

Empowering minds: participation and authority in a knowledge-intensive medium-sized company

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Abstract

Purpose – This paper aims to make a better understanding of how an organisation strikes the delicate balance between mobilising the knowledge assets embodied in knowledge workers and the coordination and control mechanisms that align individual and organisational goals. Through a case study of a Hungarian knowledge-intensive IT company, the authors examine the complex interrelations among participatory management practices, human resource (HR) development and managerial control mechanisms as they manifest in a concrete organisational context.

Design/methodology/approach – This paper is based on a company case study carried out at a middle-sized, knowledge-intensive IT business operating in Hungary. Semi-structured interviews were conducted with company owners, HR managers and both senior and junior employees to gain a detailed picture of the differentiated organisational contexts of the issues investigated.

Findings – This paper highlights a contradiction in knowledge-intensive organisations. In the organisation investigated, the management is balancing between fostering employee autonomy through expansive learning environments and implementing delicate control mechanisms to ensure knowledge flow and efficiency. Expansive learning environments promote knowledge sharing, creativity and collaboration; however, if they are accompanied by constant performance monitoring and evolving expectations, they also create competitive pressures and a sense of insecurity among employees.

Research limitations/implications – The results are based on the investigation at one company. It would be worthwhile to extend the analysis to other industrial and organisational contexts as well and to devote more attention to identifying HR management practices that can make knowledge sharing and learning more effective without compromising employee autonomy.

Originality/value – This study provides a detailed analysis of the challenges in balancing autonomy and control in knowledge-intensive industries, with special attention to the contradictions in development-oriented HRM practices.

Keywords Knowledge-intensive businesses, Knowledge workers, Learning environment, Participation, Uncertainty

Paper type Case study

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Introduction

In knowledge-intensive firms, the ability to learn and adapt is a key determinant of competitive advantage (Nonaka and Takeuchi, 1995; Davenport and Prusak, 1998). These organisations rely on knowledge as their primary resource, making continuous learning an essential component of their operations (Alvesson, 2004). However, the learning environment (Fuller and Unwin, 2003) within knowledge-intensive firms is often characterised by inherent contradictions and tensions (Hislop *et al.*, 2018). On the one hand, firms must foster open knowledge exchange, collaboration, and continuous skill development; on the other hand, they face challenges related to competitive pressures and the need for efficiency and knowledge control (McCabe *et al.*, 2022). In these firms, participation is a key issue in establishing expansive learning environments, as workers who actively participate in decision-making processes through democratic workplace structures are naturally more engaged in continuous knowledge-sharing and collaborative problem-solving, creating an environment where learning expands beyond narrowly defined individual skill development to encompass organisational innovation and adaptive capacity (Fuller and Unwin, 2003; Hyman, 2015; Frega, 2019; Frega, 2020). However, the control of knowledge workers' performance is a sensitive area of research, mainly because of the complex interactions between worker autonomy and the structural relations of the organisation. Managerial control of knowledge workers' activities in knowledge-intensive organisations also implies control of knowledge use and learning.

This research addresses critical gaps in understanding how knowledge-intensive organisations manage the complex interplay between employee participation, development, and control. In this paper, using a case study of a Hungarian IT firm that specialises in knowledge work, we analyse how participatory management approaches, employee development programs, and managerial control systems interact with and influence each other within a specific organisational setting. We aim to make a better understanding of the complex interrelations among participatory management practices, human resource (HR) development and managerial control mechanisms that manifest in a concrete organisational context.

Theoretical background

Knowledge-intensive enterprises are at the heart of economic development, as they are important intermediaries for knowledge transfer between different actors and institutions and are also capable of generating new knowledge (Toivonen, 2002). The characteristics of knowledge work are undergoing continual transformation, and recent studies have highlighted the increasing importance of digitalisation, global collaboration and flexible work arrangements in knowledge-intensive firms (Hislop *et al.*, 2018). Drucker (1999) argued that knowledge workers possess significant autonomy, and their effectiveness is determined by how well organisations are able to facilitate and promote continuous learning and innovation. This perspective is congruent with more recent investigations (Newell *et al.*, 2009; Foss *et al.*, 2010) that emphasise the need for organisations to foster environments that support both explicit and tacit forms of knowledge.

Work in such organisations is very often referred to as “knowledge work”, a widely used but heterogeneous concept. Based on the typology developed by Reich (1991), the work of “knowledge workers” used in knowledge-based organisations can be described as symbolic-analytical activities. By manipulating abstract symbols, they “identify, solve and mediate problems” (Reich, 1991, p. 24). Knowledge workers predominantly solve non-routine problems (Reinhardt *et al.*, 2011) by relying on a combination of intellectual skills such as abstraction, explicit reasoning and procedural reasoning (Zuboff, 1988), contextual

knowledge and creativity (Frenkel *et al.*, 1995). Accordingly, the key to organisational effectiveness is the extent to which the organisation is able to accumulate, store, share and develop the knowledge embodied in its members. In these organisations, the coordination and control of work processes involve the monitoring and control of knowledge.

