



Prospects and Pitfalls for the Post-Pandemic Organisation

Big changes are coming for organisations and organisation designs. Whether they will be for good or ill depends on how leaders confront three key possibilities uncovered by the pandemic.

As a researcher who studies organisations and their designs, I am often asked to make predictions about the future of organisations after Covid-19. It's a perfectly reasonable request. With vaccines promising a possible end to lockdowns and border closures by December, we're all wondering what the "new normal" will look like.

I am not in the crystal ball business, but much like the organisation designers I study, I do think it useful to consider what we might *like* the future to be.

The pandemic has uncovered, and in some cases, amplified certain possibilities. What we will do with them is up to us. Three possibilities stand out for me.

1. **Distributed work: Remote working as the eco-friendly default**

Until very recently, tele-working was considered a perk that had to be justified and earned. Nearly one year into the Covid-19 crisis, it has become clear that remote working, initially an emergency measure to keep businesses afloat while offices were off-limits, is actually sustainable over the long term for a great many employees in a great many companies. Roles and projects that were long assumed to require physical presence in an office turned out to be done just as well, or nearly so,

remotely. Collaborations that, before Covid-19, were assumed to be fit only for physical workspaces migrated smoothly to Zoom or Slack. In future, companies will be seriously asking: "*What tasks, roles etc. absolutely require co-location?*"

After Covid-19, distributed work may become the default arrangement for a growing number of firms. In many ways, Covid-19 may turn out to have been "the great decongestant" – pushing back against the forces of agglomeration economies that also end up producing crowded and polluted cities. Offices can get much smaller as the percentage of commuting employees dwindles. If roughly one out of three employees, say, use the workspace on a daily basis, companies can theoretically save around two thirds of their real estate costs by downsizing.

Millennials, Gen Z and younger staff won't pine for the old days of mandatory commuting. Remote collaboration is second nature for the generations who grew up with Google Docs and multi-player online games. Employees in their forties and older, however, may not want their dedicated cubicle replaced with a "hot desk" so their employer can save money on office space. What's more, the social rhythms of working life have become key to sustaining mental health for many seasoned employees who are now suffering in lockdown.

Visit **INSEAD Knowledge**
<http://knowledge.insead.edu>

At the same time, even die-hard devotees of physical workspaces won't be able to deny the environmental benefits of doing things differently. In the United Kingdom, for example, 25 percent of transportation-related emissions – a category representing **the largest contributor to the overall carbon footprint** – has been attributed to the daily commute. Sustainability offers a compelling rationale for **distributed organising that may convince the doubters**. Alternate, more localised forms of community and affiliation may arise to make up for the important social role the workplace plays today.

Or organisations may become dystopian collections of unaffiliated individuals who never meet, interact through avatars and look askance at the concept of a shared organisational culture.

2. Digitalisation is (finally) here to stay

All-remote working is all-digital working. What CEOs, CIOs and management gurus could not accomplish in terms of accelerating digitalisation, Covid-19 has in a year. As Julien Clément and I discussed in a **recent INSEAD Knowledge post**, with the rise of remote working, digital collaboration platforms such as MS Teams, Slack and Zoom have become central to working life to a degree unimaginable before the pandemic. Of course, these platforms existed prior to Covid-19, but their adoption was driven largely from the top. Employees used them because – and when – they were forced to.

Now, these platforms are increasingly serving as virtual offices, but with digitalisation comes an important difference. In physical offices, meaningful aspects of the way we worked were informal and intangible. There was no system to capture, for example, informal networks of influence that may determine a strategy's success or failure, or the gradual ebbing of morale preceding a wave of resignations.

In virtual offices, nearly every interaction leaves a trace of "**digital exhaust**". Companies face an explosion of data about nearly everything employees do, from the emoji they exchange to the length of their lunch breaks. Add machine-learning algorithms and A/B testing to the mix, and the possibility to launch speculative organisational-design experiments and accurately measure results arises. As an example, a company could "beta test" the merger of two departments by trying it for one project and analysing performance in terms of collaboration data. In other words, accelerated digitalisation during the pandemic could – if the trend continues into 2022 and beyond – enable each organisation to transform into a more adaptable, resilient and effective version of itself using its own

data.

Or we could all end up living in the panopticon: surveilled, measured and manipulated to unbearable levels on the basis of the mountains of data now available.

3. Digitalisation paves the way for algorithmic management

The distribution of work drives digitalisation, and digitalisation drives data availability. In turn, data availability can accelerate the use of algorithms in organisations. This may finally pave the way for the far more autonomous, less bureaucratic workplace we've been hearing about for years now.

Despite the push towards "flat", boss-less companies, examples of non-hierarchical organisational structures among significantly scaled-up companies are still rare, for simple and intuitive reasons. As any human grouping grows in size, its potential to take concerted action comes more and more to depend upon top-down decisions. Anyone who has ever tried to plan a team lunch for more than a few people already understands this. In the language of organisation design, we say that peer-to-peer collaboration doesn't scale easily.

Interestingly, it's not the presence of hierarchy employees necessarily object to – **but its shape** and its tendency to ossify and take over all decisions. Generally, people prefer decision makers to be accessible and seen as competent, not cocooned out of sight by layers upon layers of middle management. But the span of control – the number of people that can be effectively managed by even the best leader – puts limits on how many layers can be peeled away. Beyond a certain scale, managerial intermediaries are needed to ensure subordinates are adequately supervised.

The rise of digital collaboration platforms has reduced the grunt work of management. Coordinating and pacing employees for example, can be accomplished through automated alerts and task-management software rather than personalised email reminders, one-on-one check-ins or management by walking around. Each employee, therefore, occupies far less of their manager's bandwidth than they used to. Theoretically, this increases the span of control, allowing managers to take on more direct reports. As a corollary, organisations could significantly flatten their hierarchy, with algorithms enabling the coordination needed to tie together the efforts of more autonomous and self-managing individuals.

Or we might end up with hierarchies that are flat only in layers, with intolerable and intrusive levels of control and supervision by a few algorithm-

Visit **INSEAD Knowledge**
<http://knowledge.insead.edu>

assisted super-managers.

Sweet or sour?

On one hand, the issues of remote working, digitalisation and hierarchy provoke complex reactions in employees. In each case, they want just enough to make their working lives easier and less friction-filled. The possibilities described above could give organisations much more flexibility in finding a sweet spot of maximum productivity, efficiency and employee satisfaction.

On the other hand, if organisations capitalise on these changes ruthlessly, recklessly and unethically, the result could be dystopian instead of utopian. Using digital platforms to monitor employees without regard for privacy or data protections, slashing away at middle-management layers as a pure cost-saving measure, and doing nothing to combat the erosion of gender parity norms **that the pandemic has wrought** are just a few of the short-sighted options that will also be on the menu.

These possibilities suggest that Covid-19 will likely catalyse organisational transformation. But whether the overall change will be for good or ill will be determined by, among other things, how wisely leaders and designers of organisations act.

Phanish Puranam is the Roland Berger Chaired Professor of Strategy and Organisation Design at INSEAD.

Don't miss our latest content. Join the conversation on the new ***INSEAD Knowledge LinkedIn page*** today.

Follow INSEAD Knowledge on ***Twitter*** and ***Facebook***.

Find article at

<https://knowledge.insead.edu/blog/insead-blog/prospects-and-pitfalls-for-the-post-pandemic-organisation-16081>

Download the Knowledge app for free



Visit **INSEAD Knowledge**
<http://knowledge.insead.edu>