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# Utilising the Best Practices of Alternative Management Structures in the Gaming Industry



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**Abstract:**

This paper covers the study conducted on the topic of alternative management structures. The business environment is changing at a faster pace than ever before, especially due to the accelerating technological development, which makes it difficult for companies to stay relevant. Despite this, the majority of companies still utilise traditional management practices which may not be ideal. They are said to restrict creativity, grant decision making power only to some individuals, and negatively impact employee engagement.

However, this study explores the rivalling alternative management approaches which could provide a solution to the problem. The aim of the research was to examine two different alternative management structures of Spotify and Valve Corporation and to determine what the best practices and the pitfalls of such models are. These best practices were then to be compiled into an applicable action plan for the beneficiaries, medium to large European game development companies.

The research included a theoretical background focusing on the modern business context, where technological inventions such as AI, big data, and business analytics were examined alongside other trends impacting the modern business environment such as globalisation and the COVID-19 pandemic. Moreover, both traditional and alternative management theory was explored. The traditional management section introduced hierarchy and bureaucracy, their role in the business world and the issues often connected with them. The alternative management section, on the other hand, focused on the characterisation of the topic itself, and the introduction of concepts such as humanocracy, polyarchy, and agile method tailoring.

A holistic case study approach with multiple units of analysis was used to then tackle the research question of *"How can game development companies utilise the best practices of alternative management structures to gain competitive advantage?"*. The unique management structures and practices of Spotify and Valve Corporation were analysed. Each of the company analysis included four main areas of focus: an introduction where the company was set into context, the management structure exploration, where the approaches were described, employee satisfaction, where workplace reviews were examined, and the conclusion.

The data was then coded and organised in a table for the two companies to be compared. Following this, another table was compiled assessing the relevance of the practices utilised by the organisations through connection to the issues and strengths of traditional management and the impact of the modern business environment introduced in the theory. Lastly, the best practices and pitfalls were drawn from the results and an applicable action plan was constructed for the beneficiaries.

The results generally confirmed that alternative management structures may be better suitable for the current business environment thanks to their focus on innovation, employee empowerment, and adaptability which was demonstrated by both of the studied companies, despite their significantly different organisational structures.

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## **Foreword**

It is hard to believe that after the past five months this thesis is finally ready to be finalised and published, and that you can read it in this shape and form.

I would like to take this opportunity to thank my supervisor John Wideman with whose guidance this paper grew to be a lot more than what I ever hoped for. Additionally I want to thank Linda A. Bohaker who was a brilliant teacher to me in Japan and brought the topic of alternative management structures and the works of Gary Hamel to my attention.

I hope you find something valuable while reading this paper and that its results intrigue and inspire you as much as they did me.

*Veronika Broučková*

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## 1 Introduction

The rise of changes in technological development led to the world being more dynamic and interconnected than ever before. The radical increase in computation power and network capacity has shifted how companies operate and they have provided companies with new possibilities. For instance, the i486 chip used in the personal computers at the end of 1980s has almost six thousand times fewer transistors than recent iPhones (Hamel & Zanini, 2020), and the global internet traffic rose from 8 715 gigabytes per month in 1993 to 42 423 169 029 gigabytes per month in 2014 (Sumits, 2015).

This allows for the emergence of whole new industries and concepts such as social media, leading to incredible human cooperation possibilities (Hamel & Zanini, 2020). It can be assumed that the emerging markets are a consequence of changes not only in technology, but also demography, law, consumption patterns, social demand, and human values. However, many of the older markets subside in return, and organisations find it increasingly more difficult to stay relevant (Friedrichsen, Khajeheian, & Mödinger, 2018). 89% of the organisations that belonged to the Fortune 500 in 1955 are no longer present and the average age of a company on the S&P 500 Index has fallen to less than 20 years since then. (Hamel & Zanini, 2020)

Moreover, conventional management practices are becoming progressively less suitable for the rising complexity of the business environment, and changes are advisable (Barile, Pellicano, & Polese, 2018). Hierarchical structures are still the predominant way of managing the workforce. Despite that they might no longer be fit for today's challenges. (Anderson & Brown, 2010).

This poses a problem to modern companies and new flatter organisational structures that encourage innovation and employee empowerment could be a solution. Innovation is one of the most important values for the companies, even according to the Boston Consulting Group poll, where 79% of managers rated it as a top priority for their organisation. Furthermore, to combat phenomena such as automation, companies need to find ways to upskill their workers, and with that raise the level of creativity required in every role. (Hamel & Zanini, 2020)

Consequentially, this thesis deals with the problem of how companies managed in the traditional ways, for instance using hierarchy, often fail to adapt to the accelerated pace of change in the current business environment fast enough, and how alternative management structures could help solving this issue.

The research question this thesis tackles is *“How can game development companies utilise the best practices of alternative management structures to gain competitive advantage?”*. The focus of this study will be whether alternative management structures are a feasible way of managing the workforce to enhance agility, innovation, and employee engagement. The financial considerations of whether it is more profitable are not emphasised, studied or discussed in this paper.

To come to a conclusion a case study approach is going to be utilised and two company examples that use an alternative management structure will be compared with the available theory. Best practices will be drawn from the examples and an action plan will be formed. Furthermore, three sub-questions will be used to break down the research question into focus segments as follows:

- *RQ1: What are the best practices alternative management structures offer?*
- *RQ2 What pitfalls can alternative management structures cause in a company?*
- *RQ3 How can the best practices be applicable for game development companies?*

The research aim is to explore and analyse the benefits and pitfalls of using an alternative management structure, as opposed to the traditional hierarchical organisation most companies resort to, and to identify the best possible practices that grant competitive advantage. Furthermore, the primary research objective is to pinpoint the best practices to be considered and possibly adopted by medium to large game development companies located in Europe, in a form of an action plan designed to provide the beneficiaries with a clear guide on how the best practices drawn from both of the units of analysis could be applied in a company.

Previous research on the topic is lacking, and the amount of information sources is greatly limited. Commonly, the same companies are used as examples while discussing alternative management structures, and as a concept they are often misnamed (Minnaar, 2019). In the field of game development, Valve Corporation is the most common example and a representative of the poly-architectural approach. No academic research has however been conducted on its management model and the existing articles are mostly informal. In-depth analysis and the identification of best practices are yet to be done.

The lack of extensive research on alternative management structures creates urgency for further research to be conducted, as the problem of the accelerated pace of change grows more pressing. Moreover, this thesis offers a more in-depth analysis of the topic, offering not only the definitions of alternative management structures, supported by company examples, but also the identification of the best practices, and formulation of an applicable action plan. Therefore, the output of this thesis can be beneficial both academically and in practice.

## 2 Modern Business Environment

The business world of today has transformed into a complex interconnected system characterised by the continuous development of communication technologies and portable devices, as well as universal media consumption (Friedrichsen, Khajeheian, & Mödinger, 2018). As a result, technological development is considered to be one of the main forces of change in the 21<sup>st</sup> century, and it is vital for the global economy (Sheng, Amankwah-Amoah, & Wang, 2019). In addition, the COVID-19 pandemic further shifted company operations (Negrutiu, 2021). In this section, a variety of trends impacting the modern business environment will be explored, including business analytics, automation, artificial intelligence, and the impact of the COVID-19 pandemic.

### Business Analytics

Substantial reach and extensive expansion in information communications has led to the emergence of the term big data. Big data is characterised by an exceedingly vast amount of unstructured, semi-structured, and structured data. The amount is not the only defining feature, other variables include value, veracity, variability, variety, and the constant stream of new data from separate origins. (Sheng, Amankwah-Amoah, & Wang, 2019)

This advancement in business analytics can be utilised in a variety of ways by organisations, for instance, more precise determining of customer needs, and therefore, superior targeting, or validation of innovation ideas. Moreover, big data can aid in assessing the risks and improving quality management. (Urbinati, Bogers, Chiesa, & Frattini, 2019)

### Automation

Another trend shaping the business world of today is automation. It is defined by the use of machinery without the need for human interference to complete tasks that were previously done manually. Society is confronted by a new surge of technological anxiety, worrying about the displacement of jobs on a significant scale in the foreseeable future. The main arguments are the accelerating development in robotics and artificial intelligence. (Arntz, Gregory, & Zierahn, 2017)

In addition to this, numerous risk estimates forecast automation to replace up to half of the workforce during the upcoming two decades. For example, roles in fields such as accounting and

bookkeeping are predicted to be fully replaced by machines (Arntz, Gregory, & Zierahn, 2017). Based on a 2019 Brookings Institution report, a quarter of jobs in the USA are at high risk of automation while another 36% are at average risk. Different research indicates that in the thirty-two countries that belong to the Organisation for Economic Co-operation and Development 300 million jobs could be automated. (Hamel & Zanini, 2020)

### Artificial Intelligence

Artificial intelligence itself is likely to continue growing in relevance. Its development, alongside robotics, is continuously reshaping the way companies operate. This has been especially prominent in manufacturing and network marketing processes but can be applied in different fields as well. (Ruiz-Real, Uribe-Toril, Torres, & De Pablo, 2021)

The possibility to analyse a large amount of data and utilise it to improve targeting in marketing could be considered one of the greatest influences of artificial intelligence in today's business environment on a day-to-day basis. It allows companies to reach precisely the type of audience relevant to their business. Moreover, it aids with logistics, transport optimisation, and improved after-sale services, giving them better possibilities for future improvement based on the feedback received. (Ruiz-Real, Uribe-Toril, Torres, & De Pablo, 2021)

The data shows an increase in the application of AI in businesses. MIT Sloan Manager Review from 2017 displays that despite the relatively small amount of companies currently utilising AI in their operations (20% of the respondents), 85% of them are convinced AI brings possible competitive advantage, and therefore are interested in implementing it in the future. It has become such an essential part of the current business environment that it can be expected to continue enhancing the ways organisations operate along with their internal processes, as well as e-commerce opportunities throughout the following century. (Ruiz-Real, Uribe-Toril, Torres, & De Pablo, 2021)

### COVID-19 Pandemic

Lastly, one of the most influential phenomena influencing the current working environments, has been the COVID-19 pandemic. Despite the year 2020 beginning as any other year, the problem quickly became relevant even outside of China, where the virus originated, and the infections spread across Europe the United States. On 11 March 2020, an official announcement was made by the World Health Organisation declaring COVID-19 a pandemic. (Negrutiu, 2021)

Events of such a scale must have inevitable effects on the global economy and a day-to-day operating of businesses around the world. Moreover, future trends will also be greatly influenced. Unpredictability has become one of the only constants, causing the need for quick decision-making to escalate even further. Furthermore, technological development and information communication have been made significantly more relevant through the pandemic, as companies found ways to utilise tools of online collaboration to continue operating throughout the health restrictions set by local governments. (Negrutiu, 2021)

Companies started and are likely to continue frequently operating from homes. Currently, it has become a standard with only 20% of organisations not transitioning to home-office when possible. Despite limiting certain aspects of day-to-day processes, the pandemic opened new opportunities, for instance in the development of online collaborative tools, distance learning, and online socialising. (Negrutiu, 2021)

The game development industry, which is of interest for this study, has not been impacted as hard by the pandemic as some of the other industries; in certain areas it possibly even benefited from it. The game development field has been seeing an increase in interest in video games even before the COVID-19 pandemic. Moreover, this was further enhanced by the social distancing rules and self-isolation. New technologies have been applied by developers in efforts to continuously improve the field, such as non-player characters capable of unpredictable behaviours enhancing the player engagement with the game's environment and story. (Ortiz, Tillerias, Chimbo, & Toaza, 2020)

Moreover, online games became more relevant thanks to the socialising opportunities they provide, combating loneliness caused in individuals by the pandemic related restrictions and social distancing. Employment was not negatively affected, and the number of hires has increased not only due to the pandemic but also the gradual growth of the industry as a whole. It can be concluded, that regarding the supply of products, the video gaming industry has not been substantially affected, however, it is by no means completely free from the negative effects of the COVID-19 pandemic. For instance, face-to-face industry events are being cancelled or forced to transfer to an online environment. (Ortiz, Tillerias, Chimbo, & Toaza, 2020)

It can be expected that the trends emerging from the COVID-19 pandemic will remain relevant in the years to come. However, it is debatable how much the pandemic will influence the current management practices within companies, especially in the field of game development which was not impacted as heavily. The full extent of the impact is yet to be known.

### 3 Management Structures

In this section traditional management practices will be explored. Furthermore, special focus will be placed on introducing hierarchy and bureaucracy. Not only are these two factors often present in traditionally managed companies, but they are also frequently the source of issues, such as employee disengagement and inefficiencies in decision making, this study is trying to address.

Traditional management refers to the most commonly used management structures of today; they can often be characterised by hierarchical compositions with numerous levels of management between the CEO and the frontline employees. They are straightforward, easy to scale up or down, and possibly timeless. Moreover, they can be considered to be one of the most resilient social structures. (Hamel & Zanini, 2020)

Management as a concept has been utilised since the inception of human civilisation. It refers to the process of completing tasks with the focus on efficiency and effectiveness through other people. Furthermore, it includes the use of preparation, organisation, and control of a company's resources in an effort to achieve their ambition (Oghojafor & Ofuani, 2015). The top-down order in traditional management encourages clarity, and vagueness is minimised through precisely divided power (Hamel & Zanini, 2020).

However, these models are not without fault. Especially in the case of medium or large companies, the workforce's creativity is usually restricted by rules, entrepreneurial thoughts are discouraged in frontline employees, and power is often wielded solely by the upper management. As a result, companies are frequently less flexible, imaginative, and energetic than the individuals within them. (Hamel & Zanini, 2020)

One of the most obvious reasons why traditional management structures are still the norm today is their rigidity. The internal system of most medium and larger companies is complex and interconnected, therefore transferring to a completely different approach would require a substantial amount of energy and time necessary to retrain and educate the employees, and to reshape the organisational structure as a whole. Hamel and Zanini (2020), however, claim that for companies to be able to cope with the accelerated pace of change in the 21st century organisational structures have to be reinvented to be centred around the people within them. (Hamel & Zanini, 2020)

In the following two sections, hierarchy and bureaucracy are introduced in more detail to further elaborate on the issues often connected with traditional management practices. In addition, their strong sides are discussed, justifying their place in the modern business environment.

## Hierarchy

Hierarchy can be defined as a way to organise people according to certain significant community-based criteria. Hierarchies are not present only in business; they can be encountered anywhere where individuals can be ordered based on for example their level of control, capabilities, or simply personal appreciation. In certain scenarios, hierarchy can emerge naturally, and form over time while a group works together. In other cases, they can be formally established, with the control assigned to people in authorised positions. (Anderson & Brown, 2010)

Hierarchies of different types and levels of formality, such as in governments, informal clubs, and of course businesses, have been utilised throughout the majority of human history. They have been applied as a solution to the problems resulting from operating in teams. These issues can be condensed into three vital problems and their solutions are introduced in the following three paragraphs. (Anderson & Brown, 2010)

Firstly, the **differences of opinions** about the shared aims, problem resolution, or for instance planning and scheduling can make decision making inefficient. As a result, arguments can break out easily, without proper leadership. Hierarchy addresses this by directing different levels of influence to specific individuals, ensuring better command and dispute avoidance. (Anderson & Brown, 2010)

Secondly, **team motivation** has to be ensured among peers, and compassionate manners ought to be encouraged. Moreover, sacrifices of personal interests in favour of group goals may have to be made. In an effort to mitigate this issue, hierarchies and leaders supply the employees with mental, physical, and social encouragement and resources. (Anderson & Brown, 2010)

Lastly, **fluent cooperation** of different actions has to be instituted in between the group members. The aim is to ensure the group follows the same path towards a shared goal. Reduction of conflict, role division, and coherent social interaction are amongst the main tasks needed to maintain focus on common aims. Hierarchies usually ensure this through top-down power division and managers that divide tasks and facilitate internal team organisation. (Anderson & Brown, 2010)

In most scenarios, hierarchical scheme resembles a pyramid. Consequentially, information travels from the team leaders to their subordinates and through the managerial layers. In most businesses, the choices made by the CEO then flow down through the organisation and become implemented on the distinct levels. (Anderson & Brown, 2010)

However, according to Hamel and Zanini (2020) concentrating the power on top of the pyramid might have its drawbacks as well. The top managers are presumed to possess virtuous qualities, to be future-oriented, curious, and imaginative at the same time while making momentous company decisions on remarkably complex and obscure problems, often without the empirical knowledge of the frontline employees. In essence, hierarchy requests too much from too few.