The effective control of knowledge is linked to the design of the learning environment, which affects the mechanisms that determine the nature of knowledge and the way in which it is accessed. The learning environment refers to the features of the work environment that influence the learning processes, the creation and sharing of knowledge and its use in the workplace. In their pioneering work on learning environments, Fuller and Unwin (2003) point out that organisations are characterised by the learning environment they create, which can be identified in their human resource management (HRM) practices and in the culture of the organisation. The authors distinguish two basic types of learning environments. *Expansive* learning environments are characterised by the fact that in such organisations employees are allowed to participate in decision-making and problem-solving processes and are encouraged to share knowledge and job-specific skills. In expansive learning environments, there is a strong emphasis on the continuous development of workers' skills, alongside a broad understanding of the job, i.e. work organisation arrangements where individuals have the opportunity to learn about, engage in, share and expand their knowledge of a wider range of work processes, beyond the narrow job requirements, are very common. Financial and/or symbolic incentives are often used to reinforce staff commitment to learning. In contrast, in so-called *restrictive* learning environments, organisational members have limited autonomy in the work process, are typically not involved in decision-making, and their work is characterised by isolation and a high degree of specialisation. There is no opportunity for learning outside the workplace and for them to apply new approaches to their work, and as a result, critical reflection on their own practice is not widespread. Managerial control is also stronger in restrictive learning environments because management mostly uses direct control and direct supervision of employees, which limits the latter in self-directed learning, while in expansive environments, more empowering management patterns that encourage self-learning prevail (Fuller and Unwin, 2003). The two learning environments presented here can be considered as essentially ideal-typical, situated at two ends of a scale. The expansive-restrictive continuum used to characterise the learning environment not only provides a conceptual basis for understanding but also serves as a practical tool for assessing the quality of the learning environment and analysing the organisation's approach to workforce development (Boyd *et al.*, 2015). It should be stressed that, in addition to heterogeneous forms of work practices and work organisation, there are other factors that shape the learning environment of organisations, such as the specificities of HRM systems, the attitude of founders/owners/managers towards learning, the development life cycle of the organisation, the industry and technological environment, etc.

One of the fundamental, though perhaps under-emphasised, features of learning environments is the coordination and control of work processes, which is particularly true in knowledge-intensive organisations, where the success of efforts to develop and share knowledge is also a fundamental condition for operation. It should be stressed that knowledge-centred work and its coordination in different learning environments implies contradictory situations, because in knowledge-intensive organisations, the autonomy and participation of employees can only be limited to a certain extent. The scope for hegemonic control (Burawoy, 1979), based on multifaceted constraints, which is prevalent in modern organisations, is limited, as the willing cooperation of actors is required when the nature of knowledge is at least partly tacit and embedded in collective, social actions (Thompson, 2015). Management has strategic choices in designing different forms of coordination and control (Lam, 2004), as workers also have

influence to limit managerial efforts, “[...]organisational actors, through their actions and ‘enactment’, are capable of redefining and modifying structures in ways that will open up new possibilities for future action” (Lam, 2004, p. 42). Accordingly, in most cases, management will grant workers a relatively high degree of autonomy in determining working conditions, while at the same time encouraging workers’ involvement in decisions that affect them, and on the other hand, it will be under pressure to figure out how to promote the effective accumulation and retention of knowledge, and consequently will seek appropriate ways to monitor, control and supervise workers’ work practices and interactions. Because of the complexity of knowledge and the difficulty of making it transparent, less direct, more subtle forms of control prevail in these organisations in the coordination of the activities of the actors. These are manifested in management practices in which (employee) self-discipline and the possibility of participation play a prominent role, which precisely seeks to internalise organisational identities and commitment (Fuller and Smith, 1991; Frenkel *et al.*, 1995). As Thompson and van den Broek (2010) note:

Employers, in their search for competitive advantage through consistent service quality, are changing the balance of controls from the direct towards the unobtrusive: seeking to incorporate employees’ tacit, inter-personal, affective skills and a *degree* of self-direction compatible with maintaining overall managerial prerogative (Thompson and van den Broek, 2010, p. 2).

In the case of platform workers, Purcell and Brook (2022) describe this phenomenon as “hegemonic despotism”, which can be characterised by the interplay of neoliberal ‘governmentality’ (Foucault, 2007) (where workers internalise market-driven behaviours and self-governance) and algorithmic control, which restricts worker autonomy through surveillance and performance metrics. As a consequence of these control patterns, permanent tensions may arise between the management and employees or even between the different levels of management that is often being manifested in various forms of resistance to control efforts, highlighting the fluid and contested nature of control processes (McCabe *et al.*, 2022).

Whichever way you look at it, there is a consensus in the literature that involvement is central to knowledge-intensive organisations. In the academic literature, the concepts of employee involvement (EI), employee participation (EP) and voice are deployed with considerable flexibility, covering multiple interpretations that can range from very expansive and inclusive to narrowly defined. Gallie *et al.* (2001) observe that research on participation seldom distinguishes among different types of involvement, particularly regarding decision-making. As a result, drawing precise comparisons over time or even within a single organisation becomes challenging, and broad generalisations can be problematic (Marchington and Wilkinson, 2005). Hyman and Mason (1995) differentiate EP from EI. EP is rooted in rights granted to workers, tends to be collective in nature, and is generally indirect in form. As Pateman (1970) notes, this involves both tactical and strategic matters tied to higher level management decisions, reflecting a power-centered mode of participation (Salamon, 1998). EI, however, is employer-driven, focused on performance and efficiency, with direct individual participation in lower level decisions (Pateman, 1970) that are primarily task-oriented (Salamon, 1998).

