Capitalism without Bosses: The Nature of the Firm and Labour-Process under Self-Management

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Abstract

This paper puts forth a theoretical as well as empirical analysis of the firm under "Self-Management" based on elements of the Marxian theory of the firm and related literature. The object of analysis, "Self-Management", is understood as the suspension of the hierarchical-managerial relationship of command and control, at the point of production, regarding the labour-process of the worker. Institutional Economics, Labour-Process Theory and wider themes from the Sociology of Work are drawn upon to understand data gathered in the course of interviews as well as from a case study. It is argued that self-management, as an apparent fantasy of "capitalism without bosses", has a distinct presence in the contemporary organisation of labour. The paper further finds that a "control thesis" – derived from the Marxian analysis of the labour contract, which states that capital must control the labour-process – cannot be falsified in the case of the firm under self-management. Further research avenues and consequences for industrial relations are suggested.

Keywords: Labour-Process, Self-Management, Theory of the Firm

Kontrolle und Autonomie in der selbstorganisierenden Unternehmung: zum Post-Industriellen Strukturwandel des Arbeitsprozesses.

Zusammenfassung

Die vorliegende Arbeit stellt eine theoretische wie empirische Anlalyse der „selbtorganisierenden" Firma, basierend auf der Marx'schen Analyse des Arbeitsprozesses dar. „Selbst-Organisation" ist in diesem Zusammenhang als die Aufgabe der geschäftsführerisch-hierarchischen Organisation des Arbeitsprozesses zu verstehen. Auf Basis theoretischer Anhaltspunkte aus der Institutionellen Ökonomik, Arbeitsprozesstheorie sowie Konzepten der generellen Arbeits- und Industriesoziologie, wird aus Interviews und einer Fallstudie gewonnenes Datenmaterial analysiert. Eine „Kontrollthese", abgeleitet aus der Marx'schen Analyse des Arbeitsvertrages, kann dabei nicht falsifziert werden. Abschließend werden Überlegungen zur weiteren Entwicklung des Forschungsgebiets sowie Anmerkungen zu Konsequenzen für Arbeiter_Innenvertretungen und Gewerkschaften diskutiert.

Schlagwörter: Arbeitsprozess, Selbstorganisation, Theorie der Firma

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1. Introduction

In his 1974 seminal paper *"What do bosses do?"* Steven Marglin famously argued that it was not the factory that gave us the capitalist, but rather the capitalist who gave us the factory. It was therefore not technological efficiency – as we are told of Smithian pin manufacture and through the neoclassical production function – which necessitated *capitalist* hierarchical production, but concerns of supervision and control. The role of the capitalist, boss or management thus serves no inherent purpose in production other than that which it has created for itself. The *original* function that it did create, as shown by Marglin, was of *divide et impera:* control through separation. This begs the question: what about management's *contemporary* function? How does Marglin's argument relate to a present, some say "post-industrial", organisation of labour? An example can be considered.

On March 14th 2013, the Guardian published one of its many articles on Tony Hsieh, CEO of "Zappos", one of the world's largest online retailers. It explained the success of Hsieh's company on the basis of its "culture of employee-empowerment and happiness". In addition, it was recently announced that the company had transitioned to an organisational system known as "Holacracy", supposedly eliminating managerial control and replacing it with "self-management". In light of Marglin's thesis, what are we to make of a very profitable, decidedly "market-oriented" company seeking to rid itself of managerial hierarchies and bosses, *wanting* its workers to self-organise and self-manage? It appears first and foremost as an oxymoronic proposition. Not only considering the Marxian point of leverage that the worker, by definition, must be formally subordinate to capital and thereby management, but also according to very conventional economic theory of the firm, i.e. the New Institutionalism of Coase (1937) and Williamson (1987). There, the reason for a company's existence is that it can save money by "*supressing*", as put by Coase, the price mechanism of the market. It exists precisely because orders can suspend markets *cost-effectively.* Therefore, when the CEO of Zappos says he wants to turn all of his workers into entrepreneurs and replace orders with the market mechanism, it raises a simple question: why? He is certainly not seeking to abolish the capitalist mode of production or "markets" or the social relation that constitutes the company. His ambition is directed at the abolition of orders and hierarchy *within* the company, plainly and simply. However, there is certainly nothing simple or plain about this. It is apostasy from economic theory all the way to the Smithian division of labour as well as, on the surface, Marx's analysis of labour-power as commodity. While it certainly can and should be disputed whether Coase and Williamsons', *raison d'être* of the firm is correct, a company "without bosses" represents a tension, if not apparent fantasy, of "capitalism without capitalism" that is interesting and important to investigate. Researching the contemporary organisation of labour must include an understanding of the ambition, motivation and execution of such a vision of *capitalism without bosses.* The firm, in which hierarchical structures of managerial command and control have been abolished, and its labour-process as the centre of production are the focus of the present paper. The theoretical lens through which they are understood is based on the Marxian analysis of the labour-process and related literature. It is arguably only by understanding the labour-process that we can establish whether what we are witnessing are truly the beginnings of a Hayekian *catallaxy* (1973) of post-industrial capitalism or rather, simply and plainly, the emperor's new clothes.

I propose understanding the self-managing firm as an organisation that suspends the managerial relationship of command to varying degrees at the point of production. The labour-process is thereby theoretically autonomous and not determined by boss, supervisor or management. Three terms are most widely used in journalistic and academic writing to describe such forms of production, albeit loosely and often interchangeably. In order of ascending autonomy, they can be stylised as 1) *Low-hierarchy management* (e.g. Google etc.), 2) *No-hierarchy management* (meaning *no managerial* hierarchy: Holacracy etc.) and 3) *Worker Self-Management* (the ambition of the worker-owned and operated factory/company, e.g. the contemporary South-American *Autogestión*-movements, the ambiguities of which are discussed below). Of interest for the present paper are companies that function decidedly in and for the market economy *while* employing low and no-hierarchy management strategies, hence, companies that fall under point one or two of the above characterisation. While worker self-management is certainly interesting in its own right, there is a specific tension in self-managing firms since employees appear to take on entrepreneurial responsibilities without corresponding entrepreneurial profits. This is not the case under worker self-management but must be addressed as novelty, as new development in the history of sur-

plus-value, so to speak. The consequences for unions and industrial relations are certainly pressing and fundamental here, as the resulting labour relationship appears as potentially more fragile and one-sided than classical forms of wage labour.

Worker autonomy historically can, of course, be located in the wider tradition of the workers' movement, be it in Yugoslavian enterprises (*Radničko samoupravljanje*) or British coal mining (Marglin, 1974). The relationship, however, is ambiguous since worker autonomy seldom figured as primary objective. Factories under state-socialism were run with strictly hierarchical, taylorist production regimes (Burawoy, 2009; Burawoy and Lukács, 1985), and it is well-known that Lenin encouraged the imitation of capitalist technical and organisational methods in Soviet industry, especially under NEP. As Warhurst (1996:3) put it: "*The socialist labour-process, like that of capitalism, is heterogeneous.*"

There are a surprisingly large number of contemporary examples of hierarchy-less organisations, from Silicon Valley start-ups via worker-managed cooperatives to one of the largest online retailers in the world. Many emerging "young" IT-companies and start-ups have very flat hierarchies, often based on self-managing systems originating in software development. Larger companies include WL Gore, maker of Gore-Tex, and the largest tomato processor in California, The Morning Star Company. According to the Economist (2014), IBM is experimenting with "agile management", GE is testing a system inspired by Silicon Valley's "lean start-up movement", and also Haier, the Chinese appliance-maker, has supposedly split its workforce into 2,000 self-managed teams. While it would be presumptuous to speak of a trend towards self-management, there certainly is a *discernible presence* and apparent enthusiasm with serious intent that requires attention.