Lastly, another limitation of hierarchical structures in business may be their effect on employee engagement. Global research states that only about 15% of the workforce feels actively engaged. This is possibly a result of low-level employees rarely having the power to influence decisions that might directly involve their work. In British research, 86% of employees indicated they cannot substantially impact the choices made regarding their own duties. This causes labourers to separate mentally from their role within the company and lowers their overall engagement. (Hamel & Zanini, 2020)

### Bureaucracy

Bureaucracy can often be found beside hierarchical structures. It can be identified in intricate systems, for example in larger companies or governmental bodies, where several layers are present between the leaders and the frontline of the organisation. The primary purpose of bureaucratic structures is to support conformity and control. Furthermore, aspects such as quality checks are a common occurrence in bureaucracy. (Banton, 2020)

Today, bureaucracy frequently has a negative connotation to it along with other terms stemming from it, such as a bureaucrat, referring to government employees, or bureaucratic, insinuating methodology is favoured over efficiency. The reasons for this include the harmful influence of the high number of layers on the speed of decision making, or the formality and inflexibility bureaucracy endorses on organisations. Companies where acting in accordance with the safety guidelines is crucial, may, on the other hand, benefit from bureaucracy in that sentiment. (Banton, 2020) Another feature that might be perceived negatively is that in bureaucracy employee compensation reflect personal rank rather than skills and competence (Hamel & Zanini, 2020).

The arrangement of bureaucracy, however, does not originate from negative intentions. It emerged from attempts to enable companies to operate with a clear structure in closed systems. It stands on the assumption that intricate systems cannot depend on flat and open structures alone, for safety reasons and due to higher levels of uncertainty. (Banton, 2020)

Hamel and Zanini (2020) argue against this notion that bureaucracy is unavoidable in complicated structures, introducing multiple examples of post-bureaucratic companies that operate on a large scale, and without bureaucratic principles. One such example being Haier, a Chinese household appliances manufacturer and developer that operates with about 84 000 workers, including 28 000 abroad. Despite this, Haier does not use a conventional hierarchical structure and bureaucratic principles.

In the majority of today's business, this is however not the case, and oftentimes company's bureaucracy grows more rapidly than the firm itself after surpassing approximately 300 employees. The immense complexity of bureaucracy and strict structures make it exceptionally challenging to apply significant structural changes. This introduces a certain paradox to companies trying to alter their management arrangement, as changes that may be applicable are not significant enough, while impactful changes are nearly impossible to implement. (Hamel & Zanini, 2020)

Hamel & Zanini (2020) argue that small organisational changes are not sufficient to combat bureaucracy and that companies need to return to the beginning to achieve nonlinear development. In the following chapter, alternative management is introduced as a possible new option for companies to replace the traditional hierarchical and bureaucratic structures. The concept will first be introduced as a whole and later explored in more detail.

### 3.1 Alternative Management

Alternative management structures provide a new way of managing the workforce; they are often post-bureaucratic, reducing the number of layers between the CEO and the frontline employees. These structures are designed to reinvent the way companies usually manage their workers in an effort to enhance communication, creativity, and efficiency. Globally, companies are starting to demonstrate it is feasible to utilise the strongest sides of bureaucracy, such as control and uniformity, while also remaining flexible and supporting employee engagement. They prove that a large, yet nimble companies can exist in the current business environment. (Hamel & Zanini, 2020)

The lack of middle management is another common characteristic of alternative management structures. These models and ideologies have provoked curiosity in the scholars before however, the focus is narrow, and information limited. Therefore, the studies usually concentrate only on a small selection of companies showcasing the potential of alternative management. Between these organisations, names such as GitHub, a Microsoft owned IT company, Morning Star, a food company located in America, and Zappos, an American shoe seller utilised as one of the most common examples of holacracy due to its size and radical shift can be found. (Minnaar, 2019)

According to Minnaar (2019), some of the labels assigned to alternative management structures can be misleading and faulty. They include terms such as “*non-hierarchical*”, “*boss-less*”, or “*self-managing*” companies. While in some cases these might be true to some extent, it can be assumed that none of the organisations truly avoids hierarchy or management completely. For instance, all of the firms mentioned in the previous paragraph were still each founded and are now owned by the company CEO that still has full authority over the company’s fate. Minnaar (2019) refers to the alternative management structure utilising companies as ‘*companies organising without middle management*’.

A further example of common features of alternative management structures, is their shift in control towards the frontline employees (Minnaar, 2017). This works in stark contrast with traditionally managed organisations, where, as we explored in the previous chapters, the decisions usually happen at the top of the company, without the direct influence of those at the front. Modern post-bureaucratic companies understand that to be flexible in the current business environment authority has to be distributed more efficiently across all of the employees, including those at the frontline of the company. (Minnaar, 2017)

Progressive organisations justify this by acknowledging that the workers, who are in direct contact with the production, are the ones with the best hands-on knowledge concerning the craft and the process, and therefore should have more influence over it. A deeper understanding of day-to-day work and customers allows them to make critical decisions significantly quicker and with better results if given the chance (Minnaar, 2017). In the following four sections, specific terminology related to the alternative management structures will be explored, covering humanocracy, agile method tailoring, holacracy, and polyarchy as specific examples.

## Humanocracy

Humanocracy in business is a concept introduced by Gary Hamel and Michelle Zanini in their book *Humanocracy: Creating Organizations as Amazing as the People Inside Them*. It embraces the idea that organisational structures need to be more human-centric, to maximise the benefits of human potential. However, this does not necessarily mean removing hierarchy altogether. Nevertheless, removing the layers of management and shifting control towards the frontline employees to a certain degree is necessary, as can be seen in the company examples thoroughly analysed in the book such as Nucor and Haier. (Hamel & Zanini, 2020)

As an ideology, humanocracy opposes the bureaucratic focus on control and power and replaces it with employee empowerment. Unlike in bureaucracy, where people are often seen as resources to generate products and services, in humanocracy, the company provides the tools and other assets to enable people to improve their own quality of life and those of their customers. This cannot happen without flattening the organisational structure. (Hamel & Zanini, 2020)

Humanocracy encourages the idea of continuous learning and the belief that every employee should be trained to think like a business owner and keep an open mind for innovative solutions so he can be capable of making well-informed decisions in his day-to-day work. It puts this idea before common business practices such as well-planned top-down strategies or working rules. (Hamel & Zanini, 2020)

Furthermore, the wider dispersion of power across the workforce and high-quality training serve to better establish with each employee what is his or her responsibility, what resources do they have access to and how they can be utilised in their work. The model takes inspiration from concepts such as the biosphere, the internet, and the city to suggest organisational structures need to be built up organically, rather than tightly structured and constricted by rules. Furthermore, five central human qualities are believed to enable remarkable results, they are creativity, competence, collaboration, commitment, and courage. These are true not only for individuals but are also the key to success for organisations. (Hamel & Zanini, 2020)

## Agile Method Tailoring

Agile method tailoring is a system usually present within software development oriented companies. At their inception, these methods were believed to be the most fitting for development of small and non-life-critical software and applied exclusively by small teams, they however spread

beyond this initial concept and are practiced on larger scale within multiple software development oriented companies. (Dingsøy, et al., 2019) For instance, Spotify's management method originated in agile method tailoring (Salameh & Bass, 2017).

Originally, agile methodology was applied to boost the project success rate. The methodology divides the work into small segments and frequently evaluate the progress and ask for feedback, preventing the risk accumulation towards the end of the project in more traditional plan-based approach. While scaling the agile methodology more structure has to be provided to maintain alignment among the teams, reduce dependencies and mitigate duplication of effort. (Bass, 2016)

### Holacracy

Holacracy is another possible way of structuring an organisation in an alternative manner. According to the website dedicated to holacracy, over 1000 companies currently utilise it in their organisational structure, and over 2500 people can be considered trained holacracy practitioners (Holacracy.org, n.d.). The key idea of holacracy is creating small teams across the company that work independently, yet in symbiosis with each other in order to achieve their shared goals. An important factor is that every team member and every employee should have a voice, and the ability to influence the work environment and the business decisions related to it. (Hargrave, 2019)

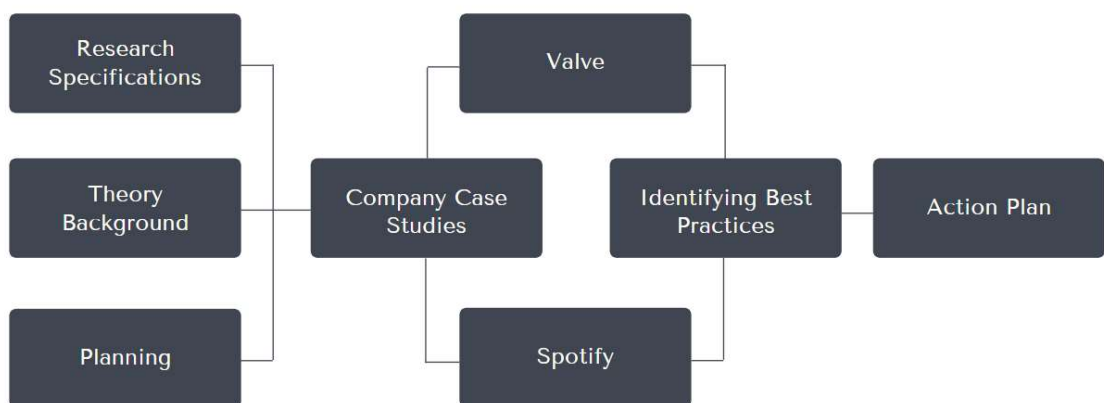
### Polyarchy

Polyarchy is a term emerging from political science, its principles can however be utilised in business as well, as demonstrated for example by Valve Corporation, one of the units of analysis explored in this study. According to Lexico (n.d.), the Oxford dictionary, it can be defined as the rule of the many, referring to multiple people having the power to manage a group. It originated in the early 17<sup>th</sup> century when it was discovered by Richard Knolles and translated from French '*polyarchie*'. In the case of management, and the example of Valve Corporation important for this study, it refers to how the organisation grants their employee teams full autonomy in regards of the direction the organisation takes a whole, what products do they develop, and who do they hire (Felin & Powell, 2015).

## 4 Methodology

The chosen methodology for this research is a holistic case study with multiple units of analysis; therefore a qualitative research approach which allows for an in-depth analysis of an intricate phenomena within their context. The use of multiple units of analysis enables two different company examples to be analysed within the context of the same case. A wide range of different sources of data should be utilised to enable the researcher to observe the phenomena from different angles and reach an objective conclusion. A case study is an adequate method of choice if the research addresses the questions of how and why something occurs in the way it does. Furthermore, it is suitable if the phenomena is tightly connected to its context. (Baxter & Jack, 2008)

In the case of this thesis the focus is on how do the selected companies utilise alternative management structures and why adopting the same practices could be beneficial for game development companies in the context of contemporary business environment. Two separate units of analysis will be utilised. The case will be identifying the best practices of alternative management structures, while the units of analysis will be Valve Corporation, a game development studio utilising polyarchy inspired management structure, and Spotify, a Swedish audio streaming provider with its own unique organisational system based on agile method tailoring. Lastly, the study is conducted at one point in time, between February and May of 2021.



*Figure 1: Conceptual Framework*

In both cases, a brief history and context will be included, as well as an in-depth exploration of the current operational model allowing for the best practices and pitfalls of the models to be identified. Descriptive approach will be used in order to tackle the question of *how* do the

selected companies utilise alternative management structures, identifying what the best practices are and how could European game development companies apply a similar approach. The reasoning behind these choices stems from the aspiration to include multiple cases of evidence, with different approaches, environmental factors, and backgrounds, while maintaining the focus on the general case of alternative management structures.

The limitations of this study include its reliance on secondary data, restricting the amount of information available in relation to the topic, but also providing a narrow focus to fit the scope of this project. Using secondary data can result in lack of particular information because the data on said topic is yet to be collected. Secondly, a personal bias might be projected in the data shared by the companies themselves, undermining the objectivity of said data.

The reliance on secondary data restricts the specific content the researcher has access to, and it is possible that some of the answers to specific questions the study is trying to answer will not be in the materials. Moreover, the quality of the data can vary depending on the author of the previous studies and other papers, and it may be difficult to determine whether the source is reliable especially if there are no other sources on the same topic (UCL Research Ethics Committee).

#### 4.1 Data Collection

Multiple sources of data will be used in both of the units of analysis to prevent source based bias, and it will be ensured that the data works in symbiosis with the theoretical framework for the research. Written articles found online, archival records and other types of documentation will be used mainly to establish the background and context for each of the companies. It will be ensured that different points of view are present throughout the data collection and that there is evidence to support the claims made by the companies themselves. It will be ensured the selected data comes from valid and well-grounded sources to guarantee the reliability of the research.

#### 4.2 Data Analysis

After the data has been collected it will first be grouped based on the emerging themes and then coded in accordance with the research question and its sub-questions to enhance the clarity of the results. During the analysis, a cross-case synthesis approach will be employed to reach a

shared conclusion among the two separate units of analysis. To contrast the results a table will be made comparing data from each of the cases. The best practices will then be drawn from the results of the individual units of analysis and formulated into a clear action plan for the study beneficiaries.

Practices of classical content analysis theory will be utilised. It can be characterized as an analysis of documented human communications. The theory implies it is required to assign codes to the gathered data, and therefore creating a matrix that can be further connected and analysed to reach the results of the study. Moreover, the frequency of similar themes can be observed and reflected in the implications (Kohlbacher, 2006).

Each of the company analysis sections will be divided into four main segments, the company background and brief history, the organisational structure and how it was implemented, the employee satisfaction, and the conclusion plus company-specific chapters if necessary. Furthermore, while drawing the implications, the previously explored theory will be examined and relevant statements will be determined and gathered from two categories – the modern business environment considering the environmental factors, and the management, mostly tackling the strengths and weaknesses of alternative management that need to be addressed through the alternative management practices.

### 4.3 Research Evaluation

The project will consist of 3 main stages, the *Planning Phase*, where the research specifications will be laid out and theory background covered, the *Research Phase*, where the case study will be conducted, and the *Discussion Phase* where the final discussion will be executed, and an action plan formed. The time scope of the research is 4 months, including the planning and scheduling, the study is expected to be completed by 31.05.2021. Two units of analysis will be explored to get a broader scope of the possibilities of alternative management structures, and to encourage the reliability of the research.

Once finalised the research will be critically evaluated based on its level of usefulness and the applicability of the final action plan in the field of game development. The research can be considered successful if all of the predetermined sub-questions were answered and an applicable action plan was constructed and presented in the paper to provide tangible output. Moreover, clear links between the theory and the results have to be established.