We may use participation as an umbrella concept, in the term “industrial democracy”, which is connected to the industrial bourgeoisie and which considers participation a fundamental right of employees that increases their say in decision-making by the management at various organisations, is a key element (Wilkinson, 1998). Today, this approach is connected primarily to the company stakeholder perspective. In this concept, democratisation can be viewed as a four-stage process (Hyman, 2015). The first is connected

to political (liberal) democracy and to the universal right to vote. The second stage, social democracy, highlights the collective character of social and political life and is related to “welfare capitalism”. The collective representation of rights through trade unions and collective bargaining, the organised labour at the level of the industrial sector or the whole society, were the main drivers. The third stage was the demand for industrial democracy, which refers to institutions granting workers self-government, allowing them to participate in decision-making at the level of the firm. The fourth stage emphasises the broader theme of economic democracy, in which developments were uneven and ambiguous (Hyman, 2015). A different perspective is provided by Frega (2019), who, in his analysis of different aspects of democracy in the workplace, points out that inclusion is a complex concept with multiple dimensions. He argues that workplace democracy can be defined as a form of social cooperation between free and equal individuals. Democracy as a social norm refers not only to the distribution of power and decision-making mechanisms but also to the appropriate treatment of individuals, patterns of authority in social interactions, and the types of relationships established by different organisations and processes. The democratic workplace is described as a social institution following democratic norms where three basic principles of democracy prevail:

- (1) relational or relational parity;
- (2) inclusive authority; and
- (3) social participation.

The principle of *relational parity* is expressed in the treatment of others, and it applies when one’s place in society does not depend on one’s status. In applying this principle, gender, age and religion have no bearing on how a person is judged or treated. The principle of *inclusive authority* relates to the exercise of power and decision-making, whereby responsibility for decision-making should be given to the person most affected. In the workplace, this is embodied in representative and participative processes through which stakeholders can make their voices heard and have a say in strategic decisions and less prescriptive leadership. Inclusive power is reflected in the democratisation of hierarchical relations. The principle of *social inclusion* emphasises the widespread nature of involvement and applies to all forms of social interaction, thus going beyond involvement in decision-making. Social inclusion also expresses that individuals feel part of a community when their actions can make a decisive contribution to the achievement of common goals. The author uses the concept in a double sense. On the one hand, it is achieved when there is congruence between the instrumental and the expressive dimensions of work, i.e. when individuals experience the social significance of their actions in their efforts to achieve goals. On the other hand, social inclusion also implies that the individual is socially and morally involved in the community (Frega, 2020), i.e. that he or she is not isolated and identifies with the workplace.

In addition to that, in spite of extensive research on knowledge-intensive organisations (Alvesson, 2004; Nonaka and Takeuchi, 1995; Davenport and Prusak, 1998), comparatively few studies have examined how smaller-scale businesses navigate the tension between fostering expansive learning environments and maintaining sufficient managerial oversight. Although scholars have underscored the critical role of participation and autonomy for enhancing creativity and innovation in knowledge work (Alvesson and Kärreman, 2001; Fuller and Unwin, 2003; Lam, 2004), much of this literature has tended to focus on large, well-resourced firms or has remained at a conceptual level (Newell *et al.*, 2009). Likewise, while existing studies acknowledge the importance of tacit knowledge and social interaction in generating novel insights (Nonaka and Takeuchi, 1995; Boland and Tenkasi, 1995), they

often overlook the unique organisational and cultural complexities of medium-sized enterprises. This oversight is particularly evident regarding the unintended effects – such as hidden insecurities or intensified competition – that may arise when participatory practices and shared decision-making intersect with sophisticated control regimes (Alvesson, 2004; Thompson and McHugh, 2009). Against this backdrop, the current study expands the conversation by investigating how a Hungarian medium-sized IT firm strikes the delicate balance between empowering knowledge workers and implementing mechanisms for knowledge flow and efficiency, thus addressing a significant empirical gap in the literature.

Summing up, in spite of the extensive body of scholarly work pertaining to knowledge-intensive organisations and learning environments, considerable deficiencies persist in the comprehension of the intricate mechanisms governing EP and organisational control. Fuller and Unwin (2003) have developed the expansive-restrictive learning environment framework, that remains a foundational concept in understanding knowledge work dynamics. Several studies have highlighted the benefits of expansive learning environments, such as enhanced creativity and collaboration, along with participatory opportunities, autonomy and engagement in decision-making (Frenkel *et al.*, 1995; Reinhardt *et al.*, 2011), yet they often overlook the unintended consequences of these environments, particularly the competitive pressures and insecurities that arise from constant performance monitoring and evolving expectations. How performance monitoring and evolving organisational expectations can simultaneously enable knowledge sharing and create competitive pressures that potentially undermine the very autonomy they seek to foster. In our understanding, participation is a key issue in establishing expansive learning environments, as workers who actively participate in decision-making processes through democratic workplace structures are naturally more engaged in continuous knowledge-sharing and collaborative problem-solving, creating an environment where learning expands beyond narrowly defined individual skill development to encompass organisational innovation and adaptive capacity (Fuller and Unwin, 2003; Hyman, 2015; Frega, 2020). In our contribution, relying on the original and convincing theoretical framework on the principles of workplace democracy elaborated by Frega (2019), we are trying to address these critical gaps by providing an in-depth case study of a Hungarian knowledge-intensive IT company to make a better understanding of the complex interrelations among participatory management practices, HR development and managerial control mechanisms that manifest in a concrete organisational context.

