

Final Exam Organizational Theory
M1 CCA
2018-2019

⇒ **Only the documents related to the course are allowed (printed format).**

⇒ **Not PC or smartphones are allowed for this exam.**

⇒ **Please make sure you write clearly**

1. Please read carefully the three articles from professor Martin Parker
2. Write an essay that responds to the two questions below using the knowledge you have about organizational theories (please make sure you use references, cite authors, existing literature).
 - How management has moved from classical theories to the bitcom???
What has changed?
 - According to you, what are the problems of modern management?

THE CONVERSATION

Academic rigour, journalistic flair



Understanding the Amazonian workplace – it’s the law of the jungle

August 21, 2015 11.42am BST

Amabots at work. Reuters / Robert Galbraith

In virtually every science fiction novel or film, there is an evil corporation which dominates the world – from LexCorp in the Superman franchise to Weyland-Yutani in Alien. Their masterminds tend to hide their ambitions behind stretched smiles and a language of care. That is, until the story’s protagonist exposes their plans and saves the world by exposing the evil afoot.

Author



Martin Parker
Professor of Organisation and Culture,
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Compare this to the real world. We have corporations with huge influence which do bad things, we are well aware of it and yet we continue to let it happen. Why?

The recent New York Times exposé of life working for Amazon used old-fashioned investigative journalism to reveal the harsh reality of working in the company’s head office in Seattle. It documents a culture of relentless criticism, with a reliance on continual measuring of performance and long working hours. Unsurprisingly, this results in high labour turnover, as those who refuse to become “Amabots” (a term used to describe someone who has become part of the system) get spat out like returned parcels.

Nothing new to see here

There has been **predictable criticism** of Amazon following these revelations – rightly so. But consider what we already know about the company. We have known for some time that it has a tax structure which ensures that it **minimises its responsibilities** in paying for the roads which allows it to transport its goods and the education that allows its employees to be able to read and write (Amazon's British business paid just £4.2m in tax in 2014, despite selling goods worth £4.3 billion).

We know, following the work done by **Spencer Soper** in the US and **Carole Cadwalladr** in the UK that the conditions in its warehouses are punishing. Long hours, low wages and continual monitoring by technology result in high labour turnover. Oh, and (surprise surprise) Amazon **doesn't like trade unions**.



Amazon factory workers in Germany striking last year for better pay and conditions. EPA/Roland Weihrauch

What else do we already know? That Amazon is a company which seeks to dominate markets through cost efficiencies, putting competitors out of business, or ensuring that they have to do their business through Amazon. There are well-documented accounts of its attempts to ensure that publishers **offer the same discounts that it does**, or that all print on demand has to go through its own company.

And, if that fails, it simply buys the competition with the huge piles of cash it has built from doing what it does, as it did with AbeBooks, LoveFilm, Goodreads, Internet Movie Database, The Book Depository, BookFinder, to name a few. And this isn't even to mention its domination of the e-reader market through Kindle. Even if it doesn't say so on the website, you might well be doing business through an Amazon subsidiary. If this isn't a strategy for world domination, what is it?

In 21 years, Amazon has grown to become a company with almost **US\$89 billion in turnover** every year.