5 Case Spotify

Spotify is a Swedish company and a music streaming service launched in 2008 by Daniel Ek and Martin Lorentzon (Corporate Rebels, 2016). In 2020 the company generated revenue of 7.88 billion euros (Statista Research Department, 2021). It provides its users with the possibility to find, organise and share music and other audio pieces such as podcasts for free with ads or with a subscription allowing the users to access their favourite songs even offline. Today the company prides itself on allowing artists to live off their art while simultaneously inspiring millions of people (Spotify, 2018)

The company is famous for its unmatched growth, making itself the most popular audio-streaming service and surpassing its biggest rivals, Apple Music and Amazon Music in the past (Vonderau, 2019). In 2018 more than 70 million tracks were available through Spotify, in 2020 it had over 345 million users coming from 178 different markets (Spotify, 2018). Moreover, as shown in the figure below the number of monthly active users has been steadily rising in the past years (Statista, 2021).

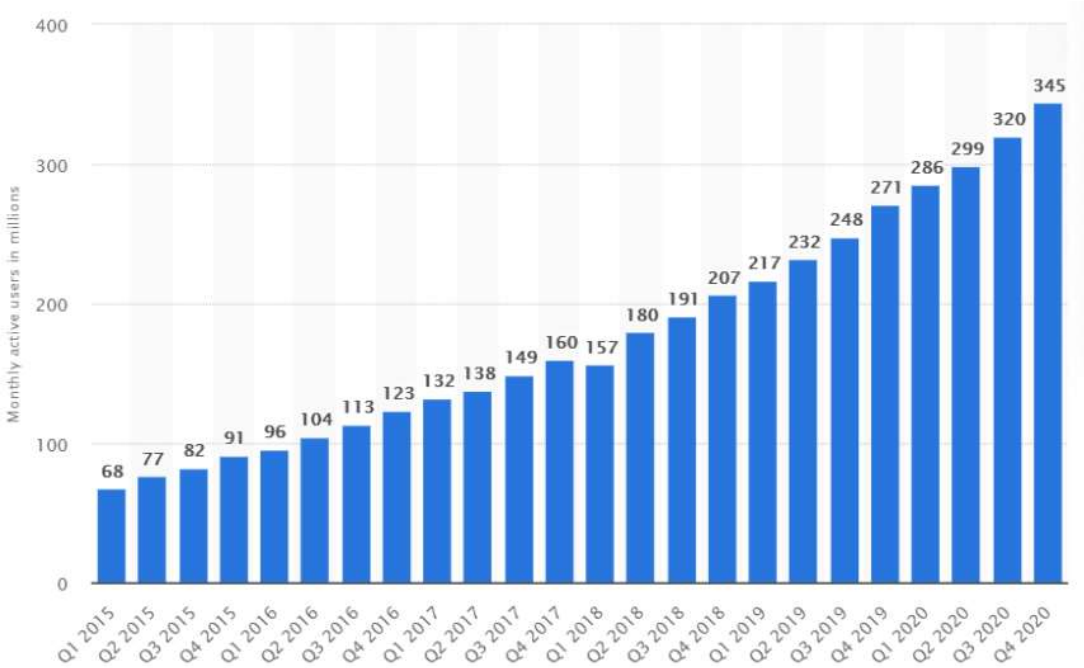
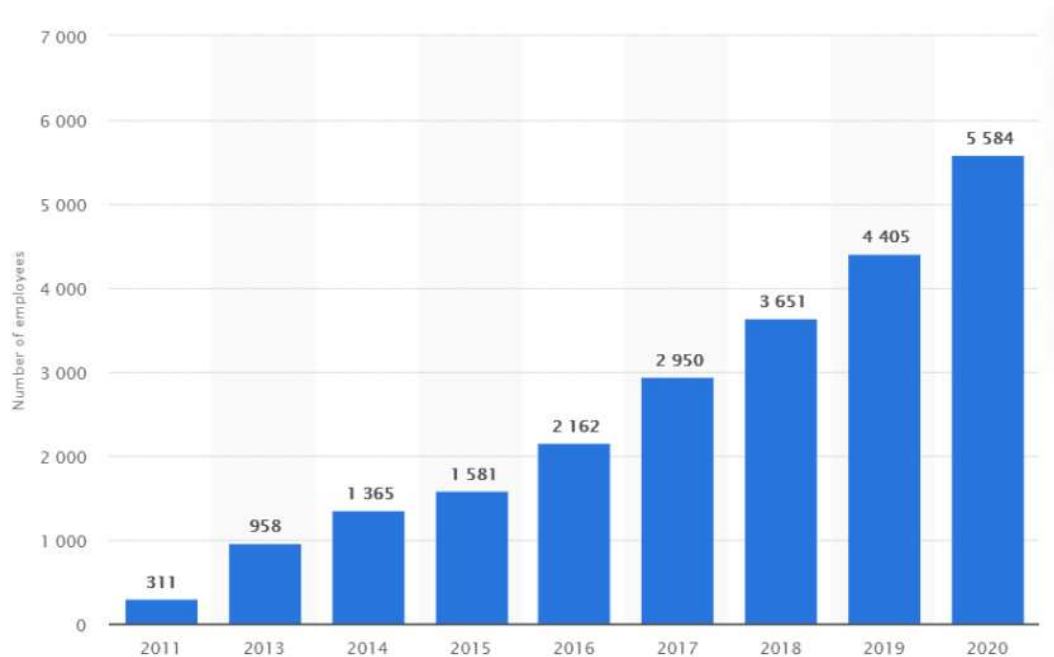


Figure 2: Monthly Active Users (Statista, 2021)

What is of interest for this study are the employee numbers, as the more employees the more difficult it tends to be for companies to maintain an agile mindset and not fall for the issues connected to bureaucracy and hierarchy. In the figure below we can see that in 2020 there were

5 584 people employed at Spotify stationed in several offices around the world. That is more than twice the number from 2016. (Statista, 2021)



*Figure 3: Number of Employees (Statista, 2021)*

Through its success, Spotify significantly altered how the music industry operates today and influenced other industries along the way. Many platforms, similar to Spotify at their core, emerged and followed in the company's footsteps, the examples include Voddler, a platform for movies, or Antstream for games. Neither of the companies however reached a similar amount of success as its inspiration. (Vonderau, 2019)

In its essence, the company functions as a bridge between two opposing economic factors, the music industry, and the at the time rising surge in the possibilities to download music for free on the internet. The initial goal at launch was to provide a free, but legal alternative that would benefit both the artists and the consumers. Later the subscription model was implemented into the system, leading to Spotify connecting another two parties, the companies advertising on the platform and the consumers and along the way positively impacting the supply and demand in the music industry. (Vonderau, 2019)

However, Rasmus and Snickars (2017) argue that at its inception Spotify was merely a technological experiment based on peer-to-peer network sharing, starting with videos but eventually resorting to music due to the significantly smaller file sizes. The company may not have intended to revolutionise the music industry and save it from piracy as it is often presented today. They also

claim the company heavily utilises strong PR strategies to balance out its shortcomings. Nevertheless, Spotify has been an impactful company from many different points of view since its inception, from the way it altered the music industry to how unique its managerial system called the Spotify Model is (De More, 2018). Making it a valuable case to explore more in-depth in this study.

### 5.1 The Spotify Model

Spotify's unique management system stems from the agile method tailoring, with its most prominent feature being autonomous teams working in harmony with each other (Salameh & Bass, 2017). The agile methods have been altered and scaled up to support Spotify's needs, the high number of employees, and culture. Thanks to the company's success their model has worked as a base or an inspiration for other companies around the world. (Salameh & Bass, 2017)

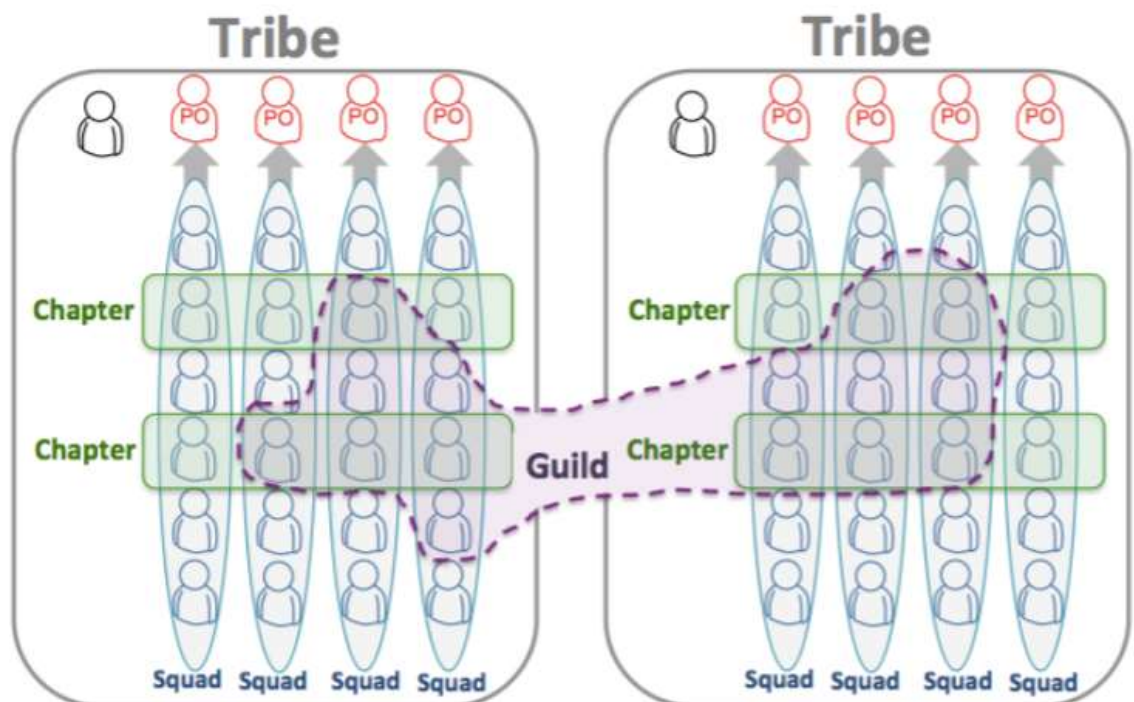


Figure 4: The Spotify Model (Kniberg & Ivarsson, 2012)

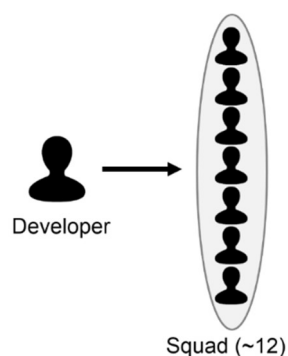
The company is an excellent example of scaling agile to a significant number of employees while still maintaining the same start-up-like mindset as during its beginnings (Kniberg & Ivarsson, 2012). Reaching high levels of autonomy alongside the proper team alignment can be considered one of the biggest challenges of similar structures. In Spotify, these issues are addressed through

a focus on shared objectives and strategy, as well as a complex and flexible matrix focusing on delivery (Kniberg & Ivarsson, 2012), and aiding with alignment through grouping the employees based on different criteria both horizontally and vertically. (Salameh & Bass, 2017)

The teams are utilised primarily to encourage continuous learning, adaptability, and cooperation within the company. Despite them being autonomous, it cannot be said that there are no leaders or managers within the company, therefore the structure cannot be considered completely flat (Bäcklander, 2019). Spotify divides its engineering workforce into different overlapping teams called squads, tribes, chapters, and guilds. With squads and tribes being the vertical division of the matrix, and chapters and guilds the horizontal ones. (Corporate Rebels, 2016) In the following chapters, each of the different groups will be explored in more detail, starting with squads.

### Squads

Squads, the smallest vertical formations of the matrix, consist of 6 to 12 members and are fully autonomous, almost as if they were a small company of their own. This also means that they get to decide how are they going to work, there is no one specific way of working at Spotify, some squads use Scrum approaches, some Kanban methods, and some of them design their own unique systems (Corporate Rebels, 2016). They, however, are influenced to utilise certain principles of Lean Start-up mindset such as the MVP, meaning minimum viable product leading to releasing quickly and frequently, or validated learning, prompting the use of metrics and A/B testing to determine whether their development efforts are valid (Kniberg & Ivarsson, 2012).



*Figure 5: Squads (Corporate Rebels, 2016)*

To aid with alignment and focus between the groups, each of the squads has its area of emphasis and long-lived objectives, for instance perfecting the Android user interface, or developing smoother payment options (Kniberg & Ivarsson, 2012). The alignment is necessary in order to minimise dependencies, create a more efficient process, and allow for full autonomy within the

squads (Hoda, 2019). Spotify generally omits managerial roles of the typical sense within their teams, but they use the role of a Product Owner within each squad to ensure progress is made and focus maintained. However, Product Owners do not get to influence how does the team approach the task ahead. Cooperation between the different squads is ensured through Product Owner collaboration where the shared company goals and progress are evaluated. (Kniberg & Ivarsson, 2012)

Every quarter, a squad survey is conducted to better align the teams and remove processes that slow down or block a workflow. Moreover, in the case of certain projects of larger scale, regular sync meetings are organised with multiple squads to mitigate unnecessary dependencies. Furthermore, a phenomenon called hack days is put into use within the squads to encourage continuous learning and innovative thinking. About 10% of the team's working time is set aside for developing and brainstorming fresh ideas and keeping up with current trends and innovations. How often do hack days occur in a squad is decided by the team itself and ranges from every other week to accumulating multiple hack days over time and organising entire hack week. (Kniberg & Ivarsson, 2012)

## Tribes

Another way of grouping utilised to ensure smoother cooperation between the squads are tribes (Salameh & Bass, 2017). They can be described as a collaborative environment for several squads with similar interests, usually situated in near proximity to each other physically within the company offices. A tribe lead is appointed for each tribe and is in charge of maintaining a positive and productive working atmosphere for the squads. (Kniberg & Ivarsson, 2012)

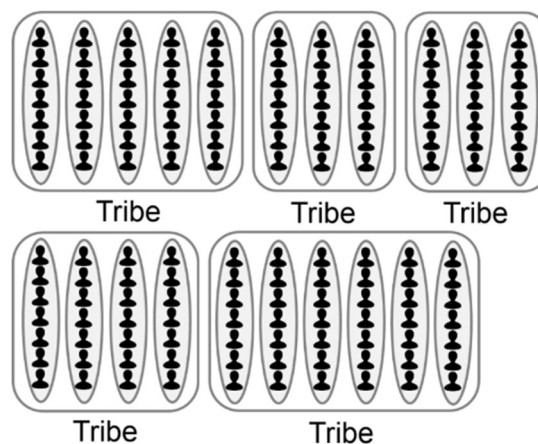


Figure 6: Tribes (Corporate Rebels, 2016)

Most of the tribes consist of about 40 members (Corporate Rebels, 2016). The size of a tribe is generally determined according to the Dunbar number, a theory that specifies people are unable to preserve a relationship with more than a hundred people and therefore the tribes are kept below that bar. Moreover, a tendency for bureaucratic and hierarchical approaches gets stronger with bigger groups and keeping the tribes smaller helps with preventing possible issues. (Kniberg & Ivarsson, 2012)

### Chapters

Chapters are the first of the two horizontal divisions of the matrix. They exist to prevent development inefficiencies across the autonomous teams. Without them, it would be possible for one squad to struggle with a technical problem not knowing another team has solved it weeks ago. Chapters enable fluent knowledge sharing between people with similar skills and tasks stationed in different squads within one tribe through regular meetings. (Kniberg & Ivarsson, 2012)

