factors were related to the employees’ contribution to the firm and customers. Logan from the intellectual property firm Property explains:

Many of my colleagues say that it is very motivating when they receive praise or appreciation from a customer for a delivered work. It probably lies a lot in our expert

role. Personally, I like when you get a 'pat on the back' when you have done something good or finished an assignment - Logan, Property

Along the same lines as Logan, Marianne from intellectual property firm Patenties points out the motivational aspect behind a satisfied customer: *"What motivates me are my customers and to bring in new customers and consequently do a good job for my customers"*. There seems to also be a prevalence within the KIFs to raise awareness regarding an employee's performance, and this is appreciated by many employees. Handing out weekly awards is a common concept. Logan from Property further explains the idea of rewarding employees: *"We have something called 'employee of the week', where anyone can nominate a colleague who they think has made a good contribution. It happens almost every week that someone gets a public pat on the shoulder"*. Ellie from management consultancy Integrate further points out the importance of being recognized for good performance: *"When employees have received a certain rating from the customer, their names are displayed on a monthly list that is shown at our Friday meetings. So they become praised and celebrated informally, and I think that's important"*. In addition, there seems to exist differences between employees in terms of to what degree they value different incentives. Some employees seem to appreciate the informal praise from colleagues more than the tangible rewards, such as a raise in salary. This is underlined by Tyler from Integrate, as he explains: *"Of course the materialistic rewards provide motivation, but it is much more fun if someone I have worked with leaves a positive remark about me internally or tells a manager about my achievement. It gives you much more energy"*. In contrast, Scott from software consultancy Clicky did mention that tangible rewards can be very satisfying to receive, given that they often are handed out by surprise: *"You can be awarded with many small, tangible things and it is almost as if those things weigh more than the variable bonus, because you already expect to get that. Hence, it is not surprising to get the variable bonus"*.

Furthermore, the employees at the investigated KIFs also seem to value the aspect of personal development as an incentive. By receiving increased responsibility for certain tasks the employees are provided with additional intrinsic motivation. Jessica from the law firm Justicium further adds to this point by stating:

It is important to feel a sense of belonging, to take the extra step, to want to develop more, to be able to contribute more, to be able to take more responsibility, to get more qualified work tasks. You will only get this if you do a good job with your current tasks -

Jessica, Justicium

Jessica is not alone in this mindset. Overall, the strive to grow and develop is a strong part of the intrinsic motivation of the employees in KIFs. Daniel from management consultancy Managy argues along the same lines as Jessica as he states: *“If I wanted to make a lot more money, I would go elsewhere, we are not very high in terms of salary. I prefer being able to control and influence my own development, take a lot of responsibility and while receiving very little top management”*. Furthermore, some employees point out the motivational aspect behind the individual responsibility for one’s own development. Miles Integrate further explains this aspect: *“I think what motivates me is that it [development] is dependent on my own performance. I do not have to feel that I am competing with five others for the same role. If I do a good job, I know I can achieve what I want, and only I can control it”*.

The aspect of employee development is also appreciated by employees that have roles as superiors, as they receive motivation from guiding and seeing the development of subordinates:

I think it's most fun to see others grow. Coaching others and seeing them step forward is something that is very giving. That's probably what I think is the most fun. It's amazing that you, with pretty simple tricks, can push people to grow and believe in themselves -

Miles, Integrate

Miles' point is further strengthened by Tyler from the same company. He points out the focus on encouraging personal development of employees: *“I ask them ‘Next year, what do you want to learn? What courses and others do you need to take? What projects do you want to end up in?’ And then I help those two people reach the right people”*. This is also the case for the law firm Justicium as Jessica mentions: *“We want to encourage all employees to set a goal for themselves. What direction do I want? How much do I want to work? What kind of cases do I want to be in?”*. Of course, the employees with a subordinate role also enjoy the aspect of personal development. Daniel from Managy points out that he has a lot of freedom to choose what to develop within: *“Do I want to become an expert in real estate or a certain industry, or do I want to become an expert*

in another certain area? Maybe I want to immerse myself in digitization and so on. So my development is directed towards my area of interest”.