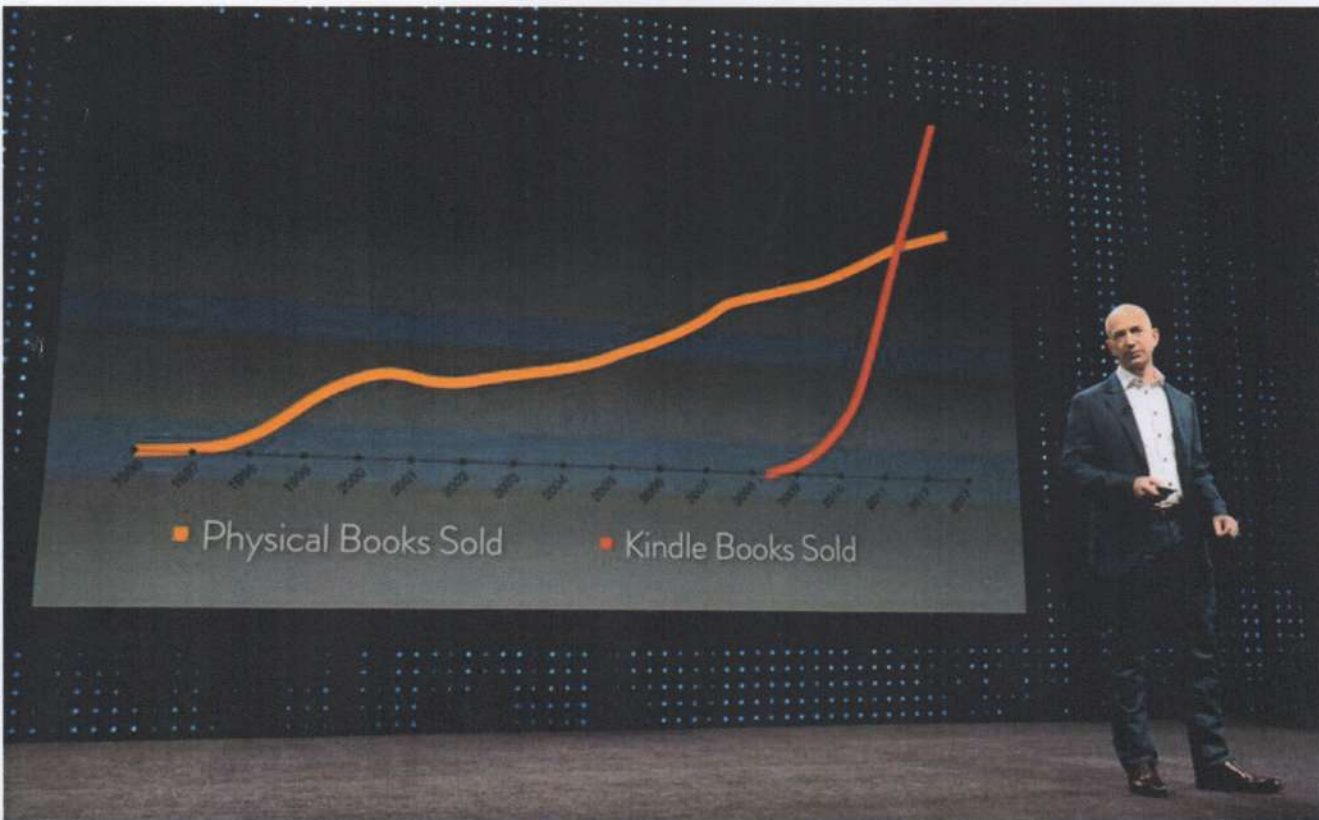
To put this in context, that's greater than the GDP of countries such as Cuba, Oman and Belarus. And it has made Jeff Bezos, its driven founder, a personal fortune of around US\$47 billion, which is about the same as the GDP of Costa Rica or Slovenia.

As one of his many plaudits, he was named "World's Worst Boss" by the International Trade Union Confederation at their World Congress in May 2014. He also now owns the Washington Post.

All this, and much much more, is known about Amazon, but it continues to grow, recently suggesting a move into delivery by drones and beginning a food delivery service in a few US cities.

In his recent novel, *The Circle*, Dave Eggers describes a US internet company (a cipher for Google) that gradually moves towards world domination, using relentless monitoring of its employees and a continual rhetoric about exceeding customer needs. In the novel, when the customers or employees are confronted by criticisms of what the company does, they don't see it, instead pointing to all the ways in which the company is making their lives easier. Criticism is seen as negative, practised by people who want to turn the clock back.

Stockholm syndrome



Results driven: Amazon CEO Jeff Bezos. EPA/Michael Nelson

Talk to most people about why Amazon is a problem and you will get similar responses. "But it makes things so easy." "They are cheaper than anyone else." "What's wrong with efficiency?"