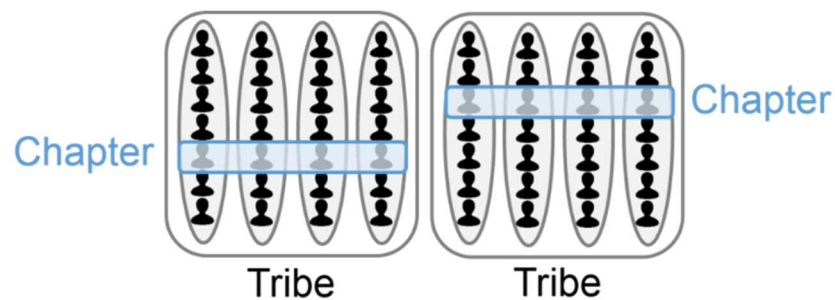


Figure 7: Chapters (Corporate Rebels, 2016)

Each chapter has an appointed chapter lead which may be the role closest to line managers in traditionally organised companies in Spotify. Their responsibilities include conventional task such as salary distribution and providing learning opportunities for the workers. However, chapter leads are also actively involved with the day-to-day processes and are part of the frontline workforce, which keeps them grounded in reality and does not allow them to stray away from the daily challenges at hand. (Kniberg & Ivarsson, 2012)

### Guilds

Lastly, guilds are the most naturally created and possibly largest formation in the matrix, anyone who is interested can be part of a guild. Unlike chapters, they are not constricted by tribes and welcome every one across the whole company who wants to share information, tools, and

approaches within a topic. In most scenarios, people associated with a topic through their chapter tend to also be part of the guild with the same topic, however, even employees working in completely different areas are free to join if they so wish. A guild coordinator is present in each group to ensure smooth cooperation. (Kniberg & Ivarsson, 2012)

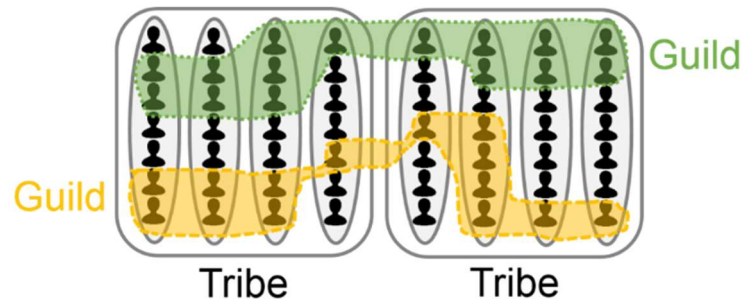


Figure 8: Guilds (Corporate Rebels, 2016)

## 5.2 Development Approach

There is more to Spotify's unique management approach than just their squads, tribes, chapters, and guilds. Feedback and development are taken very seriously, and this can be seen reflected in the company's HR practices. Heavy tooling, traditional performance management and other similar concepts cannot be found in the offices, instead, individual coaching is the main focus. Employees and coaches agree on the possible time of meetings flexibly anytime, without being restricted by rules or boxes to be ticked. These 1-on-1 sessions can be considered the most significant source of feedback within the company. (De More, 2018)

Moreover, biannual development talks are organised individually. During these meetings, employee development is the main priority, and instead of focusing on past performance, the future visions, the present, and only lastly the past are discussed. A 70/20/10 rule is also employed, this means that the majority of the focus is on the future visions and plans, while only a minimal amount of time is spent debating the past. (De More, 2018)

Additionally, Spotify encourages a fail-friendly environment, where employees can feel safe to make mistakes but should be able to learn from them and not repeat them in the future. This works in close association with the responsibility employees have due to the high levels of autonomy. It is not of importance who is to be blamed for a failure, rather mistakes are to be caught early on and promptly corrected. (Corporate Rebels, 2016)

Lastly, the post-mortem documentation process is used to evaluate and record projects after their conclusion to document what went well and what should be avoided in the future. This approach aids with continuous improvement of the internal processes (Hoda, 2019). Furthermore, various leadership roles aid with not only continuous learning, but also issues like keeping the systems structurally stable. In the following chapter Agile Coaches, System Owners, and Chief Architects will be introduced.

### 5.3 Leadership Roles

#### Agile Coaches

Agile Coaches can be seen across the organisation interacting with squads and different employees, helping them to improve over time, motivating them, and encouraging a sense of ownership and autonomy within the workforce (Bäcklander, 2019). They are responsible for the individual 1-on-1 sessions, explored previously in the Development chapter, as well as spring planning meetings and retrospectives. (Kniberg & Ivarsson, 2012)

In essence, the main roles of Agile Coaches include creating a positive and empowering working environment for the workforce and boosting performance. A team is considered to be performing well if there is steady advancement and the delivery is adequate, which usually comes naturally if the environment is supportive, and the team is continuously improving. This approach and areas of focus encourage development, creativity, and adaptability of the organisation. (Bäcklander, 2019)

According to Bäcklander (2019), the activities of Agile Coaches can be summarised as increasing sensitivity to context, boosting and supporting other leaders, establishing and reminding of core principles, monitoring team dynamics, and encouraging healthy constructive debate within the squads. In the following paragraphs, each of these four sections will be explored in more depth.

Firstly, **increasing context sensitivity** is realised primarily through the individual coaching sessions, where on top of other things, Agile Coaches attempt to guide the workers on what should they be paying more attention to within their environment, for example on how do people react to different questions and how they approach things.

Secondly, to **support other leaders** coaches work closely with Product Owners and teach them how to be a suitable leader for their team or, for instance, how to approach a difficult conversation with their squad members. To maintain the start-up atmosphere within the groups, coaches guide Product Owners to be more democratic and open, especially if they have previously learned different habits from more traditional management structures. (Bäcklander, 2019)

Thirdly, coaches are responsible for **establishing simple principles** to be used in the workspace, some examples include phrases such as “interact with respect and receptiveness” or “function over form”. Creating value is one of the core principles at Spotify and among the coaches, in essence, it encourages the employees to focus on the *why* first and the rest later.

Lastly, **team dynamics** are monitored by the coaches and healthy debate is encouraged. The focus lays on observing and listening to how the team communicates and cooperates. What is important, is that the coaches actively involve themselves with the teams through questions and conversations. They also provide outside perspective to the squads and helps them visualise the intangible through sticky notes and other similar techniques (Bäcklander, 2019)

#### System Owners and Chief Architects

System Owners’ purpose is to ensure the technological systems do not fall apart as multiple autonomous teams may be working on them. Each of the systems present within Spotify’s structure has an appointed System Owner, oftentimes a pair of them. The pairing is especially important in cases where the system is critical for the functionality of the Spotify app, in these cases a pair of System Owners is constructed so that one of them has development insights while the other is involved with operations. (Kniberg & Ivarsson, 2012)

Their core responsibilities include technical guidance, preventing collision of interest with different teams implementing new features, documentation, and the release procedure. Same as with the case of Product Owners, System Owners are usually part of the day-to-day processes and are part of a squad. Lastly, the role of a Chief Architect ensures the organisation of complex systems that may cut through several systems at the same time. (Kniberg & Ivarsson, 2012)

## 5.4 Employee Satisfaction

In this section employee feedback towards the company will be briefly explored before concluding Spotify's analysis. Company ratings and reviews were collected through the portal Glassdoor to aid with this purpose and examples can be found in full in Appendix 1. According to the ratings Spotify seems to be a positively valued employer based on its 4.2 star rating overall, 94% approval of the CEO, and 84% of reviewers willing to recommend the workspace to a friend. The organisation received the strongest rating of 4.4 stars and 4.3 stars in Work-life Balance, and Culture and Values, while the lowest rating of 3.8 stars was awarded to the Senior Management and Career Opportunities categories. (Glassdoor, 2021)

The reviews considered in this section were all from employees that worked for Spotify for at least 1 year and in some cases over 3 years. The positive reviewers frequently mentioned encouraging working atmosphere, helpful and enthusiastic workforce, and great work-life balance. Moreover, many speak positively about the system as whole, mentioning transparency of the upper management, and HR practices aiding with preventing burnous and encouraging employee engagement. (Glassdoor, 2021)

Both the HR and the management structure, however also received words of critique. They have been recognized as poorly executed by some of the former employees, while others expressed the need to get used to the non-traditional information flow. One of the most common complaints among the negative reviews is the lack of growth opportunities in the traditional sense, but nevertheless, continuous learning seems to be present within the company. (Glassdoor, 2021)

## 5.5 Conclusion

Spotify constructed its own unique approach based on agile method tailoring and continued scaling it up as it grew without sacrificing its start-up-like mindset, agility, and adaptability. Despite the unique structure and different role names, it can be concluded Spotify does not function completely without management and therefore cannot be considered a fully flat structure. However, despite the company having over 5000 employees around the world, the number of layers is kept to the minimum. Moreover, it places emphasis on involving the leaders with the day-to-day processes, preventing them from drifting astray from the group mindset.

The core matrix Spotify utilises consists of Squads, Tribes, Chapters and Guilds and each of these formations has its purpose within the model. In addition to this roles like Agile Coaches, System Owners, and Product Architects can be seen across the entire organisation ensuring a positive atmosphere, high performance, and preventing problems. Although the teams doing the daily work and developing or improving features are autonomous, the system as a whole is notably complex within which the different roles that allow it to function smoothly without the different teams colliding into each other and with fluent information sharing.

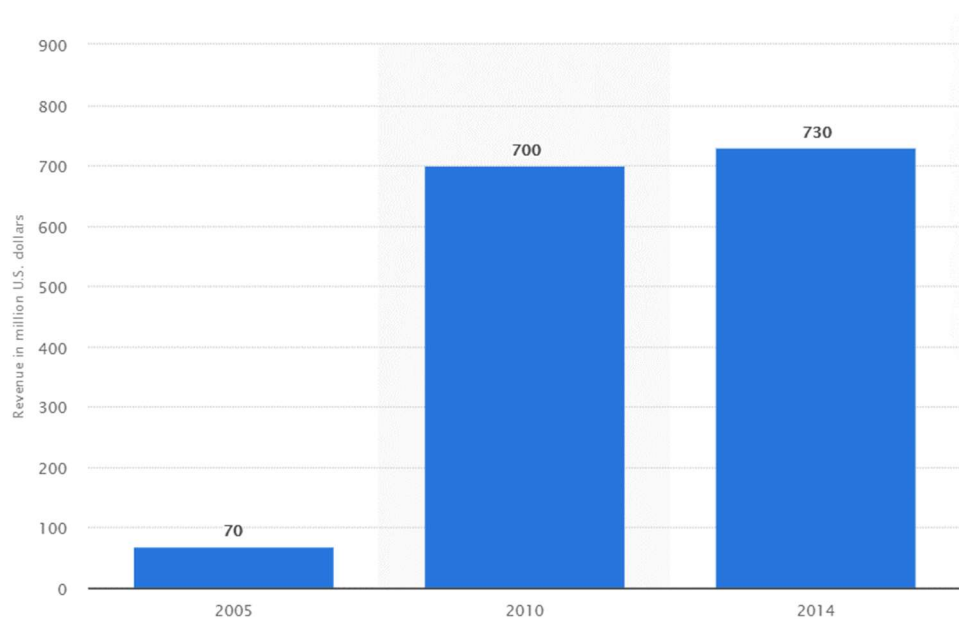
It can be assumed, from the way the company operates, that personal conversations and open communication, along with guidance are the preferred approaches when it comes to management, and that the organisation is strongly future-oriented (De More, 2018). The employee opinions towards the workspace are mostly positive, with both positive and negative comments towards the management structure and HR practices. Employee engagement and work-life balance appears to be among the core benefits, while the lack career growth seems to be the most frequently critiqued feature.

Lastly, it is important to note that the model likely cannot be smoothly applied to a different company without altering it first to its specific needs and company culture like how Spotify did while tailoring their model (Salameh & Bass, 2017). This is not only due to the complexity of the model but also its close connection to the company mindset which is unique for every organisation and therefore should be reflected in the management.

## 6 Case Valve Corporation

Valve Corporation, formerly known as Valve Software, is a game development company based in Bellevue, Washington (Valve Corporation, n.d.), and was established in 1996 by Gabe Newell and Mike Harrington, who both previously worked for Microsoft (Felin & Powell, 2015). The game Half-Life, Valve's first published title, debuted in 1998 and since then has collected over 50 game of the year awards. Their other games include genre-defining titles such as the Portal series, Counter-Strike Global Offensive, or Half-life Alyx. (Valve Corporation, n.d.)

As a company Valve tends to maintain high levels of secrecy, making it difficult to obtain current data. However, it is said to have reached a revenue of over 730 million USD in 2014 according to the Statista Research Department (2015), and it should employ approximately 360 workers (Chalk, 2016). Moreover, the company is self-funded and therefore has full power over its operations and does not need to please investors (Valve Corporation, 2012).



*Figure 9: Valve Corporation Revenue (Statista Research Department, 2015)*

Over the years Valve has broadened its field of focus towards, among other things, making its own hardware and creating the world-famous game and software distribution platform called Steam (Felin & Powell, 2015). Devices such as the Steam Controller or the technology behind HTC Vive VR headset belong between Valve's hardware inventions and are designed primarily to boost

the PC gaming experience (Valve Corporation, n.d.). Steam, on the other hand, was launched in 2003 and today it is considered one of the most successful game distribution channels, with over three-quarters of current game purchases happening via the platform. Additionally, it also serves as a community-building channel for both the users and developers. (Felin & Powell, 2015) According to data from Statista, there were over 10 000 titles available through Steam in 2020, and over 120 million monthly active users (Clement, 2021).

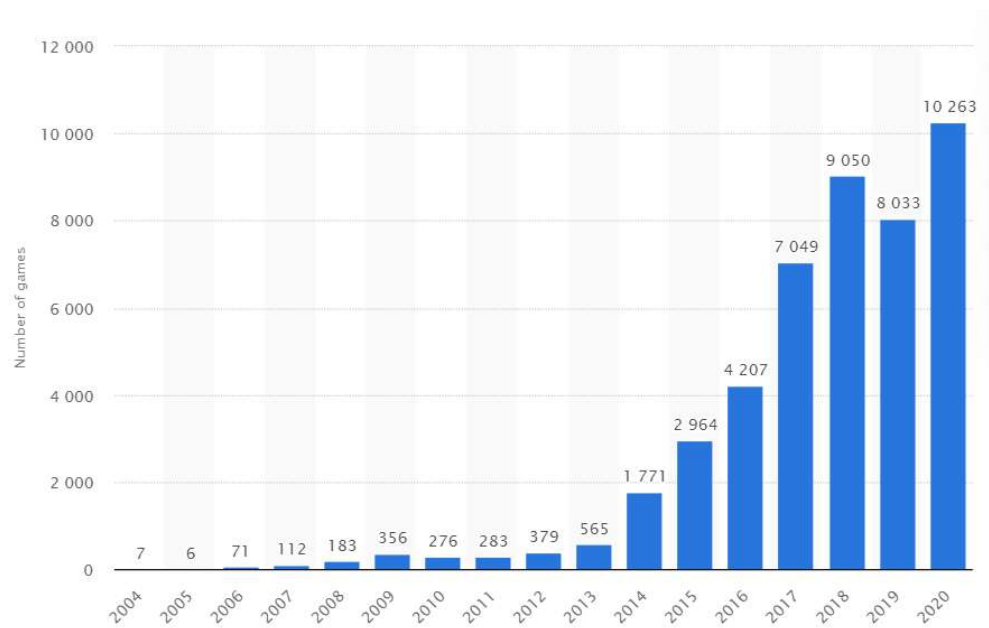


Figure 10: Number of Games Released Through Steam (Clement, 2021)

What is of interest to this study is Valve's unique management practices. Their approach has been innovative and built to harvest the maximum of human potential ever since 1996, and the company has focused on developing fluent hiring practices alongside an empowering work environment (Valve Corporation, n.d.). In the following chapter, the management structure is going to be explored in more detail mainly through the company's new employee handbook.

