ORGANIZATIONAL STRUCTURES FOR SMALL AND MEDIUM SIZED ENTERPRISES

BUSINESS ADMINISTRATION PROGRAMME

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ABSTRACT

Bachelor Thesis
Degree Programme in Business Administration
Mönchengladbach

Author: Benjamin Karki   **Year** 2016

Thesis Topic: Flat Organizational Structure for Small and
Medium sized Businesses

#####_____BRIEF EXECUTIVE SUMMARY HERE_____####

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Pages: **##ofpages** p. + Abstract, Sources, Appendix

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LIST OF ABBREVIATIONS

HRM - Human Resource Management

SME - Small to Medium Sized Enterprise

CEO - Chief Executive Officer

Memo - Memorandum

CRM - Customer relationship management

FTEs - Full Time Equivalents

1. INTRODUCTION

An organization is a group of like-minded people that are striving towards a common goal. Organizational structures define the way common goals are achieved. Also of significant influence on an organization is the trait of a leader, and the way workplace culture is formed. Markkinointiakatemia is a small sized company with 25 employees based in Tampere, Finland. Tampere is the largest city in the Pirkanmaa region of Finland, with a population of approximately 216,000. Markkinointiakatemia focuses mainly on advertisements for Finnish companies through multiple channels including social media advertisement, website coaching, Google advertisements, website design, and mobile sites. This company is currently operating effectively with a flat structure organization with the number of employees they have. Markkinointiakatemia is looking to expand the number of staff by ten employees each year, and want to know how the employees could best be placed into the existing organizational structure or a modified version of the current structure.

This topic motivates the author for many reasons. The primarily reason is that the author will be able to offer advice for a fully operating company with a real challenge in the form of up to date information gathered that highlights the pros and cons of a flat organizational structure. The research that has gone into developing recommendations for Markkinointiakatemia is well deserved and will be taken into account upon submission of this thesis. Throughout the research into the topic of how businesses operate, the author believed that the structure of a business could either make or break the flow of operations. The notability of this importance has been one of the authors key motivational factors throughout the process. Aside from that fact, the authors own personal interest in the topic has inspired the author to write a thesis that could possibly make the difference in total productivity of a fully operating company.

The guiding research question in this thesis is: 'How can Markkinointiakatemia continue to keep a flat structure while on-boarding new employees to keep up with the growth of the business?' The reason that this question was proposed by the company is because they plan to grow by approximately 10 new employees per year over the foreseeable future. The question can also be interpreted a few different ways. For this I had subdivided the bigger question into three smaller questions.

1. Is a flat structure effective?
2. Should Markkinointiakatemia change their organizational structure?
3. Are the employees of Markkinointiakatemia working effectively?

1.1. Objectives

Markkinointiakatemia is currently planning to increase the amount of employees in their company. Looking into how a flat structure and other alternative structure changes can increase efficiency, this thesis will focus on giving recommendations based on current research and methods to answer the research question "How can Markkinointiakatemia continue to keep a flat structure while on-boarding new employees to keep up with the growth of the business?"

The objectives of this paper includes:

(i)   Explain the importance of organizational structure.

(ii)   Show the current adaptations of organization structures which are currently being used worldwide.

(iii)   Explain workplace culture dimensions in parallel to organization structure.

(iv)   Explain different leadership theories

(v)   Analyze survey results of Markkinointiakatemia in accordance with predetermined theory criteria.

(vi)   Giving final recommendations for how Markkinointiakatemia can improve their current organizational structure.

1.2. Methodology

The methodology used in the thesis is mainly gathered from recent literature and up to date information available through either online sources or research conducted by respected research institutes. Many of the topics concerning the thesis are theoretical implementations that are offered as recommendations. The research conducted is highly theoretical and should be taken only as recommendation and not as instruction.

Apart from the use of literature and online sources, the author has compiled the authors own data through the implementation of two methods;

1. I was able to survey the employees of Markkinointiakatemia through all levels of the company. The information gathered will be able to shed light on the current situation concerning employees and efficiency levels within the company that is the key focus of the thesis. The information will also be paramount in concluding the final recommendations for Markkinointiakatemia.

2. I have conducted independent research of ten outside companies from around Europe and North America to assist in establishing a benchmark in which the internal data could be analyzed against external data. The main focus of this outside information is to be able to set a precedent as to how business is being conducted in other areas with similar levels of employment numbers and productivity.

The main focus of the thesis is to be able to give final recommendations to how Markkinointiakatemia could proceed in the future to best be able to hire more employees without a loss in productivity efficiency. Therefore the information gathered reflects an overall approach for how management can decide to proceed in the foreseeable future. In order for this to be an attainable goal, the research of current methods of management and leadership within similar sized organizations is another component in the thesis. The final conclusion will include a part about customer relationship management (CRM) systems and how they can increase total productivity within the company. the thesis will not be focused around the implementation of the CRM system but it will be touched on in the conclusion.

2. ORGANIZATIONAL STRUCTURE

There are many different definitions of an organization. The most important thing to realize is that we have all been a part of an organization at one point or another. Historically, an organizations core value was to be goal-oriented, "a group of people who work interdependently toward some purpose." (Katz 1966, p18) This goal was often created by management and implemented through a system currently in place to delegate tasks that would accomplish the goal. However, now the definition of an organization is changing, It is no longer focused on any one particular goal. The new definition of an organization is 'a social arrangement for achieving controlled performance in pursuit of collective goals'. (Huczynski and Buchanan 2007, p6) Changing the perspective of an organization from a single goal driven identity to a collective goal driven identity.

The new definition offered by Huczynski and Buchanan offer an organization with a sense of structure and design. With structure and design we can move forward to defining organizational structure, as a smaller part of a bigger picture. (Connor/ McFadden/McLean, p2)

Dr. Rishipal defines an organizational structure as "The framework for organizing formal relationships of authority, responsibility and accountability is known as the organizational structure." (Rishipal, p56) He continues his definition by saying "It provides the means for clarifying and communicating the lines of responsibility, authority, and accountability. Any operating organization should have its own structure in order to operate efficiently." (Rishipal,56).

2.1. Types of Organizational Structure

In the following section I will be going over the five different types of organization structure. The five types of organizational structures will be

1. The Traditional Hierarchy
2. Flatter Organizations
3. Flat Organizations
4. Flatarchies Organizations
5. Holacratic Organizational Structure

2.2. The Traditional Hierarchy

The traditional hierarchy is an organization structure that empowers leadership to make unquestionable business decisions. This type of hierarchy is losing traction due to its multiple number of limitations and lack of flexibility. It is considered by business professionals to be outdated. The traditional hierarchy is used by the military to be able to establish a strong chain of command within their ranks. This strong amount of command also establishes responsibility, which in the military is considered a paramount attribute.

Figure 1: The Hierarchal Organization
Source: Forbes

"This type of a model makes sense for linear work where no brain power is required and where the people who work there are treated like expendable cogs." (Morgan, 2015) The traditional hierarchy is known to minimize the amount of innovation that is possible by any organization because information is always given from the top down. When information is only flowing downwards, it prohibits influences and ideas from lower level employees being able to be heard by

HIERARCHICAL ORGANIZATIONS

higher   level
executives. This also decreases the amount of total engagement between
employees and their organization, and does not drive best practices to improve
the productivity and/or quality from the employees. In tandem this affects the
overall level of communication within the organization and can lead to higher
absenteeism.

The biggest asset for the traditional hierarchy structure is that it works very well
for a company that is not looking for innovation. Historically, companies were
considered productive when they were able to maintain a certain amount of
production. Now the idea of business success is changing, as is the idea of
organizational structure. Most firms are no longer able to be successful with just
producing one type of product, the same way over an extended amount of time.
The most important aspect of companies now is that they are able to stay
flexible, and able to adapt with trends or customer needs at a fast pace. For this
reason, the traditional hierarchy is considered no longer effective due to it's high
level or response time, and lack of flexibility. (Morgan, 2015)

2.3.   Flatter Organizations

A flatter organization structure is a way of making a tradition hierarchy more
effective. Jacob Morgan believes that "a flatter structure seeks to open up the
lines of communication and collaboration while removing layers within the
organization." (Morgan, 2015) As shown in Figure 2, the removal of layers

decreases the amount of time information takes to flow through the organization. In terms of larger corporations, this is considered to be the most practical approach to maintain a strong sense of productivity. Flatter organizations are known to be scalable and it is the most logical approach to be applied throughout the entirety of an organization. This form of organizational structure shares a few points with the traditional hierarchy structure discussed earlier, but the flattened structure, remains significantly more flexible and communication focused. A reduction in the amount of hierarchy levels, decreases the overall time of information flowing from management to the workers. (Morgan, 2015)

Flatter organizations require a few different things to remain productive. The first most important piece of running a flatter organization effectively is to have a powerful and expansive set of technologies working as a central part of the company. These technologies should be used to connect each member of the organization so that the distance between information at any level of the hierarchy is very small. The second requirement for this organization to work efficiently is to ensure that workers do not feel incredibly pressured by management, and feel comfortable enough that they want to work at the organization, not that they need to be there. This requirement works in parallel with the third requirement, which is that management should be used as a tool for complete support, and not that management be seen as all knowing task masters. Jacob Morgan says that in this type of organizational structure "managers exist to support the employees and not vice versa. This also means that senior leaders focus on pushing the power of authority down to others instead of pushing down information and communication messages." (Morgan, 2015)

Figure 2: Flatter Organization

FLATTER ORGANIZATIONS
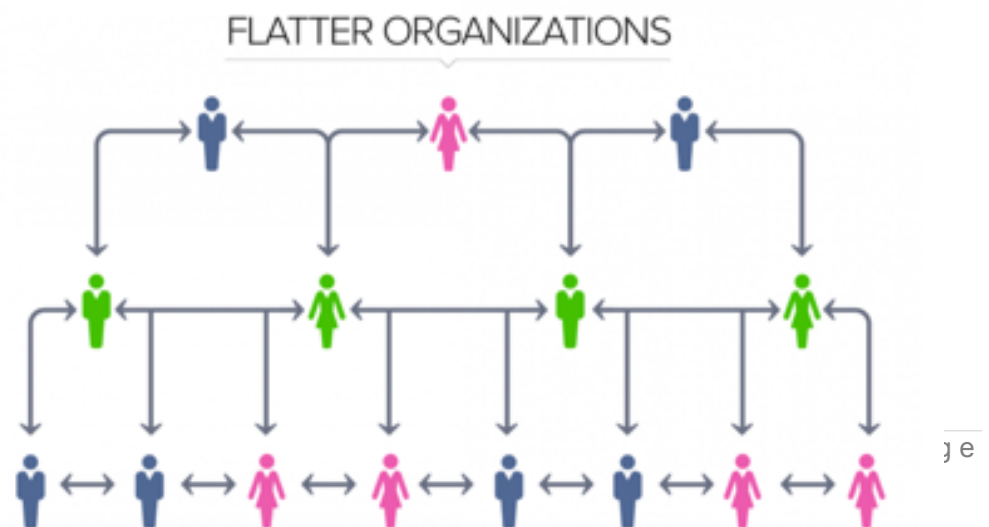
Source: Forbes

Larger companies have seen success with this approach so far. Companies like Cisco, Whirlpool, and Pandora have seen incredible success. In terms of employee management, employees at Cisco have been given complete freedom in choosing what they would like to work on. (Morgan, 2015) This is significant to note because if larger sized companies are able to maintain an efficient level of production with this type of structure, it could prove fruitful for business on all levels of size. Team structures within flattened structures have also been noted as increasing and positively impacting employee engagement. This is to say that members of teams within flattened structures have been studied and have shown a decrease in total absenteeism. (Glassop, 2002)

2.4. Flat Organizations

A flat organizational structure is defined as an organization with few layers or even just one layer of management. (Rishipal, p56) This would mean the chain of command is short, but the span of control is wide. Span of control is the amount of people that are responsible for reporting to any one manager. If the amount of people reporting to one manager is large, then it is said that the span of control is wide. If one manager has five employees reporting to them and another manager has ten, it is to be said that the second manager has a 'wider' span of control than the first manager. This is why Dr. Rishipal defines a flat structure as having a short chain of command, and a wide span of control. This fact has been stated over and over as a definition for flat structures. Julie Wulf states "Flattening (or delayering, as it is also known) typically refers to the elimination of layers in a firm's organizational hierarchy, and the broadening of managers' spans of control." (Wulf, p1)