The law of the jungle

But this isn't just a debate about Amazon, as if it is a bad company surrounded by lots of good ones. It raises much broader questions about what corporations do. Essentially, they are machines which are designed to grow, to externalise their costs and privatise their profits. The fact that this produces a management culture of extreme bullying, or anti-union practices in its workplaces, or anti-competitive

strategies in its marketplaces shouldn't really amaze us.

It's the law of the jungle, right? What should amaze us is the extent to which we know that this happens and yet – unlike the heroes in the sci-fi films – we continue to do nothing about it.

Behind the reflective surfaces of its buildings and website, Amazon is selling us something else. It's a vision of a different world of work and consumption. This is a privatised, measured and monetised world, in which every social value is for sale. You can even buy books which tell you what's wrong with corporations through the website, because the content doesn't really matter that much.

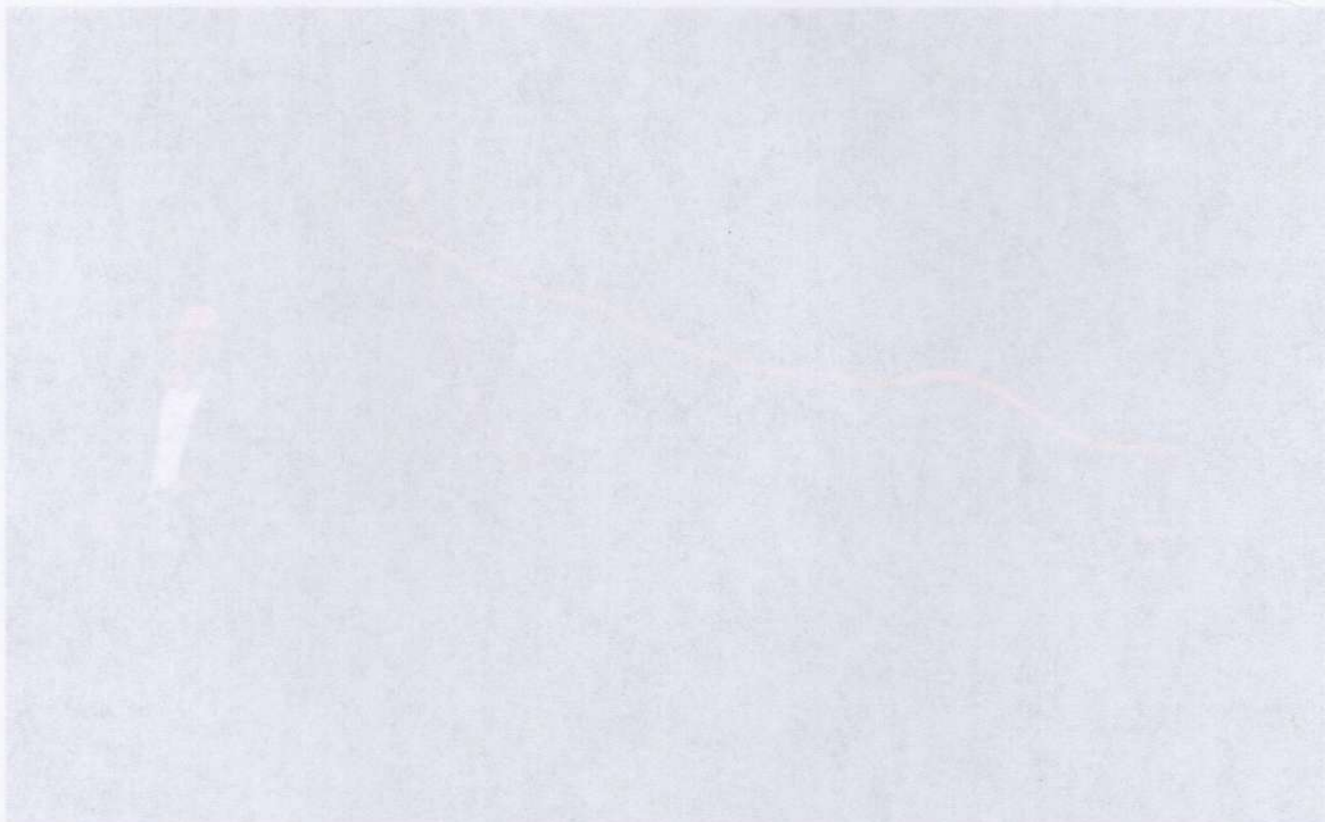
All that matters is that the company makes money, dominates markets, keeps customers happy. That is what Amazon sells, and we continue to keep buying it.