## 6.1 Valve's Polyarchy

Valve's management model bases itself on polyarchy and is supported by social proofs. It aims to build dynamic capabilities for finding, grasping, and executing new opportunities within the market. It is said to encourage customer and employee engagement, and create more fluent, and therefore efficient approaches. To achieve this Valve grants its employees full autonomy, allowing them even to autonomously start and later launch projects and products without the need of

formal approval, eliminating restrictions of more structured systems and empowering its people. (Felin & Powell, 2015)

The work at Microsoft gifted the founders with insights into how important innovation is for a company to stay relevant and encouraged them to create an inspirational company ecosystem that puts innovation to the forefront alongside employee autonomy (Felin & Powell, 2015). One of the main goals of the structure is to enable fluent development and release path for innovations without slowing the engineers down and limiting their progress. The company's new employee handbook provides an understanding of its internal organisation and operations as well as their culture. (Valve Corporation, 2012)

The structure is completely flat and does not include managers or any other layers within the company other than the CEO himself and consists of a set of organically created self-organising teams that assemble around projects. The only 'boss' employees are supposed to report to are the customers and their interest should always be on the mind of the workforce. (Valve Corporation, 2012) It however still has some principles, processes and guides which are going to be further explored in the following chapters.

### Choosing Projects

Every employee at Valve gets to decide which project he or she is going to be part of and what work can be contributed, to aid with this desks at Valve's office are equipped with wheels, allowing the workers to change their location whenever they find it suitable. Moreover, the handbook encourages the employees to use the wheels as a physical reminder they should constantly be thinking about where could they be the most valuable. The constant reorganising and movement of desks however cause issues with locating people when you need them. To combat this Valve has designed internal software that can be accessed by employees that detects people's desk locations on a map. (Valve Corporation, 2012)

A list of current projects is present, but it is strongly encouraged to simply communicate with the other employees, this can not only bring information to the new employee but also introduce his or her skill set to the rest of the team. The projects emerge organically as employees bring in new ideas and successfully pitch them to their co-workers. The ideas should however always be backed up by knowledge, data, and measurable outcomes that can be evaluated in the future. (Valve Corporation, 2012)

To aid with choosing a project to work on Valve recommends asking yourself questions such as the following. Which ongoing project could I bring the most value to and which would be the most beneficial for our customers? Is there something the company is not doing that should be implemented? What would you find the most gratifying and in accordance with your skills? Furthermore, employees at Valve have no set job description or specific position, they can eventually even venture completely outside of their primary focus, they are therefore not limited by labels while choosing a project. (Valve Corporation, 2012)

Having a freedom in this regard can push people to lean towards projects with clear and quickly achievable goals that will make them be perceived as valuable. In addition to this risky projects with high potential losses are likely to be avoided. Despite this having possible positive effects, it is not without a fault since similar behaviour can lead to focusing on short-sighted benefits over long-term goals and the work can be made more reactive than proactive. The customer needs and the value delivered to them should always be the priority. (Valve Corporation, 2012)

#### Self-Organising Teams

The teams within the company are always temporary and connected to a specific project with an aim to develop a major feature or a new product. They are fully autonomous and self-managed, encouraging the start-up-like culture. Moreover, upon entering a new team there is no official process to go through before joining. (Valve Corporation, 2012)

Despite not having official management, a team lead usually emerges within the group, they then work as an information resource for the team to evaluate decisions with. According to the handbook "The leads serve the team while acting as centres for the teams" (Valve Corporation, 2012). Similarly, other temporary structures can manifest within the group to allow for fluent and coordinated work. (Valve Corporation, 2012)

Healthy work-life balance is supported at Valve, and regularly working overtime is not recommended, it is perceived as a failure in planning and organising within the project group. Furthermore, a mistake understanding environment is created. The employees are not expected to work flawlessly, however, repeating the same mistakes should be avoided through careful evaluation of the plan at hand and creating possible predictions. If something unexpected happens the workers are encouraged to find out, why did it happen. Moreover, the customers should always be the priority and neglecting this can be considered a severe mistake. (Valve Corporation, 2012)

## 6.2 HR Practices

The responsibility for the fate of the company is shared among all of the employees within Valve, to maintain alignment and a productive working environment peer reviews and stack ratings are conducted annually. In their essence, both of these approaches are based on peer feedback, with peer reviews serving mostly as a personal improvement guide, while stack reviews influence employee compensation. (Valve Corporation, 2012)

During the peer reviews, a selected set of people conducts interviews with all of the employees and helps them deliver feedback about their working experience with different employees, the data is then gathered, made anonymous, and lastly forwarded to the recipients. Additionally, during the rest of the year employees are expected to give feedback to their co-workers as they deem fit. (Valve Corporation, 2012)

The stack reviews, on the other hand, are designed to rank the employees based on the value they provide to the organisation and therefore allow for them to be compensated accordingly. In the case of new employees, the salary usually reflects their initial expectations and later gets adjusted based on the stack reviews. During the review itself, employees rank their project teammates based on four categories: skill level and technical ability, productivity and output, group contribution, and finally product contribution. All of these four areas are considered high value by the company while also providing a wide range for the workers to express themselves. (Valve Corporation, 2012)

Valve's structure does not allow for career growth in the traditional sense since there is no ladder to climb. However, employees have the chance to expand their knowledge, learn new skills, and start filling new roles that used to be outside of their expertise. The employees are expected to be experts in one field, while also simultaneously expanding their horizons. (Valve Corporation, 2012)

### Hiring

Hiring is one of the most important processes necessary for Valve's organisational structure to function. For instance, lowering the hiring bar and resorting to employing people that are less proactive, decisive, and flexible than the current workforce could result in the system gradually falling apart. This is due to the high levels of responsibility every employee within Valve possesses.

Moreover, due to the lack of managers within the company, it may be difficult to promptly assess the suitability of a new employee and damage can be done and unaddressed for too long. (Valve Corporation, 2012)

The handbook suggests three questions the hiring person should be asking himself while evaluating a potential hire. *Would I choose this individual to be my boss? Would I learn a notable amount from him or her? Would I mind this person working for our competition instead?* Moreover, new hires should be more or similarly capable as the current workforce. In general, Valve searches for people who are superb collaborators while also being innovative, creative, and reactive. Furthermore, Valve prioritises T-shaped employees, those who are specialists in one discipline, but also capable outside of their expertise. (Valve Corporation, 2012)

### 6.3 Social Proofs

A study conducted by Felin and Powel (2015) explored the social psychology behind Valve's management structure in more detail. It was concluded that Social Proofs are present within the workforce at Valve that aid them with staying aligned as a group. It is however important to keep in mind there are cases in which Social Proofs produce unwanted behaviours such as conformity or herd behaviour. (Felin & Powell, 2015)

The first Social Proof present through Valve's polyarchy is self-selection and from it emerging collective wisdom. The autonomy employees possess in regards to choosing new projects and features to work on encourage swifter market responsiveness. Moreover, the information generated through collective wisdom is considered to be more dependable and cheaper to obtain. On the other hand, polyarchical issues such as duplication of effort are not resolved through this phenomena. (Felin & Powell, 2015)

Secondly, projects at Valve do not need to go through formal approval processes before launching, this promotes focus on small-scale opportunities as opposed to the larger ones as every individual could pursue whatever interested them on their own. To combat this Gabe Newell and Mike Harrington designed the '*rule of three*', allowing only projects with at least three people on board to start, leading to more significant projects emerging. (Felin & Powell, 2015)

## 6.4 Employee Satisfaction

In this section employee feedback towards the company will be briefly explored before concluding Valve's analysis. Company ratings and reviews were collected through the portal Glassdoor to aid with this purpose and examples can be found in full in Appendix 1. The opinions about working at Valve corporation appear to be considerable divisive, the overall company rating at Glassdoor stands at 3.5 stars out of 5 at this time and 54% of reviewers would recommend it to a friend. The organisation received the strongest rating of 4 stars in Diversity, Inclusivity, and Work-life Balance, while the lowest rating of 2.4 stars was awarded to the Senior Management category. (Glassdoor, 2021)

The negative reviews considered in this study were all from employees who stated to have worked for the employer for over 3 and in some instances 5 years. The adverse experiences usually mention the company feeling disorganised, while also referring to a hidden management structure within the company that is not acknowledged publicly. Moreover, the working environment has been called toxic in various instances often in connection to older employees and projects that are stagnant. Lastly, issues towards the poor scalability of the self-organising management were addressed by multiple past employees. (Glassdoor, 2021)

Among the positive 5 star reviews, on the other hand, were employees who have worked for the company for over 5 or in some instances even over 8 years. The most common praise towards Valve is the high-quality workforce and the employee benefits. Several reviews mentioned incredibly smart people working at the company, granting significant opportunities and room for growth.

The employee benefits include paid company vacations, generous bonuses, and excellent medical coverage and are often highly appraised even in negative reviews. However, positive reviewers also acknowledge Valve requires a specific employee type, especially high-performers and decision-makers, for them to prosper and determining a future fit during the hiring process may be difficult. Moreover, the feedback and stack ranking systems are said to primarily benefit employees who are doing well rather than aid with the development of those who struggle. (Glassdoor, 2021)

## 6.5 Conclusions

Valve's polyarchical management system can lead to an inspiring work environment free of limitations connected to more traditional structures. It is however not without faults, for instance, it is incredibly dependant on being self-funded, and the hiring process, which still includes possible decision errors. Moreover, the company itself acknowledges the uncertainty surrounding the scalability of the structure, as well as struggles with internal information distribution and delivering feedback to those who struggle (Valve Corporation, 2012).

The self-organising teams are not completely hierarchy free, the key in preventing bureaucratic practices to form is their temporary nature. They offer a flexible and ever-changing workspace, which may be perceived as chaotic by some, and liberating by others. Moreover, the company strongly encourages open communication and feedback. To maintain alignment yearly peer reviews and stack ratings are conducted. Finally, the flexibility and autonomy of Valve's employees are said to boost creativity, reactivity, and innovation which was the primary focus of the founders' design, and as an example can serve as a source of inspiration for building a different management model.

## 7 Results and Discussion

The data obtained through both of the units of analysis of this study, namely the Spotify and Valve Corporation sections, has been coded and compiled into a comparison table where three main areas of focus were considered: the *company background* to set the data into context, the management structure to explore the main focus of this thesis, and lastly, the *employee satisfaction* to gain insights into what sort of an impact do the management structures have on the workforce and their satisfaction. In this section, the results of the comparison of Spotify's agile method tailoring approach and Valve Corporation's polyarchical structure as compared in the results table, which can be found in full in Appendix 2, will be explored in detail and further implications will be made.

Firstly, both of the companies can be considered successful and with a wide reach. Spotify is believed to be the most popular audio-streaming service with 345 million monthly active users and the company itself is known for its innovative approaches and had an impact even outside of the music industry in which it positively influenced the supply and demand. Similarly, Valve Corporation has released multiple genre-defining games over the years including titles such as Counter-Strike: Global Offensive or the Portal series. Moreover, it launched Steam, the worldwide known game and software distribution platform with over 120 million monthly active users.

Their success is especially prominent in relation to their size. Spotify is a significantly larger company with 5584 employees while Valve Corporation employs about 360 individuals. According to the European Union definitions they would both however be classified as a large company (European Commission, n.d.). The difference in size possibly has a significant impact on how these companies are structured, as Valve itself admits their flat model might not scale well infinitely. Spotify, on the other hand, introduced more structure to their system to support the large employee counts.

Spotify's aim as a company is to support the artists and inspire the users with what they publish, while Valve focuses on improving the PC gaming experience. It is also notable, that Valve Corporation is fully self-funded which influences their attitude as they do not have to conform to outside pressure.

## Management Structure

Based on the results table, it can be deduced that despite the fact both of the studied companies utilise an alternative management structure the ways in which they manage their autonomous teams differ significantly. This stems from the core ideologies within the companies as well as the context they operate in. While Spotify bases its partially flat structure on agile method tailoring coming from software engineering, Valve Corporation's fully flat model is inspired by polyarchy, a term from political science referring to the rule of the many.

Among the factors the systems have in common are some of their main values. Firstly, both aim to create an empowering working environment for their employees. They both do this mainly through giving them high levels of autonomy, and with it connected high responsibility.

Secondly, continuous learning is prioritised. In Spotify, this is achieved through the information sharing enabled primarily through the formation of chapters where people in similar roles collaborate, as well as guilds that allow everyone to learn new skills from their co-workers, and the regular hack days organised within a squad dedicated to innovation. Valve, on the other hand, reaches this via their fluid roles and encouraged information sharing among the workforce. Every employee chooses what do they work on and what purpose do they serve, they can learn new skills from their peers and assume new roles as they deem fit.

Thirdly, in both cases, innovation is considered crucial. Spotify's model includes hack days within a squad where the team dedicates part of their work hours to brainstorming and developing new ideas. Valve tackles this by allowing their teams to decide the projects that are going to be developed, allowing for the wisdom of the crowd to aid with grasping new market opportunities. Consequentially, this focus on innovation and new ideas grants the companies with better adaptability and agility in the market.

Lastly, Spotify gives a substantial amount of attention to encouraging cooperation and a start-up-like mindset within the company, while Valve Corporation directs its attention more towards the hiring process. Consequentially, Valve is heavily reliant on hiring the right people for their organisational structure.

The way both of these companies are internally organised differs considerably. Spotify employs an intricate matrix of teams assembled according to various criteria, namely, it is squads, with up to 12 members, assembled around a long-term focus and goal, tribes, with optimally about 40 members, bringing multiple squads together around a shared area of interest, chapters allowing

for knowledge sharing among the people with a similar skillset, and guilds welcoming anyone interested in the guild topic. Valve, on the other hand, does not structure its workforce at all, it allows organic team formations to form around projects, and employees to migrate between them as they deem fit. However, temporary roles and hierarchical structures may be implemented within the teams while working on a project.

To continue improving their operations both of the companies utilise various validation methods. Spotify encourages its autonomous teams to use methods such as the MVP (minimum viable product), A/B testing, and post-mortem documentation methods. Alternatively, Valve requires their employees to plan their projects and provide measurable outcomes, risk assessments, and post-project evaluation of why something unexpected may have happened. It can be concluded from this, that both of the companies employ similar methods to maintain and improve the quality of delivery.

In alternative management structures with autonomous teams, alignment has to be maintained among the workforce so that the company as a whole stays on track. Both of the units of analysis employ various practices to ensure this. Similarly to the internal company organisation, however, Spotify relies on defined structure significantly more than Valve does, it relies on the horizontal and vertical matrix of its system, as well as shared objective and strategy for the company as a whole. In both scenarios, the autonomous teams have objectives of their own which they measure and review.

Additionally, Spotify uses the individual team focus, quarterly squad surveys, sync meetings, and various leadership roles, such as product owners, tribe leads, and agile coaches, as a way to mitigate dependencies among the teams. It can be assumed that this is not a significant concern for Valve Corporation as the teams are more scattered and the projects can be fully independent of each other, while in Spotify they all contribute to the same product, and therefore need more assistance with alignment.

Nevertheless, Valve also utilises leadership of some sort, just in a less structured and more organic matter. Team leads function as an information resource for their teams and to aid with alignment, and temporary structures are formed within the teams. Moreover, the overall company alignment is achieved through social proofs such as collective wisdom, and self-selection, alongside the mantra that the customer is the only boss.

In contrast, Spotify introduces multiple specific leadership roles including structure relative roles like product owners, responsible for their own squad's wellbeing and alignment, tribe leads in

charge of maintaining a positive working atmosphere within the tribe, chapter leads who set the salary and provide employees with learning opportunities, and lastly, guild coordinators maintaining fluent cooperation within a guild. Furthermore, agile coaches aid with creating an over-reaching empowering atmosphere and with observing and motivating teams. Additionally, system owners and chief architects maintain the structural integrity of the software and its systems.