Dr. Rishipal states the following characteristics for flat organizational structures:

"• Decentralized Management Approach
• Few levels of Management
• Horizontal career path that cross functions
• Broadly defined jobs
• General job descriptions
• Flexible boundaries between jobs and units
• Emphasis on teams
• Strong focus on the customer"
(Rishipal, p58)

Sometimes called a self-managed organization, the flat structure organization is operated almost completely by each member equally. It is not unusual to find a lack of job titles, seniority, managers, or executives within a flat structure. Work distribution within a flat organization is also very unique. The employees are all aware of which tasks need to be completed on a daily basis, but as far as work assignments and activities are concerned, employees are not directly instructed to complete any certain task by any specific date. The employee is simply self governed to work on whichever project that they think would best suit their skill base. Jacob Morgan states that "If an employee wants to start their own project then they are responsible for securing funding and building their team. For some this sounds like a dream for others, their worst nightmare." (Morgan, 2015)

Figure 3: Flat Organization

FLAT ORGANIZATIONS
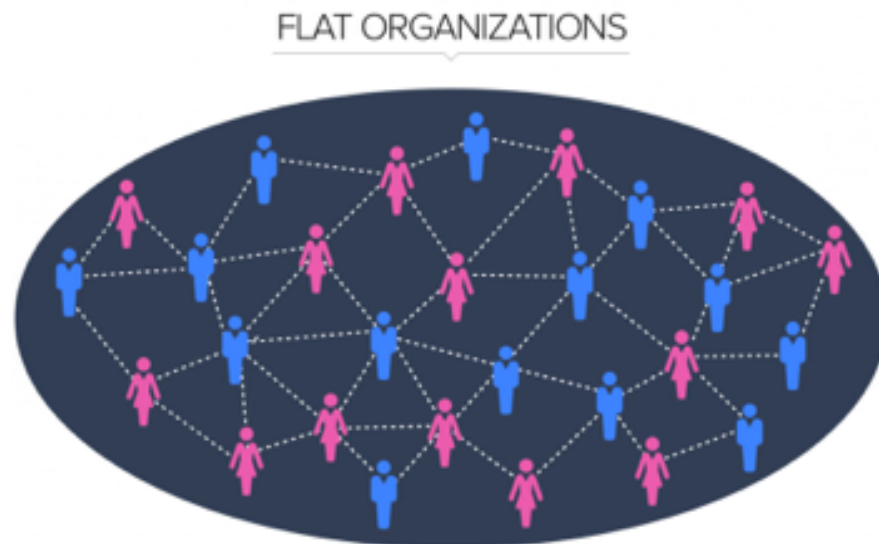
Source: Forbes

Connor, McFadden and McLean accredit the change of organization structure in recent years to mainly be focused around technology. They say that the increase in technology is "eliminating the need for multiple tiers of management and leading to 'flattening' organizations." (Connor/McFadden/McLean,19) Although they are speaking of flattening organizations, it is not likely that they are talking solely to a fully flattened firm, but rather to a 'Flatter Organization' discussed above. This is an important point to note because it is unlikely that a completely flat organizational structure will work for larger companies due to high levels of

information overload and a lack of uniformity towards completion of business objectives. (Morgan, 2016)

A flat structure can be suitable for some companies. If the company is either small or medium sized it is possible to either make the change to a flat structure, or make some adjustments away from the normal hierarchy. This is due solely to the aspect of having fewer employees. This is significant to note because if a company has fewer employees, the company is much more likely to implement change quickly. (Morgan, 2015) Burley argues "A larger company must involve many people and processes in product development, slowing the process and giving [the small business] an advantage." (Burley, 2016) Secondly, a natural hierarchy usually can form within a flat structure based on seniority. Typically within a flat structure, the employee that has worked within the company the longest usually carries the most power with influence and decision making. This makes it a good idea for starting companies to begin with a flat structure and morph into a structure with more hierarchy when more structure is required to complete business objectives to be more competitive.

2.5. Flatarchies

Flatarchies are an organizational structure that is a combination between a traditional hierarchy and a flat organization. This structure combines some of the best aspects of each of the two, and eliminates the aspects that are less effective in the two structures. More importantly, the flatarchy structure is able to focus on areas that need more focus. For example, a flatarchy can have a strong independent team for accounting or billing purchases, with hierarchy and structure. On the other hand, the same business could then keep their purchasing department and marketing department completely flat, with no designated hierarchy standing. Author Jacob Morgan describes the best example of a flatarchy as "a company with an internal incubator or innovation program." (Morgan, 2016) The incubator or innovation program works within the existing company, but is able to be enhanced by feedback or new ideas coming in from existing company employees. This offers the best of both worlds to the existing company, structure, and innovation. It drives a high level of employee engagement. Companies most famous for the use of internal incubation programs are Google, 3M, Adobe, and Linkedin. (Morgan, 2016) Morgan also warns that to have such programs within a company mean that teams need to be

formed that could require a large amount of resources and require much less
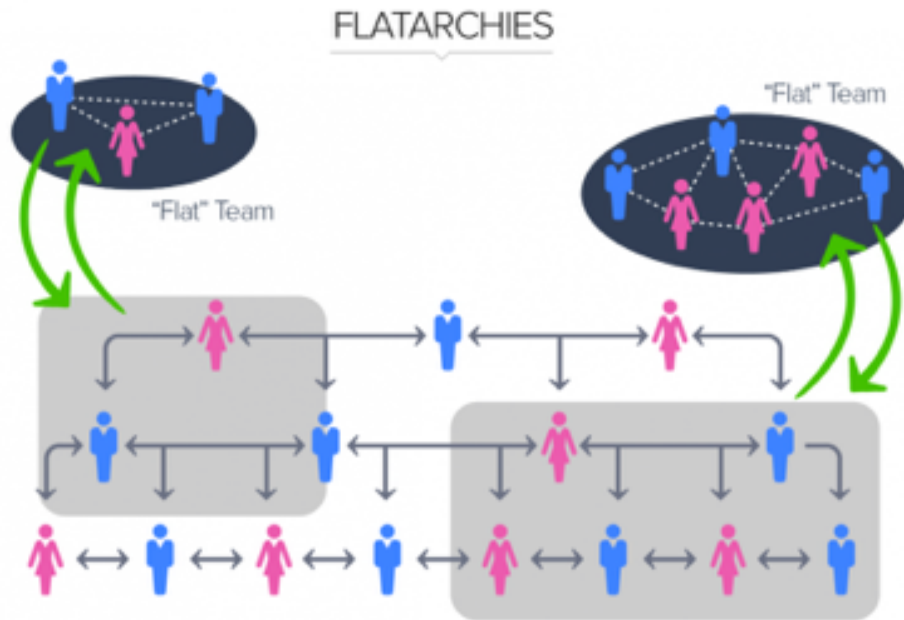
bureaucracy.

Figure 4: The Flatarchy Structure
Source: Forbes

The flatarchy is suited for all sizes of business and is scalable. It is best thought of as a temporary structure that is created when there is need for development or innovation. (Morgan, 2016) Jerry Alton describes a flatarchy as a structure that "essentially removes unnecessary levels and spreads power across multiple positions. This leads to better decision-making, but can also be confusing and cumbersome when everyone doesn't agree. In other words, it comes with pros and cons just like the other structures." (Alton, 2016) This structure however; which is not permanent, is a great way to temporarily increase innovation which is an extremely important factor for highly competitive businesses. Jacob Morgan, speaking of flatarchies said "The main benefit here is the focus on innovation which is quite a strong competitive advantage in the future of work." (Morgan, 2016)

2.5.1. Holacratic Organizations

HOLACRATIC ORGANIZATION

Holacracy is defined as "a new way of running an organization that removes power from a management hierarchy and distributes it across clear roles. The work can then be executed autonomously, without micromanagement." (Holacracy LLC, 2016)

Figure 5: The Holacratic Organization

Source: Forbes

The Holacratic structure is gaining more and more traction as of late. It is a new type of management structure, and it could be considered as the most recent discovery as far as organizational structures are concerned. The basic principal of this style of management is to give decision making abilities to everyone in the company in some part, and to allow for each individual to focus on the area of business that they know best. Instead of the typical segmentation form of departments, in a holacratic structure, departments are thought of as circles. Within these circles, information is readily available to anyone within the specific circle. Information can also flow through the circles as it is needed, encouraging a collaborative environment. Instead of a typical hierarchy structure, decision making and goals are set and achieved through regularly set meetings in which company employees can discuss ideas and strategies for future business improvements and expansions. Some companies that have been experimenting with this type of structure have been gaining a lot of attention. This type of

structure works best for small sized companies as it mostly involves a decentralized decision making body. Zappos, a large online clothing retailer is the largest company documented to have made the switch to a holacratic structure with approximately 1,500 employees. As this is an emerging style of organizational structure, the overall benefits or implications of changing from a centralized decision making style to this decentralized decision making style, are not yet fully understood. However, it is important to note that opening up decision making even slightly can be a great relief to overall executive level pressures in the day to day actives. (Morgan, 2015) They can also result in greater buy in to transformations from all employees and increases engagement, also known as happier employees.

The roles within a holocratic structure are created through meetings held regularly, and are created to best suit the needs of the individual worker. Roles can be created in terms of a team based role, or an individual role. The people assigned the roles can therefore be able to choose what work will suit them best. Roles within a holacratic structure are therefore always changing and are considered dynamic due to different roles being achieved by different people at different times. (Holacracy LLC, 2016) Considering the way roles are created, authority within this type of structure is also dynamic. The authority figure is designated based on a group consensus. This encourages and drives employees to work collaboratively with others to ensure they are viewed by their peers and others as potential leaders. Depending on the specific team or role applied, the role of authority can be placed on different individuals. The role of authority is therefore also dynamic. Rules are also put in place to ensure that transparency is one of the core values within a holacratic structure.

2.5.2. Human Resources Management in Flat Structures

It is less likely to have a human resource management (HRM) department within a small to medium sized enterprise (SME). Communication within a flat structured company requires a lot of horizontal communication and a strong sense of teamwork to work effectively. Typically, without the presence of an HRM department, employees are highly unlikely to look at the companies intranet for information, or read emails regularly without incentive. Therefore, employees within a flat organization structure are required to be motivated on a regular basis to ensure that they are correctly using the information and communication

sharing features set in place by the organization. (Connor/McFadden/McLean, 24)

2.5.3. Possible Hierarchy Variations

Hierarchies within a company are put in place to designate who an employee will report to. Organizational structures and hierarchies are used to form and shape the way decisions are made and how communication and information flows throughout the company. (Wolf, 5)
Another defining factor in organizational structures is the use of compensation methods and incentives to guide decision making. Historically, a firm could easily change their compensation methods in accordance to changes in their environment as they saw fit. (Wolf, 5)
Deregulation and increased trade have increased competition in globalized markets. Fortunately, declines in production costs and increased investments in information technology have made it possible for firms to remain flatter, and still be as productive as the historical forms of organizational structure. (Wolf, 6)
Due to these massive environment shifts, managers and firms are able to keep their organizations flat by divesting in side businesses, outsourcing non-core activities, and merging smaller departments together. (Powell, 2001) This allows the firm to keep goals at a reachable level, as well as maintain a more independent work force.

2.5.4. CRM Systems in Organizational Structures

One way that a company can improve communication within hierarchies is with use of a customer relationship management system (CRM). There are three different types or 'parts' of CRM systems.

The three parts are as follows:
1. Analytical CRM
2. Operative CRM
3. Collaborative CRM

First, the analytical CRM is the part of CRM which analyzes customer data and offers evaluations, modelling, and predictions based on customer behaviour. In practical applications this could look like a group of customers who have purchased one specific type of product, and can analyze what the customers should purchase next, for example. This application can make it easier to better

predict customer behaviour and can be used to reduce the number of staff required in departments such as marketing and sales. This is effective for the organization that would not otherwise have the available human capital to invest within a flat structured organization.