2. The Nature of the Firm under Self-Management and the "post-Industrial" Labour-Process

While general interest in what may be titled "industrial democracy" has existed as long as there have been shop floors, contemporary research on the self-managing firm, in the specific sense specified above, is mostly scattered and limited. This holds in particular for research in Institutional Economics and Economic Sociology. There are, however, a great number of related contributions that can be drawn upon to contextualise self-management and its relation to the

"post-industrial" labour–process. Four bodies of literature figure most prominently in this paper: *institutional economics, labour-process theory, "continental" sociology of work,* and *collected debates* on the self-managing team, company culture and normative control.

2.1 Institutional Economics and Labour-Process Theory

Of course, the necessary starting point of a theory of the self-managing firm must be the theory of the *hierarchical* firm. Neo-Institutional Economics is most commonly associated with such an endeavour. Its "*re-discovery*"[1] of the firm, as put by some, is based on Coase's (1937) seminal paper "*The Nature of the Firm*". Coase formulates the fundamental reason for the existence of the firm as its capability of supressing the price-mechanism of the market *cost-effectively*. An order, given through managerial hierarchy, is cheaper than coordination through "the market". Firm and market are thus distinct. More specifically, the firm begins where the market ends. Thirty-five years after Coase, Alchian and Demsetz (1975) published the arguably second most significant contribution in this vein. Contrary to the Coasian viewpoint, they argued that the firm exists precisely because it is *nothing more* than a "*privately owned*" market. Where Coase would say that a "self-managing" company cannot exist by definition, Alchian and Demsetz can be said to argue that in a sense every company must be ultimately "self-managing". Both positions are not entirely opposed since they align on *transaction cost theory*, which in turn argues that the use of the price mechanism of the market incurs costs of transaction, costs that the firm minimizes (Williamson, 1975, 1987, 1996). Certainly, as Loasby (1999:80) points out, if companies exist because of transaction costs, with such costs arising as a result of incomplete knowledge, but markets are in general equilibrium, why should transaction costs and thereby companies arise in the first place? Interestingly, Williamson also explains transaction costs through recourse to the incompleteness of contracts, which makes economic transactions subject to hazards (1987: 30). This is an interesting point to keep in mind for the later discussion of the Marxian labour contract. Others (Hayek, 1945; Knight, 1921; Shackle et al, 1961) also share the notion of uncertainty as the basis of the firm.

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1   Of course, in "Old" Institutional institutionalism the firm was never "lost".

What can be taken from institutional economics is an understanding of the relation between firm and market, which serves as important backdrop for the empirical analysis below. *New* Institutionalism, however, among other things, completely omits the question of *work in the firm*, which is where we turn to Labour-Process Theory. As is well known, Marxian discourses on labour in the Anglo-American context developed into *Labour-Process Theory* (LPT) (Braverman, 1985/1974; Burawoy, 1979; Edwards, 1981; Friedman, 1977; Smith, 2015; Thompson, 2010; Warhurst, 2009) whereas in Italy they spun into *Autonomism* (Hardt/Negri, 2003; Negri, 1989; Virno, 2008; Lazzarato, 2012). Both projects are indebted to Marx's analysis of the formal criteria of work under the capitalist mode of production: wage-labour. Its basis, and for the present purpose the most useful starting point, is the *labour contract.*

Following Marx, the labour contract can be conceived of as the *voluntary* exchange between two legal equals capitalist and worker, on the subject of the latter's labour power as commodity (Marx, 2013:182). For commodities to enter into exchange, and exchange they must (Marx, 2013:53), more is required than an exchange-*value*. Each owner must hold a legal position that is respectively recognized. The prerequisite of a (labour)-contract then is the well-rehearsed double freedom of the worker: (1) freedom to dispose over one's own labour-power as a commodity (an end of feudalism), and (2) "freedom" from access to means of subsistence (i.e. capital) (Marx, 2013:183). The resulting legal relationship, or sphere of circulation, is governed, by "*freedom, equality, property and Bentham*" as Marx famously put it (Marx, 2013:189).

With a legal relationship established, production seems a straightforward matter of execution. However, the true question of labour-power only arises after its sale has been accomplished. The labour contract is not a contract over a specific, measurable unit of labour (Braverman, 1985:52), but rather over *labour power as commodity*. Both parts of this designation are important. The employer has acquired the legal disposition over the general *labour power* of the worker for the duration of the working day, but its exercise, or "living labour power", remains *ipso facto* under the control of the worker (Offe, 1984:57). The social relationship between employer and worker is therefore not definitively and completely regulated (see Williamson above). This *indeterminateness* of the labour contract can be referred to as the "*transformation problem of labour*"[2] (Edwards, 1981:22), meaning the question of how to transform the purchased potential of labour into actual, materialised output. Furthermore, an *effective* labour-process cannot be comprehensively, in every step and for every action, categorised. "Work according to rule" is a form of protest, after all. Thus, exercised labour must remain unspecific to be effective. The reason the worker's labour power is sought after is because of its singular capability of producing surplus-value upon consumption (Marx, 2013:181). The commodity of labour-power is special in this sense of course, since it is the only commodity capable of such a feat (2013:201). A problem and a point emerges between both of the above points: the extent to which labour power is transformed into labour output directly influences the amount of surplus-value generated and profit taken. Management (Capital) therefore *must* control the labour-process (Worker), since it *must* maximize profit (Market). Control then is a formal requirement of the capitalist mode of production. This "*control- thesis*", as we may call it, rests at the heart of labour-process theory considerations and represents the essential theoretical baseline of the present research. The central question this paper then asks is: does the control-thesis hold in the self-managing firm, and if so why?

This "control-thesis" has, of course, been extended over time, famously by Braverman and his "*degrading and deskilling- thesis*". In *Labour and Monopoly Capital* (1985/1974) he postulated that management develops to increasingly maximize the taylorist conditioning of the labour-process. By fragmenting production, i.e. simplifying and isolating worker-input, the production process becomes less dependent on the worker thereby degrading his position and diminishing his skill (Braverman, 1985:84). Arguably, this held, and still holds, for many instances of production, however, not readily for others. We can make more sense of the intuition with Thompson's (2010) reframing: there is no imperative to deskill but an imperative to cheapen the cost of labour. Braverman was in turn significantly developed by Burawoy (1985), Edwards (1981), Littler (1982) and Friedman (1977).

Among them, Friedman's (1977) distinction between *Responsible Autonomy* and *Direct Control* is the most central contribution for the present purpose. Friedman's claim is straightforward: the development of the labour-process under capitalism does not neces-

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2   As opposed to the transformation problem of *labour-value and price.*

sarily require a progressive rise in direct managerial control through division of labour and mechanisation, as Braverman claimed. Direct Control can be replaced with *Responsible Autonomy*. Workers are thereby pressed to identify with the aims of the enterprise, meaning they will produce responsibly without supervision. Friedman suspects such increases in workers' relative autonomy are likely to represent attempts to "*counteract, contain, or co-opt*" worker resistance and maintain or augment managerial control, particularly when labour markets are tight[3] (Friedman, 1977:46). The central point is that simultaneous increases in autonomy and control are not mutually exclusive and that control strategies follow a different logic of development than "degrade and deskill". A logic that can more readily explain the movement towards systems of Responsible Autonomy/Self-management in the post-industrial economy.