Spotify emphasises that every leadership role employees, other than the agile coaches, are simultaneously part of a squad and therefore part of the frontline work to stay grounded in reality. However, in the case of Valve's study, it is unknown whether similar approaches are put into practice, or if the company relies solely on the temporary nature of the hierarchical structures forming within its teams.

Lastly, every company needs functional HR practices to operate, and alternative management structures are no exception. In the example of Spotify procedures, such individual coaching are utilised. Specifically, regular 1-on-1 coaching sessions and biannual development talks are held to deliver feedback. In contrast, Valve relies on its workforce to deliver feedback, it organises regular peer reviews, and stack ratings – which are utilised to set appropriate salary based on employee value. Moreover, the hiring process is crucial for Valve Corporation and the company is strongly dependant on it. Finally, both of the companies share their view on creating a fail-friendly environment for their workforce but simultaneously discouraging mistake repetition.

### Employee Satisfaction

Spotify and its system emerge superior in the perceived employee satisfaction examined in this study. The overall rating is 0.7 stars higher on a narrow scale of 1–5 and the majority of the reviewers would recommend the workplace to a friend, while in the case of Valve, only about a half would do so.

Both of the companies get praised highly in terms of their support of work-life balance and excellent workforce. The units of analysis also share management as their weakest point, but in the case of Spotify, the rating of 3.8 is still relatively high compared to Valve's 2.4. Furthermore, Spotify often gets criticised for the lack of career growth opportunities, while Valve Corporation has been praised in the same area alongside its working benefits. Spotify, on the other hand, received positive feedback regarding their HR practices and management transparency.

In both cases, the management can be perceived as chaotic, however, in Spotify, it seems to be more related to the novelty effect of the system on new employees, while in Valve the issue is more persistent and correlated to unfitting employee hires. Lastly, Valve had also been accused of having a hidden management structure, stagnant projects which may be the result of the lack of alignment, and a toxic working environment, while Spotify has received praise for its positive working atmosphere it tries to encourage through its HR practices.

## 7.1 Implications

Following the results table a theoretical implications table was constructed combining statements from the theoretical section of this thesis and practical examples drawn from the results table of how the statement issues can best be addressed through alternative management and what pitfalls should companies willing to transfer to an alternative management structure beware of. The table can be accessed in full in Appendix 2. The theory statements were divided into two main areas. Firstly, modern business environment statements, addressing the main environmental factors, and secondly, the management related statements mostly tackling the strengths and weaknesses of traditional management structures. Through this the best practices and pitfalls of alternative management were later gathered.

The theoretical implications table shows that the majority of concerns brought up earlier in this paper can successfully be handled through alternative management structures if approached correctly. Firstly, the modern business environment related theory suggests that companies need to find ways of keeping up with the accelerated pace of change and the study results show that alternative management tackles this through enabling continuous learning via fluent knowledge sharing and interest grouping, and supporting innovation with allowing the workers to grasp new opportunities. Furthermore, employees should be upskilled, and jobs should require more creativity. This is further enabled through continuous learning, hiring people with multiple areas of interest, and fluid employee role changing.

Moreover, it was suggested through the management related statements that better scalability has to be provided by alternative management structures to compete with more traditional systems. It was discovered that some structure has to be provided to enable the models to grow alongside their company. Additionally, to minimise vagueness horizontal and vertical matrix could be provided, shared objectives and strategy should be set, meetings and project planning ought

to be utilised to keep the teams in alignment, and leadership roles may be implemented to enhance clarity.

The study results also show that alternative management structures can support creativity through creating an empowering, fail-friendly working environment and using autonomous teams. This is further encouraged by allowing the employees to practice entrepreneurial thinking and make significant company decisions with high levels of responsibility. Motivation is to be kept high via individual coaching, peer reviews, and similarly as in traditional management through leadership roles. However, unlike in conventional structures, differences in opinion are not to be handled through upper power, but encouraging healthy debate and monitoring the team dynamics, and salary is to reflect the employee contribution.

To further boost employee engagement, which is something traditional management often struggles with, decision-making power ought to be distributed more evenly among the workforce to give everyone a voice. Additionally, this enables the company to be more agile and grasp new market opportunities. Lastly, future mistake avoidance should be encouraged through post-mortem documentation systems in which projects are evaluated.

The emerging best practices and pitfalls were later organised into their individual tables, which can both be found in Appendix 2, to enhance clarity. The best practices can be divided into 3 categories, enhancing continuous learning and development, creating an engaging working environment, and providing structure and guidance. It is these three areas through which the units of analysis reach harmony with their workforce.

The pitfalls were similarly divided into two categories. The majority of them stem from a lack of control, and the remainder is rooted in societal problems. The companies need to beware of the possibility of stagnant projects and the absence of alignment due to the lack of control. Moreover, structure should be provided to prevent poor scalability, a chaotic working environment, and dependence on the hiring process. Lastly, the groups should still be monitored to avoid negative social proofs, toxic working environment, and hidden management layers stemming from temporary hierarchies.

## 7.2 Recommendations

To support the practicality of this paper, an action plan was constructed based on the best practices and pitfalls, targeting primarily medium to large European game development companies who may wish to apply alternative management practices to help them gain a competitive advantage. It can be assumed that the practices utilised by the units of analysis, Valve Corporation and Spotify, can comfortably be adjusted to fit a game development company given their similar nature with focus on software development and with it connected product or feature delivery.

It is important to disclaim that the recommendations given in this study and the action plan are purely a suggestion of a possible way of managing the workforce in an alternative and engaging way based on the study results. The beneficiaries are expected to adjust the recommendations to their own context prior to applying. The action plan can be accessed in full in Appendix 3.

The aim of the plan was to compile some of the best practices of both of the units of analysis in a cohesive guide of how to apply the practices within an organisation. The plan was divided into the preparative '*before*' stage and the continuous '*during*' stage, separating what has to be planned in advance, and what is to be maintained during the company operations. Moreover, a frequency of certain procedures was recommended, and reasoning was provided.

Starting with setting shared company goals and objectives is suggested to aid with alignment and cohesive decision making. As the next step, the beneficiaries are encouraged to plan the core structure of their alternative management model. A horizontal and vertical matrix with autonomous teams at the frontline is proposed as a suitable option to provide structure, minimise chaos, and support better scalability. In the case of larger organisations further structuring, for instance in a form of a grouping of multiple teams with a similar topic of interest, is advisable. Moreover, it may be beneficial to provide interest or role focused clustering to enable knowledge sharing.

Leadership roles should be implemented at every fraction of the model, but it is important to keep in mind the leaders should remain part of the frontline work within one of the autonomous teams and not wield managerial power which could restrict autonomy and employee empowerment. Furthermore, a guidance role responsible mainly for monitoring team dynamics and development coaching should be created and filled.

In case of transitioning from traditional management, the company should also make sure the current workforce is properly prepared for the managerial shift. Additionally, a plan for training

new employees should be created to enhance clarity and with that support a smooth transition of new employees towards an alternative management structure. Lastly, a percentage of the working hours that should be dedicated to innovation should be decided and planning and evaluating processes for the projects established.

Once these steps are applied and the company starts operating, it should be ensured a fail-friendly environment is being encouraged in the interest of innovation and the team dynamics are being monitored. Besides this, support via additional synch meetings should be provided if multiple teams are involved in a larger project together. The teams ought not to be prevented from autonomously grasping new opportunities or changing roles within their teams.

It is recommended that individual coaching sessions are conducted at least quarterly and peer reviews are implemented biannually to support personal development of the employees and deliver feedback. Furthermore, annual progress meetings should be held to help maintain alignment with the company goals, and to prevent stagnant projects. Lastly, while hiring, the focus should be not only on the job-related skills of the applicant but also their ability to cooperate with others in the company's alternative management model.

### 7.3 Conclusion

The business environment is changing at a faster pace than ever before; the technological development and trends such as business analytics, AI, and big data significantly influence the way businesses operate. It is growing increasingly difficult for companies to stay relevant. Despite this, the majority of organisations still utilise traditional management which may not be ideal for the modern business environment. It was proposed in this paper that alternative management structures could be the solution to this issue, as they provide new ways of harvesting more of human potential through empowering frontline employees and encouraging creativity and innovation.

The study included theoretical background focusing on setting the paper into the context of the current business environment and exploring the traditional management phenomena, such as hierarchy or bureaucracy, as well as the core principles of alternative management structures. It was acknowledged that traditional management practices have earned their place in today's business environment through their resilience, scalability, and structural clarity they provide. However, various issues were discovered, for instance, their restrictiveness towards creativity and negative impact on employee engagement.

On the other hand, alternative management principles such as humanocracy, polyarchy or agile method tailoring combat these issues through employee autonomy, and with it connected power shift towards the frontline employees. The study explored this in more detail through a holistic case study with two units of analysis, Spotify and Valve Corporation. Both of the structures were examined in their section of this paper and later united in the discussion, where the best practices and pitfalls were gathered, and an action plan was constructed.

It was discovered in the case analysis that the Spotify Model provides significantly more structure than Valve Corporation's polyarchy, and through it possibly minimises some of the issues connected to the lack of control common for alternative management structures. Valve Corporation, on the other hand, showcased valuable approaches, such as the focus on peer feedback among the employees, utilised, among other things, to set the employee salaries.

It was later concluded that despite their different approaches, both of the company structures prioritise values such as innovation, creativity, and employee engagement. Furthermore, the emerging best practices showed multiple ways of supporting continuous learning and development, creating an engaging working environment, and providing structure and guidance. The pitfalls, contrastingly, revolved around the lack of control and from it emerging perceived chaos, and societal issues caused by letting the autonomous groups operate without control or guidance.

Given their similar nature, it was concluded that game development companies could apply similar practices, such as those highlighted in this study to their own company and to aid with that an applicable action plan was constructed, connecting the best practices of both Spotify and Valve Corporation. However, it is important to highlight that every company is unique, operates in different circumstances and with distinct values, therefore neither the analysed structures nor the one suggested in the action plan should be applied directly without modifications.

The main research question of this study was *"How can game development companies utilise the best practices of alternative management structures to gain competitive advantage?"*, and it was supported with three sub-questions. RQ1 was addressed through the table of best practices, available in full in Appendix 2. The best practices can be summarised into three key categories: supporting continuous learning and development, creating an engaging working environment, and providing structure and guidance.

RQ2 was similarly answered through the pitfalls table compiled from the study results and their implications, which can be accessed in full in Appendix 2. The pitfalls companies wishing to apply similar structure to their organisations should beware of the issues connected to the lack of

control and societal problems, such as the formation of unintended management layer stemming from temporary hierarchies.

Lastly, RQ3 was answered through the action plan which established that the companies should prioritise creating a flat, yet structured model with autonomous teams at the frontline, enabling knowledge sharing, supporting innovation and creating an engaging and empowering working environment. It was highlighted that the recommendations will need to be altered to fit the company culture and environment, while still maintaining the key principles emerging from this study.

The original aim of this thesis was to explore and analyse the benefits and pitfalls of using an alternative management structure, as opposed to the traditional hierarchical models, and to identify the best practices that could grant competitive advantage. Furthermore, the primary research objective was to pinpoint the best practices in an action plan which could aid the beneficiaries to apply similar practices in their company. Both the aim and objectives were achieved, because the different company examples were analysed, the best practices and pitfalls were drawn from the studies and the available theory, and an applicable action plan was constructed for the beneficiaries, providing a tangible output of this research.

Additionally, the validity and reliability of this research were ensured through the use of multiple well-grounded sources for each of the units of analysis, as well as the theory presented at the beginning of this paper. Moreover, multiple points of view were present in the study, and two points of analysis were utilised to widen the scope of the data and provide better and more reliable results from which the action plan was constructed.

Due to the limited scope of this paper, a clear focus had to be selected within the topic and multiple questions related to it remain unanswered and provide opportunities for further research. For instance, the financial considerations could be examined and the question of whether using an alternative management structure is more profitable could be answered. Furthermore, other alternative management systems, such as holacracy, and the companies that utilise them, could be explored in more detail. Lastly, the impact of culture on alternative management structures may be an advisable topic for further research.

In conclusion, the study confirmed that alternative management structures, when tailored correctly to the needs of a specific company, could prove to be more suitable for the challenges presented by the current business environment than the traditional approaches. The results implied that creativity, innovation, and empowerment are truly at the core of alternative management which could be the future of the business world.

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Appendices

5.0 ★★★★★ ✓

Former Employee, more than 1 year

**overall, solid work environment**

Mar 30, 2021 - Anonymous Employee

✓ Recommend ✓ CEO Approval ✓ Business Outlook

**Pros**

The people are what make the company - and they are dedicated to their work, willing to help and support others, and just love the music.

**Cons**

It's hard to get up to speed - information is everywhere and nowhere, it doesn't all make sense - but everyone tells you that the first 6 months is bananas, they all know it so the expectations are you're going to have lots of questions and even random people not on your team are happy to help you if you reach out.

*Image 1: Spotify Positive Review 1 (Glassdoor, 2021)*

5.0 ★★★★★ ✓

Former Employee, more than 1 year

**Ticks all the boxes**

Mar 28, 2021 - Recruiter in New York, NY

✓ Recommend ✓ CEO Approval ✓ Business Outlook

**Pros**

Transparency on internal mobility/growth opportunities, great team vibe, endless learnings, strong leadership teams, hyper growth environment, strong systems and clear processes. Lots of swag and food incentives. Amazing environment both in-person and WFH.

**Cons**

Nothing comes to mind! My experience was very positive.

**Advice to Management**

Keep listening to and rewarding your teams.

*Image 2: Spotify Positive Review 2 (Glassdoor, 2021)*

5.0 ★★★★★ ✓

Current Employee, more than 3 years

**Great people/culture in an interesting problem space**

May 17, 2020 - Data Scientist in New York, NY

✓ Recommend ✓ CEO Approval ✓ Business Outlook

**Pros**

- Get to tackle technical problems within the extremely interesting domain of music / lots of intelligent people passionate about tech, music, and podcasts
- Huge emphasis on curbing burnout and keeping people happy and engaged
- You get to be at the forefront of an entire industry and to think about how to shape the audio experience for hundreds of millions of people
- Beautiful office spaces
- Transparent upper management

If you're interested in working at the intersection of music and tech--where you can really have a hand in making the audio experience better--there is no better company out there. If your primary concern is money then you're better off working at FAANG.

**Cons**

- Difficult to work split between Stockholm and NY -- cultural divide/differing mentalities of doing things can cause tension
- Disheartening to see cases when profit is prioritized over artist or user satisfaction
- Slow upward growth trajectory

*Image 3: Spotify Positive Review 3 (Glassdoor, 2021)*

3.0 ★★★★★ ✓

Former Employee, more than 3 years

**Mixed Bag with A Lot of Perks**

Feb 11, 2021 - Copy Editor

✗ Recommend ✗ CEO Approval — Business Outlook

**Pros**

- There are a bunch of really wonderful people working there who I'm still friends with to this day
- The amenities and perks are fantastic. Free breakfast/lunch. Great live events and holiday parties
- Good pay, workload was pretty light all things considered

**Cons**

- Content itself is pretty paint by numbers, not very meaningful
- Some of the people at the top are very tone deaf/clueless as to what makes good content
- A very avoidant work culture. People would rather fire others or get them to quit so they won't have to have a "difficult" conversation with them. Super passive aggressive
- Overall sense of malaise from working on something that is completely superfluous
- No room for you to grow in your job even if you're doing work that is mostly above your job title. The glass ceiling there is bulletproof

**Advice to Management**

Please put an end to your passive aggressive work environment. The change starts from the top down and no one is invested in the company because everyone is worried about being fired. Stop being fake and cowardly. Act like an adult.