Secondly, a CRM system offers the operative part. **The operative CRM is used primarily to support customer contacts. This is primarily used by front office workers and helps to automate or streamline the business processes including sales, services, and marketing.** All customer contact information can be stored in a database which can be recalled at any time by employees. This is significant because it allows for employees to communicate using various contact channels but to give the illusion to the customer that the account or sale is being handled by one employee. It also reduced total time spent by employees having to create customized customer data. Instead the data will be saved on the database that can be recalled at any time.

Lastly and most importantly for SMEs, is the Collaborative CRM. As the name suggests, collaborative CRM allows for each company or each department along a single distribution chain to communicate together and share information about a specific client or specific set of clients. This makes communication between departments easier. Each department is able to stay up to date on customer information when they choose to access the customer data. The end goal of the collaborative CRM is to maximize sharing of relevant information about current company customers. This however is only possible if the information shared between departments is relevant. It is possible at times for a rivalry to form between departments and this could undermine the ability for the CRM to function productively and could result in a miscommunication issue. For example, withholding of information from the sales department could mislead the marketing team from creating an effective campaign.

The role of technology plays a large part with CRM. It is important to maintain smooth functionality of the CRM system if it is to be implemented. However, the biggest difference between a well-working CRM system and an ill-functioning CRM system comes down to the level of company adoption. The company or organization needs to be willing to implement and adopt a philosophy that puts the customer first, and as the main focus. If the supporting and long-term customer relationship mentality is not able to be followed, the CRM system will inevitably become less effective. (Heczková/Stoklasa, 2012)

Some of the mentioned benefits of CRM in terms of SMEs are:

1. "Pipeline reports are trusted and are used as the basis for reliable sales and production forecasts to predictably manage cash flow.
2. Process automation replaces repetitive manual tasks by cutting admin work and eliminating duplication so teams can focus on profitable activity.
3. Communication is a strength. Shared diaries, team calendars and service schedules give everyone clear visibility of individual activities.
4. Users can instantly check order histories to understand customer buying patterns and identify new selling opportunities.
5. Sales cycles are shortened and win rates improve as teams better focus their efforts on the opportunities that are most likely to close."

(Preact CRM, 2016)

3.   WORKPLACE CULTURE

Workplace culture is the character of an organization, the personality. The culture is the sum of all the values, traditions, beliefs, attitudes, behaviours, and interactions of an organization. The overall workplace culture is significant because it can impact employee happiness and satisfaction. It can also be a direct result of what drives engagement and employee retention. Workplace culture affects overall performance of employees, and it can also attract stronger new talents by creating an environment that exudes a well communicated culture.

Many different factors can affect workplace culture:
- Leadership
- Management
- Workplace Practices
- Policies and Philosophies
- People
- Mission, Vision, and Values
- Work Environment
- Communications

It is known that essentially within every organization, that each factor could possibly effect the overall workplace culture. It is important to evaluate the workplace culture within any organization to get a better understanding of the overall environment, the strongest leadership factors. Interestingly, it is important to note that every organizations' workplace culture is a concept that is always a work in progress. It will never be completed, but it will always be on-going. (ERC, 2013)

3.1. Hofstede's 5 Dimensions

Hofstede's five dimensions of culture were created by Geert Hofstede in his 1980 book, *Culture's Consequences.* The different dimensions are used to describe a culture by analyzing the key aspects and distinctions. Analyzed against a set of criteria, the dimensions are uniformly known to be not only accurate but also trustworthy. The specific dimensions are widely respected within the business world, it was shown that more than 800 peer-reviewed scientific articles had cited at least one of Hofstede's dimensions as of 2008. With such breadth, it was important to analyze workplace culture with such a dignified point of reference. (Hofstede, 2016)

Below are the five dimensions created by Hofstede, and their practical implications for analyzing workplace cultures in business organizations.

3.2. Power Distance

Power Distance is the "extent to which the less powerful members of organizations and institutions accept and expect that power is distributed equally." (Hofstede, 2016) In business terms, power distance is used to define and distinguish the distance between any individual contributor, and the hierarchy levels between them, and the head of the organization. For example, if an individual contributor reports to a manager, and the manger reports to a director; whom then reports to a vice president, and then to the CEO, the power distance within the organization is three. This is because the number of hierarchy levels between the individual contributor and the CEO is three. The level of power distance is significant because the higher the number is, the less the employee feels that they are contributing. This may lead to many negative effects such as lack of morale within the organization, or highly unmotivated employees. One way to counteract this negative aspect is to flatten the organizational structure to help employees feel more connected to the rest of the company. (Lindblad, 2016)

3.3. Individualism

Individualism is defined by Hofstede as the "degree to which individuals are integrated into groups." Individualism can also be defined also as the degree to which an employee maintains their own unique attributes, and to which extent they are encouraged to use them within the workplace. If there is a high level of individuality within an organization, any given employee would be said to have loose ties to others within the organization. Mainly the employee will look out for themselves or perhaps a smaller work group. Contrast to the individualist is the collectivist. The collectivist will fully integrate themselves into the organization and is known to be extremely loyal to the organization and to the other employees within the company. Parallel to the collectivist mentality is that the employee will expect that the organization is also supporting them in turn. (Lindblad, 2016)

3.4. Masculinity

This particular dimension measures the organizations personality against masculine and feminine stereotypes. The opposite of an organization that has a high level of masculinity is referred to as a more feminine organization. Depending on the distinction classified by the organization, a highly masculine company is said to operate with a high level of assertiveness and competitiveness. Employees are also encouraged to be competitive with one another and are encouraged to beat out other competitors.

A feminine organization is a theoretical dimension that describes an environment that is modest and caring. The most effective leaders in this type of culture are ones that will care for their employees, and are more likely to respond to difficult employee behaviour with compassion and a high degree of tolerance. (Lindblad, 2016)

3.5. Uncertainty Avoidance

Uncertainty Avoidance refers to the amount of tolerance for ambiguity within a workplace. It further indicates how comfortable employees are in an unstructured environment. Unstructured environments are defined as novel, unknown, surprising, different than the usual. If a workplace culture is highly adverse to uncertainty avoidance, they are known as an 'uncertainty avoiding' culture. On the other hand, if the culture embraces uncertainty, they are known as 'uncertainty accepting' cultures. (Hofstede, 2016) In business, this cultural dimension can define strongly which type of person can work at an

establishment. For example, if an individual that has a high level of uncertainty avoidance is put into a work environment that is mostly uncertainty accepting, this can translate to the individual over-planning within an environment that views time as little more than a number. The individual will quickly become frustrated and will most likely not become disengaged. (Lindblad, 2016)

3.6. Long-Term Orientation

Long-term orientation refers to a reference of time. Within long-term orientation, cultural values are found to be mostly pragmatic virtues toward future rewards. This type of culture is also encouraged to save resources, have a strong level of persistence, and can easily change by adapting to new circumstances. On the other hand, a short-term oriented culture is more focused on fulfillment of social obligations, preservation of ones self respect, and has a strong sense of national pride, and respect for tradition. (Hofstede, 2016) In business, this translates to mostly the core values of employees. In a long-term oriented work culture, perseverance is a large asset. It is also thought to blend well with hierarchy based organizations due to their leaders being highly respected. In contrast, employees that are leaning closer to the opposite side of the spectrum, short-term oriented cultural employees are known to show a strong sense of personal stability and also known to observe customs and respect traditions within the workplace. (Lindblad, 2016)

4. LEADERSHIP

In terms of leadership within large organizations, Porter states "A CEO is the epitome of leadership. He or she exercises ultimate power and is responsible for making the most critical choices facing an organization. However, these questions get far more complicated as one contemplates the realities of large organizations… The CEO is powerful, but multiple constituencies can exercise power as well, starting with the board. The shortening CEO tenure reveals that many leaders misunderstand the role and how to play it effectively." (Porter, 2010) Interestingly, many points of how Porter views leadership within large organizations can also be applied to small or medium sized enterprises. For example, aside from the truly flat organizational structure that was explained earlier, the CEO or leading manager is seen as the holder of the ultimate power in decision making. Leaders within any company have ultimate responsibility for overall productivity and for the well-being of their employees. However, not all leadership styles are created equal, and not all styles will work for any

organization. It is pivotal that the different types of leadership attitudes are explained and analyzed to ensure successful integration.

In terms of leadership development, it is never too late to try and change a certain type of leadership style. Leadership development is an extremely important part of running any organization optimally. However, the Centre for Creative Leadership warns not to be too focused on competencies, and to focus more on development of the leader themselves. (Center for Creative Leadership, 2015) In the next section of this thesis, I will highlight five different styles of leadership and exhaust their competencies and outline both pros and cons of each.

4.1. Laissez-Faire Leadership

Laissez-faire is defined as the policy of leaving things to their own course, without interfering. Laissez-fair leadership however, can also be called 'delegative leadership'. This means that leaders are able to delegate tasks and decision making power to other employees, but retain the responsibility for the outcome of their delegated tasks decisions. (Cherry, 2016) Laissez-faire leadership provides an environment where regular feedback from the leader to their employees is not required. This specific style makes the role of supervision from leaders almost moot. This means that Laissez-fair leadership is only possible to work if the current employees who are working at the company are capable and skilled enough to work almost completely independently, without the need of constant supervision. If an employee is in any way of need to ask questions or ask for guidance, the employee might feel as though it is not a welcomed conversation, and will as a result be less productive. (Johnson, 2016)

If the employees within the company are highly motivated and skilled working independently, they are completely capable of completing tasks and remaining productive without the need for constant supervision. This specific style of leadership is found to be effective in situations where employees know more about a specific topic than the leader of the organization themselves. At that point in time, the employees are considered more of an expert in the particular field than the leader, and therefore require much less supervision, which could possibly hinder the expert employees performance. Ultimately, because the leader has delegated the specific tasks to employees, the leader plays the role of a consultant and is also available to offer feedback to employees as they need. (Cherry, 2016)

If executed poorly, the laissez-faire style of leadership can lead to many consequences. If the business has a large number of unskilled or unknowledgeable staff members, this style of management is considered non-ideal. If roles are not clearly defined by leadership, it is also possible that productivity levels flat line, as employees can become confused about what they should be accomplishing. (Cherry, 2016) This could also demotivate skilled workers as they may not receive the recognition that they require and/or deserve. Staff are less likely to provide innovative suggestions as this may be viewed as unwelcome, and or not a good use of time.

4.2. Autocratic Leadership

Autocratic Leadership can also be called 'Authoritarian Leadership'. Authoritarian meaning a presence of strict obedience to authority. "This style of leadership is strongly focused on both command by the leader and control of the followers." (Cherry, 2016) Within this style of leadership, a clearly defined line between leadership and non-leadership is firmly established. The best situation where this style of leadership can be applied is where group decisions are not encouraged, and time is highly sensitive. If a company is running in a way that decision making needs to be made quickly and without hesitation or group resistance, the authorization leadership style is encouraged. (Cherry, 2016)

Building on this concept, because there is a lack of group discussion for business matters, research has shown a large decrease in the number of creative business decisions. Depending on the type of business, an autocratic leadership style could be devastating. (Cherry, 2016) In contrast to the lassie-faire style of management mentioned above, "countries such as Cuba and North Korea operate under the autocratic leadership style. This leadership style benefits employees who require close supervision." (Johnson, 2016) This is mainly attributed to the fact that employees are rarely encouraged to question instructions set by upper level management. For this reason, employees who are able to thrive within a creative environment are highly unlikely to respond positively to this style of leadership. (Johnson, 2016)

Furthermore, a change from a democratic style of leadership to an autocratic leadership style can be "viewed as controlling, bossy, and dictatorial." (Cherry, 2016) Therefore it should be noted that once an environment has been established as autocratic, it should remain autocratic. (Cherry, 2016)

4.3. Participative Leadership

Participative leadership is known as the most effective style of leadership. It can also be called democratic leadership. A democratic leader will help guide their employees through their tasks, as well as allow for input from group members. In

one study, children which were tested with a democratic leader found that productivity levels had decreased more-so than with an authoritarian leader *see above: section 4.2* but contributions and input were at a higher level overall. (Cherry, 2016)