Research methodology

In our research, we conducted a case study of a company based on semi-structured interviews. The primary objective of our research was to explore and understand the local context and, in line with the so-called instrumental case study (Eisenhardt, 1989; Yin, 2004; Bryman, 1992), to learn about the local practices of the companies under study, to complement and nuance the theoretical and practical literature explored, and to present the context of local conditions. The case study of the company we are examining is both exemplary in that it can provide lessons for practitioners and explanatory in that it helps to nuance the connections identified in theoretical approaches and illustrate them with a concrete example (Huws and Dahlmann, 2007).

There is a consensus in the literature that when writing a case study, the researcher should take an interpretative stance, for example, by presenting the perspectives of different stakeholders (Huws and Dahlmann, 2007). The case study is based primarily on interviews and secondarily on document analysis (company websites, annual reports, company newspapers, HR policies and strategy documents).

We approached the company in the case studies through personal contacts and offered them cooperation. We first contacted the person in charge of HR, who conducted the first

interview, and then helped to contact the other interviewees and organise the interview. In addition to the analysis of the documents received (HR strategy, HR-related documents), semi-structured interviews were conducted in each case, along the same set of management and employee questions developed on the basis of the literature. The interviews covered the organisation's objectives, history and critical events; the evolution of HR activities; the strategy and practices related to training development; participation issues; and the perceptions of managers and employees. During the data collection, the unit under study was the company itself, and the exploration of the processes and mechanisms was determined by the interviewees' perceptions of them.

A total of nine interviews were conducted at the company premises (Table 1) (owner, HR manager and colleague, managers, employees). The interviews were recorded and transcribed *verbatim*. In the next part of the analysis process, the interview transcripts were coded according to broad themes (company history, HR development, specific HR systems, competencies, training-development, control and participation) and then further analysed according to each broad theme, continuously reconciling and discussing the patterns discovered. This phase was followed by a research focus group discussion with the entire research team, aiming to build a common understanding of the results. Research group discussion and the process of double coding were applied to raise intersubjective or communicative validity, that is, to test the validity of knowledge in a dialogue or a discourse (Kvale, 1995). The analyses resulted in case studies, which were shared with the two companies, asking for their views and feedback.

During the interviews, we strived to ensure informed consent, that is, to acquaint respondents with the research purpose, what the data will be used for and the potential risks of participation. Concerning potential risks, the confidential treatment of data has a crucial role. Therefore, interview quotations were anonymised.

The research: a company case

The company under investigation is a Hungarian-owned IT and consulting company, which currently provides B2B services in three main business areas: IT consulting, IT solution delivery, and testing and quality assurance. The company currently employs more than 100 people. The management believes that the company's competitive position is primarily based on the knowledge assets of its people, making HRM a strategic area. The company has a

Table 1. Characteristics of the company under investigation

Business data	
Scope of activities	IT consulting, testing, IT project management
Year of foundation	2006
Number of employees	100 persons
Features of HR activity	Consciously used from the start
<i>Characteristics of the data collection</i>	
Number of interviewees	9 persons
	CEO (owner)
	HR manager
	1 administrative supporter
	1 manager
	1 senior advisor
	2 mediator advisors
	2 junior advisors

Source(s): Authors' own creation

well-developed and detailed HR system with a development approach, the individual elements of which are integrated. The key elements of the HR system are recruitment/selection, mentoring system, career development system with performance appraisal and advanced training/retraining practices. The company has developed organic knowledge creation and sharing practices, some of which are formal and some informal. This mainly involves active knowledge-pool management, which means that management seeks to provide organisational opportunities to share knowledge and experience, and to consciously develop a culture in which colleagues support each other in meeting knowledge needs. The various formal and informal mechanisms of knowledge management are supported in an integrated way by the company's HR system. Already at the selection stage, it is important to try to recruit candidates who have the potential to fit seamlessly into the flexible knowledge management model presented. This is also reflected in the company's selection practice, which favours early career or a few years' experience over senior staff.

To help employees integrate and settle in successfully, the company has introduced a mentoring system that is constantly being fine-tuned. Mentoring covers two areas. The first is the ongoing onboarding of new entrants. This means that all newcomers are mentored by a more experienced colleague. The second is peer mentoring, where a colleague who is stuck in a particular job gets help from a more experienced mentor. A mentor can be an experienced and respected person, regardless of their position, who knows the organisation's structure and culture, has the right contacts and expertise, and is able to pass on their experience and knowledge. In addition to mentoring, management also engages with new starters: it is a good practice to have an informal lunch with a member of management after a month so that there is a feedback system in place from both sides from the start.