The employees also pointed out that differences in structure may provide the individual with more or less intrinsic motivation in regard to personal development:

I think that the lack of structure certainly is something that can be very energy-creating and provide employees with a lot of drive as they get to feel that they have many opportunities - Miles, Integrate

Ellie from Integrate further adds to Daniel’s point by explaining how the flatter structure provides her with freedom to focus on things that are of personal interest for her: *“I can structure it [the work] the way I want. It is extremely flexible. It is really flexible and motivating in the sense of being able to decide what you want to do every day and work in a way that suits you”.*

4.3.3 Job Satisfaction

There is generally high job satisfaction among the interviewees. Much is credited to the nature of the tasks they are performing. When asked about if he thinks the tasks are interesting, Tyler at management consultancy Integrate responded with the following:

I think so, absolutely. It’s an amazing profession. You learn a lot and get to work with ambitious and talented people that are very driven and that is really enjoyable. - Tyler, Integrate

The nature of the task as well as the people you are surrounded by, seems to be important factors contributing to Tyler’s high job satisfaction. His colleague Ellie also expressed a high level of job satisfaction: *“Right now it (job satisfaction) is great, and I guess that’s because I am busy and satisfied since my assignments are fun. It’s the variation that makes them interesting.* It seems like the employees at Integrate are very passionate about their work and their satisfaction is rooted in the nature of the tasks. Even with a high workload, they feel satisfied with their profession. Daniel at the other management consultancy Managy is also satisfied with his job, but there are a few limiting factors:

I am satisfied with my job. It's not perfect, but overall good. I would say that the salary is one factor that decreases it, but the company and the culture and what we do is enjoyable and motivating. We have been through some of the downfalls with it being very unstructured. There are a lot of flaws in the organization with things not being in place, or us being bad at taking care of employees feeling unwell etc. - Daniel, Managy

Similar to the employees at Integrate, Daniel finds satisfaction and motivation from the tasks. The organizational issues the firm has is however a factor limiting his satisfaction. An interesting thing to note is that the employees at Integrate express frustration of similar issues, but their job satisfaction does not seem to be affected by them. The main difference between the firms is the financial compensation which is higher at Integrate. Seemingly, sufficient extrinsic rewards limit the impact that organizational issues have on employee satisfaction and motivation.

Scott at software consultancy Clicky continues the conversation about the impact interesting tasks have on satisfaction:

I feel very satisfied... I would say that it is divided 70-30 percent between interesting and less interesting tasks. Most of the time I am coding and sometimes I code something that I already have done three times before. You save a lot of time, but the task itself is not very stimulating. The fun part is doing it with someone else and the atmosphere we have at the office or at breaks. - Scott, Clicky

Repetitive tasks are unavoidable at times at Clicky and do have a slight negative impact on Scott's job satisfaction. He elaborates on how his satisfaction could increase: "*I would say more varying tasks (would increase satisfaction), but that is something that is hard to facilitate*". He is aware that management cannot improve upon the variation on tasks. There seems to be no frustration from his side since he knows that it is an unavoidable part of the job.

Similar to the others, Madelyn at intellectual property firm Patenties also expresses a high job satisfaction:

I am incredibly satisfied and I guess that it has to do with the fact that we have built what we have on our own. One thing that could be different? Yes, I would like to

*have another patent attorney that could relieve some of my workload. - Madelyn,
Patenties*

The great impact Madelyn has had on the development of the firm is the main cause for her high job satisfaction. This suggests that autonomy is an important factor leading to satisfaction. Tyler at Integrate also mentions workload in relation to satisfaction: *“However, one obstacle is the workload. During our busiest season we have an occupancy rate of 140% and this is very noticeable and affects well-being and satisfaction”*. Workload is mentioned to be a factor limiting satisfaction, but both Madelyn and Tyler express a very high level of satisfaction. This suggests that in the big picture, the negative effects of workload can be triumphed by positive factors such as autonomy and a high interest in tasks.