Similarly to most styles of leadership, the participative leader holds the final responsibility of decision making. This positively contributes to an increase in levels of employee morale. The increase comes from the leader taking into account the ideas of other employees and therefore creating a more inclusive environment. (Johnson, 2016) Miksen of StudioD said that including employees in decision making is a strong and positive way to increase trust and strengthen relationships between the leader and their employees. (Miksen, 2016) The participative leader also plays a key role in helping employees accept company changes and adapt more quickly. The one strong disadvantage for this type of leadership is when a company needs to quickly make decisions, as the process of including other employees' input can cause time constraints. (Johnson, 2016)

4.4. Transactional Leadership

Transactional leadership is a style of leadership that views the relationship between leader and employee as a transaction. (Cherry, 2016) This particular leadership style is one that will either reward or punish their employees for tasks completed, usually based on performance results. Rewards can be in the form of bonuses or other incentives such as time off. Punishments are often a form of retraining on a specific area that the leader deems is necessary, or promotions are withheld. (Johnson, 2016)

The main advantage of this specific style of management is that roles are clearly defined. The goals to be completed are created in a group and all employees know exactly what is required from them to be able to receive the compensation, or to complete the transaction. Another advantage is that the transactional leader can closely supervise the work being completed, and can adjust project demand easily. Consequently, this style of leadership could possibly stagger creative thinking, as employees are not encouraged to do anything other than complete the project that is presented. (Cherry, 2016)

4.5. Transformational Leadership

First described in 1970, and later expanded by researcher Bernard M. Bass, Transformational leadership has been identified as the most effective style of leadership in business. The core competencies of this type of leader are to motivate and inspire their employees and to direct positive change within their groups. Transformational leaders are also known to be inspiring, energetic, passionate, and enthusiastic. They are able to project their vision with groups

and are able to help employees succeed. A study which linked transformational leadership to an increase in well-being was conclusive to note that the link between high levels of trust and meaningfulness personified by the leader correlated with an increase in well-being of their employees. (Cherry, 2015)

Transformational leaders also are know to enhance overall communication between employees and their organization, as well as increase productivity and efficiency through high levels of visibility. For this type of leadership to be present, it requires a large commitment from management to meet goals consistently. The leader needs to focus on the big picture within the organization and allow for his employees to complete smaller tasks which are delegated to accomplish larger goals. (Johnson, 2016) The four 'I's' of transformation leadership are idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. Research has shown that they are known to show indefinite correlation between increased job performance, employee acceptance, and increased job satisfaction. (Balyer, 2012)

5. INTERNAL ANALYSIS

In this section, the author will analyze the data that has been collected from Markkinointiakatemia's employees through all ranks of leadership. I will also be analyzing different sources of information that show some kind of connection between the authors findings and the findings of the business community. Within this analysis it is important to keep in mind that although some connections will be made, they are at no point a direct order to change current production standards and should be taken as recommendations for possible change and not as directions.

5.1. Analysis Introduction

The analysis of Markkinointiakatemia has been conducted through use of a survey. The survey that was made contains a total of 22 questions. 19 questions were to be answered by all employees, and three additional questions were to be answered by employees of the company that are also on the 'sales team'. The questions were formulated in a way that would best allow for honest answers, and in accordance, all employees were kept anonymous. Of the 25 employees currently working at Markkinointiakatemia, the total number of respondents to the internal analysis survey was 23. The data concluded from the survey will be introduced in terms of percentage, rounded to the nearest whole number to increase digestibility and retention of data. In the case where a total number of respondents is more significant in terms of describing the data, total number of respondents will be used contrast to percentage.

5.2. Company Overview

Markkinointiakatemia is a small sized company from Tampere, Finland which currently employees 25 people. The work that they do focuses around web based marketing. The company works with clients from all over Finland. Markkinointiakatemia has no plans to expand to other geographical locations in the foreseeable future but will continue to maintain and grow their company domestically. Markkinointiakatemia works with mobile websites, they increase visitor traffic with the use of social media and other platforms, search engine optimization, websites and web stores. They also offer advertisements and have courses in marketing that can be taken by customers to increase their own marketing efforts and to make them more productive.

Group projects are not completed with use of side groups as they would be within a flatarchy but are instead completed through day to day activities, for example an employee working on a project will be fulfilling their own job responsibilities whilst also working on a project. Company positions are very open and are not well defined within the organization, pointing heavily to a flat structure.

Based on the authors own analysis, decisions are made by the CEO and are communicated through meetings that are held weekly, or more than once a week. It is also easy for employees to have discussions with the CEO whenever they have an idea or need to discuss something that has been newly implemented.

The structure of Markkinointiakatemia is considered flat. This is based on job roles being loosely defined. Job roles within the company are mostly used to add a simple distinction instead of a clearly defined position with clearly defined roles. Employees are encouraged to make decisions on a daily basis and they feel empowered to make those decisions.

The assumed current growth model for Markkinointiakatemia which is loosely based on information gathered from the company is that they plan to hire ten new people each year. This is the base estimate that can be established at the moment, the number of employees to be hired is subject to change as additional human capital is required or found to be necessary.

5.3. Question One and Two

Questions number one and number two of the analysis were set up accordingly. The first question asked which position the employee was currently employed in. The significance of this question was to be in parallel with question two. In question two I asked the employees of Markkinointiakatemia which position of the company they report to. This was to establish a chain of command in terms of direct reports to better understand the organizational structure of the company.

With this information I was able to put together an accurate representation of Markkinointiakatemia's organization chart. This information, has simplified and provided a visual representation of both communication channels, as well as overall employee accountabilities. It is interesting to note that on two occasions of the survey, one employee who had identified themselves as a 'Sales Negotiator' in question one had also answered that they report to the 'Sales Manager' in question two. The reason that this is important to note is because on every other submission where an employee had answered 'Sales Negotiator' for question one, the same survey submission indicated that they had answered 'CEO' for question two. This may represent a communication issue within the company based on the same specified job title reporting to two different levels of management. This variation could also be the result of the currently implemented training protocol that requires new sales negotiators to be closely monitored by the CEO himself, instead of increasing total autonomy which could increase confusion in newly hired staff members.

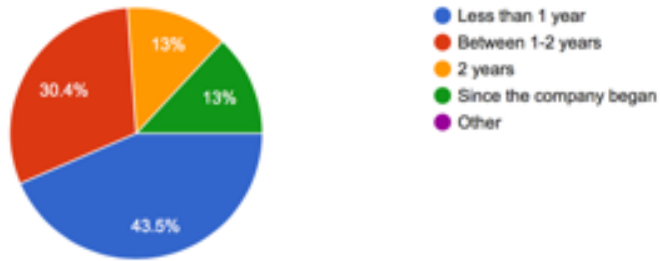Figure 6: Current Organizational Structure

CURRENT MARKKINOINTIAKATEMIA
ORGANIZATIONAL CHART

5.4. Question Three

Question three asked how many years the employee has worked at Markkinointiakatemia. The significance of the question data obtained is to be

3. How many years have you worked here? Kuinka kauan olet työskennellyt täällä?
(23 responses)

used as a benchmark for data that will be later used to analyze overall structural effectiveness based on the amount of time an employee has been with the company. It is also significant to gauge growth potential of the company, and to analyze total employment over the foreseeable future.

Markkinointiakatemia is a newly established company that has been growing for a total of two years. Total employee retention data was unable to be obtained as the scope of the survey was to only interview current employees. Based on 23 responses, 44% of employees have been with the company for less than one
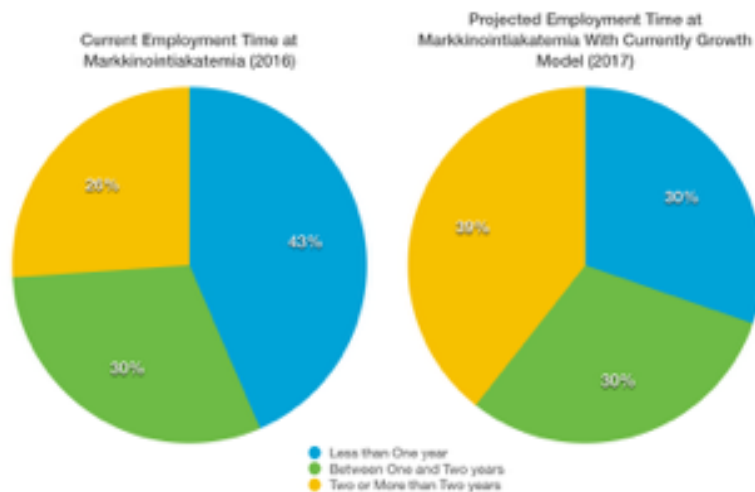
year. 30% have been with the company for at least one year, but not more than two years. 13% of employees have been with the company for a total of two years, and 13% have been with the company since it was founded.

Figure 7: Question 3 - Years Worked

The data depicted within Figure 8 is in correlation with Markkinointiakatemia's current growth model of adding ten new employees per year. Ten employees in this particular data set (represented by the 44%) indicated that they had been hired within the current year. Figure 8 is a pie chart of what is projected for 2017

for Markkinointiakatemia's employment data using their current growth model of adding ten new employees each year. For ease of readability, the '2 years' category and the 'Since the company began' category have been merged to simplify the data.

Figure 8: Projected Employment (2017)

Graphs created for continuous years include ten employees in the 'less than one year' category and the current year's employees should be moved to the next category of 'between one and two years'. When the employee has reached a total of over two years of employment at Markkinointiakatemia, they should be moved to the next category of 'Two or More than Two years'. With this analysis it was possible to create employment projections for the foreseeable future. Figure 9 shows the current projections of employment numbers created through use of both the current employment numbers, as well as using the current growth model of the company, to employ ten new people per year. Projections can be seen in Appendix 1. The data also is correlated with data from Question 13 of the survey, concluding that no current employee is seeking employment elsewhere and that 79% of current employees plan to stay in their current position within the foreseeable future.

Figure 9: Projected Employment for Markkinointiakatemia (2016-2021)
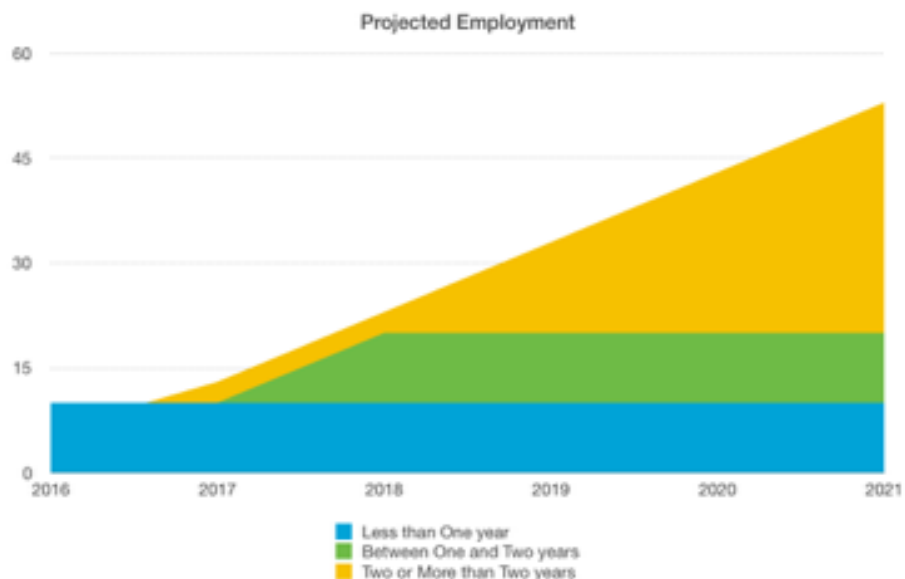
Tenured employees offer customer familiarity, so that customers are more comfortable with their contacts within the company. The customers are then more likely to continue business with a contact in which they have a relationship with. More subject matter experts are also available to train the newly hired candidates. Less financial and time investment will be required to train newly hired employees. It is also likely that less money will be spent on advertisements due to a growing name in the industry.

