Organisation 3.0

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50% – of America's workforce expected to be freelance by 2025

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New forms of flatter, project-based, collaborative, virtual, informal organisations dominate - enabled by technology and a global mobile workforce. As such the nature of work and the role of the organisation blurs.

While there are many different types of organisation, spanning both for-profit and not-for-profit, virtually all are defined by five common features: they are composed of individuals and groups of individuals; they are oriented towards achieving collective goals; they consist of different functions; the functions need to be coordinated; they exist independently of individual members who may come and go. Organisations exist because groups of people working together can achieve more, because of efficiency and effectiveness gains, but also because of a reduction in transaction costs. In the second half of the twentieth century, the dominant organization structure, from governments to corporations, was one bureaucratic hierarchical command and control, based on a strict hierarchy of authority.

In recent decades, fuelled by changing worker attitudes – not easily motivated by commands nor wanting to be controlled - and enabled by technology, alternative organization structures have arisen. There has been a trend towards de-layering or flattening the organization, by the removal of mid-management levels. At the same time, management has sought to devolve authority, decision-making and action through empowerment. Common benefits cited include cost reduction, improved worker attraction, motivation and performance and faster communication.

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More recently network-centric organisations have developed as a response to the emergence of the "knowledge economy" which has moved the focus from production to innovation and created a world in which command and control techniques are viewed as counterproductive to creativity. With a network-centric configuration, knowledge workers are able to create and leverage information to increase competitive advantage through the collaboration of small and agile self-directed teams. For this, the organizational culture needs to change from one solely determined by a single form of organizing (e.g., hierarchy) to an adaptive hybrid enabling multiple forms of organizing within the same organization, often based on social networks.

Heterarchy permits the legitimate valuation of multiple skills, types of knowledge or working styles without privileging one over the other. Network organisations are generally viewed as more nimble and more adaptive to changing market conditions, but less well suited to situations in which a high degree of discipline is required or when decision making authority must be clear and fast (e.g. the military in a conflict situation).

More extreme, and consequently more rare, are holocracys – radical self-governing systems in which authority and decision-making are distributed throughout a holarchy of self-organizing teams rather than being vested in a management hierarchy. Holacracy is claimed to increase agility, efficiency, transparency, innovation and accountability within an organization. The most well known example is Zappos. Zappos CEO Tony Hsieh says, "Holacracy makes individuals more responsible for their own

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thoughts and actions." The company is now at the forefront of developing re-usable holocracy apps for specific processes (e.g. hiring, remuneration). Hsieh says "Hopefully, there are other companies out there that can borrow or modify our apps and then over time, there can be a whole ecosystem of companies that are thinking about, 'How can we move beyond the traditional command and control type of structure?"

Critical to new breed of networked organisations is a changing role for leaders. "In a connected age we need to instil passion and purpose around a shared mission. The networking, if encouraged and not inhibited, will take care of itself." Deborah Anconda, Professor of Management and Organisational studies at MIT, suggests that what is needed in today's workplace is collaborative or distributed leadership. Leaders must increase transparency, teach people to think with a strategic mind-set and ensure lots of 'connectors' are in place.

At the same time as organisations and the role of leaders is changing, so too is the nature of employment and the employer. Since the millennium, there has been sustained growth in freelancers through organisations including Uber, Lyft, Task Rabbit and Elance. According to a study by Edelman Berland, 34% of America's workforce is already working freelance, with forecasts suggesting that number will rise to over 40% of the workforce by 2020 and over 50% by the mid-2020s. So organisations and managers in the future will need to better understand how to recruit, manage and reward workers who are not defined by the traditional employee model. The same will also be true of governments.

For those that do remain employed, the millennial generation is shaking up workplace rules. Typically, they aren't motivated by the same factors as previous generations, such as a job for life, but instead value a good work-life balance and a sense of purpose beyond financial success. In response, organisations seek to create relaxed office environments where staff feel as comfortable there as they do at home. As co-founder of Airbnb Nathan Blecharczyk, says *"We're constantly trying to remind our employees of what business we are in, in creating an environment where they can be totally comfortable and where they actually want to hang out after work".* They are also providing more opportunities for workers to take sabbaticals. As leadership coach Barbara Pagano explains "Time is the new currency [of work] … people don't want to work for 40 years—and then retire … They don't want to wait that long to pursue their goals …". Adjacent to this, and as the world becomes smaller and a generation of global itinerant networked workers comes of age, more executives are consciously seeking to blend business and leisure, "bleisure", choosing to work away, to take longer breaks or even job share and job switch.

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Further, with the collaborative economy growing quickly and with more "workers" becoming producer participants there is a blurring between the very definition of worker, producer and consumer – and even the notion of an organisation's workplace. Shared, collaborative and co-working spaces have emerged as very real alternatives to organisation specific spaces, which dominated the 20th century.

What is clear is that the emerging organisation feels very different from its 20th century counterpart. More networked, collaborative, flatter, human-focused, hyper-specialised, informal, localised, out-sourced, project-based, purpose-led and virtual. The shift in the role of the company from employer to facilitator will challenge many.

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