Performance appraisal and transparency of career paths are supported by a grading system in the company. The grade indicates a colleague's level of experience, skills and competencies. Like HR processes, this has evolved as the company has developed. Two types of grading systems are distinguished: consultant and developer. Based on experience and competence, the system distinguishes six levels of job classification within the company. For those who really excel, the "fast track" offers faster progression. At the entry, analyst and junior levels, there is the possibility of a grade step for every six-monthly evaluation (after one full semester in the firm), while at the consultant level, it is only possible to move up a grade for every second evaluation, i.e. annually.

The expectations for each grade are set out in the evaluation forms used during the semesterly performance evaluation. The different grades are accompanied by a transparent matrix of expectations, which clearly shows the skills that a colleague who wishes to progress to that grade should have. These "expectations" do not only expect employees to have professional knowledge but also take into account their role in the community, their activity, their loyalty to the company and, for example, their mentoring activities. In addition to the manager's assessment, this also involves a self-assessment process on the part of the employee. Each grade has a specific salary level. In the early days, performance appraisals were only done annually, but later it was recognised that this was taking too much time between the two reviews, so they moved to six-monthly and then quarterly appraisal periods.

The company places a strong emphasis on employee development. The company has created an expansive learning environment, characterised by employee engagement, advanced knowledge sharing practices, support for the development of development communities and symbolic and financial recognition of commitment. The company makes an effort to identify the learning needs of candidates in the selection process and gives preference to candidates who are perceived to have such needs.

Findings

Organisational structure and work environment

The company operates as a knowledge intermediary, with a distinctive characteristic that very little work is performed within the company's physical boundaries. Employees work primarily on client premises, leading to physical dispersion across different locations. This spatial arrangement significantly impacts both knowledge flows and management practices.

Work is organised around projects, with employees assigned to project teams tasked with achieving predefined objectives within specified timeframes using allocated resources. Management frequently changes the composition of these project teams, creating "constantly changing groups", as described by a senior advisor. This rotation serves a strategic purpose:

What helps knowledge spread is that we work in constantly changing groups [...] everybody who's there is able to take the type of tasks that they've solved, how they've structured things and take it with them and learn a lot from each other.

The project-based structure and rotating team composition create an environment where adaptability is essential. Employees must be able to adjust to changes in interpersonal relationships and external conditions, a skill that requires continuous development and maintenance.

Human resource management practices

Development-oriented approach. The company's management demonstrates a strong development orientation, supporting and encouraging employees to pursue career paths that enhance their knowledge and skills. As noted by the head of HR, the company implements a detailed career development system that tracks employee progress and guides their professional growth. The company has created an expansive learning environment, characterised by employee engagement, advanced knowledge sharing practices, support for the development of learning communities and symbolic and financial recognition of commitment. The company tries to identify the learning needs of candidates in the selection process and gives preference to candidates who are perceived to have such needs.

This development orientation is reflected in the company's formal hierarchy, which is based largely on knowledge and professional experience. While managerial positions are limited, the company has established a hierarchy of prestige where positions are legitimised by differences in knowledge and skills. This structure creates a system where higher hierarchical positions are both indicators and rewards for professional development.

Performance management and incentives. The company uses multiple mechanisms to evaluate and reward employee performance. Regular performance appraisals serve both developmental and evaluative purposes, giving management insight into employees' current knowledge, skills, and knowledge-sharing behaviours. The incentive system includes formal recognition through awards, which considers both professional performance and contributions to internal company life. As the CEO explained:

There are no specific awards related to mentoring, but it is a part of the way people are judged, so when we talk about the fact that the Employee of the Year Award was decided yesterday, today, at the Christmas dinner, for example, this was also a criterion, so professional performance obviously counts a lot, but when it's only nuances that decide, what counts is how much someone contributes to our internal company life, and mentoring is a good point. In the same way, there is the possibility of a quarterly bonus, so you can be awarded a bonus for extra outstanding performance every quarter, and we take this into account there too, so we don't promise that if you take on a mentoring role you will get this much money or this bonus, but we are happy about it and it will always be a plus in your name.

The company also offers quarterly bonuses for outstanding performance, with knowledge sharing and mentoring activities considered in the evaluation. Performance appraisal and transparency of career paths are supported by a grading system. The grade indicates a colleague's level of experience, skills and competencies. Like HR processes, this has evolved as the company has developed. Two types of grading systems are distinguished: consultant and developer. Based on experience and competence, the system distinguishes six levels of job classification within the company. For those who really excel, the "fast track" offers faster progression. At the entry, analyst and junior levels, there is the possibility of a grade step for every six-monthly evaluation (after one full semester in the firm), while at the consultant level, it is only possible to move up a grade for every second evaluation, i.e. annually. The expectations for each grade are set out in the evaluation forms used during the semesterly performance evaluation. The different grades are accompanied by a transparent matrix of expectations, which clearly shows the skills that a colleague who wishes to progress to that grade should have. These assumptions do not only expect employees to have professional knowledge but also consider their role in the community, their activity, their loyalty to the company and, for example, their mentoring activities. In addition to the manager's assessment, this also involves a self-assessment process on the part of the employee. Each grade has a specific salary level. In the early days, performance appraisals were only done annually, but later it was recognised that this was taking too much time between the two reviews, so they moved to six-monthly and then quarterly appraisal periods.