5.5. Question Four

Figure 10: Job Location Method
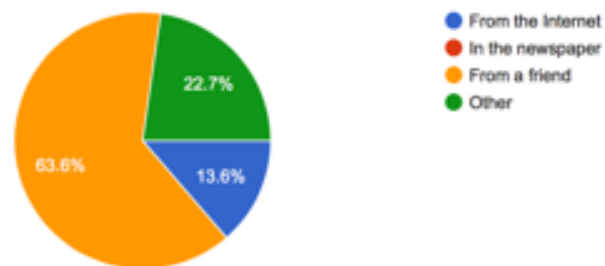
Question four asked the employee how they heard about the job position before applying to the company. 64% had heard about the job through a friend. This could be considered significant as it is more than likely that employees who have given names of their friends to management to be considered for hire, presumably means two things. Firstly it could mean that employees feel comfortable enough in their current position that they also know which one of their contacts would fit well within the organization. This is an excellent way to make hiring decisions because in small companies it is important that there is a strong sense of teamwork amongst the specific existing employees of an organization, be it departmental groups, or project groups. Secondly, it shows that a significant number of employees feel that they are able to provide recommendations for hiring to their managers. This shows a strong sense of personal ownership and employee empowerment. It is most likely that this type of hiring will occur within a flat structured organization, because of the lower hierarchy levels and low level of power distance. 14% had heard about their current job position through the internet, and 23% had selected 'other'. Those who had selected the option 'other' on the survey, were hired either by the CEO, or they have had the position since the formation of the company.

5.6. Question Five

Question five asked employees what their level of education is. Surprisingly, the data is very well balanced between all levels of education. The two largest sections of data as shown in Figure 11, both at 31% are High School, and Bachelors Degree. The second largest section of the data concluded that 22% of employees currently have a masters degree. The 18% of employees which had selected 'other' as their answer have all answered 'vocational school' as their level of education. The correlation within this set of data is significant because the overall level of education seems to have little to no correlation with working in a flat structured environment.

Figure 11: Level of Education

5. What level of education do you have? Minkä tason koulutus sinulla on?
(23 responses)

- High School equivalent
- Bachelors Degree
- Masters Degree
- Other

21.7%
17.4%
30.4%
30.4%
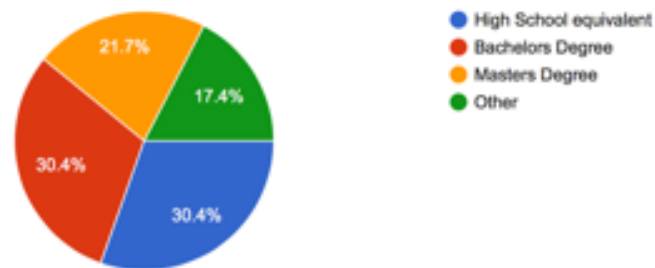
In correlation with question four, which asked how the employees had received the job; Those with an education equal to or less than a bachelors degree had heard about the job because of a 'friend' within the company. Every individual who has indicated that their level of education is equal to a 'Masters Degree' has been hired through the internet (except for one individual, who had both a masters degree, and been hired by the CEO personally). This data has shown that it is much more likely for an individual with a current education level of 'high school equivalent' to a 'bachelors degree', would be much more likely to be hired into a flat structured organization by a friend than those with a masters degree. This could possibly be a result of nepotism being prevalent within Markkinointiakatemia.
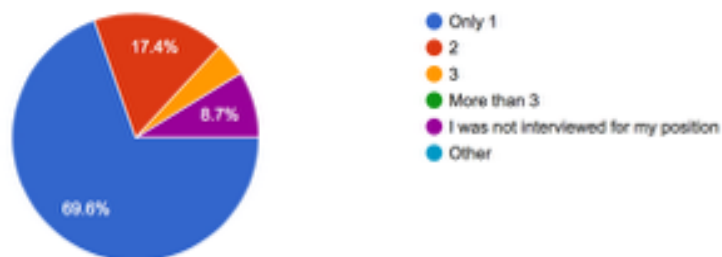
5.7. Question Six

Question six asked employee how many interviews they needed to go through before getting hired. The reason that this question was asked is to determine overall hiring times within flat structures. 70% of current employees had been hired with only one interview. 17% had been hired after two interviews had been conducted, and 4% had been hired after a total of three interviews. 9% of employees had been hired without any interview, and no employee has had more than three interviews. In terms of number of interviews, and the way the employee heard about the job, there was an almost clear distinction that when the employee had heard about the job from a friend within the company, that the number of interviews conducted to be hired was one. If you compare both charts (Question 4 and Question 6 charts) you can see an almost identical overlap. The only difference is that the people who were interviewed only once is a bigger section than those who had heard about the job, and that is because those who were also classified as having a masters degree in question five, had also only been interviewed once before obtaining their position. There are only three individuals who do not meet the criteria described. One individual employee who has indicated that they have a 'Masters Degree' was interviewed three times for their position, and had found the job through the internet. The other outliers are two individual employees who have both selected that they have Bachelor degrees, and one had found the job through a friend, and the other from online, had both been interviewed twice.

Figure 12: Total Interviews to Hire

6. How many interviews did you go through to get hired? Kuinka monessa haastattelussa olit ennen kuin sinut palkattiin?

(23 responses)

- Only 1
- 2
- 3
- More than 3
- I was not interviewed for my position
- Other

17.4%
8.7%
69.6%

5.8. Question Seven, Eight and Nine

Questions seven, eight, and nine of the survey have been combined as they were all opinion based. The answers from these following three questions have been translated from Finnish to English. The questions required employees to answer specifically and with written text, how to help improve their work environment and workplace culture. These three questions have been answered and give a detailed description of their current work environment. This includes improvements that can be made, what should stay the same, and what employees find rewarding.

5.8.1. Question Seven

Question seven asked employees:

'If you could make one improvement in the company, what would that be?'

There were a total of 19 responses to this question.

One employee has suggested that he would want to improve the amount of teamwork within the organization. The same employee also suggested that the amount of team work and group work opportunities should increase.

Ten individuals have suggested that it is important that communication or information sharing be improved. The common response was that the communication flowing between departments should be improved. The departments that have the lowest level of communication and that need to be improved according to the employees are the sales department, and the production department. One employee said "Communication could be better on some occasions, but this has more to do with individuals and their methods than how communication is handled in the company in general." It could be possible that the work environment is leaning more towards the individualism dimension of workplace culture, or at least in terms of the few employees who are unable or unwilling to share their information or feedback effectively. One employee has also indicated that they would change the client management system that is currently in place to improve the way information is transferred from the sales department to the production department and vice versa.

One employee indicated that increasing production speed would be the one improvement they would make. This was a somewhat common response as

there were two other employees who indicated that hiring more employees to the production team would be what they would change.

One employee indicated that they would improve the amount of training available, and would like to have more education in relation to their position. Another employee had said that they would prefer to have flexible working hours such that they could start their working day at any time and work for the required amount of time each day.

One employee would improve the current hiring model, to increase the sales departments monthly pay as it could be perceived as an obstacle to potential candidates. However, the same employee stated that it is motivating for them to have the amount of total sales affecting their paycheque. Another employee had suggested that the salary could possibly be increased which would increase their current motivation level.

One employee was unable to comment due to time spent at company.
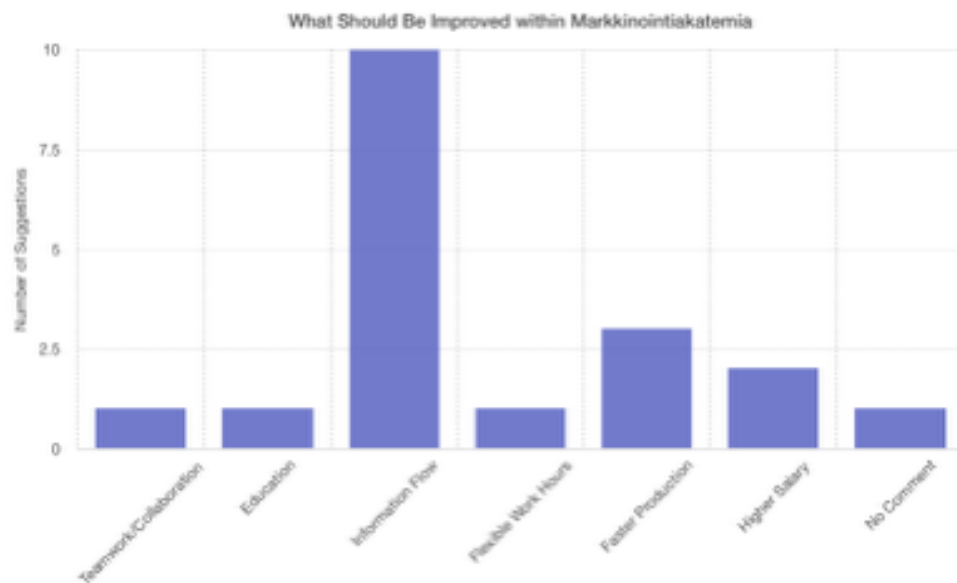
Figure 13: Question Seven Data Chart

Figure 13 was created using Appendix 2, which is a summary of all 19 answers and put into a chart for a higher level of readability.

5.8.2. Question Eight
Question eight asked employees

*'What do you like best about the company?*

This question was significant to ask because when changes are being made within an organization, the benefits of the current environment can be easily overlooked. This question was used as a gauge for what the workplace currently felt was being done extremely well. The data that was collected is very positive in the sense that most employees feel comfortable in the overall work environment and in turn, the workplace culture. 14 employees indicated that the workplace culture was very strong. This is significant because as stated within the theory, the workplace culture can not be created but instead is a combination of each individual within the environment, and each individuals dimensional standing. The 14 employees that have answered that the workplace culture is the best part of the company justified their reasoning, stating the following reasons for enjoying the current workplace culture:

- Freedom to work the way they want

- Supportive and individual training

- Company spirit

- Atmosphere

- Willingness to grow within the company

- The ability to influence change

- Flexible work environment

Aside from the surprisingly large number of responses of individual employees who enjoy the workplace culture, one employee enjoys the salary the most. A different employee enjoys their clientele the most. Two employees enjoy the management teams within the company the most, saying that management is seen as being on the same level as other employees, and that the management team does not need to use their influence or power to achieve results. Two employees stated that they enjoy the products the most, adding that it is most important to them that they are able to provide good products at a flexible price point.

The following Figure 14 was created using Appendix 3 as an accumulation of responses regarding question 8 of the survey. This graph is put here for overall ease of readability.

Figure 14: Question Eight Data Chart

What Employees Like Best About Markkinointiakatemia
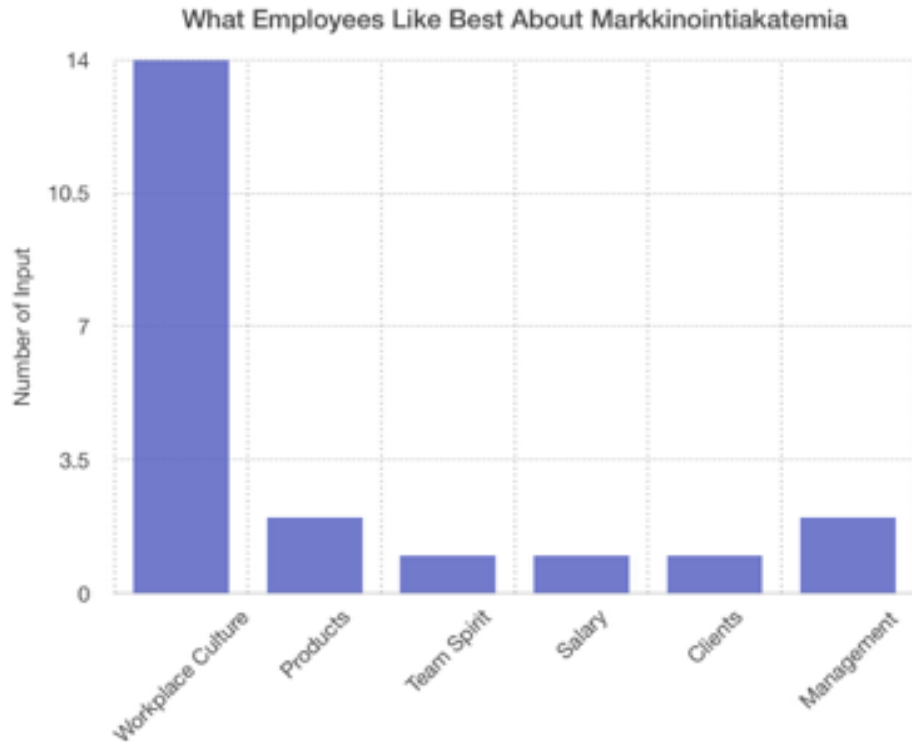
5.8.3. Question Nine

Question nine asked

'What is the most rewarding part of this job?'