2.2 Post-Industrial Labour and "Continental" Sociology of Work

Of course, the self-managing company did not emerge out of a disconnected vacuum, but is representative of a socio-historical economic context. If *what* work is done changes, so must *how* it is done. This means that production *must* have changed in a way to accommodate it. In what is referred to as "post-Industrial"/"post-Fordist"/"post-Taylorist" economy, the central burden of producing surplus-value is said to have shifted from manufacturing to services. In *stylised* approximation, we can say that under Taylorism/Fordism the *de-subjectivisation* of the worker, meaning the separation of labour power from thoughts, feelings and opinions, is effective, since production is largely industrial. In post-Taylorism/post-Fordism the burden of producing surplus value is placed on the service sector and consequently relies more on the subjective engagement of workers (Warhurst and Thompson, 1998). "Subjectivity" is thus *(re)-introduced* as a constitutive part of labour power. The "personal" features of the worker are thereby not considered an illegitimate source of disturbance, but rather acknowledged as a central productive resource (Moldaschl, 2000:100).

Provided we can believe that the post-Fordist "labour-process" *is* systematic interactivity (Dunkel/Weihrich, 2010), and that its central feature *is* "orga-

nised" re-subjectivisation (Honneth, 2002), then the self-managed labour-process must be understood as a natural extension of "Post-Fordism". This argument coincides with Wagner's (2007:4) on the development of the organisation of labour since the 60s. According to her, the corporate response to the motivational deficits caused by extensive bureaucracies was lean production, teamwork and a general appraisal of creativity and self-responsibility as central factors of production. "Worker-participation", "creativity" and "self-development" turned from slogans against alienation, bureaucracy and hierarchy to standards companies now ask employees to demonstrate. Marrs (2010) refers to these new requirements as "*New Management concepts*". They are employed when direct Control is not possible, efficient or counter-productive, as is the case in the post-Fordist labour-process stylised above. The reason is simple: the post-Fordist company is dependent on the engagement, cooperation and creativity of its employees as a matter of efficiency, flexibility and innovation (Marrs, 2010:336). Direct Control cannot mobilize these qualities, so in its place we find increased autonomy ensuring full application of labour-power through normative controls (Baetghe/Denkinger/Kradtzike, 1995). Autonomy then, again with Friedman, is not understood as a problem of control, but as an important prerequisite for it. An argument that more generally coincides with Boltanski and Chiapello (2005).

Another useful concept in approaching the self-managing firm is the "marketization" of the company (see Moldaschl/Sauer, 2000; Peters/Sauer, 2005; Kratzer, 2005), meaning the reversal of the Fordist relationship of company and market (see discussion of Institutional Economics above). Whereas in Fordism protection from market pressures was seen as critical in efficient production, it is now thought, on the contrary, that the "market" must be extended into every corner of the company. This movement is equivalent to a trajectory from Coase to Alchian/Demsetz, so to speak. Effectively, this means the replacement of hierarchical control with "coordination" through actual or fabricated competition between units within the company. Ideally, every single employee is directly confronted with the "demands of the market" (Marrs, 2010:343). The board or management translates "Market signals", such as stock prices, company value and return on equity, into budgets, performance requirements and other indicators, which are forwarded to departments and single workers. What "the market" demands of course relies constitutively on managerial or stockhol-

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3   Unless there is a general political shift in favour of labour.

der interpretations and desires. Through the use of this abstract semantic, management makes itself invisible as a deciding force. The master-servant dialectic in Fordism may have been a relationship of command and obedience, but the master and his orders remained visible and responsible. Under no-hierarchy management even job titles disappear, fully leaving the worker to organise, control and defend his or her position in the company. While management thus relieves itself of having to give orders in an increasingly complex environment, the borders and limits of workloads become blurred for the worker (Flecker, 2000:32) who takes on the duty of simultaneously inhabiting the bod of both worker and boss. Or as John Bunch of Zappos said: "[…] *what we are trying to do is turn each employee into an entrepreneur* [...]" (NPR, 2015). Workers are thereby made responsible for the translation of their own labour power into labour output. The double tension of fulfilling both the role of the worker and boss at the same time without actually being in control of either leads to a "paradox of self-responsibility" of the worker. Through a triangle of increasing autonomy, target agreements and market-based performance criteria, the inner restlessness of the Weberian Protestantism-thesis is in a sense re-introduced. In both cases one is responsible for one's own salvation, but ultimately does not have a say in it. Or as Kocyba (2016:81) puts it, "*The incomprehensibility of god's judgement is replaced by the volatility of the market*". Furthermore, when work is considered an "opportunity" for self-actualisation, it is practically impossible to say "no" to almost any demand. In recourse to Critical Theory, we can call this a fulfilled desire for the price of the destruction of enjoyment (Wagner, 2007). Weber has attested the paradox of world domination through world rejection in "The Spirit of Capitalism" (Schluchter, 1996:267). No-hierarchy management seems to offer a similar but inversed paradox: subjugation through labour-process autonomy.

As an explanatory side-note: the present issues regarding post-Fordian developments of labour can, of course, also be analysed through other theoretical positions. In addition to the theories of Italian Autonomism already mentioned, Critical Management Studies has produced much work based on post-structuralist as well as Foucauldian and Governmentality-studies literature. While worthwhile theoretical approaches, the present research, as established, favours Labour-Process considerations in this particular case. In addition, integrating both historically related (Smith, 2015) fields

of LPT and CMS remains difficult after their schism and subsequently diverging developments.

Existing empirical investigation are far more thinly spread than theoretical considerations. Most research centres on employee-empowerment programs (Busck and Linds, 2011; Vidal, 2007; Glover, 2005). The object of these analyses remains, however, *within* managerial hierarchy (Webb et al., 2009; Knights and McCabe, 1998; Hales, 2000; Harley, 1999). In other studies, the focus either does not lie on the *structural* analysis of the labour-process, or they do not address the question on the level of the entire organisation (Grugulis, Dundon, Wilkinson, 2000; Cicmil, Gaggiotti, 2013; Ahrens, Mollona, 2007; Willmott, 1993; Casey, 1999; Willmott and Knight, 1987; Willmott, 1993). The most famous and relevant empirical contribution here is Barker's (1993) account of a company's transition from a bureaucratic hierarchy to self-managing teams. He concludes that the resulting "*concertive*" control is more complete than bureaucratic control and that workers are not freed from a Weberian iron cage of rational control (Weber, 1958:180), but rather that the cage is tightened, a finding in part reproduced below.

We can thus identify a gap in the literature the present research seeks to fill: an empirical investigation of self-management at the level of the firm based in market oriented production with focus on the labour-process through the critical combination of theoretical discourses otherwise disjointed.

3. Methodology and Data

Thus the initial Archimedean point, or hypothesis in a *retroductive* sense (Glynos/Howarth, 2007), for the empirical research of this paper is: *the control-thesis cannot be falsified*. Assessing this hypothesis naturally requires an empirical analysis of the labour-process in the self-managing firm.

Empirical research was conducted in two phases over the course of roughly two months. The first *extensive* phase consisted of 16 online Skype-interviews with employees at 14 self-managing companies in eight different countries, each lasting between 30 and 70 minutes. The second *intensive* phase consisted of a case study of a financial service provider in London based on an additional 10 interviews ranging from 60 to 140 minutes and 45 hours of non-participant observation. All participant companies were employing the organisational system of "*Holacracy*". About one third of the respondents were recruited through social-media; the

Table 1: Template for Research Phase I
Phase I

Decision-making	Efficiency	Recruitment, Wage, Motivation	Organisational structure
Internal Limitations	The Market	Internal Communication	Board Circle/ General Company circle/Circles
External Limitations	Enjoyment	Autonomy	Interrelation of Labour Processes
Hierarchy	Organisational bureaucracy	Team-Identity	Purpose Alignment
Entrepreneurship	Profitability		

Table 2: Template for Research Phase II
Phase II

Positions	Relations	Organisation	Identity
Owners	Trust	Advice Process	Freedom, Power, Trust/Culture
Sales Team	Responsibility	Efficiency/Productivity	Informal Structures
Delivery Team	Interdependence	Recruitment/Wage	Communication

other two thirds directly. Interviews followed a formulaic structure of introductions, description of the research project and a semi-structured list of questions. This list can be obtained from the author upon request.

