

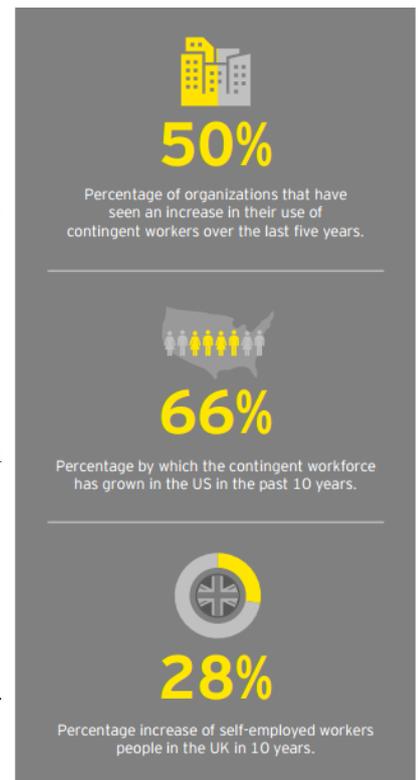
RESEARCH PAPER #5



The Gig economy: Supplementing with Holacracy

By blogronsblog Research Team

In 2008, the world market took a downturn due to the subprime crises. In this environment, people began settling for short term contracts instead of full time employment. This marked the birth of the gig economy. Gig economy is where people start preferring short term contract or work freelance and opt out of formal employment. What might seem to be a ‘Western phenomena’ (See Figure-1¹) is now also approaching India. In the last two years, the number of people who are freelancers has risen from 20% to 25%² This ‘Uberisation’ of the workforce has its share of benefits, with people becoming more independent and being able to work on what truly interests them. The downside to the process being how people may get underpaid in the process or become disadvantaged thanks to the new system (for example, fashion models³ among others⁴). While a lot of literature is out there dealing with the regulatory challenges the gig economy is facing (interested readers are encouraged to refer to Friedman, 2014; Stephano, 2015), this article deals with how to make the gig economy happen through Holacracy and the challenges that it may face along the way.



Holacracy:

Holacracy is “social technology” which tries to make organizational structures more democratic by redesigning them. Most notably, it has been used in Zappos (with

¹Taken from EY report titled Is the gig economy a fleeting fad or an enduring legacy? [http://www.ey.com/Publication/vwLUAssets/EY_Gig_economy_brochure/\\$FILE/gig-economy-brochure.pdf](http://www.ey.com/Publication/vwLUAssets/EY_Gig_economy_brochure/$FILE/gig-economy-brochure.pdf)

² <http://www.thehindubusinessline.com/specials/getting-ready-for-the-gig-economy/article9378562.ece>

³ <http://www.smh.com.au/business/workplace-relations/fashion-models-at-risk-of-underpayment-and-exploitation-in-gig-economy-20170207-gu7mpj.html>

⁴ <https://hbr.org/2016/10/who-wins-in-the-gig-economy-and-who-loses>

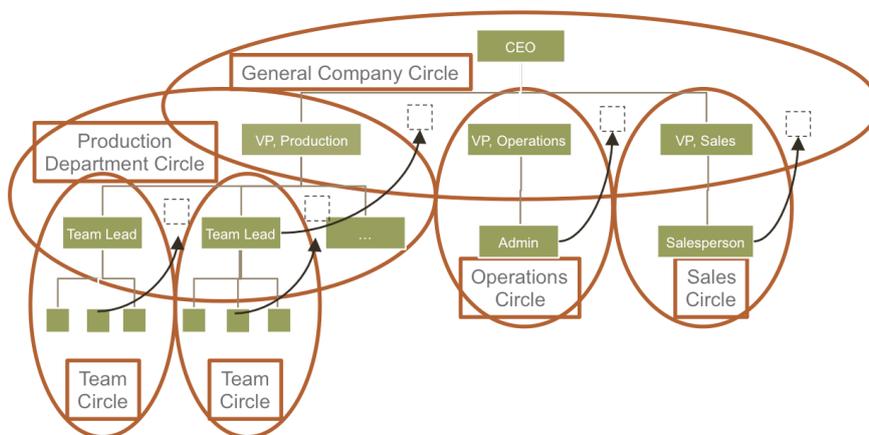
mixed results⁵). Holacracy tries to do away with both formal hierarchy and the need for management. Here is how Holacracy redefines conventional organizations terms:

