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SA BOARD FOR  
PEOPLE PRACTICES  
*Setting HR standards*

DECEMBER 2020 • NUMBER 2020/11

# FACT SHEET



**FUTURE WORLD OF WORK SERIES:  
FUTURE FORMS OF ORGANISATIONS**

## INTRODUCTION

This factsheet forms part of a series exploring the Future World of Work. The series is meant to serve as a prelude to the HR community engagements that the SABPP is planning for on the '**HR Standards in the Future World of Work**'. In this factsheet the future forms of organisations are explored. The factsheet does not enumerate all the various future forms, but rather takes a thematic approach to these future forms. It uses a sample of examples that help illustrate the theme and the contrast to the traditional construct of the firm. The table below provides a roadmap of the different themes on organising and the examples that are cited.

THEME	Recalibrating organisations	Re-engineering or reinventing organisations	Reimagining organisations
EXAMPLE	<ul style="list-style-type: none"> <li>Ambidextrous organisations</li> </ul>	<ul style="list-style-type: none"> <li>Yeung and Ulrich's market-oriented ecosystem</li> <li>Holacracy</li> </ul>	<ul style="list-style-type: none"> <li>Commons platform</li> <li>Decentralised Autonomous Organisations (DAOs)</li> </ul>

The examples help illustrate some of the shifts such as the move to *self-managing* and *self-determining* ecosystems. These are informed by the different perspectives on:

-  decentralisation
-  distributed forms of organising at different levels
-  intermediation and disintermediation

The identification of the shifts and different perspectives can help initiate critical reflection on the different underpinning political, economic, social, technological, legal, and environmental (PESTLE) assumptions. And on how the internal and external boundaries of organisations are (re)framed and (re)drawn. These have significant implications for the *emerging settings* and *contexts* of the **HR Standards in the Future World of Work**, and for the possible set of human capital choices and how the workforce and employees are defined.

## EMERGING AND ADVOCATED FUTURE ORGANISATIONAL FORMS

There are various descriptions of the emerging and future organisational forms as well as advocacy and prescriptions for future-fit organisations by practitioners, consultancies, and researchers. The array of these descriptions and prescriptions include delayered, agile, learning, ambidextrous, networked, latticed, post-hierarchical, post-bureaucratic, self-managed, and boundaryless organisations. They may variously suggest re-calibrating, re-engineering, reinventing, or radically reimagining organisations. Examples of these are presented below and represent a sample of the strategic choices that stakeholders, including HR practitioners, need to consider in relation to the organisation's value proposition, business model, and operating model (see the factsheet on *HR's place in 4IR*). These strategic choices create the setting in which the HR Standards are applied within and determine the framing of the boundaries of the organisation in terms of its internal and external environment.