3.1 Methodology

3.1.1 (Online-) Interviews

A qualitative research-approach was chosen as it best accommodates the interest of this paper to answer *why and how* questions regarding work in the self-managing firm. The research builds on two of the most widely used pillars of qualitative research: interviews and case studies.

Using semi-structured interviews in the initial round of research was an intuitive starting point, especially since much Labour-Process literature relies on it as methodology. Due to the wide international spread of respondents, interviews had to be conducted via Skype. Although all efforts to the contrary were made, the respondent sample for the first round of interviews consisted for a large part of employees with privileged and possibly biased positions in their respective companies regarding Holacracy. Most respondents would have been in the upper-echelons of a traditional corporate hierarchy or were responsible for implementing the system at their respective companies. Hence, in a way, bosses answered the call to talk about boss-less companies.

The collected data was analysed using *template analysis* (Crabtree and Miller, 1999). A starting template or frame of analysis deemed to be relevant in answe-

ring the research questions was constructed based on the theoretical considerations described in chapter II. Subsequently, where appropriate the template was applied to the interview data in a manner of hierarchical coding. The template was iteratively refined in the process, meaning codes that did not correspond to data in the transcripts were removed and other emerging codes were included. The first two levels of the final template, which served as basis for interpretation, can be found in the table below. All conducted interviews, in total 26, were fully transcribed, and no auxiliary software was used for coding.

3.1.2 Case Study Method

Whereas the first stage of research was intended to establish empirical *breadth* through different cases and explaining how Holacracy works *in the abstract*, the case-study method of the second stage supplied *depth* through the study of the particular and a focus on how it *works in the concrete*. With Yin (2009:18), we can understand a case study as an in-depth analysis that thematises the context of a phenomenon, and requires a triangulation of multiple sources of evidence and strong theoretical guidance. Case study research has an extensive history in economic research generally and the study of the labour-process specifically (Burawoy, Edwards, Braverman etc.). Fieldwork in the case study method is predicated upon a theoretical understanding of what is being studied, the explication of which was one of the goals of the previous chapter. The study below can be characterised as an *exploratory, theory-testing, single study* after Thomas's (2011) typology.

An extension of the case study method, which must be alluded to due to its origin in "classical" labour-process studies, is Burawoy's *Extended Case Method*. More than anything, it aims to use "observation to locate events in their historical context" (Burawoy, 1998:2). Most relevant for this paper is Burawoy's notion of "*extension*". This can be explicated with Burawoy's own work: e.g. his analysis of a Chicago shop floor as an explication of Gramscian theory of hegemony, or his work on class-formation under socialism in Hungary based on Szelenyi's theory of class structure and Kornai's theory of the shortage economy. The Extended Case Method does not infer generality from data (Burawoy, 1998:16), but drawing on Popper and Lakatos, its goal is the "reconstruction of a theory" that explains phenomena just as well as pre-existing theory, but *also* illuminates anomalies.

3.1.3 Non-Participant Observation

The conclusions of a case study cannot be based entirely on one source of data (Yin, 2009:88). The validity of the analysis below therefore depends on the auxiliary method of *non-participant observation*. Although the data gathered has to be considered non-participant, the researcher engaged extensively with all employees outside of interviews, and participated in office informalities and celebrations as well as personal conversations. In an epistemological and practical sense, it must therefore be doubted whether there truly is something like non-participative observation. The usefulness of the observational method derives from its ability to uncover discrepancies between the "formal system" of given accounts and the "informal relations" actually in place (DeWalt and Wayland, 1998). It can uncover the informal structures that participants are either unaware of, or are unable or unwilling to divulge.

4. Analysis
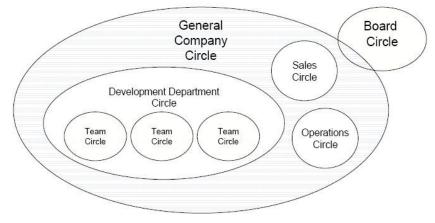
4.1 Research Phase I

4.1.1 On Holacracy

The interviews of Research Phase I were conducted with employees of companies that use an organisational system called "*Holacracy*". This is one of several existing market-oriented self-management approaches, and was taken as representative proxy in the present research due to empirical accessibility. In the words of its inven-

tor, the core ambition of Holacracy is "*replacing artificial hierarchy with a fractal holarchy of self-organising teams […]*" (Robertson, 2007:7). Decision-making is thus delegated from management to self-managing "circles" and single employees or "*Each circle governs itself […]*" (Robertson, 2007:7). In such "circles" it is decided through a collective governance process how goals are to be achieved and how the circles themselves should be organised (Robertson, 2007:7). Positions and job titles are replaced with "roles" of which an employee can occupy more than one and which consist of a "purpose" and "accountabilities". The quantity and content of roles is again determined in the circles they belong to (Robertson, 2007:8). The schematic below gives a general idea of a company structure under Holacracy. We can see that every worker is embedded in a circle, which in turn is embedded within wider circles and so on.

While earlier, self-management was defined as the suspension of managerial hierarchy and control over the labour-process, the relation between hierarchy and autonomy is ambiguous under Holacracy and warrants further discussion at this point. What is clear is that managerial control and classical organisational hierarchy are to be replaced (Rudd, 2009) and that autonomous circles are to take their place (Robertson, 2007). This does not mean, however, according to consultants and practitioners, that Holacracy is not hierarchical. A *holarchy* is a form of hierarchy after all. Especially in newer texts about the system, it is quite clearly pointed out that circles are in fact not self-directed. This must be seen at odds with the ambition of democratisation and autonomy of the labour-process, illustrated in quotes such as "*[…] each circle is a self-organising entity*" (Robertson 2007:10) or "[Each circle] *has autonomy and self-organises to pursue its aim*" (Robertson, 2007:10) or "[A circle] *makes its own policies and decisions*". (Robertson, 2007:10). Hence, there exists an apparent tension with regard to hierarchy and control over the labour-process under self-management: how can autonomy be hierarchical? Gerard Endenburg, founder of an organisational system called "Sociocracy", which crucially informed the structures of Holacracy, positions his system clearly in this regard: circle-autonomy is superimposed on an organisational hierarchy, delineating clearly that hierarchical positions are maintained in certain regards (Romme, 1999:6). This, however, remains unclear in the theoretical construct of Holacracy. For example, regarding the extent of what circles can do, Robertson says: "[…] *a circle cannot be fully autonomous – the needs of other circles must be taken*