The grading system that informs these rewards is based on a combination of professional performance, seniority, and participation in formal and informal knowledge-sharing collaborations.

Knowledge management mechanisms

The company has established formal structures to facilitate knowledge sharing among physically dispersed employees. Bi-weekly "management breakfasts" bring employees together to exchange information and experiences about current projects. The aim of the breakfasts is to give employees an insight into the life of the company, to exchange information and experiences on current projects and to strengthen a common identity, which is not a given because of local diversity. As the head of HR noted:

Every two weeks we have a management breakfast here in the office, which is specifically because we are spread out here, because everybody is working somewhere else, and then we have the opportunity to meet at least every two weeks.

In addition to breakfasts, knowledge-sharing events are organised on a monthly basis. They cover a wide range of topics and provide ample opportunity to feature a variety of speakers. It is possible for company staff to talk about difficulties they have encountered on a particular project, a new skill or expertise they have acquired, but it is often the case that an external speaker is invited, either a specialist in a particular field or a representative of a client. These events serve multiple purposes: transferring technical knowledge, shaping organisational culture, and promoting internal networking.

To help employees integrate and settle in successfully, the company has introduced a mentoring system that is constantly being fine-tuned. Mentoring covers two areas. The first is the ongoing onboarding of new entrants. This means that all newcomers are mentored by a more experienced colleague. The second is peer mentoring, where a colleague who is stuck in a particular job gets help from a more experienced mentor. A mentor can be an experienced and respected person, regardless of their position, who knows the organisation's structure and culture, has the right contacts and expertise, and is able to pass on their experience and knowledge. In addition to mentoring, management also engages with new

starters: it is a good practice to have an informal lunch with a member of management after a month so that there is a feedback system in place from both sides from the start. The mentoring programme pairs experienced employees with newcomers, providing guidance and support while facilitating the transfer of tacit knowledge.

In addition to formal initiatives, the company cultivates informal knowledge-sharing opportunities. Management encourages a “culture of conversation” through coffee breaks, lunch gatherings, and casual interactions. As the CEO emphasised:

Well [...] we have a culture of talking to each other. So, I think it's really important that when somebody comes in, we have coffee in the kitchen together, or we go out to lunch together, and then we talk. So that we have such a culture of conversation, where we observe people basically, we make sure that every person, at least once every two months, we have a little conversation, so especially for new people we have a mentoring program, then the mentor also talks to him, the project managers talk to him, and we see in these Tuesday evening resource meetings that we can sense from the comments of the project manager, where there might be a problem, or where there are any problems, and then more often some member of the management goes there to have a look, to talk, to have lunch together, or someone from HR goes there and then has a little chat, also goes for coffee, cake, whatever, with the guys, and then these always come together, and then at the Friday meeting, it is regular that we go on Friday with all the people and talk it through.

Project-based work organisation and the relatively frequent changes in the composition of project teams encourage knowledge flows within the organisation, but for this model to work effectively, it requires that workers are able to adapt to changes in interpersonal relationships and external conditions. The company has implemented a comprehensive knowledge management system that balances formal and informal mechanisms to facilitate knowledge sharing among geographically dispersed employees. In addition, the regular team-building events, such as the *management breakfasts* presented earlier, alongside informal interactions (“culture of conversation”), suggest the organisation values relationship-building as a foundation for knowledge exchange and makes conscious efforts to reinforce a common organisational identity, which is particularly important given the physical dispersion of the workforce.

Control mechanisms

In spite of the emphasis on autonomy, the company implements various direct control mechanisms. Local managers lead teams at each work location, providing professional support and oversight. These managers derive their legitimacy from their expertise and experience in the field. During company events, management’s physical presence allows for direct observation and influence of employee behaviour. Direct control is the direct observation of behaviour in the context of physical presence; management can see directly whether someone is interested in or committed to cooperating with other organisational actors.

The company uses several indirect control mechanisms to influence employee behaviour. The mentoring system and regular performance appraisals serve developmental purposes but also give management visibility into employees’ knowledge, skills, and sharing behaviours. Beyond this, however, these meetings are also forums for norm formation, where it is possible to manifest expected patterns of behaviour in manifest ways or through behavioural examples, inviting identification from those present, with the unspoken and perhaps unintended aim of internalising the constraints of expected conformity to rules:

Management makes deliberate efforts to maintain personal contact with employees, monitoring their progress and addressing any issues that arise. As the CEO explained”

We observe people basically, we make sure that every person, at least once every two months, we have a little conversation, so especially for new people we have a mentoring program [...] we can sense from the comments of the project manager, where there might be a problem.

Company-wide events function as forums for norm formation, where expected behaviours are modelled and reinforced. These settings create opportunities for employees to internalise organisational values and expectations.