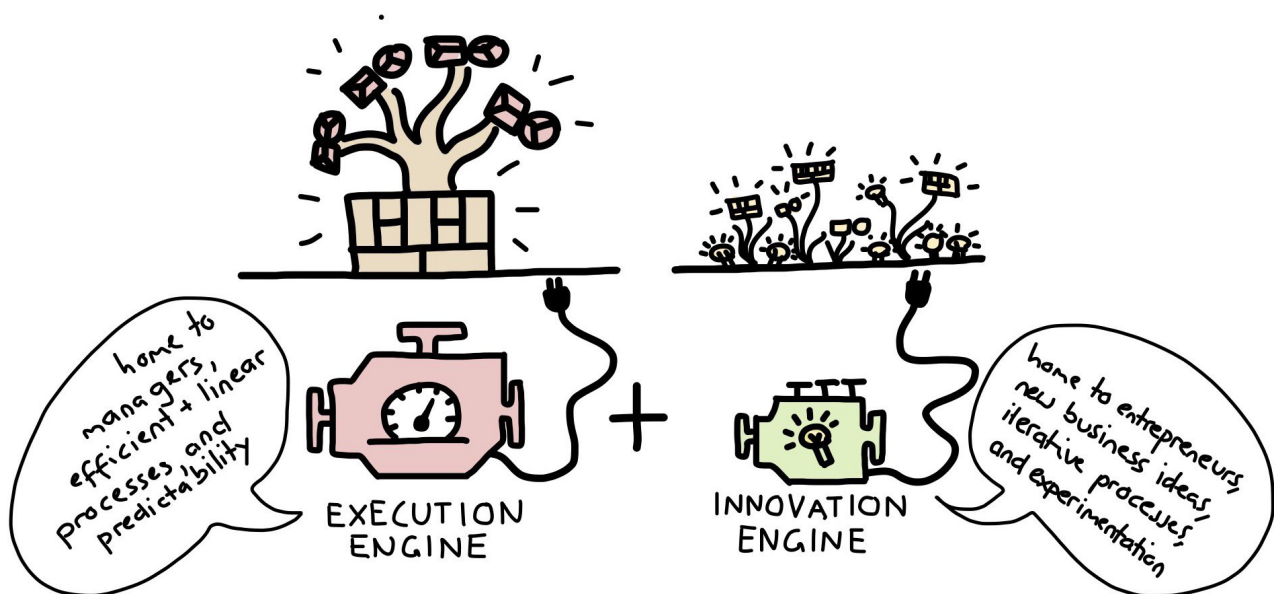
### TRADITIONAL THEORY OF THE FIRM

First, before discussing the examples, it would help to provide context to these examples by revisiting the traditional construct of the modern firm. The traditional construct is derived predominantly from the neoclassical economics and related perspectives of 'pure competition, markets, and profits' (Khurana, 2007; Teece, 2019). These perspectives frame the question of organisational forms in terms of the maximisation of production, output, and consequently profit. There are two options presented, owners of capital or shareholders either select **market** or **firm-based contracting** depending on the efficiencies and transaction costs thereof. This means either a **decentralised**, price-based contracts and production through the market or a **centralised**, employment-based contracts and production through a firm with an internal hierarchy. Here, decentralisation and centralisation have specific meanings in terms of organisation and maximisation of production.

### RECALIBRATING ORGANISATIONS

Although the traditional construct of the firm is that of a closed, bounded entity beholden to owners/shareholders (see the above textbox), multinational and transnational corporations illustrate the complexities of firms and their mandates and boundaries. The multinational and transnational corporations are organised as a portfolio of capital investments and firms, with joint ventures, alliances, and mergers and acquisitions with other corporations, firms, and market actors. The question of organisation in these cases, then, goes beyond simplistic conceptions of production, outputs, and contracts in 'pure competition, markets, and profits'.