Traditional Organizations	Holacracy
People have fixed roles centered around the organization.	The work people have roles that are centered around work.
Managers govern the decision-making process (overriding other's opinions).	Authority is distributed among the team.
Organizational structure is not changed once established	The Organizational structure is subject to constant changes with each team self-organizing.
Rules are subject to the person's position.	Everyone in the company is bound by the same rules.

(Adapted from the official Holacracy website⁶)

Ultimately, Holacracy has the following impact on organizational structure:

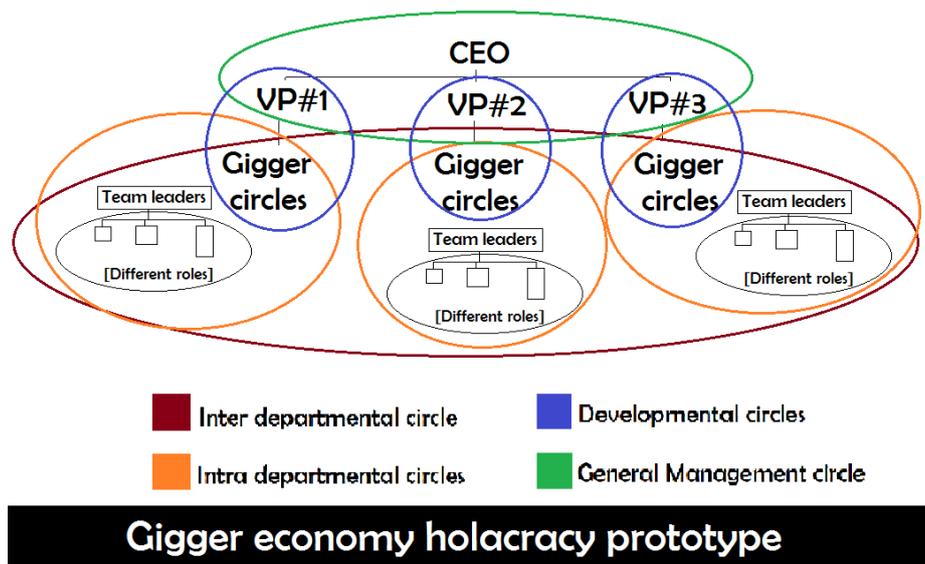
From Hierarchy to Holarchy



⁵ <http://fortune.com/zappos-tony-hsieh-holacracy/>

⁶ <http://www.holacracy.org/how-it-works/>

It is very easy to see Holacracy being the perfect fit for the gig economy. “Giggers” get to choose which work related team (termed as a circle) they wish to be a part of. In fact, for the gigger economy it may be tweaked as follows:



The impact one of the three key HR functions will be as follows:

1. **Recruitment:** This would become bigger given the constant need for people to fill in the roles. In India, it takes an average of 125 days to fill in a position, irrespective of the industry.⁷ Trends such as speed hiring⁸ (12 minute tests looking at the cognitive fit and identifying suitable candidates) might help find suitable candidates. We might even see LinkedIn and other such websites move to the business of being placement agencies from just mere business networking websites.