Figure 1: Example of circle-structure under Holacracy

Example Circle Structure

Source: Robertson 2007: 10

Table 3: Participants in the first phase of research

Identifier	Position/Gender	Employees	Business	Country	Holacracy	Duration
I A	Department Head, F	15.000	Conglomerate Manu-facturer	Switzerland	One department, 1 year	00:31:21
I B	Consultant, F	18	Consulting Firm	Austria	Whole organisation, 7 years	00:49:31
I C	Software Engineer, M	5	Software Developer	France	Whole Organisation, 3 years	00:30:31
I D	Owner-Founder, M	8	Financial Advisor	U.S.A	Whole Organisation, 3 years	00:33:36
I E	Project-Lead, F	250	IT-Provider	Germany	Whole Organisation, 1,5 years	00:32:20
I F	Legal Position, M	500	Financial Service Provider	U.S.A	Whole Organisation, 2 years	00:30:11
I G	Program Leader, F	6	Social Business	Austria	Whole Organisation, 1 year	00:33:46
I H	Communication and PR, F	6	Social Business	Austria	Whole Organisation, 1 year	00:38:53
I I	Board Member and COO, F	6	Social Business	Austria	Whole Organisation, 1 year	00:31:25
I J	Community Catalyst, M	15	Business Incubator	Austria	Whole Organisation	00:40:59
I K	Project-Lead, M	140	Web Agency	Switzerland	Partly implemented, 6 months	00:33:29
I L	Coach, M	91	Social Business	Brazil	30-40 employees, 5 months	00:32:46
I M	Developer, M	50	Educational Technology	Denmark	Whole Organisation, 5 months	00:36:33
I N	Consultant, M	6	Consulting	Netherlands	Whole Organisation, 2 years	00:37:27
I O	Innovation Manager, M	20	Social Business	France	Whole Organisation, 2,5 years	00:34:04
I P	Partner, M	400; +2000 seasonal	Food Producer	U.S.A	Whole Organisation since founding 1970	00:70:20

into account in its self-organising process" (Robertson, 2007:12) or the "integrative decision making process" of circles, which rests on democracy and non-hierarchy (Robertson, 2007:18). There remains a paradoxical tension between what formally is very clearly stated and its translation to the labour-process. This tension represents, of course, nothing other than a differently formulated version of the control thesis established above. It is at this crucial conjunction therefore that the present analysis finds a focus.

The sample of research phase I as described in chapter three:

4.1.2 Autonomy and Decision-making: Internal Limitations

Hierarchy in production

In analysing the labour-process under self-management – given that we defined self-management as workers' autonomy in this regard – it is necessary to begin with questioning decisions of production. In the analysis of interview data a distinction emerged quickly: deciding *how* to produce is distinct from deciding *what* to produce. This appears so banal it borders on irrelevance; however, we will see later more clearly why it is *the* most decisive issue in thinking about the self-managing firm. Under a holacratic system, even the widest circle, the "General Company Circle" (GCC, see schematic above), only *delegates* operative responsibilities. "Responsibilities" or output decisions in turn are derived from the strategies set out by the "Board circle" that reflect the decisions and desires of owners and shareholders, who might but not necessarily intersect with the Board Circle. Output decisions are subsequently cascaded into responsibilities of circles and ultimately individual roles. Again, what is not, and structurally cannot, be contained in workers' autonomy is deciding *what to do and how much of it*. This is certainly not surprising, for to allow such control over output would be an entirely fictitious promise or fantasy since the firms in question are privately owned and operating under a capitalist mode of production. We find here nonetheless the first significant "*context of control*"/"*limitation of autonomy*" over/of the labour-process under Holacracy. One owner of a holacratic company in Austria describes the holacratic hierarchy of production as follows:

> "[T]he board circle is the highest circle [...]. [I]n the board-circle there is no operative responsibility for completing work. This responsibility begins in the general circle. But you can see it this way, that's how I would define it, that the board-circle is actually, so to speak, the representation of the shareholder. The circle of the shareholders, of the owners, is still outside Holacracy [...]. It cannot be represented in Holacracy, as I am told. That means it's outside of everything. If we were to close the business, as owners, we would simply close it. When we get investors on board, that's a decision of the owners, the only effect this would have on the GCC would be to make it operational." I-I

Workers are thus free to organise the *how* of their labour-process up to where interferences or contradictions with output decisions occur. As the department-head of a Swiss conglomerate puts it:

> "[O]bjections are defined as something that really obstructs and worsens the work output, then it is a valid objection." I-A

This point, as established in Chapter two, is significant, since what is being produced and how it is produced are not neatly separable questions. Connecting directly to Pongratz/Voß's (2003) "entrepreneurial-worker" thesis, autonomy must fall under the requirement of profitability. Again, this may very well be expected; in fact, not expecting it would be quite foolish. It is, nevertheless, a limitation, which when clearly stated, facilitates later analysis.

What is of further interest here is that while a hierarchy of production quite clearly remains, management effectively does not. The circle structure is in fact successful in replacing the classical organisational tree. The remaining hierarchy is that of ownership. While management appears in fact abolished, its functions are not. They are, for lack of a better term, "collectivized".

Interdependencies of the Labour-processes

What then has happened to the managerial functions of organisation and control? The intuitive litmus-test is to ask what consequences arise when work is not completed satisfactorily, i.e. the pivotal "problem" of "shirking" in New Institutional Economics. All respondents described the same mechanism: if work is not completed in appropriate quantity or quality, a so-called "*tension*" – in holacratic terminology – arises. This "tension" is "picked up" by other members of the circle, who for their own work rely on the pieces of work not completed. This means that workers must *assure* the completion of the work of their colleagues, since they depend on it for their own tasks. The managerial function of supervision as well as that of organisation is thus not abolished but engineered to be an automatic consequence of interconnected labour-processes. The following are the words of an employee describing the confrontation with a colleague based on such a tension: "*This is your role, it is keeping me from doing mine, so do something.*" To "pick up" and "process" this tension is the responsibility of the worker directly affected. Respondents often likened this responsibility to that of the entrepreneur and interestingly not to that of the manager. An employee responsible for the implementation of Holacracy at his Dutch company had the following to say:

> "[I]f you are an entrepreneur you are fully self-responsible for everything, so that's also the case in working in a self-organised company [...]you can still complain about something but it's absolutely pointless, because you actually yourself have to come up with a proposal or an idea[...]." I-N

The responsibility of ensuring production is thus transferred entirely onto the worker who must take it on him/herself to "entrepreneurially" solve emerging administrative or personal problems and confront peers when performance is lacking. This interconnection and co-dependency of workers is a structural feature of roles and circles rather than of personal relations. The "optimal" structure of the firm in Holacracy is thus defined purely by the formal accountabilities required to fulfil the circle's output, not by individual workers. One respondent summarized this as follows:

"You separate the human completely from the role. […]" I-B

"[T]hrough the separation of person and role, the completion of work is prioritised. [...]." I-A

Through the separation of responsibility and worker, production is organised so as to render work "un-specific" to the worker performing it. We can find in this an unexpected confirmation of Braverman's deskilling thesis. Holacracy then seeks to establish a fundamentally deskilled organisation of labour. Not in the sense that there are no skills required in the labour-processes, but rather that "skill" does not equate into organisational gravitas for the person in its possession. The worker is rendered replaceable in that production is organised purely in reference to the required output of roles rather than skills or persons. Production thereby becomes less dependent on the worker, just as Braverman originally argued. We could describe this as *deskilling without de-skilling.*

Identification and the alignment of purposes

A third mechanism was characterized as central during interviews, which in Holacracy is labelled "*Purpose Alignment*". As delineated above, the general purpose of a firm is split into sub-purposes of circles, which are then split into the purposes of individual roles. "Purpose alignment" in this sense means that every decision, as related to production or otherwise, made by a worker must at all times conform to the qualifying question of "*how does this help to achieve the company's purpose*". This requires the identification and familiarity of the worker not only with all the purposes of his production line but of the entire company. One respondent stated the following: "*[My role] requires me to have a good sense of what the strategy of the business is, what the purpose and direction of the business are.*" In short, a worker is asked to identify with a firm's production goals. Such a chain of identification and purpose certainly has great organisational strength. Again the department head of a large Swiss manufacturing conglomerate summarizes in the following ways:

"Every circle has a commonly determined purpose. And that is important and a difference to hierarchies, since in hierarchies people work towards goals that are set by someone, and no one really knows, "why are we doing this?"- Because one of the bosses wants it. In Holacracy, ideally, you have a general purpose for the company and it's broken up into smaller purposes for smaller circles, which serves to accomplish the goals of the general purpose […]. And then the question becomes describing the roles in such a way that the purpose can be achieved. Each role thereby has per definition, a very central function, which in hierarchies is often lacking as well. […] In Holacracy, the purpose is completely transparent, everyone knows what it is and everyone knows his or her own contribution to that purpose, and that in itself is a motivation to do it. And when I do not contribute my share to the accomplishment of the purpose, this produces tensions, and that is the reasons for the meetings, so others can say, look, if you do not do this, I cannot do my job." I-A

The labour-process under self-management thus so far appears optimised for production without supervision and central organisation. Decision-making is designed to ensure a fragmentation of control and simultaneous concentration in the productive strategies of shareholders. This is a variation of Marglin's (1974) *divide et impera.*

4.1.3 Efficiency and the Market: External Limitations

Another cluster of themes to emerge during interviews centres on the organisational features of Holacracy and the reasons for its implementation. We can conceive of this cluster as *external* constraints to autonomy since their origin is located "outside" the company. An Austrian consultant responsible for the implementation of the system at client-companies locates the reason for implementation precisely in such "external" requirements:

"In my opinion, it is like this, that when an organisation grows successfully, and there is an enormous amount of work […]and when management realizes, or the board, that they are the bottle-neck, and when the organisation realizes that it is too slow for the speed of the market and the requirements of business, that is the moment when Holacracy is right, yes. Yesterday a founder called me, not of a big firm, and he said: [...] we simply cannot meet the demand of the market anymore. Now we want Holacracy." To which I replied: Ok, yes." I-B

Most respondents gave the same reason to explain the switch to self-management at their respective

companies, however, under the more direct moniker of *efficiency*. Where efficiency is a concern we must conclude profitability is a requirement. Thus, we arrive again at the dictum of Pongratz and Voß (2003) that workers are encouraged to seize autonomy in so far that it is profitable. The removal of management from the spheres of responsibility is of course inherently efficient *if successful*. Not only does the employee then combine the responsibilities of worker and boss in the same body but also under the same wage, meaning management salaries become redundant. The latter represent a notoriously significant cost of conducting business, as every business student hoping to gain employment upon graduation must hope. The legal counsel of a US financial service provider gave three reasons for adapting Holacracy, all of which relate to efficiency:

> "One was distributed authority, so the idea that we could push decisions to the right people at the right places at the right level of the organisation in a way that would hopefully make us more efficient. […]The second of the three was clarity, we saw real benefit in the way Holacracy forces sort of radical, extreme clarity in terms of who does what, what the expectations are on each person […] Yeah, and then the third rationale for adopting Holacracy was scale. So we thought that Holacracy would be an interesting and perhaps effective way for the company to scale really quickly to scale across teams and across countries." I-F

A "coach" at a Brazilian tech company stated the following:

> "Holacracy reacts to market incentives better. [I]t made us more efficient, because work is much clearer and people know exactly what they are accountable for." I-L

This raises the question of what exactly makes Holacracy an "efficient" way to organise production. According to the consultant quoted in the previous subchapter, it is flexibility in creating and "destroying" roles at a great pace, depending on shifting "market requirements". Most other answers considered enjoyment:

> "If someone really enjoys doing something and is really motivated, they are likely to produce good work." I-E

> "We realized that the people that will push this company forward are the people that want to have a specialist career. They want to be excellent at what they are doing, that's what motivates them. They do not care about things like leadership. […] Why force such people into a classical hierarchical career?" I-E

The central rationale then is to allocate workers to the labour-process they *desire*. The calculation is as obvious as it is ingenious in its minimisation of the transformation problem. One respondent, for example,

along a strikingly classical narrative, described the increased amount of overtime he was making because he was so absorbed and invested in his project, which, as he said, he would never have done at his former job.

4.1.4 Motivation, Wage and Recruitment

The interest of shareholders in employing Holacracy thus unequivocally lies in efficiency, productivity and the elimination of managerial costs. Workers' "autonomy" is predicated upon this productivity, as expressed by an owner of a small French company:

> "People have quite a lot of freedom, they want to pick some of the topics they would like to investigate. So they practically organise themselves. If they want to work Saturday morning or, late at night and come at 10 in the office, that's fine with us. If it doesn't influence the team functioning. So that is the condition we put: as long as they are functioning." I-O

This does not answer, however, why *workers* seek to be self-managed, which next to questions of motivation, wage and recruitment, will be explored in the subsequent chapter.

The interest of the first research phase was to achieve a better understanding of the labour-process under Holacracy through the understanding and description of respondents at holacratic companies *in abstracto*. It must be added though that while the central themes that were derived out of the data were different limitations of the labour-process, all respondents perceived their organisational structures positively, meaning they preferred them to managerial hierarchical control. The case study of the following chapter takes a closer look at this junction and how the effective workings of self-management affect workers *in concreto*.

4.2 Research Phase II

4.2.1 A Case Study of the Financial Service Provider "Animal-Farm"

The company of the present case study – referred to as "Animal-Farm"[4] from here on out – is a financial service provider based in London with 28 employees. It specialises in government grant and tax consulting for

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4   This should not be misread as a conclusive statement about the organisational nature of the company in question, but rather as a shade of literary contextualisation to potentially keep in mind.

Table 4: Participants (Interviews) in second phase of research

Identifier	Position and Gender	Duration
II A	Operations Role /Coaching, M	02:18:25
II B	Tax Credits Delivery, F	00:41:57
II C	Founder/Owner, M	01:29:10
II D	IT, M	00:31:22
II E	Tax Credit Sales, M	00:30:14
II F	Operative Role, F	00:56:27
II G	Tax Credits Sales, M	00:30:10
II H	Tax Credits Sales, M	00:30:10
II I	Tax Credits Delivery, F	00:35:29
II J	Tax Credits Sales, M	00:38:14

other companies, specifically start-ups. Animal-Farm was not initially founded as a self-managing company but was unilaterally re-organised by its founders and present owners in order to increase motivation and productivity. Although the system of Holacracy has officially been abandoned at Animal-Farm, the company was run holacratically for roughly three years until the system was changed in favour of more fundamental self-management procedures. It has, however, retained basic holacratic principles ensuring comparability with the results of research phase I.

4.2.2 "Freedom, Power, Trust"

The most central of these radicalised self-management procedures is the "*advice-process*". Its premise is that every employee can make *and* execute any decision on behalf of the company. However, before a decision is made, advice from everyone in the company must be sought. A proposal is put out on the internal communication system and all employees as well as the owners provide comments. On the surface this appears to falsify the finding of the previous chapter, i.e. that "what" is never up to the worker under self-management, yet such a conclusion would be hasty. For one, there are very strong informal limitations to the process, as put by the company's "coach" A:

> *"If I say I want to spend one million pounds on a yacht, people will tell me that's a terrible idea. And if a lot of people say to me it's a really bad idea, I can't conceive of anybody in the company [...] who would say: "I'm going to do it anyway". [...]People act in the best interest of the group, you know, if you call them to be their best selves, they will be." II-A*

A system of peer-feedback thereby prevents any damaging decisions to be enacted. In addition, none of the archived proposals related to core output decisions, but merely reaffirmed past decisions *ipso facto*. For example, a young worker put out a proposal for a switch to the sales-team. He only did so, however, after the members of the team had already offered him the position. Furthermore, the decision changed nothing about operative procedures of the sales-team. The "advice-process" thus appears to have fairly limited application and practically no bearing on the daily requirements of business.