Similar to Daniel at Managy, the satisfaction is limited by the high workload. Another similarity between the intellectual property firm Patenties and management consultancy Managy is that both of the firms offer low financial compensation in relation to industry standards. This suggests that the argument that sufficient extrinsic incentives

4.4 Demotivating Factors

When interviewing the respondents from the different KIFs, there seemed to exist certain factors that were considered demotivating by the respondents. These demotivating factors were related to a vast variety of subjects such as personal development, organizational structure, workload, and incentives.

On the aspect of personal development, the employees also mentioned certain demotivating factors. Madelyn from Patenties, explained that employees would often be demotivated if there was a lack of opportunity for development: *“One demotivating factor can be the lack of personal development opportunities within the company. That is a very common factor that almost always exists”*. Ellie from management consultancy Integrate further adds to this demotivating factor of personal development in conjunction with a lack of freedom by stating: *“One thing that can cause a gap in motivation is if you can't develop e.g. if you feel that you are on a boring project or that you do not have tasks that are stimulating”*.

Moving on to the demotivating factors of organizational structure, Miles from Integrate mentioned the possible negative aspects of having a loose structure within the organization: *“For some, it might feel rather stressful not to have a clear structure. There's ambiguity, no one is telling you ‘now you have to do this’. It's a lot about going your own way. Some people can be more demotivated by this approach than others”*. Hence, he emphasizes that a loose organizational structure can be positive for some employees, while others would be more comfortable in a more rigid environment. On the same lines as Miles, Daniel from the other management consultancy Managy points out the possible ambiguity from a loose structure: *“Sometimes it may be a little too much freedom and a little too loose structure wise in combination with that no one asks about how things are going or so. You just have to trust yourself that things are going well”*.

In terms of workload, there were some demotivating aspects that the employees mentioned in regard to the amount of work and the variety of tasks. Logan from intellectual property firm Property points out: *“There are some tasks that are not as fun. For my own part as an IT manager, I have quite an operational role at the moment, which is not so motivating as I mostly sit and ‘poke’ at things”*. This shows that there are some tasks within KIFs that can be demotivating for the employees. Logan further adds to this point by saying: *“Right now I have too many different tasks, so I feel that I am overwhelmed. That's probably demotivating, to not always feel like I'm doing a good job”*. Similarly, Daniel from Managy points out the demotivating factors behind workload and task variety: *“Sometimes you have fun assignments and everything goes well, and sometimes it's a little more difficult and then the motivation goes down”*.

Lastly, different factors related to incentives could be seen as demotivating for the employees at the investigated KIFs. Monetary rewards and billing targets were notable in this regard. Scott from software consultancy Clicky mentions the lack of monetary rewards for personal initiatives, which make employees feel unmotivated to perform certain actions: *“People have internal things that they want to pursue that do not create any direct value for customers. Therefore, they do not feel that they can prioritize these things because they will not be rewarded on their variable pay as clearly”*. In terms of billing targets, which is a big focus for many KIFs, Logan from Property points out the possible negative aspect of these targets: *“Like all consultancies, we work with billing targets and I dare say that this is what most employees are measured in, it is the main*

measure. This triggers some, but not all employees, and it can be demotivating especially if you have personal goals but do not receive enough assignments”.