Workplaces

Amazon

jeff bezos

Workplace culture



Modern management's angelic legacy is stuck in the past

December 23, 2014 12.56pm GMT



Francesco Botticini's *The Assumption of the Virgin* shows the heavenly hierarchies at play.

One of the oldest assumptions about organising comes directly from the angels. In the 5th century, the mysterious theologian Pseudo-Dionysius wrote the definitive book on angelic hierarchies, *Ecclesiastical Hierarchy*. He asserted that there were nine orders of hierarchy, ranging from the most humble messenger angels to the most elevated archangels. At the top, obviously, was God. And this analysis has filtered down to the way that management structures and their hierarchies exist today.

According to Pseudo-Dionysius, God's light was so bright that only the topmost angels would not shrivel in it. Hence the angels acted as relays, each order taking brightness off with each step, until the lower angels could talk to the highest human beings. "Hark", they would say, "Fear not!". And the recipient of the message would, of course, quake with wonder and terror.

Pseudo-Dionysius then proceeded to describe the necessary existence of hierarchies on earth; 15 stages in all, from the most elevated bishop down to the lowest peasants. Hierarchy was a principle of nature, and so all parts of nature must be organised vertically. The rich man in his castle, and the poor man at his gate.

Five centuries later these writings became a central part of scholarly debate in the emerging universities of the time. A central part of the curriculum in, for example, the medieval University of Paris, was angelic. Angels allowed people to discuss philosophical and social questions, without stepping too far away from the authority of the church. So divine rights, feudal authority and free will could all be debated, without too much danger of excommunication and heresy.

The children of the new mercantile classes could be educated, but know their place in earth and heaven.

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Ideas about social order became explained with reference to theological order. Obedience to authority was the key, and ideas about social organisation gradually became inseparable from ideas of hierarchy.

Today's management schools

Fast forward a millennium and we now have management schools in universities across the world which teach the modern version of hierarchy – but Pseudo-Dionysius has been forgotten. Nowadays, ideas about social order no longer begin with God, at least not explicitly, but they certainly trade on the same ideas about where authority comes from: the top.

The teachings of these schools echo the medieval kind in many ways, in that it is safe to discuss empowerment, flat organisations and 360° appraisal, as long as the structures of power are not actually challenged. Rather like discussing how many angels can fit on the head of a pin, students of management discuss “case studies” that present various fictions about the world of work, but rarely question the status quo.

In fact, according to the modern day business school, management is no longer bureaucratic, hierarchical or exploitative, and modern managers require the enthusiasm and consent of their employees. But in case you assume the lessons of the archangels have been forgotten, just think about what else business schools do. As necessarily profitable parts of universities, they sell themselves as guaranteeing that you will become one of the higher angels. After all, students don't pay huge fees in order to become members of the peasantry.

Despite all this talk of empowerment, the very idea of management is necessarily about hierarchy. It proposes that there are some who organise, and that there are others who get organised. And, just in case you can't tell the difference, the ones who organise get paid more.