According to one of the founders, the initial idea behind the advice process was to give the worker, who is confronted with a decision but also has the most information about it, the autonomy to make that decision. This represents a concern of efficiency, which again was connected to the figure of the market:

> *"[I]f you look at, as a kind of more global view of the organisation, the bottom or the edge of the organisation will basically hold information about the market." II-C*

As already established, Animal-Farm was originally not founded with self-management in mind. The idea came to one of the founders when reading Austin's (1996) principal agent analysis of why extrinsic motivational systems fail where work output cannot be measured. Subsequently, the founder started looking for intrinsic motivational systems. "A." – the "right hand man" of the founder – describes the motivation for self-management at Animal-Farm:

> *"We don't do [self-management] because we think it's kind of like fun, or you know, because, we don't do it for frivolous reasons. We believe that it is a more effective way of running a business and we believe that it confers commercial advantage to us [...]." II-A*

A central mechanism through which this "effectivity" functions is the worker's identification with and

enjoyment of his labour-process – as we have also discovered in the previous chapter. Again, "A." states the following:

> "Evolve to optimise! [Y]ou know when people are engaged and doing stuff they care about […] they're going to do much better work than when they're doing stuff that they're just not really interested in." II-A

A young worker worded it in the subsequent way:

> "It's great for me, so I can choose what I'm going to do, when I want to do it. Which is a really, like psychologically, it's good for me, it makes me more motivated. And it makes me do better work." II-E

Identification and interest are of course ingenious ways of retaining labour-power in the long run and controlling its full application in the short run. Such identification runs deep at the company. Overarching identification of employees with *what* they do, *where* they do it and *who* they do it with is the identification as "entrepreneurs" or "leaders". A young employee who recently joined the company puts it in the following way:

> "[W]e always say, you know manager-less is actually leader-full, because everyone should step up and say, I am going to be the leader of this thing." II-F

Underlying all these motivational strategies at Animal-Farm is an effective disregard for the disutility theory of labour. People are assumed to *want* to work, and to want to apply labour-power and participate in a purpose and team:

> "A team has a common goal, has a purpose. […]I feel the needs of this group and that my needs are just part of that and that I have this connectedness to a group of people." II-A

Arguably, we find in this the optimal rationalisation of work in the post-industrial economy. Not a piece-wage, but a wage paid in "purpose" and "enjoyment". Fully applying one's own personality at work also saves costs incurred through the wastefulness of "office politics".

> "It's a double thing: Don't waste time pretending to be something that you're not, use that energy to work instead. Don't waste time having to do kind of political work around making sure you can't be blamed, spend that time working instead." II-A

The safety to "be oneself" is therefore a matter of production, as put by one of the founders:

> "[F]or example making people feel safe and so they can actually engage with the work fully, […] it actually makes everyone in the entire company more efficient." II-C

Just as established in research phase I, controlling the labour-process before it even begins is also paramount at Animal-Farm. Recruitment is considered essential and workers are hired corresponding to their potential for "*commitment to the culture and the team*".

> "The number one importance is to hire really well. Because if you are going to give people the ability to manage themselves, then you need to, at least, be sure that there is going to be some sort of order in this chaos, because otherwise it's a bit "Lord of the Flies." II-F

One worker who recently joined the company described his interview-process as spanning six and a half hours, including going for drinks and dinner with the staff. Since efficiency is dependent on workers' degree of identification, recruitment is a constituting factor of success at Animal-Farm. In addition, having workers select other workers is of course inherently beneficial for identification and peer-control.

Recruitment naturally ties in with questions of wage. Two things are of interest regarding the wage structure at Animal-Farm. First, most wages are roughly the same, and second, they are set by a worker committee. The reason committees were originally instituted was to deflect responsibility away from the founders. In the words of one founder, "*you can't make a decision that will please everybody with pay, because it's a scarce resource*". The company, however, is very profitable with revenues of £1,000,000 in the first quarter last year with only 30 employees. Animal-Farm has four wage categories, A, B, C, D according to which a wage-committee of randomly selected workers decides who gets what every six months. The official criteria for the estimation of raises are the "*value, impact and scope*" of an employee's work. One employee, who was on the last committee, describes the distribution of categories, which run from A (lowest) to D (highest):

> ""B" is like the majority of people. And then "C" and "D". "D" is kind of director level." II-D

All workers are in category B, except for the most profitable and the oldest employees, who are in category D with the founders. Of course, if there is no bureaucratic wage structure, wages will remain naturally low in a peer-controlled wage system. It is unlikely that employees would consider the work of others as largely superior to their own. While the wage is peer-set, the categories of the wage themselves are set by the founders. Effectively, the owners thereby retreat from decision-making while maintaining boundaries that will not be transgressed.

One interesting channel through which a worker can prove the quality of his/her work is the internal communication software *Slack*. While reading the

archived logs of the company channels, it stood out how employees meticulously catalogued when and why they would or would not be in office. One employee, for example, always religiously pointed out when she was going to see her therapist. Connecting to a system of peer-set wage we can see how it becomes essential for workers to take an active role in presenting their own work to others.

What was discussed above were the self-avowed, Orwellian-sounding, values of self-management at Animal-Farm of "*Freedom, Power, Trust*".

" *[Power] is the advice process, […] trust is about the kind of belief that people want to work and that people are inherently well-intentioned […] And freedom is about saying we are a business free from violence." II-A*

We have seen the limitations of "power" in what the advice-process is actually applied to. We have seen that identification and interest, falling under "trust", are central functions in ensuring productivity, and that "freedom" speaks to the emotional labour required of every single worker in maintaining relationships with co-workers.

4.2.3 Position of the Founder(s): Return of the Rentier

In addition to the general mechanics of self-management just discussed, an analysis of the position of the founders and owners in the company is of interest.

A married couple founded Animal-Farm five years ago, we will refer to the wife as P. and the husband as D. I only started to think about their positions as potentially different from workers in the company after spending my first day at the office without having talked to either of them. Not because I did not want to, but because they simply were not there. Throughout the rest of the week it became apparent that P. is almost never at the office, whereas D. is present, but does not engage in matters directly related to the business, rather, as put by an employee, "*he is around, he kind of does what's needed but also does what he wants to*". An illustrative instance was when a bell was rung in the office, a ritual indicating a fully processed client. Neither P. nor D. were present. It became apparent then that the functioning and success of the company was independent of the owner's presence or influence; that it truly is "self-managing". Most workers formally denied an asymmetry of owners and workers. However, through informal office jokes and chat, the distinct position of D. became evident.

The privilege of the founders at Animal-Farm appears not to be merely skimming surplus value or selling company shares, etc. Rather, it appears to be the privilege of *not having to work*, a privilege akin to that of the *rentier* capitalist of the 19th century. Of course, profits still go to P. and D. as the only shareholders, but what they seem most concerned about is being able to do whatever they desire without obligation. Now, this may be an oddity of the company in question but it certainly illustrates the quality and rationale of self-management as a self-sustaining system.

Hence, being that the owners do not have to do anything, the question arises, what *could* they do? The view of the workers is clear: "*Nobody has a privileged status, nobody is above the way the business runs. Nobody is above the law.*" However, "*it's a bit complicated and difficult to tell*" as D. says himself. In discussing the position of the founder, I will draw on the situation of D. since he carries the most authority, is the legal owner and because P. was not available for an interview. Interestingly, D. actually does see himself as a "leader", as opposed to his employees:

"*Paradoxically, in [self-managing] organisations […] the leader becomes at the same time less important and more important. So, less important in the sense that, I am not at the nexus of making all the decisions […] conversely, the role becomes more important in the sense that […] the leader needs to "hold the space"." II-C*

"Holding the space"[5] here means preventing the emergence of hierarchical structures through implicit authority. People emerging as "natural" leaders would run against the ideal of self-management, meaning they would challenge D.'s implicit authority. D. thereby likens his position to that of a non-invasive dictator. One can also think of the mythical night-watchman state in comparison; a well-placed analogy in connection with the figure of the market so often invoked in self-management.