⁷ http://www.business-standard.com/article/specials/ai-ming-to-attract-talent-117020801449_1.html

⁸ <http://www.thehindu.com/business/speed-hiring-catches-fancy-12-minutes-and-hired-or-fired/article7546616.ece>

2. **Training and development:** While one can tap talent from around the world, people will still need to keep developing their skills. There could be situations of knowledge barter. In companies, employees could be trained based on the orders from above, but with giggers, this simply does not hold the same. One solution could be that either companies start online academies where giggers can apply for new gigs for which they do not currently have the required skills but can get if they successfully complete the training modules. Otherwise, having websites like Coursera and Alison provide compressed MOOCs which eventually connect those who successfully complete the course to the companies who need employees with the said skills.



3. **Culture building:** Research has shown culture to be an integral part of delivering results for the organization. (Schmiedel, Brocke & Recker, 2015; Rosemann & Brocke, 2015) In the gig economy, culture needs to play the role of providing an inclusive and dynamic work environment which enables anyone to come and innovate. The key question with this is, how do organisations use culture as a differentiator when it is changing all the time?
4. **Succession planning:** With the organisation ceasing to have any employees, succession planning may become redundant. This may dissuade team leaders (giggers themselves) from acting as coaches/mentors for other inexperienced giggers. A means of combatting the same is to use websites such as LinkedIn to rate the experience giggers have working with one another and factor that into

the metric to take them on for projects.



Our succession plan is we don't talk about it!

Food for thought:

- **Circle economy:** Looking further into the future, Holacracy might bring about a 'circle economy' where everyone including the CEO is taking up gigging stints. Take for example in the field of football the football manager Claudio Ranieri, who helped underdogs Leicester City win the EPL for the first time. On close inspection, he specializes in taking underdogs to the next level but is not as successful with established teams. Similarly, with AI at the center of the organization, people could be taken at all levels based on their track record. We talk about a person-job fit for an organization. Why can't it be a person-job fit for an industry or even throughout the economy?
- **Teal organization:**
The other interesting idea is that of the teal organization, best summed up

through this table:

Color	Description	Guiding Metaphor	Key Breakthroughs	Current Examples
RED	Constant exercise of power by chief to keep foot soldiers in line. Highly reactive, short-term focus. Thrives in chaotic environments.	Wolf pack	<ul style="list-style-type: none"> • Division of labor • Command authority 	<ul style="list-style-type: none"> • Organized crime • Street gangs • Tribal militias
AMBER	Highly formal roles within a hierarchical pyramid. Top-down command and control. Future is repetition of the past.	Army	<ul style="list-style-type: none"> • Formal roles (stable and scalable hierarchies) • Stable, replicable processes (long-term perspectives) 	<ul style="list-style-type: none"> • Catholic Church • Military • Most government organizations (public school systems, police departments)
ORANGE	Goal is to beat competition; achieve profit and growth. Management by objectives (command and control over what, freedom over how).	Machine	<ul style="list-style-type: none"> • Innovation • Accountability • Meritocracy 	<ul style="list-style-type: none"> • Multinational companies • Investment banks • Charter schools
GREEN	Focus on culture and empowerment to boost employee motivation. Stakeholders replace shareholders as primary purpose.	Family	<ul style="list-style-type: none"> • Empowerment • Egalitarian management • Stakeholder model 	Businesses known for idealistic practices (Ben & Jerry's, Southwest Airlines, Starbucks, Zappos)
TEAL	Self-management replaces hierarchical pyramid. Organizations are seen as living entities, oriented toward realizing their potential.	Living organism	<ul style="list-style-type: none"> • Self-management • Wholeness • Evolutionary purpose 	A few pioneering organizations (see "Examples of Teal Management")

Source: Frederic Laloux, *Reinventing Organizations* (Nelson Parker, 2014)

(Taken from Business+Strategy⁹)

The teal organization looks at self-management as the guiding principle. It also looks at the organization as a means of achieving a goal rather than a structure. This works perfectly with the gig economy, where people are motivated to work their interests.

We may see the disintegration of managers in the formal sense.

The Gig economy is taking flight around the world and it would interesting so see how much Holacracy will shape the future of this new shift.

⁹ <http://www.strategy-business.com/article/00344?gko=10921>

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