Chapter Summary

Main Topics	Key Takeaways
Hierarchical Control	<i>Lower hierarchies and loose structures are mostly prevalent in the investigated KIFs.</i>
	<i>Complete lack of hierarchy and formal roles might lead to efficiency issues.</i>
	<i>There is generally a high degree of personal freedom.</i>
	<i>There is usually a lot of emphasis on trust.</i>
	<i>Lower level employees often have a good opportunity to impact.</i>
	<i>Significant differences in workload, but there seemingly is a good work-life balance.</i>
Organizational Culture	<i>The KIFs encourages employees using norms and predefined values.</i>
	<i>Both clan-control and self-control seems to be prevalent.</i>
	<i>Knowledge-transfer is achieved through social activities and networking.</i>
	<i>Lack of incentives can be an obstacle for knowledge-transfer.</i>
Incentives	<i>Some of the investigated KIFs focus more on extrinsically motivating factors than others.</i>
	<i>There is a difference amongst the employees in terms of what incentives they prefer.</i>
	<i>Satisfied customers, recognition, and personal development are intrinsic incentives that seem to be highly valued by most employees.</i>
	<i>Organizational structure may affect employee motivation and autonomy.</i>

Figure 3 - Summary of Key Takeaways from the Empirical Data.

5. Discussion

In this chapter we will discuss our findings to show how different designs of control mechanisms affect motivation, job satisfaction and knowledge transfer as well as what design facilitates employee performance. The empirical data is put in relation to previous literature to show how this study has contributed to the area of research. The chapter is sorted into categories with the most interesting and important findings that were made.

5.1 The Positive and Negative Effects of a Lack of Hierarchy

Among Alvesson's (2004) characteristics of knowledge-intensive firms is the reduction of hierarchies and a high degree of autonomy. To no surprise, this is significantly evident in the studied firms, seeing as it is important to facilitate an efficient flow of information (Nurmi, 1998). Of course, there is a slight difference in the degree of formal hierarchies, but a general theme is that lower level employees have a high degree of autonomy due to a lack of managerial control. The intrinsic motivation is largely dependent on the perception of control (Zuckerman et al., 1978; Lepper and Greene, 1975; Fisher, 1978). As the employees are given significant ability to control their own work process, choose tasks and operate autonomously, they accordingly seem to express a high level of intrinsic motivation. The self-determination theory verifies this as it explains that the feeling of autonomy positively impacts intrinsic motivation (Ryan & Deci, 2000a). Many of the employees also credit their high job satisfaction to their autonomous abilities. Given the difference in the degree of autonomy between the firms, we can also identify a point where autonomy leads to organizational issues that affect efficiency and overall performance. With a complete lack of formal roles and structure, frustration and uncertainty can occur as employees are unable to communicate effectively, which according to both Alvesson (2004) and Nurmi (1998) are critical for productivity in KIFs. In addition, these uncertainties have a negative effect on both motivation and satisfaction according to the employees, which suggest that there is a breaking point where the advantages of autonomy start turning into disadvantages. As some of the firms are experiencing such disadvantages, this breaking point is likely difficult to identify. In addition, we can see that some firms experience efficiency issues earlier in their growth process, i.e. at a smaller size. Management consultancy Integrate have over a 1000 employees across their offices and have managed to operate successfully with a significant degree of autonomy. Intellectual property firm

Patenties are only 13 people but have already had to implement formal roles and procedures to prevent productivity issues. This suggests that the breaking point appears at different stages between firms. The results show that formal roles and procedures are more apparent in the firms within law in relation to the management and software consultancies. Therefore, industry might be a determinant of the position of the breaking point. With all of this in mind, firms might be able to maximize performance if this breaking point is identified.

5.2 Task Interest a Key for Motivation

The interviewees expressed a high interest in the tasks they are performing. Generally, the tasks are high in complexity and offer much value in the form of experience and learning. According to Cerasoli, Nicklin and Ford (2014), tasks with a high level of complexity are called quality type tasks and these are intrinsically motivating in itself. Quantity type tasks are more simple and often very repetitive (Cerasoli, Nicklin & Ford, 2014). For some of the employees, the quantity type tasks are unavoidable at times and as they are not as enjoyable, they cause a slight decrease in both motivation and satisfaction. Clearly, the nature of the tasks that are performed is a determining factor for the employees' motivation and job satisfaction. Cerasoli, Nicklin and Ford (2014) explains that extrinsic incentives are needed to facilitate motivation when conducting quantity type tasks. To prevent a decrease in motivation and job satisfaction when quantity type tasks are performed, firms might find value in implementing extrinsic rewards for completing them.