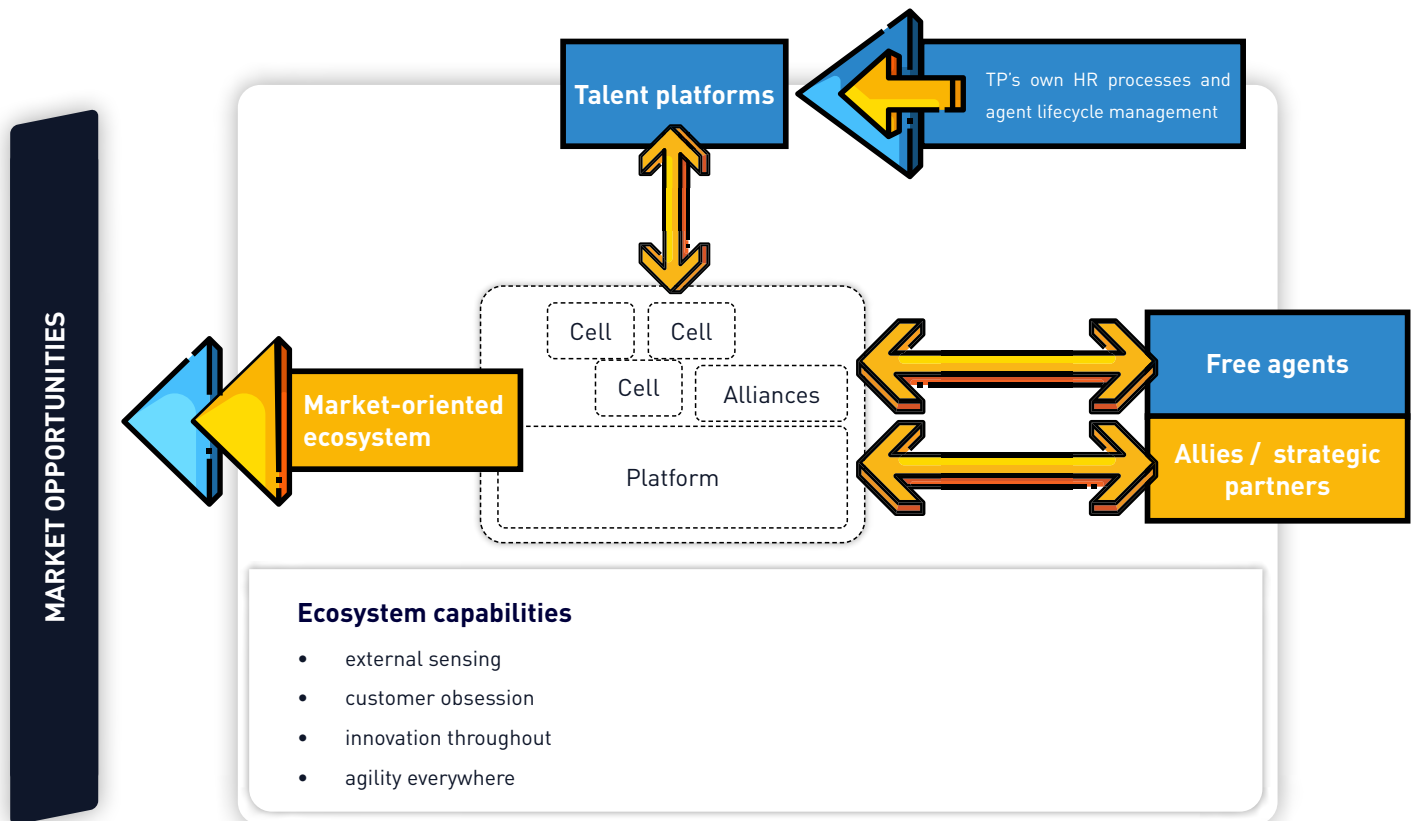
One of the interesting organisational forms debated in the literature in relation to the modern corporation is that of **organisational ambidexterity** (see the factsheet *Innovation and Disruption Dilemmas for Firms and their HR Functions*). This refers to the possibility of resolving the dilemma of how firms manage both efficiency and innovation, that is, being capable of exploitation of existing resources for efficiency and being adaptable and flexible for exploration for innovation. This means developing both the execution and innovation engines within the same firm and managing the tensions between these at the capital and resource allocation, structural, leadership, and cultural levels for instance. This includes the tensions regarding human capital in terms of the strategic choices for human capital and the appropriate sets of people practices. There is no one-size-fits-all formula or template, however, as there are many internal and external contingencies that need to be considered. The design of the ambidextrous organisations would need to consider how *centralised* or *decentralised* the resource allocation, structural, leadership, talent, and culture decisions and execution need to be.



Source: **Osterwalder, A. (2017)**

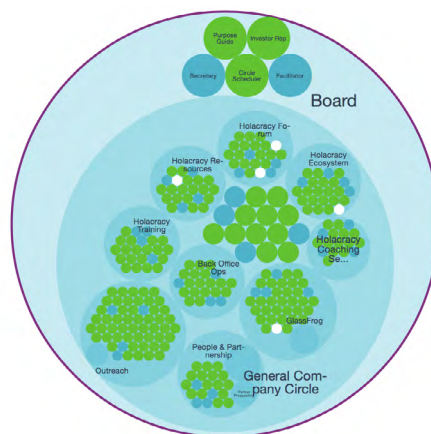
## RE-ENGINEERING OR REINVENTING ORGANISATIONS