This question is significant in analyzing what motivates employees the most. It is important to understand the motivations of the work force in order to provide the best forms of reward and to try to maximize overall job satisfaction of each employee to increase effectiveness of management and drive tenure. There were a total of 22 responses to this question. However, the graphs shows a total amount of 31 responses of analyzable data which was accumulated due to employees answering more than one reason per response. Out of the 22 different responses, only four types of motivation or rewards were given. The four most common responses were

1. Success

2. Customer focused

3. Money

4. Recognition

These types of recognition rewards are not uncommon, and it should be noted that having 'Success' and 'Customer Focused' the same for number one shows that a significant amount of employees at Markkinointiakatemia are likely to be highly collectivism-orientated.
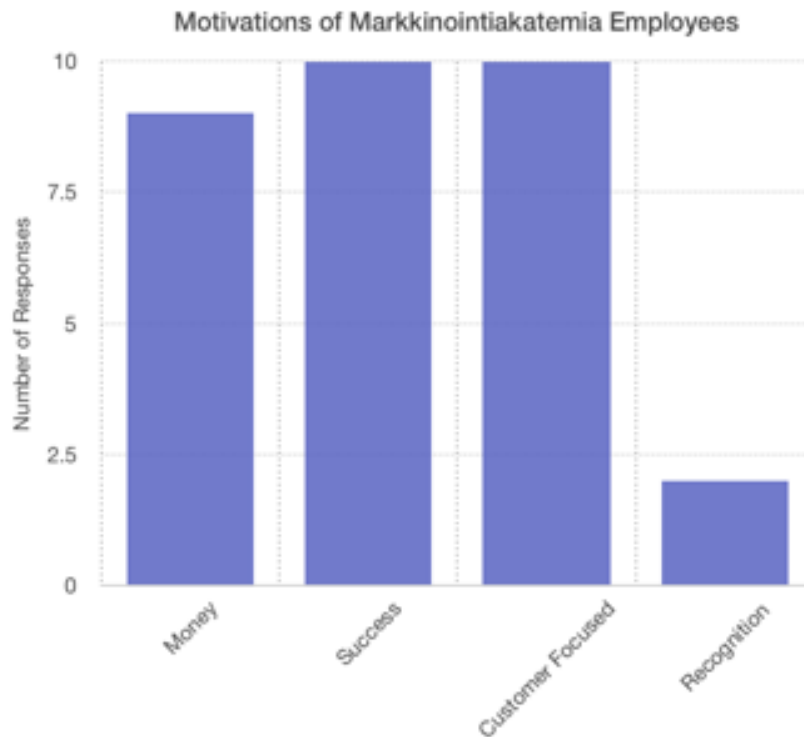
Figure 15 was created using the data collected from Appendix 4. This graph is put here for overall ease of readability.

Figure 15: Question Nine Data Chart

5.9. Question 10

Question ten of the survey asked employees if it was easy to communicate with their boss. The reason that this question is significant is because communication flow is one of the key determinants of organizational structure. As stated in the theoretical part of this thesis, communication within a flat structure or even a 'flattened hierarchy' structure, is important that communication be horizontal. This will in turn keep teamwork strong and increase work effectiveness. 83% of employees said that it was easy to communicate with their boss. 13% had stated 'other' as their submission and said that it was 'sometimes' hard to communicate

with their boss. In parallel with the single response that had selected 'I wish it could be easier', employee's feel that when their boss is working it is, or can be difficult to communicate with their boss. This is understandable within a flat structured organization because there is a high amount of work distributed to each employee, and it can be difficult to find time for questions. With further analysis into the workplace culture from this question, it is evident that the culture is leaning more towards a feminine style of management, where employees feel that it is easy to communicate with their boss.

Figure 16: Ease of Communication With Leadership

10. Is it easy to communicate with your boss? Onko sinun helppo puhua pomosi kanssa?
(23 responses)
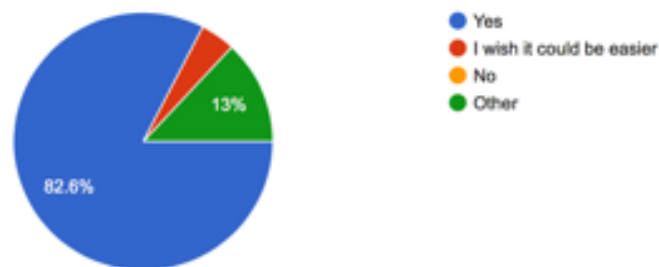
5.10. Question 11

Question 11 of the survey asked: 'How would you describe the management style of your boss?' This question is significant in the analysis of Markkinointiakatemia because it can be used to analyze the leadership style currently in place. The strongest attribute consists of 35% of employees that have selected 'Open Minded' to best describe the management style of their boss. 30% of employees describe the management style of their boss as 'Trusting' and 22% describe their boss as being 'Consultative'. 13% of employees have selected 'Other' and have described their bosses management style as being 'Coaching', 'All of the above' and 'Single-minded or purposeful'.

11. How would you describe the management style of your boss? Miten kuvailisit pomosi johtamistyyliä?
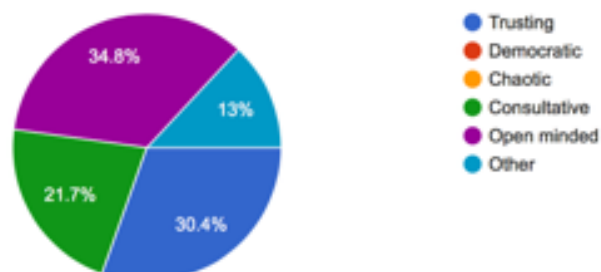(23 responses)

Figure 17: Perceived Management Style of Leadership

5.11. Question 12

Question 12 asked: 'Do you feel challenged in your current position?' 70% of employees have said that they do currently feel challenged in their position, and that they have enough work. 9% of employees said that they do not have enough work in their position, and that they could do more to improve the current situation. 13% said that they will make an effort, and want to do more within their position. Four percent said that they would want to do less in their current position, stating having been overworked. and four percent have stated 'other'. The employee who has stated other has asked that they would like to have more time to focus on specific products and would like to be assigned to more interesting and complicated projects. This means that there is room for improvement that could help to increase total productivity of employees. This is not uncommon in flat structures, as it is often managed through self-guided discipline. An employee needs to be a self-starter to do as much work as they can. It is the responsibility of management to try and motivate their employees to increase total productivity. There could also be a problem of delegation, as some employees feel that they are overworked and others feel that they do not have enough work.

Figure 18: Employee Productivity Level

12. Do you feel challenged in your current position? (Do you feel like you get enough tasks in your current position) Ovatko tehtäväsi mielestäsi sopivan haasteellisia nykyisessä asemassasi?
(23 responses)

- Yes, I have enough work
- No, I could do more
- I want to do more
- I want to do less
- Other

69.6%
8.7%
13%
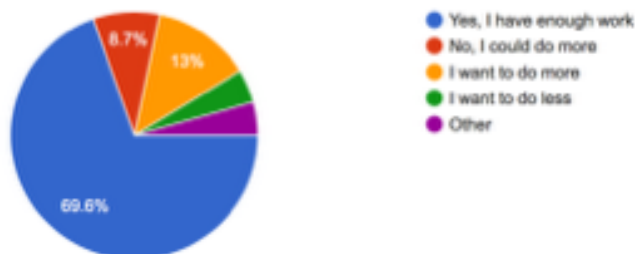
5.12. Question 13

Question 13 asked: 'Do you see yourself continuing in your current position in 1 year?' 74% of employees see themselves continuing in their current position in one years time. 9% answered that they do not wish to be in the same position as they are currently within one year, but instead hope to be in a different position
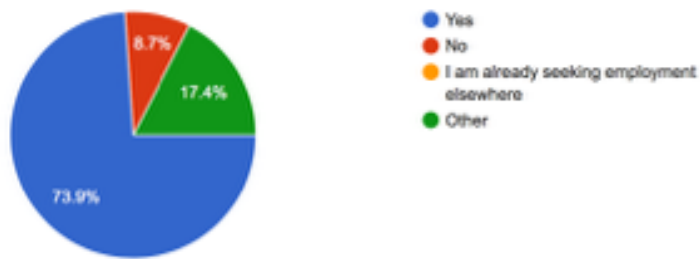
within the same company. 17% of employees have answered 'Other' and have said that they do wish to continue if the job tasks are able to become less demanding, and if the distribution of work is altered.

Figure 19: Employee Retention

5.13. Question 14

Question 14 asked: 'Is it important to you that there are opportunities for growth in this organization?' This question was asked as a linked question to help determine motivation levels in Markkinointiakatemia along with question nine and question 13. This question also helps to forecast employee longevity within the company, as opportunities for growth can increase the amount of time an employee works at a company before they are likely to move on to work elsewhere.

78% of employees indicated 'Yes, I want to further my career' showing that they feel it is both important that Markkinointiakatemia have opportunities to grow, and that they want to further their career with the company. 17% said 'Yes, I want to make more money' showing that they feel it is important that Markkinointiakatemia both have opportunities for growth, as well as opportunities to make more money in their current position. 4% have chosen other as their

answer, stating that it is important to both have opportunities to further their

14. Is it important to you that there are opportunities for growth in this organization? Onko sinulle tärkeää että sinulla on mahdollisuuksia kehittyä tässä organisaatiossa?
(23 responses)

- Yes, I want to further my career
- Yes, I want to make more money
- No, I do not think it is important
- There are no opportunities for growth here
- Other

17.4%

78.3%
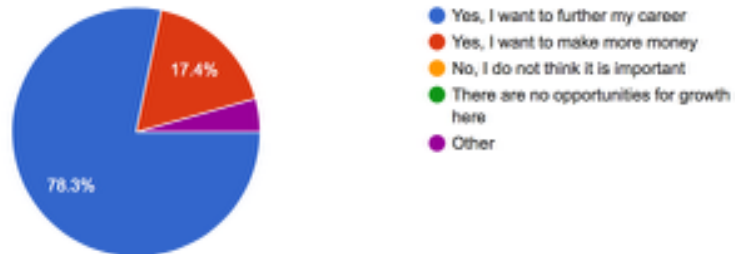
career and to earn more money.

Figure 20: Importance of Growth Opportunities

5.14. Question 15

Question 15 of the survey to Markkinointiakatemia asked 'What are the strongest core competencies in your leader?' This question was asked to find out exactly how the leader of the organization was viewed by the staff in terms of characteristics which can be viewed. This question is significant to analyze because the projected core competencies of a leader are fundamental to deciding which type of leader they are. In this question, I have analyzed the different criteria that could have represented the five different types of leadership that I had researched in the theoretical part of this thesis.

Figure 21: Strongest Core Competencies in Leadership

15. What are the strongest core competencies in your leader? Mitkä ovat vahvimmat ydinosaamisalueet johtajassasi? (Please check all that apply)
(23 responses)

Motivational — 18 (78.3%)
Integrity — 8 (34.8%)
Self-awaren... — 5 (21.7%)
Empathetic — 10 (43.5%)
Trustworthy — 15 (65.2%)
Inspirational — 13 (56.5%)
Knowledgeable — 11 (47.8%)
Calm — 1 (4.3%)
Other — 0 (0%)
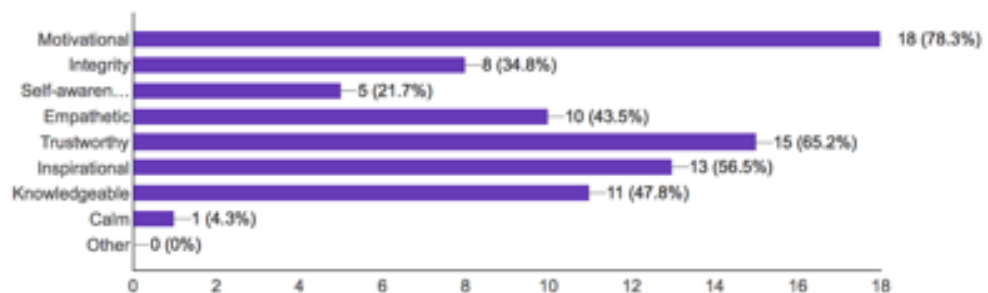
As you can see from Figure 21, Motivation is the strongest core competence of the owner of Markkinointiakatemia at 78%. This is significant of a transformative leader, as it is one of the four I's of transformative leadership. The second most important competence is trustworthiness at 65%. The third most commonly answered core competency, with 57% was that their leader is inspirational. The fourth most commonly answered competency was 'knowledgable' (48%) and 'empathetic' (44%).