5.3 The Relationship Between Workload and Incentives

As found in the empirical data, law firm Justicium and management consultancy Integrate seem to have the highest workload among the investigated KIFs. Interesting to note is that these firms put the most emphasis on extrinsic incentives amongst the investigated KIFs. With research suggesting that intrinsically motivated employees have higher engagement levels than extrinsically motivated employees (Chamorro-Premuzic, 2013), this is a rather surprising result. Most sensible would be a higher amount of hours worked among the most intrinsically motivated employees, but this is not accurately represented in the data. The employees at Justicium and Integrate both express an interest in the tasks they are conducting, meaning that they are driven by intrinsic motivating factors as well (Cerasoli, Nicklin & Ford, 2014). Furthermore, intrinsic motivation seems to be strong among the employees at the other firms, but they rarely work above the average 40 hours a

week. The employees at Justicium and Integrate attribute their overtime work to the financial compensation, not to their inherent interest in the tasks. These results suggest that extrinsic incentives are needed to justify extreme workload. Intrinsic motivation is not enough to make people work more than eight hours a day. Some employees express that they have no interest in working more than that, but they also do not have any financial incentives for doing so. Seeing as the firms that do offer these incentives work more, their standpoint might be subject to change in another context. With the main performance measure being the amount of debited client hours, employee performance can perhaps be increased in KIFs by offering stronger extrinsic incentives to facilitate higher workload.

As previously mentioned, the employees at Justicium and Integrate seem to attribute much of their motivation to extrinsic rewards even though they are intrinsically motivated by the tasks. This phenomenon is described by Fehr and Falk (2002) as a crowding-out effect, where the intrinsic motivation is replaced by extrinsic motivation when extrinsic rewards are introduced. As intrinsic motivation is less productive than extrinsic (Chamorro-Premuzic, 2013), this would supposedly be an undesirable occurrence. However, we have not identified any productivity or performance issues at Justicium or Integrate that can be traced back to overly sufficient tasks, as Fehr and Falk (2002) entitle them. Therefore, the difference between the efficiency of intrinsic motivation and extrinsic motivation is not particularly tangible in KIFs.

5.4 Differences in Trust Relationships

A difference between some of the firms is the presence of external regulations. The law and intellectual property firms are controlled by ethical codes that state that they always should operate in the interest of the client, otherwise their professional license is in danger. Supervisors in these firms are thereby not in as much need of verifying that employees are conducting their work properly as in the firms that are not affected by such regulations. However, we can still identify a low level of managerial control in the management and software consultancies. This suggests that there is a great amount of trust between managers and employees. The self-determination theory can help us understand why there is such a healthy relationship. As already established, the need for autonomy is greatly satisfied due to the significant freedom that the employees have (Ryan & Deci, 1985). In addition, the firms are successful in creating a sense of belonging and purpose with

their social activities, which strengthens the sense of relatedness (Ryan & Deci, 1985). The fact that they receive praise and appreciation in the form of informal ceremonies and different types of gifts, the feeling of competence also becomes satisfied (Ryan & Deci, 1985). All of these factors create intrinsic motivation and it is apparent that the firms to the most extent successfully satisfies these needs enough for them to be able to trust their employees to conduct sufficient work. Though, in some cases we can see a decrease in the sense of competence. According to Logan at Property, too much workload is a demotivating factor, which limits employee performance. It seems that KIFs need to create circumstances for the three needs in the self-determination theory to be satisfied in order to maximize performance. High workload is a recurring factor in essentially all of the firms. As mentioned before, working more hours leads to higher revenue, but firms must be wary of not causing a decrease in motivation by putting too much pressure on employees.