Be more open to suggestions from people lower on the totem pole. Sometimes you very clearly don't know what you're doing and it was demoralizing for us to watch you fail so tremendously.

When you say you're going to help employees grow within the company, mean it. Don't purposefully re-route work to a freelance outside hire so that the employees you do have are left with less work on their plate. The nepotism is painfully transparent and will not soon be forgotten.

*Image 4: Spotify Negative Review 1 (Glassdoor, 2021)*

1.0 ★★★★★ ✓

Current Employee, more than 5 years

**People orientated company but inept HR including poor compensation, lack of career development for non-eng and prod.**

Aug 29, 2019 - Anonymous Employee in New York, NY

✗ Recommend — CEO Approval — Business Outlook

**Pros**

Company really do care about work life balance and people. You are not penalized for having a good work life balance and great benefits. One of rare companies where managers will actively ask have you taken a vacation to relax.

**Cons**

HR is absolutely terrible. Great intentions, horrible executions, underwhelming HR talent, so don't be taken in by illusion of it. HR butcher many things including career development, compensations, interview experience, and so forth.

Spotify is NOT the place to come to grow your career for majority of people. Only few can actively grow their career here. Spotify is place to come if you want a great work life balance at cost of non-existent career development except for Engineers and Product Managers. Hell, even in people who are in accountable to work on career development frameworks such as HRBPs don't have career framework for themselves.

**Advice to Management**

Replace CHRO and add veteran CHRO & COO. Endure HR revamI happens from ground-up.

Stop lowballing offers and treating existing employee's compensation like how US telco treat their customers (aka screwing them)

*Image 5: Spotify Negative Review 2 (Glassdoor, 2021)*

1.0 ★★★★★ ✓

Current Employee, more than 1 year

**Uncollaborative, Unkind, and Toxic Work Environment**

Sep 20, 2019 - Anonymous Employee in New York, NY

✗ Recommend — CEO Approval — Business Outlook

**Pros**

- Free food
- Free travel

**Cons**

Spotify is one of the most toxic work environments I've ever worked in. Politics run rampant and teams here are the most genuinely unkind I've ever met. If you care about producing work, this is not the place for you. Do NOT put your trust in managers. Here, they are just as destructive to your personal goals as they are ineffectual in helping you realize any professional development.

Additionally, if you're a person of color don't expect Leadership to create a safe work environment for you. I've personally witnessed incredibly ignorant remarks on the front page of internal public forums and racially insensitive remarks in official presentations. These comments have gone totally unresolved and no official action has ever been taken. Spotify enjoys making money off the backs of POC artists but not supporting their own employees of color.

**Advice to Management**

As Beyoncé said: Until I see some of my previous notes applied, it doesn't make sense for me to offer any more feedback.

*Image 6: Spotify Negative Review 3 (Glassdoor, 2021)*

5.0 ★★★★★ ✓

Current Employee, more than 8 years

**Utopia for some but painful when the fit is bad**

May 30, 2016 - Senior Software Engineer in Bellevue, WA

✓ Recommend ✓ CEO Approval ✓ Business Outlook

**Pros**

Valve can be an amazing place to work, but it requires the right fit.

The people who will do well at Valve need to be high performers in their specific area, but beyond that they also need to excel at thinking about users and products and contributing to product level decision making. Additionally people need to be able to take in a lot of sometimes conflicting opinions and advice from co-workers who are all peers and then go make good decisions on what they should work on and what direction they should take their work independently. People who can demonstrate an ability to do those things well will be afforded a huge amount of freedom, independence, and responsibility at Valve.

Most of the people who do those things well are extremely happy at Valve and have trouble imagining leaving. For those people Valve is a place of huge opportunities, freedom to take big risks, freedom to work on many different projects, and a place filled with smart people who will help you accomplish things you couldn't on your own.

In terms of more tangible pros compensation is competitive at the base level, and for high performers bonuses (cash and sometimes equity) can be extremely generous. The company takes you and your immediate family on a free vacation to a fancy resort every year, you get extremely good medical coverage, life insurance, a very generous 401k matching plan, free food, free personal trainers, etc. Overall benefits are generally as good or better than the best companies out there.

**Cons**

The biggest con is that fit can be difficult to measure up front. The company has a difficult hiring process and works hard to measure not just your competence at your role but also your ability to work without a manager and to make high level user/product decisions. This process is tuned towards allowing false negatives and trying to avoid false positives but mistakes in hiring can still be made.

For those who end up inside the company and struggle with the environment it can be very painful. Since you don't have a manager it can be difficult to get clear guidance on how to improve and you may get conflicting advice from peers. The company has a yearly ranking/review process that has proven very effective at correctly compensating those who are doing well but I agree with a prior reviewer who stated that it's never been 100% effective at providing useful feedback to those who need help.

If you end up being in a situation where you are struggling at Valve you will get some advice and guidance from peers and from HR but you will ultimately need to figure out your path to success on your own. For those used to having a more hands on manager as their advocate this can be hard.

Many of the negative reviews here seem to come clearly from employees who struggled at Valve to varying degrees. My experience is that these employees are a small minority due to the difficult hiring process but their negative experiences are still real. The best thing you could do for yourself before working at Valve is to try to really understand the work environment and the high expectations. Once you understand those make sure you are really honest with yourself about whether Valve is likely to be a good fit.

**Advice to Management**

Keep taking risks and pursuing big opportunities. Work harder at improving cross company communication so employees understand what other teams are working on more clearly. Keep the hiring bar high and don't compromise on hiring anything less than top performers.

*Image 7: Valve Corporation Positive Review 1 (Glassdoor, 2021)*

5.0 ★★★★★ ✓

Current Employee, more than 5 years

**Great with the right fit, hard to anticipate fit**

Jun 1, 2015 - None, Thanks for Asking in Bellevue, WA

✓ Recommend ✓ CEO Approval ✓ Business Outlook

**Pros**

Valve hires very smart people with a shared core set of expectations about communications and problem solving. Individuals and groups at the company act with customer goals identified, and sort tasks and product choices accordingly.

The employee handbook and occasional articles about how the place runs are true. There are no bosses. No one, including Gabe, has the authority to tell someone else what to do. Proponents must recruit people to projects by explaining why the task is important and how it is important, and convincing people to share time or prioritize over other competing needs.

The lack of hierarchy and titles is a conscious design to minimize bureaucratic resistance to getting work accomplished (and bureaucratic authority to get the wrong work accomplished). It's also a design to keep valuable employees indefinitely. No one has to leave because a peer got a promotion into a job he/she though he/she deserved. No one has to become a manager because it's the way to get paid more. Individuals can get more and more valuable over years and decades of work, get rewarded as such, and have no particular forcing functions to trigger them to leave. Great to individual and company.

The scarce resource at Valve is people's time. Capital is available for most any purchase need, if you can make the case for what you're doing and why. Routine purchasing decisions are devolved to employees.

This system, hiring great people, giving them resources and great colleagues, and getting out of the way between them and their customers, has produced a lot of value for customers and the company.

Last pro: Valve takes good care of employees and their families. Benefits are generous and sometimes astonishing. Most anything that can keep employees happy and productive will be considered.

**Cons**

To succeed at Valve, you have to be a self-starter. No one will tell you what to do -- if you ask, people may give you an opinion about what they think you should do, but no one hands you a list of your five most important tasks for the next review period.

Beyond being a self-starter, you have to come up with ways to judge yourself, or to gather feedback from customers, partners (developers/publishers/vendors), or other employees. I think the comp system works reasonably well, but the feedback system has never functioned well for all employees. When an employee is having trouble, the system (which is really just a group of peers, sometimes guided by HR or more senior colleagues) is more focused and effective at gathering and communicating specific feedback for people.

Some people are just driven nuts by the uncertainty of this kind of management and feedback system. Some people thrive and delight in the absence of semi-annual self-evaluation forms.

At Valve, it's hard to get a grand project started. It's easy to get a clever, valuable, smaller project started. Turning the latter into the former requires great communication skills or a clever plan of laying out small projects to take the company in the direction you think is smart (and which is confirmed by the outcomes of prior small projects). There are no patrons to make things happen for you. I disagree with a few other (typically former employee-) reviews that suggest there is secret management structure that controls everything. There are certainly more senior people (who may or may not be more experienced by years of work) who can give great feedback on what is worth doing, or how to do something. But there is incredibly little control, and shadow management is just not true. I think that is often a projection by people who can't believe the uncertainty of radical freedom.

**Advice to Management**

Hmm. This is really advice to all of Valve, since no one has buck-stopping authority.

People should consider part of their job to sweep through other parts of the company, either working on some projects, grabbing coffee or lunch, or just asking people to explain what they're working on. At the size of the company (~350 at this writing), projects and individuals can become isolated, and feedback can dry up unless teams actively seek it or unless others come around looking to see what's up. That feedback cycle is the biggest gift at Valve, but it takes energy and repeated focus when there are no lines of reporting.

*Image 8: Valve Corporation Positive Review 2 (Glassdoor, 2021)*

1.0 ★★★★★ ✓

Former Employee, more than 5 years

**Toxic teams, traumatized workers, opaque management hierarchy**

May 16, 2018 - Anonymous Employee in Bellevue, WA

✗ Recommend ✗ CEO Approval — Business Outlook

**Pros**

Valve used to make good games, is well known, and it provides a somewhat competitive benefits package.

**Cons**

I'm writing this as an act of kindness to other developers. I worked here for many years and I still speak with insiders after leaving, and nothing fundamentally has changed yet.

I waited a while before posting this review, so I could think about my overall experience here and what I would like to tell others about it. Overall, I highly recommend you avoid this company right now, because your long term health and sanity are more important than anything they can offer you. There's nothing negative I can write that hasn't already been said here publicly on the web already. If you do decide to go, then please remember this advice:

First, if you are a new hot developer who's done something amazing for some other company, Valve will desire you basically like a trophy. If you do decide to go here, demand options, demand a startup bonus, and negotiate your initial salary upward. \*Always\* do each, without exception. The power is in your hands here, and Valve definitely has the ability to handle the upward pressure on its wages and benefits you and others will be applying.

If you are someone Valve \*really\* wants, someone that they can proudly show off around town, they will have one or two workers discretely coach you before the actual interview. I witnessed this occur on two occasions. It won't matter if you flub the interview, you will be hired. If you aren't coached, they don't really want you. If you do get coached, then you better negotiate your butt off.

If you can do so, talk to several teams before going to Valve. Try to find the least toxic team to join up with first. Find a team that is truly excited about you coming on board and helping them out. Ask them about their goals, when they are going to ship, who their customers are, and about the milestones they've already completed. Try to determine if results actually matter to this team. Identify the leaders of the team, ask them how long they've worked there, and see if you gel with them. Avoid teams like the plague that haven't shipped anything in years or are filled with old timers, as they will tend to be incredibly toxic. Avoid teams that don't have strong support from Gabe or a board member. Avoid teams without crystal clear product goals and a ship dates.

The way to shut down these toxic, zombie-like teams inside of Valve is to starve them of new hires, and if Valve won't do it internally then ex-Valvers will do it externally by informing the world's developers about what to look for.

Before you go to Valve, speak with at least a couple ex-Valvers about what it's actually like to work there. Do not go there unprepared, and do not believe the developer marketing.

**Advice to Management**

Perhaps someday, the company will change. But in order to do so a lot of the old timers will have to leave. New management will have to be brought in, cliques broken up, and the hierarchical and non-self organizing structure of the company will have to be candidly acknowledged and tended to. I predict that this is exactly what's going to happen, sooner or later, especially as the old timers with stock retire to obscurity.

The thought leaders and people actually in charge here completely externalize the health, sanity, and happiness of its workers. These people need to be quietly shown the door.

Valve needs to discard its cult-like culture, its outdated slogans, and its crackpot philosophies about "self organization", or it will remain an extremely unhealthy workplace overall. Acknowledge that there are bosses, managers, and hierarchies here.

*Image 9: Valve Corporation Negative Review 1 (Glassdoor, 2021)*

1.0 ★★★★★ ✓

Former Employee, more than 3 years

**Company is flush with cash but is chaotic and disorganized, refuses to "grow up"**

Mar 5, 2015 - Software Engineer in Bellevue, WA

 Recommend
  CEO Approval
  Business Outlook
**Pros**

Great benefits, and yearly bonuses can equal or exceed your salary. This company is at the nexus of the PC game business, so your work can have a big impact if you carefully choose the right project and people to work with.

**Cons**

Placing any bets on a long-term career at this random and cliquish company is probably as wise as betting all your life savings on a single spin of a roulette wheel in Vegas. At this point Valve has devolved into a place you work at to pad your resume and make some bonus cash. Be prepared to be let down once you're inside.

The basic idea of Valve works well with small (30-50 person) companies, but utterly fails to scale to a company with hundreds of people. The board and their closest friends have become extremely wealthy, so they have very little incentive to fix the company.

This organization has a purposely opaque, hierarchical, secretive, and very rigid management structure. Many of the board of directors and their friends are utterly capricious and conceited. The longer an employee is at Valve, the more they singularly focus on protecting their yearly bonuses and the less they care about basically everything else.

Some projects can go on literally for 5+ years wandering around pointlessly without shipping, with little to no direction, and no accountability. This company is terrible at writing and shipping large scale software, and sneers at words like "software engineering", "architecture", and "testing". The random mass firings of 2013 tanked morale, and the stream of talent leaving the company during 2014 didn't help.

The yearly review process lacks feedback, transparency, and coverage. This company has no formal HR, so good luck if you need to give genuine feedback about troublesome coworkers.

**Advice to Management**

Gabe, there must be something more important to do with your time at the company than wasting it on endless multi-day DotA2 sessions and firing people. Go review a project, give some feedback, cancel some stuff, or start some new projects. Basically, do anything else.

To the board of directors: Stop treating your employees like discardable widgets. Step away and let new blood in. Get a real HR team and process in place. Fix the completely broken review process, and have a clearly defined stock package. Grow the company up and get real.