"*[A] dictator that never actually uses [his powers] that never actually makes any decisions. But if anybody tries to say, well I, I have the power of this, no, I have the power if I really want to." II-C*

D.'s position, in his view, is to "maintain the peace", much like a Hobbesian leviathan: authority to end authority and allow "autonomy". An expression of D.'s self-described function is to remove the option of

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5   A term taken from Laloux's (2006) book "Reinventing Organisations", which is suggested reading for all new employees at Animal-Farm.

metaphorically "killing" an opponent in the company, e.g. getting someone fired. This effectively means that the functioning of the team is prioritised. Workers *must* solve conflicts satisfactorily among themselves without a recourse to a *deus ex machina*.

> *"[I]f you don't get with this person, you going to have to figure out how to get along, not go and try and metaphorically kill them." II-C*

Killing, in this sense firing, is an essential right to retain, as it is, of course, the power of the sovereign. Only the owner retains the power of execution, a gun with one bullet:

> *"I compare [my authority] to the analogy of the loaded gun with one bullet in the drawer […]I can do it once and then I've lost a lot of legitimacy and it is by NOT using that, that I keep some legitimacy. […]I am the only one with a gun. And when people come and say, I need your gun because I need to shoot this person, I say you can't have this gun, no one can have this." II-C*

While D. makes a specific point that self-management means not using his gun, we know with recourse to Althusser (2001) that it does not matter whether he does. *Ideology*[6] does not require a police officer, so to speak, as the officer resides within the subject itself. The founders, as representatives of capital, do not need to use a stick; the stick applies itself. Precisely by refraining from using it overtly, it hits the hardest.

4.2.4 The Relations of Production at Animal-Farm

In linking the *mechanisms* and *position of the founder* described above, we can delineate an account of the relations of production at Animal-Farm.

The role of monitoring work-output, typically held by the manager under a bureaucratic hierarchy, has not been lost at Animal-Farm. The function is taken up by the workers themselves, in the shape of peer-control based on a push and pull of trust and responsibility, much like what was described in research phase I. This then is the solution to the transformation problem at Animal-Farm. The perception of responsibility of workers for the team and of the team for the goals of the company provide gapless production, an automatic system of control based on identification. The single worker is not responsible to a single boss, a single other

worker or even him/herself, but *every central factor of production.*

> *"[R]ather than being accountable to one person, you have got a whole team and whole company." II-H*

> *"I think because there is sort of a quite strong team-mentality of like, we've all got each other's backs type of thing, that we all trust each other." II-E*

> *"[T]here is an argument for saying, actually you need to impress every single person in the organisation." II-H*

Once accountabilities are established, the team makes sure they are kept. Responsibility towards one's work and trust in the responsibility of everyone else assures production. No manager could enforce extended requirements of responsibility like workers themselves (Barker, 1993). All employees described the same dynamic during interviews:

> *"So, I suppose, that like feeling of responsibility towards people, it sort of spurs me on to do more, than maybe if I was in a more, sort of, individualistic role, in a more individualistic culture." II-B*

> *"[Y]ou know, we have this immense responsibility towards each other and therefore that makes you want to do your best, because you're supporting a team of people that you work with, that you care about and want them to be happy and successful and of course you want the business to be successful." II-I*

> *"But yeah, so like there's a much stronger desire to do better, there's a much bigger drive to do better, because I am more comfortable letting myself down, than all the other people. Like, for the greater good of the team, we need to get some more […] done, today. And we need to get it done well." II-H*

> *"So, I think the reason I do things is because I care deeply for my team. Ah, and I don't want to let them down." II-F*

The replacement of the managerial-hierarchy with peer-control is experienced by some as very stressful, especially, as we remember, since it is related to pay.

> *"I, personally I am scared of what other people think, I'm scared that they might think that I'm not working hard enough, even though I work really hard." II-B*

> *"It's really stressful! Yeah yeah, absolutely [you have to be on good terms with everyone]. Or at least you have to know that you have the respect of everyone, you know." II-H*

> *"Yes, absolutely. Having to justify your work all the time. I mean it is stressful." II-F*

> *"I think a lot of people […] would struggle with having that level of responsibility to so many different people. […] It's like being held accountable by 10 other blokes on the football pitch or whatever." II-E*

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6   As used in the sense of Marx and related theory, such as that of the Frankfurt School etc.

Thus emerges a picture of the relations of production at Animal-Farm. Workers are committed to the company goals, their individual responsibilities and each other. Discipline is enforced based on a value-consensus, comparable to what Barker (1993) described for a self-managing manufacturing team. What we find at Animal-Farm is a self-regulating, productive and profitable system that constantly seeks to improve and maintain functioning automatically. It is an efficient, and highly advantageous system for the rentier that requires almost no maintenance. For the worker, more autonomy means more responsibility and always without corresponding pay. The received autonomy and interdependencies of labour-processes are, however, received positively and taken as paramount for an engaging work environment.

5. Conclusion

The subject of this paper was an exploratory analysis of the labour-process in the self-managing firm from a distinct theoretical vantage point. As basis of this analysis it was argued that between the transformation problem of labour and surplus value, control over the labour-process emerges as a formal requirement of the capitalist mode of production. The validity of this *control-thesis* was assessed for self-management through the lens of Holacracy based on interviews, which provided empirical *breadth,* and a case study of a London financial service provider, which provided empirical *depth.*

We can conclude that given said theoretical vantage point and the limitation of the sample, the labour-process under market-oriented self-management does not escape the requirements of capital to exercise control over labour, and that workers' autonomy is in fact structurally limited. However, if the goal of self-management is to eliminate the costs of management, then it can be considered successful. This does not mean, on the other hand, that hierarchy dissolves. What is maintained is the fundamental hierarchy of labour and capital, of owning and not owning. Workers are consequently left with all of the risks but not the benefits of increased managerial responsibility in production.

We have seen at Animal-Farm that the managerial function is only in so far suspended as it is "collectivised" in a system of peer-control, ensuring production without supervision. The requirements put upon the self-managed worker are those of boss and worker at the same time and for the same wage. Part of this oxymoronic injunction is for the workers to see themselves as entrepreneurial, yet depend on a team, be invested in the company, yet without corresponding profits. This, of course, has pressing consequences for unions and industrial relations as the resulting labour relationship appears as potentially more fragile and one-sided than classical forms of wage labour.

The attempt, genuine or not, of "liberating" the labour-process and the worker is symptomatic of the development of work in the post-industrial economy. Two predictions as posited by Barker (1993) about organisational development, can thus be seen as fulfilled: First, the "Foucauldian" (1976) and "Weberian" (1978) notion that organisational life will increasingly be controlled and secondly, Edward's (1981) prediction that this control will become less apparent yet more complete.

While these findings are limited by the extent of the data and given the theoretical framework employed for its analysis, in recourse to the introduction, we can nonetheless conclude that *capitalism without bosses* truly appears as fantasy. Capital *must* exert control over the labour-process, as it always has, albeit in changing forms. In this we have discovered nothing new under the sun, but arguably we have done so under a new sun, namely that of the self-managed organisation of market-oriented production. We can also draw on an old Marxian synopsis for summary here in that *not every un-enslavement is emancipation.*

The present research represents a limited first reading of the labour-process under self-management and thereby lends itself to extension through additional fieldwork at self-managing firms, the analysis of organisational strategies other than Holacracy, other theoretical vantage points and the use of larger samples. More than anything, the self-managing firm deserves close attention in future research because, arguably, its intuitive allure is only beginning to fully emerge.

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