The three least common responses in terms of the leaders core competencies were Integrity, Self-awareness and Calmness, at 35%, 22%, and 4% respectively.

5.15. Question 16

Question 16 looks at the question 'What types of communication do you practice in the business?' This was asked for understanding how communication flows throughout the organization through day to day activities. The most important way of communicating within Markkinointiakatemia is through face to face communication (91%). This is significant because it correlated strongly with the way that communication flows in flat organizations, as well as in 'flattered' organizations. The second most used form of communication is through E-mail, at 74%. The third most used form of communication is through meetings, indicated by 15 of 23 employees. Seven of the 23 employees who responded to the survey use internal phone calls as a means of communication on a daily basis. This is an interesting piece of information because it shows that only 30% of employees are using phone calls to communicate. Perhaps this is due to the organizational structure being 'flattened' enough that employees feel open enough and motivated to make their own decisions through use of a phone call.

16. what types of communication do you practice in the business? Millä tavalla kommunikoitte kun työskentelette työssänne? (Please check all that apply)
(23 responses)

Lastly, one person of the 23 responses uses memorandums (memos) to

communicate. This is perhaps a reflection of the fact that the most used form of communication (91%) is face to face, and employees feel that this form of communication is significant enough to share important details with one another. The employees trust each other enough that communication between them would not require a paper trail.

Figure 22: Current Communication Channels

5.16. Question 17

Question 17 asked: 'How frequently do you attend meetings?' This question was used as a way to determine the most used practices of sharing information and overall communication. 61% of employees attend a meeting more than once a week. 17% attend a meeting every day, and 22% of employees attend a meeting less than once a week. No employee had selected that they never attend meetings. Meetings are an important way to share information and company goals. Mostly used in holacratic organizations, weekly meetings are an effective way to revisit company goals and to allow for communication if used effectively.

17. How frequently do you attend meetings? Kuinka usein oallistut kokouksiin?
(23 responses)

- Less than once a week
- More than once a week
- Every day
- Never
- Other

60.9%
17.4%
21.7%
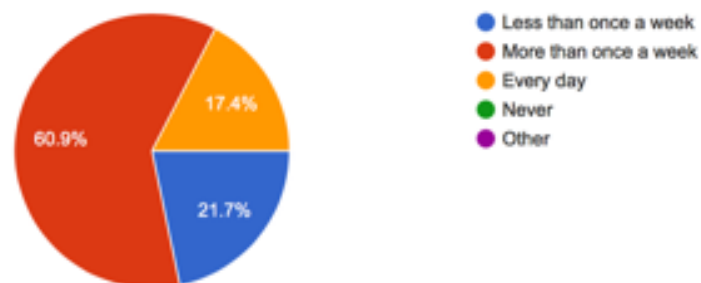
In flat structures, meetings are used mostly by management teams weekly, to keep employees and their projects on track, and to be updated on progress.

Figure 23: Meeting Involvement Frequencies

5.17. Question 18

Question 18 asked: 'Do you think meetings are an effective way of communicating information?' This question was used to analyze how the perceived effectiveness of meetings are to the employees of Markkinointiakatemia. 52% of employees answered that meetings are only sometimes effective. 48% of employees agree that meetings are effective.

Nobody selected that meetings are never an effective way of communicating information. Regardless, people like to attend meetings because all members of management are available and accessible to drive communication.

18. Do you think meetings are an effective way of communicating information? Onko kokoukset tehokas tapa kommunikoida?
(23 responses)

- Yes
- No
- Sometimes
- Other

52.2%
47.8%
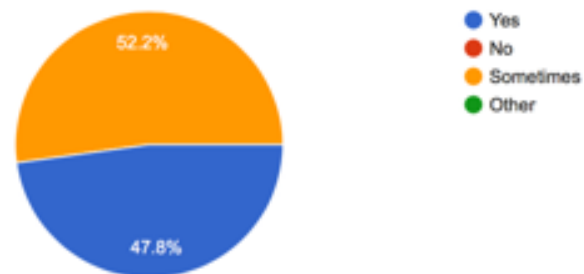
Figure 24: Perceived Meeting Effectiveness

5.18. Question 19

The final question in the survey asked: 'Do you feel empowered to make decisions on your own?' This question speaks to analyzing the power distance within the company. 96% of employees said that it is easy to make decisions on their own, the power distance within Markkinointiakatemia is on the lower side of the spectrum. This also shows that the flat structure is working effectively.

Figure 25: Empowerment Levels

19. Do you feel empowered to make decision on your own? Tunnetko saaneesi tarpeeksi valtaa tehdä päätöksiä itsenäisesti?
(23 responses)

- Yes
- No
- Other

95.7%
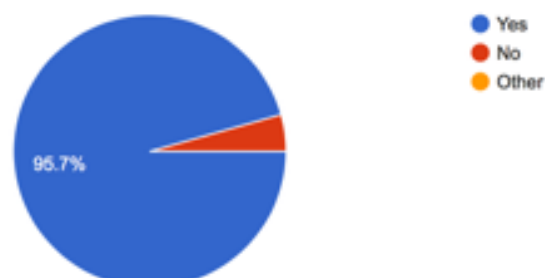
5.19. Questions To Sales Team

Markkinointiakatemia is currently developing a new type of sales structure that will allow for sales teams to be more focused in terms of communication. The new structure has a set group of sales team individuals that will rotate the leadership using members of the group on a bi-weekly or weekly basis. Markkinointiakatemia has asked me to do a small piece of research to analyze the effectiveness of this type of sales structure.

Three specific questions were asked to the sales team only. The sales team responses consisted of 17 people. The final question was answered by 18 people. These questions were set as a basis of gauging the efficiency and productivity as well as overall acceptance of the new sales team structure.

Unfortunately, at the time the practical information was gathered, the newly implemented sales structure had inhibited the overall effectiveness of information gathering as some members were unable to answers questions that they have not yet been able to experience.

5.19.1.Question 20

The first question to the sales team asked 'Is the new sales structure effective?' This question is a basis to the total adoption of the new structure. 65% of employees in the sales team agreed that the new sales structure is effective. 29% said that the current structure could be improved, and 6% said that they could not currently comment on the overall effectiveness of the new sales structure.

Figure 26: Sales Structure Effectiveness

1. Is the new sales structure effective? Onko uusi tiimirakenne mielestäsi toimiva?
(17 responses)

- Yes
- No
- It could be improved
- Other

29.4%

64.7%
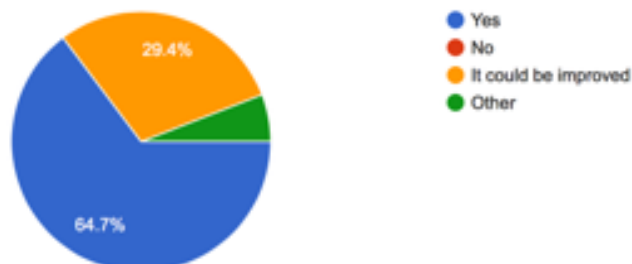
5.19.2. Question 21

The second question to the sales team asked 'Do you enjoy being assigned the leader role in your sales group?' This was significant to ask because the new sales structure included a type of leadership cycle that would eventually lead to every member of the sales team to have a chance to lead the group for a predetermined amount of time. Unfortunately, it seemed that the question was asked in the infancy stage of the structure, as most people were unable to answer the question as they had not yet had the opportunity to be placed within the leadership structure.

Importantly, it is to be noted that 12% of responses have stated that they do not enjoy being assigned the leadership role within their sales team. 18% said that they did enjoy the leadership role, and 71% had not yet had the chance to experience the role, and have selected 'other' having said that they have not yet been made leader, and can not formulate a decision at the time the survey was conducted.

Figure 27: Sales Structure Leadership

2. Do you enjoy being assigned the leader role in your sales group? Nautitko kun olet myyntiryhmän tiimi-kakkosena?
(17 responses)

- Yes
- No
- The system could be improved
- Other

70.6%
17.6%
11.8%
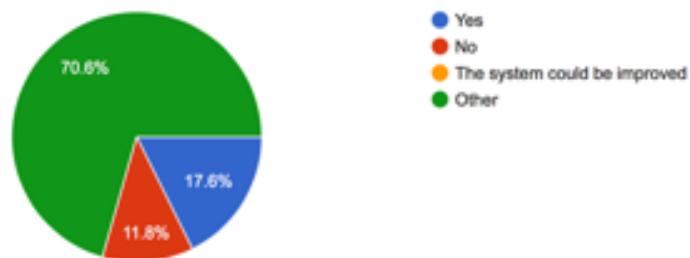
5.19.3. Question 22

The third and final question to the sales team was 'Are you more productive working on your own?' This question was asked as a basis to gauge the overall adoption of the entirely team-based sales structure that was newly implemented.

The author had hypothesized that perhaps certain employees would be unlikely to appreciate the opportunity of working within a team, and that perhaps they would feel more comfortable in a role more suited to working alone. The responses were mixed, but expected. 56% of respondents indicated that they enjoy the teamwork aspect of the new sales structure, and 17% said that they would prefer to work on their own. 28% of responses indicated 'other' and said that they enjoy the aspect of working alone, but having the support of the group is also helpful. The same respondents said that although the overall feeling of teamwork is welcomed, sales can be made alone and without the use of the team.

Figure 28: Sales Structure Productivity Possibility

3. Are you more productive working on your own? Oletko mielestäsi tehokkaampi työskennellessäsi itsenäisesti?
(18 responses)

- No, I enjoy the team aspect
- Yes, I would rather work on my own
- The system could be improved
- Other

16.7%   27.8%

55.6%
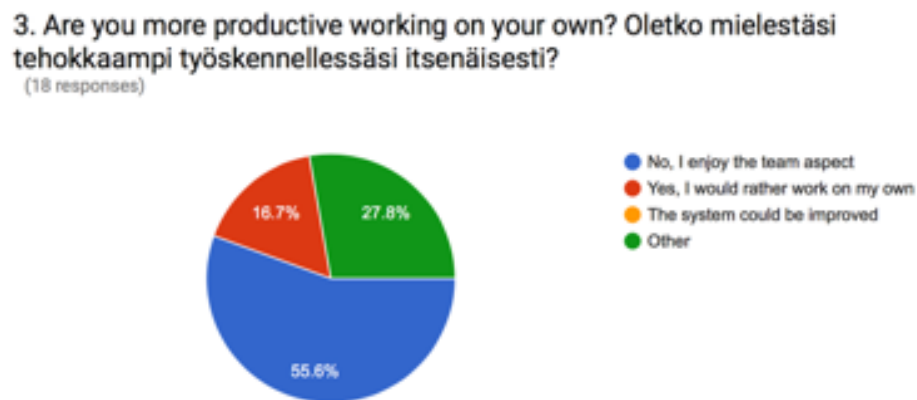
6. EXTERNAL ANALYSIS

6.1. External Analysis Overview

In this section the author will analyze the difference between practical research of external company data for hierarchy levels and employee numbers as well as number of direct reports. A direct report is anyone that is reporting directly to either a member of management, or the CEO. In this case, the number of direct reports is the current number of employees that are reporting directly to the CEO

of Markkinointiakatemia. The author has collected the data about Markkinointiakatemia by using the information gathered through the primary survey data. This information will be significant in analyzing the external business environment for use by Markkinointiakatemia to compare their current evaluation results against those of other companies. The information for this comparison can be found in Appendix 4 and Appendix 5. Appendix 4 highlights the information that I was able to obtain through use of contacts over the internet, as well as through face to face interviews that were conducted with similar sized Finnish companies.