*Image 10: Valve Corporation Negative Review 2 (Glassdoor, 2021)*

	Code	Spotify (S)	Code	Valve Corporation (V)
<b>Company Background (A)</b>				
<b>Number of Employees</b>	SA1a	5584 (in 2020)	VA1a	360 (in 2016)
<b>Funding</b>			VA2a	Fully self-funded
<b>Company Purpose</b>	SA3a	Supporting artists and inspiring consumers	VA3a	Improving the PC gaming experience
<b>Company Success</b>	SA4a	The most popular audio-streaming service	VA4a	Steam is the most popular game distribution channel
	SA4b	Influence outside of its industry	VA4b	Genre-defining games, over 50 game of the year awards for Half-life
	SA4c	Positive influence on the supply and demand in the music industry		
<b>Monthly Active Users</b>	SA5a	345 million (Spotify app)	VA5a	120 million (Steam)
<b>Management Structure (B)</b>				
<b>Core Systems</b>	SB1a	Agile method tailoring	VB1a	Polyarchy
	SB1b	Autonomous teams	VB1b	Autonomous teams
	SB1c	Partially flat	VB1c	Fully flat
	SB1d	Scaleable system	VB1d	Questionable scaleability
<b>Core System Values</b>	SB2a	Empowering working environmnet	VB2a	Empowering working environmnet
	SB2b	Continuous learning (chapters, guilds, hack days within a squad)	VB2b	Continuous learning (learn from others, fill in new roles)
	SB2c	Innovation (hack days within a squad)	VB2c	Innovation (workers choose the projects)
	SB2d	Adaptability	VB2d	Agility (grasping new market opportunities)
	SB2e	Cooperation	VB2e	Hiring practices
	SB2f	Start-up-like mindset		
<b>System Organisation</b>	SB3a	Squads (assembled around area of emphasis with long-term goals, for example improving the app client, 6-12 members, work how they want, but influenced to utilise Lean Start-up principles)	VB3a	Autonomous teams (temporarily assembled around specific projects, with a new feature and product delivery)
	SB3b	Tribes (assembly of multiple squads around shared area of interest, optimally about 40 members, no more than 100)	VB3b	Everyone gets to choose thier role and project
	SB3c	Chapters (assembled around individual skills within tribe, to enable knowledge sharing between the teams, size is based on the tribe size and the amount of individuals in same roles)		
	SB3d	Guilds (assembled around interest, anyone can be a member, enables knowledge sharing and continuous learning)		
<b>Validation Methods</b>	SB4a	MVP (minimum viable product)	VB4a	Measurable outcomes (project ideas need to be backed up by data and measurable outcomes)
	SB4b	A/B testing	VB4b	Planning in advance and predicting risks
	SB4c	Post-mortem documentation methods at the end of a project	VB4c	Evaluating what went wrong if something unpredictable happens
<b>Alignment</b>	SB5a	Horizontal (Squads & Tribes) and vertical (Chapters & Guilds) matrix with focus on delivery	VB5a	Team leads (work as an information resource for the team and maintain alignment)
	SB5b	Shared objectives and strategy	VB5b	Temporary organically formed team roles and structure
	SB5c	Individual squad long-term objectives and focus (to minimise dependencies, improve efficiency, and allow full autonomy)	VB5c	Project team planning and objectives
	SB5d	Quarterly squad surveys (to minimise dependencies and remove harmful processes)	VB5d	Social proofs (self-selection and collective wisdom, rule of three)
	SB5e	Frequent sync meetings during larger projects	VB5e	Customer is the boss
	SB5f	Leadership roles (product owners, tribe leads, agile coaches)		

Table 1a: Spotify vs. Valve Comparison

	Code	Spotify (S)	Code	Valve Corporation (V)
<b>Leadership Roles</b>	SB6a	Product Owners (leaders of a squad, maintain focus, but don't have managerial power, cooperate with other product owners)	VB6a	Team Leads (work as an information resource for the team and maintain alignment)
	SB6b	Tribe Leads (in charge of maintaining positive working environment for the squads)	VB6b	Temporary organically formed team roles and structure
	SB6c	Chapter Leads (in charge of salary distribution, and providing learning opportunities, closest to traditional managerial role, but still a squad worker to stay in touch with the frontline work)		
	SB6d	Guild Coordinators (in charge of ensuring smooth cooperation)		
	SB6e	Agile Coaches (in charge of maintaining positive and empowering atmosphere, helping with development, encourage progress, creativity, and adaptability, increasing context sensitivity, supporting other leadership roles, reminding of core principles, monitoring team dynamics, encouraging healthy debate)		
	SB6f	System Owners (in charge of ensuring technological functionality of the systems)		
	SB6g	Chief Architects (in charge of ensuring technological functionality of large systems that cut through several systems at the time)		
<b>HR Practices</b>	SB7a	Individual coaching	VB7a	Annual peer reviews (to deliver feedback)
	SB7b	1-on-1 coaching sessions to deliver feedback	VB7b	Annual stack ratings (to set salary according to value, also a peer review)
	SB7c	Biannual individual development talks	VB7c	Hiring (crucial for Valve's system to function, very specific type of hires - good team workers, proactive, experts in one field but skilled in other areas as well, hire only equally skilled or better than current workforce)
	SB7d	Fail-friendly environment (necessary to learn from mistakes and not repeat them)	VB7d	Fail-friendly environment (necessary to learn from mistakes and not repeat them)
	SB7e	70/20/10 rule (future, present, past - time allocation in meetings)		
<b>Employee Satisfaction (C)</b>				
<b>Overall Rating</b>	SC1a	4.2, 84% friend recommendation	VC1a	3.5, 54% friend recommendation
<b>Overall Strongest Points</b>	SC2a	Work-life balance (4.4)	VC2a	Work-life balance (4.0)
	SC2b	Culture and values (4.3)	VC2b	Diversity and inclusivity (4.0)
<b>Overall Weakest Points</b>	SC3a	Senior management (3.8)	VC3a	Senior management (2.4)
	SC3b	Career opportunities (3.8)		
<b>Positive Opinions</b>	SC4a	Encouraging working atmosphere	VC4a	Working benefits
	SC4b	Helpful and enthusiastic workforce	VC4b	Excellent workforce
	SC4c	Great work-life balance	VC4c	Learning opportunities and room for growth
	SC4d	Upper management transparency		
	SC4e	Good HR practices		
<b>Negative Opinions</b>	SC5a	Lack of growth opportunities	VC5a	Disorganised structure
	SC5b	Chaotic management structure	VC5b	Hidden denied management
	SC5c	Poorly executed HR	VC5c	Toxic working environment
			VC5d	Stagnant projects
			VC5e	Lack of good quality feedback for those who struggle
			VC5f	Hard to predict new employee fit while hiring

Table 1b: Spotify vs. Valve Comparison

Theory	Practical Examples			
	Code	Best practices	Code	Pitfalls
<b>Modern Business Environment Statements</b>				
Companies need to keep up with technological development of the modern business environment	SB2b VB2b VC4c SB2c VB2c	Enabling continuous learning via skill or interest specific grouping like in Spotify's guilds and chapters  Enabling continuous learning via supporting learning from co-workers and filling in new roles in projects Supporting innovation through phenomena like the hack-days Supporting innovation through allowing workers to choose the projects that should be worked on	VC5d	Possibility for stagnant projects
Employees should be upskilled and jobs should require more creativity to not be replacable by AI	SB2b VB2b  VB2e VB3b	Upskilling employees through continuous learning  Hiring people who are capable in multiple areas of focus Enabling fluid employee role changing		
<b>Management Statements</b>				
Traditional management structures can be easily scaled up or down	SB1d	Enabling scaleability through structure	VB1d	Scaleability related uncertainty
Traditional management structures minimise vagueness and enhances clarity	SB5a VB5a SB5b SB5e VB5c SB5f	Providing horizontal and vertical matrix  Utilising team leads as an information resource for the team Setting shared objectives and strategy for the whole company Utilising phenomena such as sync meetings among squads to maintain clarity in bigger projects Utilising project planning and objective setting in project teams Utilising leadership roles to enhance clarity	SC5b VC5a	Can be perceived as chaotic and disorganised
Traditional management structures restrict creativity	SB2b VB2a SB1b VB1b SB7d VB7d	Creating empowering working environment  Utilising autonomous teams to support creativity  Creating a fail-friendly environment		
Traditional management does not support entrepreneurial thinking in frontline employees	SB1b VB1b VB2c	Utilising autonomous teams to encourage entrepreneurial thinking in employees Allowing teams to decide what projects should be launched	SC5b VC5a VB2e	Can lead to chaotic internal operations within the company, alignment has to be maintained Reliance on the hiring process
Traditional management handles differences in opinions through managers	SB6e	Addressing differences in opinion through encouraging constructive debate and monitoring the team dynamics	VC5c	No control or assistance can result in perceived as toxic environment
Traditional management motivates workforce through managers	SB7a VB7a SB5f	Motivating the workforce through individual coaching Motivating the workforce through peer reviews Providing motivation through various leadership roles		

Table 2a: Theoretical Implications

Theory	Practical Examples			
	Code	Best practices	Code	Pitfalls
Traditional management addresses alignment through top-down power distribution	SB5a	Applying horizontal and vertical matrix		
	VB5b	Allowing organic project structure formation and temporary hierarchy		
	SB5b	Setting shared objectives and strategy for the whole company		
	SB5c	Setting project team objectives		
	VB5d			
	SB5e	Incorporating additional sync meetings during bigger projects		
	SB5f VB5a	Utilising multiple leadership roles to maintain alignment within the matrix		
Traditional management negatively impacts employee engagement	SB1b	Engaging employees through granted autonomy and decision power		
	VB1b			
Traditional management centralises power on a few individuals (managers)	SB1b	Distributing decision power across the entire workforce	VC5b	Possibility for unrecognised management layer to form
	VB1b			
	SB4c	Ensuring development and future mistake avoidance through planning and post-mortem project evaluation		
	VB4c			
Traditional management causes inflexibility	SB2d	Supporting agility and adaptability through enabling employees to autonomously grasp new opportunities and make decisions		
	VB2d			
In traditionally managed companies compensation reflects rank more than competence	VB7b	Determining salary based on a peer based stack review allowing fair salary based on the employee contribution		

Table 2b: Theoretical Implications

<b>Best practices</b>
<b>Continuous Learning and Development</b>
<ul style="list-style-type: none"> <li>• Skill or interest focused grouping to enable knowledge sharing</li> <li>• Hiring people capable in multiple areas outside of their specialty and enabling knowledge sharing among them</li> <li>• Enabling employees to fill in new roles in different projects</li> <li>• Supporting innovation through dedicating time for it within the work day</li> <li>• Supporting innovation through allowing employees to autonomously grasp opportunities and launch projects</li> <li>• Creating a fail-friendly environment that supports innovation</li> <li>• Enabling development and supporting repeat mistake avoidance through post-mortem project evaluation</li> </ul>
<b>Engaging Working Environment</b>
<ul style="list-style-type: none"> <li>• Enabling employees to fill in new roles in different projects</li> <li>• Using employee autonomy to boost engagement and support creativity</li> <li>• Shift decision making towards frontline employees to improve agility and their entrepreneurial thinking</li> <li>• Creating a fail friendly environment to encourage initiative</li> <li>• Encouraging communication and constructive debate</li> <li>• Boosting engagement through contribution-based salary setting</li> </ul>
<b>Structure and Guidance</b>
<ul style="list-style-type: none"> <li>• Enabling scalability through flexible structure like a horizontal and vertical matrix</li> <li>• Utilising leadership roles (without typical managerial powers and with frontline work) to maintain alignment and clarity</li> <li>• Setting shared company objectives and strategy to maintain alignment</li> <li>• Supporting larger collaborations through additional sync meetings</li> <li>• Utilising project planning and goal setting to maintain clarity</li> <li>• Monitoring team dynamics and assisting with conflict resolution</li> <li>• Supporting personal development through individual coaching</li> <li>• Supporting individual development via peer reviews</li> <li>• Allowing temporary hierarchy to form naturally within teams</li> </ul>

Table 3: Best Practices

<b>Pitfalls</b>
<b>Lack of Control and Structure</b>
<ul style="list-style-type: none"> <li>• Possibility for stagnant projects to form without proper motivation and monitoring</li> <li>• Expanding with a structure that lacks control and structure and is fully flat could be difficult or even impossible</li> <li>• Fully flat structure with lack of guidance can be perceived as chaotic by employees if the fit is not right (the employee is not self-managing and good collaborator)</li> <li>• Maintaining alignment is challenging and requires substantial effort</li> <li>• Reliance on hiring process, if the employee does not fit right there might be damage to both the company and the employee</li> </ul>
<b>Societal Problems</b>
<ul style="list-style-type: none"> <li>• Negative social proofs can form among the groups if not tended to</li> <li>• Temporary hierarchy and naturally formed structures can lead to perceived toxic environment</li> <li>• An unintended management layer might emerge naturally and function without monitoring</li> </ul>

Table 4: Pitfalls

Goal					
<i>The goal of this action plan is to help you apply the best practices of alternative management structures gathered from the results of this study to your company in a sustainable way with the possibility to grow the practice and scale up in the future.</i>					
Stage	Step	Action	Level	Frequency	Notes
Before	1	Set shared company objectives and strategy	Company	One time	Make sure everyone is aware of your company's goals and mission to maintain alignment among the employees.
	2	Plan the core structure for your company	Company	One time	Make sure to consider the context of your company, such as the size and culture while creating your structure. If possible, utilise both horizontal and vertical matrix, the groups can overlap. Keep in mind a good structure should be capable of scaling up and growing with the company.
	2a	Form autonomous teams at the base of the structure	Company	One time	Grant them autonomy to launch projects and products and decide their way of working, in return gain creativity and better employee engagement. Make sure every team has a focus that aligns with the company goals.
	2b	Form an assembly of multiple teams that work towards similar goals (for example when multiple teams work on different aspects of the same game)	Company	One time	This is essential in larger organisations as the teams need to stay aligned and dependencies between them have to be managed and minimised.
	2c	Form groups centred around similar interests	Company	One time	Similar formations allow people of similar skill to share knowledge and minimise duplication of effort. If applicable, consider also creating a similar formation where employees interested in a topic can gather and learn new things outside of their expertise from each other.
	3	Create leadership roles within every formation of your structure	Company	One time	Do not create managerial roles in the traditional sense, utilise the leaders to maintain alignment between multiple groups and monitor group progress, but ensure that the leaders are part of the frontline work every day to stay grounded in reality and part of the team.
	4	Create a guidance role responsible for monitoring team dynamics, helping the leaders, conducting individual coaching, and facilitating peer reviews	Company	One time	Even this guidance role should not be a manager with control over the team operations, it should be available to help monitor team dynamics, resolve conflicts and coach members to drive individual development.
	5	Prepare the workforce for the shift	Company	One time	Make sure everyone is well informed and on board with the changes if shifting from a completely different system of an already established company. Structures such as this one require a specific type of employees and their commitment to work.
	6	Plan a welcome process for new hires	Company	One time	Prepare how are you going to introduce new hires to the new system. Make sure you establish the goals of your company and where they can get more guidance if they need it.
7	Set a percentage of the working time to be dedicated to innovation	Company	One time	Give the employees freedom on how and when are they going to utilise this time to explore new ideas and possibilities	
8	Establish a project planning process and post-mortem evaluation	Teams	One time	Make sure every team has a planning process that includes tangible goals and some way of evaluating a finished project to encourage development and continuous learning.	

Table 5a: Action Plan

Goal					
<i>The goal of this action plan is to help you apply the best practices of alternative management structures gathered from the results of this study to your company in a sustainable way with the possibility to grow the practice and scale up in the future.</i>					
Stage	Step	Action	Level	Frequency	Notes
During	9	Build a fail-friendly environment to encourage innovation	Company	Continuous	Make sure the teams know making mistakes will not get them fired, but encourage learning from past mistakes and avoiding them in the future.
	10	Support larger collaborations among multiple teams with additional sync meetings	Teams	Continuous	In case of large temporary projects requiring the participation of multiple teams, make sure all of the teams involved are well informed and stay aligned.
	11	Monitor team dynamics and assist with conflict resolution within or among the teams	Company	Continuous	Enable the guidance role to monitor teams to enhance a positive working atmosphere.
	12	Allow the teams to grasp opportunities to pursue	Teams	Continuous	This will enhance the adaptability and agility of your companies as the teams are allowed to launch a project when a new opportunity arises.
	13	Conduct individual coaching sessions to support personal development	Individual	Quarterly	Establishing such a procedure ensures employees can get guidance while struggling and enables them to continue learning.
	14	Conduct peer reviews within teams to deliver feedback and analyse individual contribution to determine salary	Teams	Biannually	This encourages the salary to reflect the capabilities and contribution of employees. Being rewarded according to how much you contribute to the team can boost employee engagement.
	15	Conduct company progress meetings	Company	Annually	Utilise this to gather feedback from the employees in regards to the system and the general company direction. Remind employees of the core values and goals to maintain alignment. Encourage teams to share their progress in the past year.
	16	While hiring focus on hiring people suitable for the system you have created	Company	Continuous	Make sure to consider whether their skills and personality match with the company structure, it is likely you will require strong collaborators and self-driven people, if the fit is wrong damage could be done to both the company and the new hire.
	17	Enable employees to shift roles and projects	Teams	Continuous	Ensure such changes are first approved by those involved. Allowing a role and team migration could boost creativity and employee engagement as new perspectives are brought in.

Table 5b: Action Plan