5.5 Effectiveness of a Joint Organizational Culture

In regard to organizational culture, it seems that the investigated KIFs are trying to promote certain values and norms through different actions such as norms, values, and social activities. Many would argue that the organizational culture itself is of high importance in KIFs as the employees are often a big part of the image related to the service that they offer (Alvesson, 2004). This seemed to be true for the investigated KIFs as well, as Miles from Integrate pointed out this aspect. There was a focus amongst the KIFs to ensure that employees had a certain mindset, such as being curious and hungry to learn more about their work in order to develop in their role. Explicit norms and rules are also utilized by the investigated KIFs to make employees follow certain procedures and to foster appropriate behavior. Hence, different aspects of culture can be utilized to foster a certain behavior (Welch & Welch, 2006), and this seemed to be the case amongst the investigated KIFs as well. A sense of belonging was assured through an open-mindedness amongst the superiors as they ensured that a diversity of people were hired and that everyone had their place in the company, as explained by employees from the law firm Justicium and the management consultancy Integrate. This cultural belonging helps to ensure a more effective goal alignment throughout the organization (Alvesson, 2002). Employees in some of the investigated KIFs were also encouraged to pursue their own ideas. In addition, the flatter structure amongst the KIFs seemed to enable more employees to be involved in the decision-making process regarding a multitude of subjects. This inclusion of employees is a cultural factor that is directly related to an increase in performance

and productivity, as more ideas and perspectives are uncovered in the decision-making process (Lunenburg, 2011).

The organizational culture also encourages a collaborative mindset amongst the employees in the KIFs. This type of cultural orientation could be seen in many of the investigated KIFs, as most had an emphasis on team-work and networking. Team-work and networking was highly associated with greater performance in the KIFs, as these traits helped the employees complete their tasks. This strive to collaborate was thereby apparent amongst many employees, as a form of self-control. Self-control is composed of an individual's objectives and standards (Kirsch, 1997), and a collaborative mindset was an important "standard" in the case of the investigated KIFs. The employees knew that collaboration was of utmost importance for success, and thereby strived to ensure that they had well-functioning team-work, on their own initiative. The self-control amongst the investigated KIFs was also influenced by the high-level of autonomy that is required by the employees. This autonomy may create a need for self-control, as there often is a lack of formal procedures regarding the execution of work tasks as many employees pointed out. The employees thereby need to strive to collaborate and learn from each other in order to perform their tasks effectively. Hence, self-control allows for autonomy (Kirsch, 1997), which may in turn increase intrinsic motivation and job satisfaction amongst the employees (Deci, 1985).

In addition to self-control, there was also a prevalence of clan-control in the investigated KIFs. This clan-control is formulated from the organizations side, in a strive to encourage commitment to the 'clan'. Socialization-processes, norms, values, ceremonies, and rituals are examples of clan-control (Kirsch, 1997). The employees pointed out that there was an existence of different types of "ceremonies", often related to the awarding of employees for their performance. This is a clear example of a process to reinforce a certain behavior (Kirsch, 1997), as employees can view the success of others and, arguably, be inspired to also perform as good. There was also a great utilization of general socialization processes at the KIFs such as general meetings, learning-lunches, and business trips. The business-trips were arranged by the organizations with socialization and personal development in mind. These provided the employees with excellent opportunities to network and build new relationships that could possibly help them perform in their future work. In line with self-determination theory, these socialization processes add to the sense

of relatedness amongst the employees (Fowler, 2014). Hence, culture in the shape of self-control and clan-control seems to be functioning as informal control mechanisms in the investigated KIFs, helping to impact the employee performance in a positive way.