6.1.1. External Analysis - Number of Employees

Firstly, the author will analyze the first column of Appendix 4 titled '[total] number of employees'. It was found that the median number of total employees within the SMEs identified as having 25 employees. This matches perfectly with Markkinointiakatemia. It has exactly the target number of employees within this sample set.

It was found however that the average number of employees was 92. This was taken from a sample size of ten SMEs with employment ranges of 4-450 personnel. The mean or 'average' can be used as a basis for how large Markkinointiakatemia could grow before having to make large or significant changes within organizational structure or leadership.

6.1.2. External Analysis - Number of Hierarchy Levels

Secondly, the author was able to gather information concerning the number of hierarchy levels In Appendix 4. The median was identified as being three. The range of hierarchy levels amongst the ten companies were from 2-6. Markkinointiakatemia is again poised within the median, with a total of three hierarchy levels within the organization.

The average amount of hierarchy levels also follows the same pattern of three. This is significant to note because it would appear that in terms of external analysis, Markkinointiakatemia is operating with the same level of hierarchy levels as their competitors in the external environment.

6.1.3. External Analysis - Total Direct Reports

Lastly, the author felt that it was important to gather information regarding the number of direct reports to the CEO of each company. This was used as a way to benchmark the total overall level of acceptable numbers of direct reports within the external environment. Appendix 4 is showing that the number of direct reports at Markkinointiakatemia is well above the average number of direct reports within the sample size. The average was found to be 11 employees directly reporting to

the CEO. The median number of direct reports was found to be ten. Markkinointiakatemia currently has a total of 18 people directly reporting to the head of the company. The problem with a high level of direct reports is that it can become increasingly difficult for the leader to retain and accomplish the expected level of work each day. CEO's that are constantly being interrupted by other employees within the organization or being sidetracked by other employee projects could reduce overall productivity in comparison to companies in the external environment.

Appendix 5, which was a graph created by a study conducted by the Conference Board of Canada has shown the average number of employees to management, (which in the case of Markkinointiakatemia can be regarded as the sole CEO) in organizations with 500 or fewer full-time equivalents (FTEs) with a sample size of 39 companies, indicated that there is an average of 14 FTEs per manager. The same study also indicated a median of 10 FTEs per manager. Data collected shows when Markkinointiakatemia grows, it is important to consider adding another layer of management or at least decrease the total amount of direct reports to the CEO. This concept will be revisited in the recommendations section of this thesis.

7. RECOMMENDATIONS

1. The implementation of a CRM system could make the difference in overall communication levels made apparent in question seven of the survey that I conducted. It is increasingly important that as the company continues to grow; communication levels and flow of information be of top priority to Markkinointiakatemia. In terms of communication enhancement, a properly implemented and adopted CRM system would help communication levels flow throughout departments on a more consistent basis. The reason for this change will be to make customer information more readily available to the sales people and the production people. The analysis has shown a disconnect in the way the two departments are currently sharing information, and it is important that this be resolved as quickly as possible. With the implementation of a CRM system and with proper training of CRM system use, it would be logical that the increased levels of communication would aid in connecting the sales and production departments. A CRM system will also create a communication channel that can easily be analyzed and used throughout the other departments of the company, such as marketing. Another important factor to mention is that research has

shown that with the proper adoption of a CRM system, the customer is also benefited. In the analysis I have found that most employees of Markkinointiakatemia are motivated by the act of helping clients with their needs, and from seeing a good, high quality product offered to them. It is possible that a CRM system would be able to help each department in offering a better end product to the client as records of their needs and what is important to them can be kept.

2. Figure 29 is a graphical representation of the new organizational structure that I have proposed in order to maximize efficiency and overall production of Markkinointiakatemia. This will be achieved through lowering total number of FTE direct reports to top level management, and simplify communication channels through clearly defined job roles. The newly proposed organizational structure simplifies the communication processes already in place, but allows for a clearer distinction between individual department leaders and lowers the overall amount of direct reports to the CEO. It was found within the external environment analysis that the ideal number of direct reports to the CEO should be lessened by eight people currently. Top level management will be able to delegate tasks more effectively within the newly proposed structure. The company will continue to grow and become larger in size. This newly proposed organizational structure will allow for a better integration of new employees because the job roles are more clearly defined.

The proposed organizational structure is able to be easily adapted to add new employees to the organization while still being able to retain a high level of flatness. It is important not to completely change the current organizational structure to something more hierarchical because this could cause undefined job roles. Undefined job roles can cause confusion within the employees, resulting in lack of productivity. Disengagement is also a possibility. This organizational structure will allow for the complete retention of current workplace culture and only changes the way communication flows throughout the organization.

Projected growth to 2021 has shown that there will be a total of 55 employees working at Markkinointiakatemia. They will be able to continue to operate in a flat structured organization with this projected growth. It is possible to add more direct reports to each of the management positions when necessary. An example of this would be, if Markkinointiakatemia added more marketing based positions, these could be easily assumed under the current marketing coordinator job role. As apposed reporting directly to the CEO as would be the most logical assumption given the current organizational structure. Similarly, if the company

was to hire more sales representatives or sales negotiators, it would be entirely possible to have them also reporting to the current sales manager. This will in turn create a chain of information flow that would be possible to maintain within the foreseeable future.

Figure 29: Proposed Markkinointiakatemia Organizational Chart

PROPOSED MARKKINOINTIAKATEMIA ORGANIZATIONAL CHART

3. The third recommendation that I would give to Markkinointiakatemia is that the current leadership stay the same. It has been shown through analysis that the leadership is working effectively in terms of the organizational structure and total productivity levels. It is clear that the defined workplace culture and the core competencies of current leadership have been effective in creating a productive work environment. This is not expected to change within the foreseeable future. Over half of the organizations' employees have indicated that their leader is trustworthy. This is used as the basis for a transformative leader to increase the overall well-being of their employees by being able to motivate and inspire their staff.

4. The fourth recommendation that I would make is that the workplace culture continue as is. It is apparent through analysis that the current workplace culture is the most treasured element by employees at Markkinointiakatemia. In research it has been known that it is nearly impossible to maintain the same type of workplace culture consistently, as it is a dynamic concept influenced primarily by external and internal factors. However, it is possible for leadership within the organization to maintain a certain level of expectation that will help to allow the workplace culture to stay relatively the same.

5. I would recommend that the organization be aware of the types of personalities or work expectations of potential candidates that they are hiring as they continue to grow. Research shows that some personalities have trouble integrating optimally within a flat structure. It is best to be cognizant when hiring people, that their work style and skill set fit well with a flat structured organization. It would appear based on the results, that hiring through existing employee recommendations garners the type of people that are able to work effectively in the current structure.

6. I would recommend that Markkinointiakatemia continue the process of hiring through current employee contacts for the foreseeable future. It has also been seen that recent hires through the internet have had trouble with integrating into the workplace culture currently at the company. I would advice during the interviewing process, certain questions regarding the ability to work within a flat structure effectively, be asked. Asking questions about behavioural traits or testing the ability to work within teams or project groups could benefit the company in the long run. This could reduce costs of employee recruitment by increasing retention. This method could also decrease attrition by ensuring the people being hired have the abilities and prerequisites required to work effectively in a flat structure.

7. I would also recommended that the company implement some kind of probationary period where a newly hired staff candidate can be terminated if it appears that they are not currently working effectively within the flat structured organization as a whole.

8. The eighth recommendation I would make is that the new sales structure be changed to reflect the rotating leadership role as being an optional opportunity. It was shown through analysis that some members of the sales team do not like to be the leader, and this should be taken into account when deciding who will be the leader of the sales team for any length of time. If an employee is not comfortable or does not want to be the leader of the team for any reason, it should be allowed that the next employee in line that would like to be the leader,

become the leader. This is a way to ensure that the sales team will always have a motivated leader, and in turn this will increase total productivity and effectiveness overall. This could also breed better leaders in the long-run as the more motivated a leader is, the more opportunities for growth within the role will become possible with increased experience.

8. CONCLUSION

In conclusion of this thesis, it was found that the current flat structure of Markkinointiakatemia is working effectively at the time this thesis was written. It is also found that with the current assumed growth plan, the company can continue with a flat structure. The pace at which the company chooses to grow shows that employees within the structure are working effectively overall and they are currently enjoying their employment as a means to satisfy their overall well-being.

The organizational structure of being flat is therefore working effectively based on the analysis provided and the theoretical aspects having met the requirements for the overall analysis.

The workplace culture is also working well, with small changes to be made to overall communication flow and information gathering of employees but are overall at a level which it would be considered acceptable.

The leadership of the organization is also at an acceptable level as it is shown though analysis that the leader is perceived as one that is highly motivational, knowledgable and trustworthy.

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APPENDIX

Appendix 1: Projected employment data based on growth model of hiring 10 new employees per year. 2017 category 'Between one and two years' was simplified to

Time at Company	2016	2017	2018	2019	2020	2021
Less than One year	10	10	10	10	10	10
Between One and Two years	7	10	20	20	20	20
Two or More than Two years	6	13	23	33	43	53

assume that all employees from 2016 had moved to the 'two or more than two years' category in 2017.

Appendix 2: Comprised of information gathered from question 7 of the analysis. Used to create the chart for question 7.

Question 7	
Teamwork/Collaboration	1
Education	1
Information Flow	10
Flexible Work Hours	1
Faster Production	3
Higher Salary	2
No Comment	1

Appendix 3: Comprised of information gathered from question 8 of the analysis. Used to create the chart for question 8.

Question 8	
Workplace Culture	14
Products	2
Team Spirit	1
Salary	1
Clients	1
Management	2

Appendix 4: This is secondary data that I have collected and analyzed. The information was gathered through multiple forms of communication. The data for Tekstiilipalvelu Oy, Nordcab Oy, Elecster - Toijala, and Elecster - Finland were collected through informal conversation with employees from each company. The data from Tamalans Oy, Printr - Amsterdam, HAF Forest Services, Suomen Kesäteatteri Oy, Alma Career Oy, and Enersense were collected through written

Company	Number of Employees	Number of Hierarchy Levels	Number of Direct Reports to CEO	Age of Company
Markkinoitakatemia	25	3	18	2
Tekstilipalvelu Oy	11	2	11	62
Nordcab Oy	4	2	4	7
Elecster - Toijala	80	4	2	50
Elecster - Finland	320	6	6	50
Tamlans Oy	40	3	10	18
Printr - Amsterdam	15	2	15	4
HAF Forest Services	13	2	13	6
Suomen Kesäteatteri Oy	25	2	25	6
Alma Career Oy	25	3	4	18
Enersense	450	4	10	5
Median	25	3	10	N/A
Average	92	3	11	N/A

conversations from personal contacts. This data table was created to analyze the external environment in terms of competitors or similarly sized businesses. I have calculated the median and also the average of all of the companies within the external environment to better understand the competitiveness and efficiency of Markkinointiakatemia.

Appendix 5: This is a chart from The span of control table below was taken from the

Table 22
Span of Management Control, by Organization Size

	Ratio of second-level executives to senior-level executives			Ratio of management to second-level executives			Ratio of employees to second-level executive			Ratio of employees to management		
	n	Mean	Median	n	Mean	Median	n	Mean	Median	n	Mean	Median
Overall	53	5.5	2.8	45	9.7	4.3	55	131.7	70.0	81	19.2	11.6
Fewer than 500 FTEs	20	2.5	1.3	17	5.0	3.0	21	45.3	27.8	39	13.9	10.1
500 to 999 FTEs	7	1.9	1.3	6	12.2	5.4	7	115.7	137.3	10	17.1	12.7
1,000 to 3,999 FTEs	14	4.6	2.7	11	12.7	7.5	14	151.8	82.2	16	21.1	10.8
4,000 to 9,999 FTEs	8	17.3	9.4	6	8.2	4.7	8	124.3	72.1	8	30.7	16.7
10,000 or more FTEs	n.a.	n.a.	n.a.	5	17.9	7.9	5	472.0	215.4	8	32.5	37.6

FTEs = full-time equivalents
n.a. = not applicable (sample size <5)
Source: The Conference Board of Canada.

Conference Board of Canada's Report *HR Measurement, Benchmarking, Third Edition*.