Interpretation and analysis

The paradox of autonomy and control

Our findings reveal a fundamental paradox in the company's approach to managing knowledge workers: while emphasising autonomous working, the organisation simultaneously implements relatively continuous control over employee performance. This contradiction stems from the operational reality that employees work physically dispersed at client premises, limiting management's ability to directly oversee their work.

In response to this challenge, the company has developed alternative control mechanisms that align with its development-oriented approach. Team-building events, knowledge-sharing forums, and regular personal interactions serve dual purposes: facilitating knowledge flow while maintaining management oversight. This represents a sophisticated approach to balancing professional support with behavioural control.

The control mechanisms used by the company are largely indirect, focusing on creating environments where desired behaviours emerge naturally rather than through coercion. However, this approach still maintains management's ability to monitor and influence employee activities, creating a subtle tension between autonomy and control.

Structural uncertainty in the organisation

The company's operational model, with employees working primarily at client premises, creates structural uncertainty regarding organisational boundaries. Hereafter, the concepts of 'centre' and 'periphery' refer to the potential of a given formal or informal organisational unit to control the creation, retention and allocation of resources, including knowledge. This kind of specific relationship is perceived in two aspects. On the one hand, it relativises who is in a central position within the organisation, and, on the other hand, as this arrangement blurs the distinction between centre and periphery within the firm, it makes it difficult to identify where the central knowledge resides and what legitimises it. This uncertainty extends to internal power relations, which become less transparent when employees are physically dispersed.

The result is an organisational environment where centrality is relativised and power structures are fluid. While this fluidity can facilitate knowledge flow and prevent the formation of knowledge silos, it also creates challenges for employees attempting to navigate the organisational landscape.

Individual experience of organisational reality

The combination of development-oriented management practices and structural uncertainty creates a distinctive experience for individual employees. The detailed career development system, which partly favours a willingness to learn, and the supportive control linked to a developmental approach encourage continuous activity. In principle, preference is given to those (and, of course, to workplace behaviours to match) who have the ambition and willingness to learn continuously. The emphasis on continuous learning and improvement, while beneficial for skill development, establishes an implicit expectation that knowledge

acquisition is never complete. As our analysis shows, this perspective suggests that employees can never be satisfied with their current knowledge level, as there is always more to learn and improve. Frequent personal contact, in addition to a supportive attitude, also gives management the opportunity to monitor employees' behaviour, attitudes and individual development.

This dynamic creates a competitive environment where employees constantly compare their performance with others. The hierarchical structure, legitimised by differences in knowledge and skills, reinforces this comparison by providing visible markers of professional advancement.

An unintended consequence of these practices is the emergence of individual insecurity [1]. The constant pressure for self-improvement without a "resting point" can lead employees to doubt their competence and question their standing within the organisation. This insecurity, while experienced at an individual level, has structural causes rooted in the organisation's consciously designed HR and management approach to knowledge management and employee development.

Theoretical implications

To interpret these findings, we draw on [Frega's \(2019, 2020\)](#) contribution on workplace democracy, which encompasses three dimensions: relational parity, inclusive authority, and social participation. This framework helps us understand how organisational structures influence learning environments and knowledge transfer.

The company's practices reflect aspects of relational parity through its emphasis on knowledge sharing and collaborative work. Inclusive authority is evident in the opportunities for employees to contribute to knowledge forums and participate in mentoring relationships. Social participation is facilitated through regular company events and the "culture of conversation" that management promotes.

However, our analysis reveals tensions within this framework. The competitive environment and individual insecurity identified above may undermine full relational parity. Similarly, the control mechanisms, while subtle, may limit the extent of inclusive authority in practice.

These tensions have implications for the effectiveness of the company's expansive learning environment. While the organisational structures support knowledge sharing and collective problem-solving, the underlying competitive dynamics and individual uncertainties may constrain the full potential of these learning processes.

Additionally, these findings contribute to theoretical understanding in several key areas. Firstly, they highlight the limitations of direct control for knowledge workers, demonstrating the need for alternative approaches that balance autonomy with organisational oversight. This supports existing literature on the management of professional work ([Alvesson, 2004](#); [Kärreman and Alvesson, 2009](#); [Fuller and Unwin, 2003](#); [Lam, 2004](#)) while providing insights into specific mechanisms for achieving this balance.

Secondly, our analysis reveals the complex relationship between HR practices based on individual development and the emergence of competitive environments. Amending Fuller and Unwin's contribution on expansive learning environments, our results suggest that while development-oriented practices aim to enhance collective knowledge, they can inadvertently create conditions that promote individual competition rather than collaboration ([Fuller and Unwin, 2003](#)). This suggests a need for more nuanced theoretical models that account for the potential contradictions within development-focused HR systems.

Thirdly, our identification of structural causes for individual insecurity extends understanding of how organisational practices affect worker experience. By linking insecurity to involvement, we connect individual experiences to broader organisational dynamics, moving beyond purely individualistic explanations of worker anxiety. This amends the various contributions on the subtle nature of control in contemporary

organisations (Burawoy, 1979; Lam, 2004; Foucault, 2007; Thompson and van den Broek, 2010; McCabe *et al.*, 2022) by demonstrating how development-oriented environments can create internalised pressures and complements.