There are many calls for *decentralisation* of the traditional, pyramid-hierarchy within firms as well as the *distributed* organisation of teams, leadership, and decision-making within firms based on projects. These calls are not new though. The difference seems to be in how the firm's boundaries are being redrawn and made open, and how the organisation and capabilities of the firm is re-engineered or reinvented for **strategic agility**. One example is the shift in perspective from that of a closed, bounded entity to that of **ecosystems** and the different forms of organisation of these ecosystems and within them. Yeung and Ulrich (2019) provide an illustration of an example of an ecosystemic perspective, as shown in the figure below (see also the factsheet *Innovation and Disruption Dilemmas for Firms and their HR Functions*). Yeung et al suggest the reinvention of the firm as a market-oriented ecosystem. The specific ecosystem developed depends on the strategic insights and foresights on the environment and aligned strategic choices, capabilities, structure, governance, and leadership. This reinvention of the firm and the shift to an ecosystemic perspective challenges how we traditionally conceptualise human capital within a bounded firm and the attendant strategic HR choices and set of people practices.



In the above market-oriented ecosystem, the platform supports the *self-managing cells* by providing support, common activities and resources, and a means to share ideas, knowledge, talent, and resources. The allies serve as strategic partners that complement the platform and/or cells. Along with allies the firm or rather market-oriented ecosystem partners with talent platforms and 'free agents' directly. The capabilities of the ecosystem as a whole is crucial and through which strategic agility is realised.

Another example of decentralisation and distributed forms of organisation is that **holacracy**, a hierarchy of *self-organising* teams directed by an overall purpose. One could see it as a development from the previous notions of adhocracy (or flexible, ad-hoc structures), matrix structures, and the 'networked firm'. However, this may miss the point that it entails envisioning the *entire organisation as self-managing* and the entire organisation dynamically organises and continually re-organises as self-managing teams or autonomous 'circles' of 'roles'<sup>1</sup>. It is not an ad hoc collection of circles. There is a clear framework – comprising of the organisational purpose and rules of the game that serves as an integrative function – within which there is a dynamic structure of emergent, autonomous circles and nested sub-circles. The graphic below provides an illustration of an example structure of circles and sub-circles. Although a collection of self-managed circles, it should be noted that the individual teams may have a hierarchical or autocratic decision-making processes within.



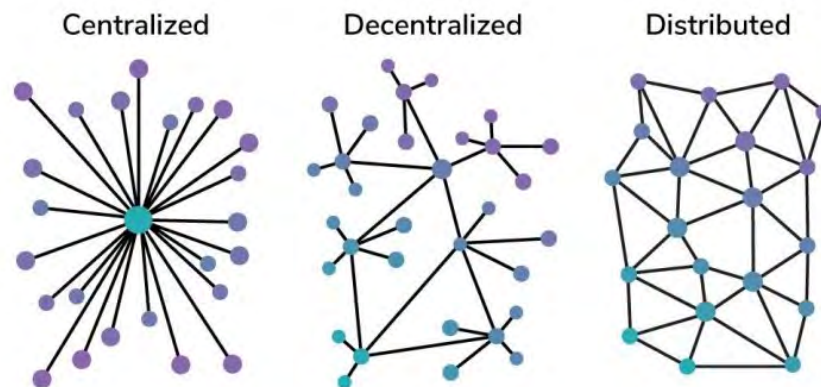
Source: **GlassFrog (2019)**

<sup>1</sup> It is important to note the reference to 'roles' rather than jobs.



## REIMAGINING ORGANISATIONS

In contrast to the reinvention based on Yeung et al's (2019) ecosystemic perspective or the notion of holacracy, the examples of the reimagining of organisations seem to shift beyond self-managing to **self-determining** ecosystems. This means shifting beyond decentralisation within a firm or ecosystem to *distributed ownership* of, and *participation* through, peer-to-peer ecosystems such as a disintermediated, **commons platform** or **decentralised autonomous organisations** (DAOs). These are deliberately disintermediated ecosystems, networks, platforms, or forms of organisations. These are not the same as the intermediary-based platforms such as the large proprietary, digital platforms or the proprietary talent and gig-work platforms for example. These are centralised platforms. The figure below illustrates the differences between centralised, decentralised and distributed.