5.6 The Impact of Knowledge-Transfer on Performance

The organizational culture could also allow for a knowledge-transfer to take place. This is suggested by the prevalence of socialization processes and networking that sprung from the cultural initiatives by the firms. Many employees emphasized the need for collaboration in order to succeed in their work, and some of the investigated KIFs made sure to staff projects with employees that had differing experience, which allowed these employees to learn from each other. In addition, many of the firms seemed to be successful in providing different formal structures for knowledge-transfer. Learning-lunches, meetings, tools, online academies, business trips etc., are good ways to create opportunities for knowledge-transfer. The explicit knowledge can be easily transferred using the tools and online academies due to its simpler nature. The learning, lunches, meetings, and business trips are especially effective in regard to transfer of tacit knowledge as it has a more complex nature (Krylova, Vera & Crossan, 2016).

5.7 Lack of Incentives to Share Knowledge

However, some firms showed room for improvement in incentivizing the sharing of knowledge. Levine & Gilbert (1998) emphasize that there is a need to provide employees with incentives regarding knowledge-transfer. In the empirical results, the consequences of not providing incentives was further strengthened in the software consultancy Clicky. It is mentioned that some employees do not feel motivated to pursue ambitions related to internal development as it is not directly beneficial for the customers, i.e. the employees will not be rewarded financially for these actions. We can recognize a risk that knowledge-transfer becomes of secondary importance for many employees due to a crowding-out effect as it usually does not come with extrinsic rewards. We saw evidence that some employees chose not to work with knowledge-transfer because there is no financial gain. Hence, some firms should strive to incentivize knowledge-transfer, and thereby improve employee performance as there is a strong link between performance and knowledge in a KIF (Palacios-Marqués, Peris-Ortiz & Merigó, 2013).

Hence, it seems that effective ways to utilize formal and informal ways of knowledge-transfer are prevalent in the KIFs. However, it is important to note that the structure of the firms may have an impact on the effectiveness of knowledge-transfer. A flat structure could in some cases make it harder for employees to know who to contact for advice, as explained by Miles from Integrate. On the other hand, Scott from software consultancy Clicky mentioned that they had a structure that felt like a combination of a flat one and a more vertical one. He explained that this made it easier to know who to contact for advice and how to influence top management in their decision-making.

6. Conclusion

The purpose of this thesis was to provide valuable insights for decision-makers within KIFs on how to design their control mechanisms to facilitate employee performance. The subject was chosen due to the lack of research related to the connection between control mechanisms and performance within KIFs in particular. Given the extensive amount of different control mechanisms, we had to narrow it down to a selected few. The chosen control mechanisms were hierarchical control, organizational culture, and incentives as the literature indicated that these factors highly affected employee motivation, job satisfaction and knowledge-transfer, which in return affects the level of performance. Our performed research has identified that the investigated KIFs do not have an adequate design of control mechanisms to fully facilitate the mentioned factors. There simply is room for a redesign of control mechanisms to improve employee performance.

This study had a strong focus on the self-determination theory as it has been covered in many aspects of the literature. We found that the need for autonomy was largely central among the respondents. Some firms offered a higher degree of autonomy than others, and while it usually increases intrinsic motivation, we found that too extensive autonomy can lead to efficiency issues and demotivation. The point where autonomy leads to efficiency issues seems to appear at different stages between firms. A big challenge for KIFs is to identify where this breaking point is in order to maximize employee motivation without experiencing efficiency issues, thereby facilitating employee performance. Central to motivation is also the type of task. In KIFs there are generally more quality type tasks which offer intrinsic motivation, but sometimes there are demotivating quantity type tasks. In order to not lose productivity to this, KIFs might find value in introducing extrinsic rewards for the quantity type tasks.

We have also identified a difference in workload between the KIFs even though there seems to be a similar level of perceived work-life balance. Intrinsic motivation is more effective than extrinsic according to the literature, but this does not seem to apply to overtime work. The reason why some firms are able to have such a high workload is because they offer more extrinsic rewards. Some employees that work 40 hours a week or less do not receive extrinsic rewards for extra work,

whereas this is mostly the case for those working 40+ hours a week. As more work means more debited hours, firms can find more profits by increasing extrinsic rewards. The employees that work 40 hours a week or less do not receive the same extent of extrinsic rewards as those working 40+ hours a week. As more work means more debited hours, firms can increase employee performance in terms of profits by increasing extrinsic rewards.

