

## Are Offices Obsolete?



By Benjamin Kessler , INSEAD Knowledge

**The COVID-19 epidemic has highlighted the vulnerabilities of the traditional physically co-located office, forcing many Asian companies to work remotely. However, a small but growing number of tech companies are intendedly going “all-remote”. They may well be harbingers of the future of work.**

***This article is part of a series entitled “The Future of Management”, about how changes in culture and technology are reshaping what managers do. INSEAD professors Pushan Dutt and Phanish Puranam serve as academic advisors for this series.***

The workplace is rapidly becoming a more flexible construct. In the UK, for example, more than 1.5 million people **work from home full-time**, nearly twice as many as ten years ago. Up to 70 percent of global professionals telecommute at least one day a week, **according to a 2018 report**.

Researchers have linked the decentralisation of work to higher job satisfaction, productivity and organisational commitment – as well as decreased stress levels and exhaustion. Moreover, it is wildly popular with employees. A 2017 study found that job applicants were willing to accept eight percent lower wages if promised a work-from-home arrangement.

The centrifugal tide sweeping through corporate offices is unlikely to roll back anytime soon. “Epidemics like COVID-19, rising real estate prices in urban clusters and visa restrictions in a de-globalising world may all make remote collaboration more valuable than ever,” says INSEAD Professor [Phanish Puranam](#).

What’s more, a small but growing number of leading-edge start-ups are riding this tide all the way to its logical extreme: dispensing with physical co-location entirely. Digital platforms – Slack, Microsoft Teams, etc. – have greatly reduced distance-based hindrances to collaboration. “All-remote” firms aim to exploit the new technology to the fullest, converting their HQ into a vast, virtual co-working space.

One well-known all-remote company is Automattic, owner of online publishing platform WordPress. Until 2017, Automattic [maintained an office](#) in San Francisco as an optional co-working space, but gave it up due to under-use (although it still has similar facilities in Cape Town and Westbrook, Maine). Other leading digital firms with all-remote workforces include [InVision](#), [Zapier](#) and [Fiverr](#).

## **Organisations without walls**

Software developer [GitLab](#), for example, boasts a workforce that blankets the world, with more than 1,000 team members scattered across 60 countries. The all-remote model permits GitLab to hire the best people wherever they are, rather than being tied down in competitive (and thus expensive) urban hubs such as San Francisco. This is a clear advantage when scouting for sought-after tech talent.

However, the financial benefit is only part of the reason GitLab opted to go all-remote, the company claims. Offices, according to CEO Sid Sijbrandij, breed politics. Intrigues, backstabbing, toadying and other forms of power-brokering behaviour thrive behind closed doors. GitLab believes that getting rid of the doors – along with walls, dividers and all the various physical impediments to full transparency – fundamentally changes organisational

culture. The assumption is that a dispersed company committed to open discourse, with no political manoeuvring, will work more cohesively than a standard co-located company – despite the long distances separating employees.

Using its own enterprise software developed in-house, GitLab brings transparency to the entire workflow. From uploading videos of [core-team meetings](#) to YouTube to crowdsourcing its [employee handbook](#), the company's official protocols are designed to ensure all team members, regardless of location, have access to the organisation's inner workings. Case in point: Not long ago, Sijbrandij himself came under criticism from some employees and the broader GitLab user community after they discovered – via the Wikipedia-like history of revisions filed alongside the handbook – that, citing efficiency reasons, he seemed to be against screening customers on purely moral grounds. Soon afterwards, the corporate stance was clarified and buttressed with provisions of case-by-case review as merited.

The all-remote way of working is strikingly consistent with GitLab's core values and product focus. INSEAD post-doctoral fellow [Marco Minervini](#), who studies all-remote organisations with Phanish Puranam, says, "Being all-remote forces [GitLab] to use tools that make interactions transparent, and more transparency makes it possible to work more remotely. It's a virtuous cycle."

## **AI implications**

GitLab's radical transparency also indicates interesting directions for the future of management. In a conventional office set-up, many interactions go unrecorded. Brief, impromptu exchanges between colleagues may simply melt into the walls, leaving no trace behind. Yet these informal interactions can prove to be pivotal moments for corporate strategy, team performance, etc. Their absence can leave significant holes in the organisation's data collection and reduce the accuracy of subsequent algorithmic predictions based on that data.

In contrast, the voluminous data record produced by GitLab and its similarly transparent all-remote peers could hand them the edge as AI and machine learning assume a larger role in organisational decision making.

Indeed, GitLab already uses algorithms, rather than managers, to guide the allocation of some tasks among teams of code-writing collaborators, based on availability. In the future, thanks to data abundance, an AI could also consider factors like project type and employee work history to select the team member best suited to be the “directly responsible individual” – an oft-heard term at GitLab – to solidify and synthesise collective contributions. All-remote necessarily means all-digital, which opens up the possibility of a greater role for algorithms in management.

## **Transparency and the flat workplace**

Emphasising the “directly responsible individual” points to a paradox in GitLab’s organisational design. On the one hand, it is structured very much like a **conventional hierarchical company**, rather than a flat or boss-less one. This may help explain GitLab’s success with the all-remote paradigm. Centralising authority helps counter the tendency of non-localised work to be poorly coordinated.

On the other hand, the company’s aforementioned transparency radically increases access to information and key discussions. While employees may not have the last word on a given question or problem, nothing stops them from knowing what’s going on and weighing in. In disentangling information-giving and listening from the decision phase, all-remote companies are trying to find the bliss-point between **hierarchy and autonomy**.

Still, it is worth asking whether a similarly transparent culture could be achieved through tele-working schemes without doing away with physical offices entirely. GitLab’s leadership believes that offices harbour centres of power that can perpetuate existing structures of privilege. Companies that allow some tele-working, while remaining co-located, could potentially be the most egregious offenders in this regard, if employees who are able to come into the office every day receive advantages in networking and other areas. Without safeguards, such a system would naturally benefit, say, an unmarried man without children over a mother who feels obligated to work from home due to family commitments, or an employee with mobility issues.

All-remote working also eliminates the “**presentialism**” that often results in employees being judged based more on the amount of time spent in the office than on the quality of their work.

## **Best practices for remote working?**

The COVID-19 crisis is accelerating a change in mindsets. Even a few months ago, more people would have dismissed “all remote” as a software company fad. Today as organisations all over Asia are scrambling to put in place remote working practices to help combat the spread of COVID-19, the question naturally arises as to what are some best practices one can learn from companies like GitLab, and how they could be adapted to other sectors where human interaction and physical infrastructure remain central. Watch this space as we continue to bring you the latest thinking from INSEAD faculty on these matters.

### Find article at

<https://knowledge.insead.edu/leadership-organisations/are-offices-obsolete>

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### About the author(s)

**Benjamin Kessler** was the Managing Editor of INSEAD Knowledge.

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### About the series

#### The Future of Management

A series of blog posts about how changes in culture and technology are reshaping what managers do. INSEAD professors [Pushan Dutt](#) and [Phanish Puranam](#) serve as academic advisers for this series.

#### Covid-19

The consequences of Covid-19 for public health, the global economy and the future of work cannot be overestimated. No one knows where exactly we will go from here, but INSEAD's thought leaders — both faculty and their close collaborators in the practitioner and entrepreneurship communities — possess informed perspectives that will help us not just weather the crisis, but hopefully emerge from it stronger than ever.

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