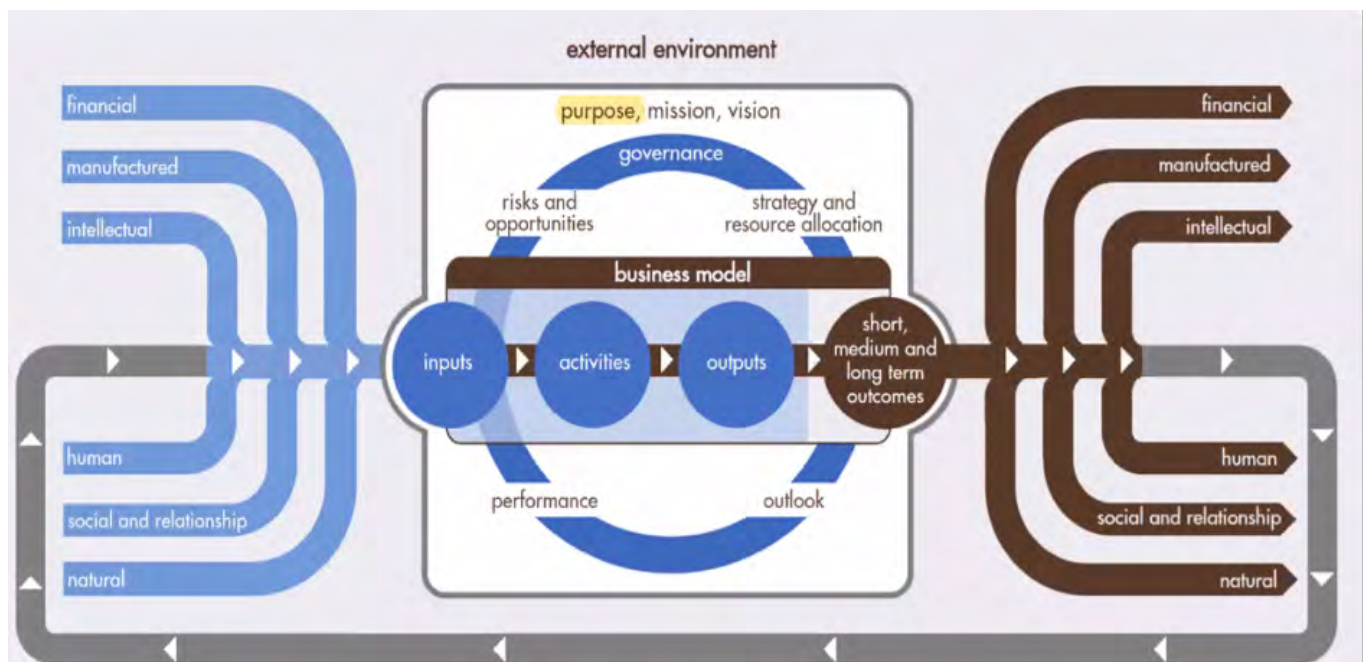
Source: **IOTA (2020)**

The distributed, peer-to-peer ecosystems are enabled by blockchain or other distributed ledger technologies for instance, which in turn enable 'trustless protocols' and autonomous transaction protocols (or 'smart contracts') between peers. It is argued that these can help transcend individual self-interest (as conceptualised in neo-classical economics) and the incentives and (mis) use of common resources (the 'tragedy of the commons' and 'free rider' problem in economics). In fact, advocates of these self-determining networks or ecosystems are critical of intermediary-based decentralisation or organisation, such as the emerging notion of the shared economy which is discussed below in the section on PESTLE assumptions. However, it needs to be noted that certain advocates hold libertarian assumptions and political commitments.