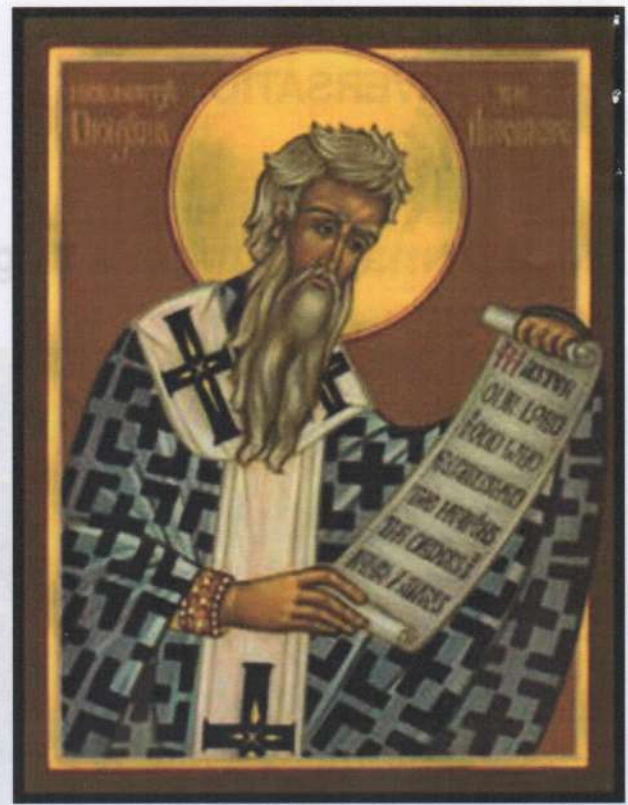
Worrying legacy

The legacy of Pseudo-Dionysius that worries me most is not simply the stupidity of taking a 5th-century theologian as a model for 21st-century organising, but the political consequences of it. Just as medieval academics echoed the sorts of things that medieval kings and princes wanted to hear, so do those providing advice to the new princes flatter them with terms such as “leadership”, “charisma” and “inspiration”.

Management theory here echoes an ancient theology, borrowing its language to sell books, fund generous research programmes and celebrate the idea that some people lead, and others follow. The characteristics of the leader are listed, and testaments to their radiance act as a sort of revealed truth.

It doesn't have to be like this, any more than universities have to teach that for journalists and academics. In case you're wondering, their angel is Raphael, who represents communication and science. In fact, there are plenty of alternatives to hierarchical organisation – communes, co-operatives, networks and communities to name a few.

Within all of these alternative forms there may well be different distributions of power, and influence, so



Pseudo-Dionysius.

that hierarchy actually ends up being one form of organisation among others. In other words, we can all be organisers in different ways, at different times. We don't need to wait for others to do it for us, whether they have MBAs or wings. But to claim this too loudly would be heresy. It would suggest that we could all be angels.

Management

Theology

Business schools

THE CONVERSATION

Academic rigour, journalistic flair



Beyond Bitcoin: The power struggle over trust-based technology

October 2, 2017 12.03am BST

One of China's biggest bitcoin exchanges recently stopped trading after regulators ordered all digital currency exchanges to close — demonstrating traditional institutions' nervousness about distributed trust technologies. In this 2013 photo, a staff member at Bitcoin mining company Landminers in southwestern China checks a computer used for that purpose. (Chinatopix via AP)

Technology blogs and financial news networks are buzzing about **blockchain**, a **cryptographic**, distributed trust technology. The key innovation is how it **reduces the need for central third-party institutions** to serve as central authorities of trust — banks, courts, large corporations, stock markets and even governments, for example.

Distributed trust enables co-operative forms of organization without a centre. It can **distribute power away from centralized institutions to those that traditionally have less power**. Such powerful institutions do not let go of their influence easily.

The ongoing debate about how to regulate distributed trust technologies **assumes that the advocates of the technologies will seek both legal status and enforceability**. Scholars **propose that such developments in distributed trust are a competitive threat to nation-state paper currencies**.

Much of the current, popular focus is on cryptographic currency — or **cryptocurrency** — applications such as **Bitcoin**.