Finally, as mentioned above, our application of Frega's (2019, 2020) framework of workplace democracy to knowledge-intensive firms provides a novel lens for examining how democratic norms influence expansive learning environments. Our findings also complement Fuller and Unwin's (2003) research on expansive and restrictive learning environments by identifying specific organisational practices that create paradoxical learning conditions, simultaneously expansive in their support for development, yet potentially restrictive in their creation of insecurity.

Practical implications

By fostering the three factors mentioned above (relational or relational parity, inclusive authority and social participation), organisations are enabled to develop inclusive practices that support individual and collective learning while accumulating and preserving knowledge assets. In particular, it is important to emphasise the role of what is known as social inclusion, which is crucially concerned with the extent to which individuals identify with the community of which they are a part and are able to integrate and, conversely, the extent to which they face isolation.

In this respect, the organisational practices of the knowledge-intensive company we studied are paradoxical because the management does its utmost to operate a learning environment with a developmental approach, which supports learning and individual development, with HR and management practices that are suitably adapted to this, and with symbolic and material incentives. Our research suggests several practical implications for managing knowledge-intensive organisations. Companies should strive to balance development orientation with psychological safety, recognising that excessive emphasis on continuous improvement may create unintended pressures on employees. Organisations should actively monitor the psychological impacts of expansive learning environments, recognising that continuous development demands can inadvertently increase individual self-doubt.

Second, organisations should develop inclusive practices that support both individual and collective learning while mitigating competitive dynamics that may undermine knowledge sharing. This might involve creating explicit norms around collaboration and establishing rewards for collective achievements rather than solely individual performance. In addition, management should pay particular attention to the role of social inclusion in knowledge-intensive organisations. Our findings highlight the importance of employees identifying with their organisational community and feeling integrated rather than isolated. Firms should carefully delineate spaces designated explicitly for knowledge sharing from those intended for managerial observation. Clearly distinguishing developmental activities from managerial surveillance would enhance employee trust and engagement, increasing authenticity in peer interactions.

Finally, organisations should be aware of the potential paradox between learning-supportive management practices and their unintended consequences. Regular evaluation of how employees experience these practices can help identify and address emerging tensions. Organisations should consider reshaping performance evaluation methods to prioritise collective achievement and team-oriented metrics over strictly individualistic performance comparisons. Reducing explicit competition can mitigate individual insecurity and foster genuine cooperation.

Conclusion

This research has examined the complex interrelations among participatory management practices, HR development and managerial control mechanisms in a Hungarian knowledge-intensive IT company. Our findings reveal both the sophisticated approaches developed by the company to manage knowledge workers and the tensions that emerge from these practices.

The paradoxical nature of the company's approach – emphasising autonomy while maintaining control and promoting development while creating competitive pressure – highlights the challenges inherent in managing knowledge-intensive work. By identifying these tensions and their impacts on both organisational functioning and individual experience, our research contributes to a more nuanced understanding of knowledge management in contemporary organisations.

Limitations and possible further research directions

This article provides an analysis of the practices of engaging knowledge workers and monitoring their work in a Hungarian knowledge-intensive, medium-sized company. It tries to explore how in expansive learning environments the management's need for control and the complex relationship between worker autonomy and learning required to perform complex work tasks evolve. The paper highlights the contradiction that a supportive HR system, designed to develop employees and to create and maintain the conditions for an expansive learning environment, paradoxically results in a continuous control of employee performance, creating a competitive situation that inadvertently leads to individual insecurity, in spite of the original managerial intentions. However, these results are only valid with limitations, as they are based on a case study, and their generalisability is questionable.

The inherent contradictions in the developmental and supportive HR practices in the firm suggest that further research is needed, particularly on how knowledge workers' learning environments and HR strategies affect knowledge sharing and learning outcomes within organisations. In particular, it would be important to understand in more depth the unintended consequences of expansive learning environments and developmental approaches to HR (and employee control). Our results suggest that there may be a contradiction between management practices that support employees' careers and autonomy, emphasising the need for development, and varied control practices over work performance, and that further research into the dynamic relationships between EI, knowledge management and organisational goals that can resolve these contradictions would be worthwhile in the future.

Future research should cover three main areas. Firstly, it should explore whether the individual insecurity identified in this study is an isolated phenomenon or an inherent feature of expansive learning systems. Secondly, comparative studies across different organisational contexts could provide insights into alternative approaches to balancing the competing demands of knowledge management, employee development, and organisational control. Thirdly, and from a practical point of view, it would also be important to identify HRM practices that can make knowledge sharing and learning more effective without compromising employee autonomy, which is key for the creativity and performance of knowledge workers.

Note

1. We would like to stress that in our understanding there is a difference between "organisational uncertainty" and "insecurity". By the former we mean ambiguous organisational situations that are partly related to uncertainty caused by unclear objectives and to the unpredictability or low predictability of future events. Insecurity, on the other hand, is a state of uncertainty experienced from the individual's point of view (but which may also occur for organisational reasons, and thus may also be a structural problem), when an individual's competence is called into question and the individual begins to doubt him/herself.

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Further reading

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