## INTERNAL AND EXTERNAL BOUNDARIES

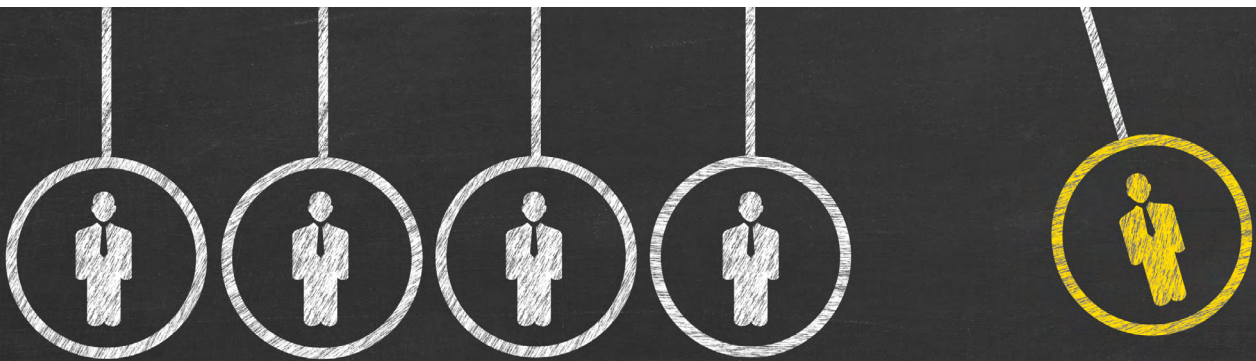
In the discussion of the examples of recalibration, re-engineering, reinventing, and reimagining, one notes that there are differences in how the internal and external boundaries are framed and drawn. These have important implications for how one frames human capital; the custodian and stewardship thereof; the framing of HR strategic choices and related set of people practices; and, consequently, the reporting on it in integrated reports (see the figure below).



Source: *IIRC (2013)*

## PESTLE ASSUMPTIONS

Along with the analysis of the differences in the framing and drawing of boundaries, one also needs to critically examine the political, economic, social, technological, legal, and environmental (PESTLE) assumptions implicit in the above-mentioned examples. For example, the assumptions implicit in constructs such as 'platform economies', 'sharing economies', and 'network economies'. Additionally, the assumptions regarding value creation and the differences between shareholder and stakeholder capitalism.



## HUMAN CAPITAL CHOICES

Traditionally the human capital choices have been captured as decisions on whether to build, buy, or borrow. With the above-mentioned organisational examples with recalibration, re-engineering, and reinvention and the different economies, the human capital choices are expanding to sharing, renting, and on-demand, task-based and other forms of freelance contracting. This poses questions and challenges regarding how HR manages the blended yet differentiated workforce, specifically, what is the 'employee' value proposition for the different segments of the workforce and the HR architecture, HR value chain of good people practices, and the delivery thereof for these segments. This requires critical reflection of how the definition of employees and jobs are evolving, which will be explored in the next factsheet.



## CONCLUSION

The examples cited in this factsheet provide illustrations of some of the future forms of organisations. More importantly, it points to the need for the appreciation of, and the critical engagement with, the different assumptions and perspectives informing them. These assumptions and perspectives have implications for how we conceive of internal and external boundaries, the human capital therein, and the human capital choices. Critical reflection on these assumptions and perspectives help us understand the emerging settings and contexts of the HR Standards in the future world of work.

SABPP members have the opportunity to earn 1 CPD point for reading the factsheet and answering 3 simple questions by following the [link](#). We hope that you enjoy the read!

EARN 1 CPD POINT



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# PREVIOUS EDITIONS OF THE FACT SHEET

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February	EMPLOYER VALUE PROPOSITION
March	QUALITY COUNCIL FOR TRADES AND OCCUPATIONS
April	RECENT TRENDS ON REMUNERATION GOVERNANCE
May	THE PROTECTED DISCLOSURES ACT
June	HR SERVICE DELIVERY MODELS
July	CREATING A SPEAK UP CULTURE AT WORK
August	JOB PROFILES
September	ETHICS HOTLINE MANAGEMENT: BEST PRACTICE GUIDE FOR SOUTH AFRICAN EMPLOYERS
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November	FACING THE FOURTH INDUSTRIAL REVOLUTION: WHAT ARE SOUTH AFRICA'S CONSTRAINTS?
December	NATIONAL QUALIFICATIONS FRAMEWORK ACT AND THE 2019 AMENDMENT ACT

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October	ASSIMILATING DIGITAL LEARNING INTO YOUR ORGANISATION
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