Author



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Bitcoin vs. banks

Regulators are struggling to deal with a fundamental shift in market structure. National central banks are implementing policies to keep control and regulate distributed trust technology.

For example, the Chinese government has banned several types of distributed trust activities, and is launching its own non-distributed, centralized digital currency.

The Japanese government has made Bitcoin a legal payment method, and major Japanese banks are planning to launch a J-Coin digital currency pegged to the Yen which may be built on a blockchain.

Russia initially treated non-approved currency trades as illegal, but is now determining how to regulate them.

In fact, traditional centralized, powerful organizations like banks, governments, regulators and technology behemoths are all spending billions figuring out how to use and control distributed trust technologies.

But distributed trust technologies have many uses beyond cryptocurrency.

Volunteer-driven communities

Organizational theory has a lot to say about this transition. Distributed trust technologies are organized in what we call a Community Form (C-Form) of organization.

C-Forms are not new. They have been around since the 1800s when the Oxford English Dictionary was created by a distributed community of volunteers.

The growth of C-Forms was accelerated by technological developments enabling inexpensive peer-to-peer communication. C-Forms came into focus with the last internet-enabled major organizational shift to distributed information-creation platforms.

As a result of that innovation, we have seen many forms of information production shift to C-Forms. Open source software such as the Linux computer operating system, which competes with Microsoft Windows and Apple macOS, is produced and shared by individuals in C-Forms instead of centralized software companies. Encyclopedias such as Wikipedia are created by individuals in a C-Form instead of a centralized publishing house. Video content on Vimeo is produced and shared by individuals in a C-Form instead of centralized studios.

Similarly, distributed trust technologies are shifting the organizational landscape of how trust is produced and managed from centralized institutions to a C-Form.

The development of distributed trust technologies is having a similar enabling effect on the growth of C-Forms replacing the trust functions of centralized institutions.

Fundamentally, this is a decentralization of power.

Power shift

Many of our previous assumptions about formal organization are being challenged by shifts to distributed forms of trust.

Individuals can now enter into direct peer-to-peer trusted exchanges with strangers. They no longer need a central institution to vouch for the other party. A **blockchain-enabled microgrid** in Brooklyn is already allowing individuals to sell their excess solar energy directly to neighbours without involving a central utility company.

This is a drastic shift to many of the underlying assumptions about how markets and society are organized. As power centralizes, **opportunities emerge**.

Many Silicon Valley success stories are simply centralized platforms. They capitalize on the power and legitimacy of **enabling trusted interactions for others**.

Centralization creates new opportunities

Just as Uber matches riders to drivers, Facebook matches consumers to advertisers. This centralization of power has created an opportunity for distributed trust.

The major platforms stand to lose their power as distributed trust takes hold. Such powerful organizations will no longer be needed.

But those in power tend to try to hold onto power.

Microsoft faced a challenge to its centralized market power as open-source software C-Forms grew. The “**Halloween Documents**” were internal

Microsoft communications about responding to the strategic threat of open-source software. One tactic detailed was “FUD” (fear, uncertainty, and doubt).

We are now seeing similar responses to distributed trust technologies.

JPMorgan Chase & Co. CEO Jamie Dimon called Bitcoin a “**fraud,**” and **claims** governments are going to close down “crypto things.” He is being **accused** of market abuse in Sweden by a company called Blockswater. Blockswater alleges he “**deliberately spread false and misleading information.**”

In other words, Dimon is being accused of creating FUD.

The future of distributed trust

We used to assume that large centralized organizations had legitimacy and power. But that’s starting to change. As distributed trust technologies develop, we will continue to see this power shift.

We must **question the role of centralized organizations in a time of distributed trust**. The key now is to ensure that we use insights from organizational theory, and sociology, to shape our joint societal future in a world of distributed trust.

It’s a world where the role of **powerful central institutions** will be greatly diminished. With such insight, we will be able to design a more equitable future for all.



Uber is an example of a Silicon Valley centralized platform company facing a future threat from distributed trust technologies. (Shutterstock)