Aspects related to organizational culture such as social activities and norms were found to be of importance within the investigated KIFs due to their influence on the employees ability to network with each other. This networking is of great importance due the heavy use of teamwork within the KIFs which is necessary to succeed with the assignments. Different values associated with the culture also seem to contribute to an increase in motivation. Some KIFs have values that encourages autonomy and personal development which provides the employees with motivation. The investigated KIFs seem to be successful in using cultural control to create a sense of belonging, and our research confirms that social initiatives and common values are beneficial in facilitating employee performance.

The organizational culture was also related to an encouragement of knowledge-transfer. The networking associated with the social activities allowed for knowledge-transfer to take place. The organizational structure was also related to the success of knowledge-transfer as looser structures allowed for improved networking. There seems to exist a lack of incentives for knowledge-transfer in some KIFs, as employees are not financially rewarded for this action. To increase the spread of valuable knowledge within the organization and thereby facilitate employee performance, it could be beneficial to increase incentives for internal knowledge-transfer.

6.1 Theoretical and Practical Implications

The theoretical implications of this study revolves around the identified research gap related to how certain control mechanisms affect employee performance within KIFs in particular. This study strived to uncover what control mechanisms that are especially important within KIFs, and how these control mechanisms subsequently affect employee performance. It is found that hierarchical control, organizational culture, and incentives all have effects on factors such as knowledge-transfer, motivation, and job satisfaction. Through these factors, the chosen control

mechanisms affect employee performance within KIFs. Hence, this study contributes to a greater understanding of how these three control mechanisms in particular affect employee performance within the context of KIFs.

In addition, this study uncovered other more specific implications that are of interest to executives within KIFs. Previous literature suggests that intrinsic motivation has three times the engagement levels than extrinsic motivation (Chamorro-Premuzic, 2013). Our research discovered that intrinsic motivation is less effective when it comes to working 40+ hours a week. Instead, it seems as if extrinsic rewards are needed to motivate employees within KIFs to go above and beyond this limit of 40 hours.

The practical implications of this study relates to how executives in KIFs can utilize the results in order to facilitate employee performance. By making use of the results of this study, executives within KIFs can review their utilization of hierarchical control, organizational culture, and use of incentives to identify areas that can be improved to facilitate employee performance, which could end in higher revenue generation. Indirectly, clients of the KIFs can also benefit from this study. Many services that KIFs provide come at a high cost, and an increased employee performance can lead to the output of their work being of higher standard.

6.2 Limitations & Future Research

The limitations of this study are mostly related to the limits of extent of the thesis. There were six included knowledge-intensive firms, and there is no guarantee that the findings from these firms are transferable to other KIFs. Geographical and industry contexts might be factors that alter the perception of control mechanisms, meaning that results might have been different elsewhere. All included firms were located in Sweden and only four industries were represented. For example, for an architecture firm in Japan, the context might be too different for our findings to be relevant. Furthermore, in five of the six firms, we only interviewed one employee. The fewer perspectives analyzed, the higher the risk of the perception not being represented across the organization. To further confirm the findings in this study, future research could be conducted in the same area but with a larger extent of data or in other geographical or industry contexts.

Furthermore, there is an abundance of control mechanisms and we have only researched a selected few. The choice was based on careful consideration of previous literature, but given that the area of employee performance in relation to control mechanisms in specifically KIFs is limited, there might be other control mechanisms that have a significant impact on performance in this context. Further research therefore has an opportunity to find valuable insights in analyzing additional control mechanisms other than hierarchical control, organizational culture and incentives.

The notion that there is a breaking point where the degree of autonomy leads to efficiency issues is interesting for further research. We found that one firm started experiencing these issues when having less than 13 employees while there was another with a 1000+ employees that only to a smaller extent had experienced this. As firms can find value in identifying this point, future research could aim to explore what factors determine where the breaking point appears.

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