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The Transparency Paradox: A Role for Privacy in Organizational Learning and Operational Control

by [Ethan S. Bernstein](#)

Abstract

Using data from embedded participant-observers and a field experiment at the second largest mobile phone factory in the world, located in China, I theorize and test the implications of transparent organizational design on workers' productivity and organizational performance. Drawing from theory and research on learning and control, I introduce the notion of a transparency paradox, whereby maintaining observability of workers may counterintuitively reduce their performance by inducing those being observed to conceal their activities through codes and other costly means; conversely, creating zones of privacy may, under certain conditions, increase performance. Empirical evidence from the field shows that even a modest increase in group-level privacy sustainably and significantly improves line performance, while qualitative evidence suggests that privacy is important in supporting productive deviance, localized experimentation, distraction avoidance, and continuous improvement. I discuss implications of these results for theory on learning and control and suggest directions for future research.

Keywords: [transparency](#); [privacy](#); [organizational learning](#); [Operational Control](#); [organizational performance](#); [Chinese Manufacturing](#); [field experiment](#); [Rights](#); [Interpersonal Communication](#); [Management Practices and Processes](#); [Ethics](#); [Corporate Disclosure](#); [Performance Productivity](#); [Boundaries](#); [Organizations](#); [Social and Collaborative Networks](#); [Labor and Management Relations](#); [Power and Influence](#); [Manufacturing Industry](#); [China](#);

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