
Organising in the Metaverse: Five FAQs for Managers



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An explainer on how social interaction in all its forms might take place in the virtual universe.

In the months since Facebook announced that it would rebrand itself as Meta and make the metaverse as widely accessible as rapidly possible, we have been repeatedly asked by senior managers across a variety of sectors what the metaverse might mean for how companies organise themselves. The questions range from the pragmatic to the philosophical. At the core, however, they pertain to whether the metaverse is likely to become a legitimate context for different types of social interactions. If so, this will have profound implications for how companies design their organisations, formulate and implement a future-proof strategy, and manage an increasingly [distributed workforce](#).

The term “metaverse” was first coined by science fiction author Neal Stephenson in a 1992 novel. It has today come to refer to a technology platform that allows for immersive social interaction across a variety of virtual spaces, mediated by avatars (digital representations of users). But while the metaverse has fuelled much of our imagination since its initial

appearance, it has not gained much traction in the commercial realm.

The most recent memory of something close to a mass-market product comes from *Second life* –an online multimedia platform. As early as in the early 2000s, this platform was forecast to enable users to do all the real-life activities in the virtual world. When *Second life* failed to deliver, scepticism in the metaverse outpaced enthusiasm. However, since Facebook **publicly committed last October** to invest massively in the technologies that would popularise the metaverse, the world finally woke up to how important this parallel universe might be. The “metaverse winter” may have ended.

At the moment, most of the use cases of the metaverse lies in entertainment (if you haven’t already, we recommend watching the 2018 movie *Ready Player One*). While the gaming industry was the clear first mover, the music and movie industries quickly followed and many “in-game” performances sprung up. In 2020, Travis Scott’s rap concert saw a record turnout of 12.3 million attendees on *Fortnite*. Other popular musicians such as Ariana Grande, Deadmau5 and Grimes have also held mega-sized concerts on metaverse platforms.

But what does the metaverse mean for players outside the entertainment sector?

Earlier this year, Decentraland hosted a Metaverse Fashion Week, where major fashion brands such as Dolce & Gabbana, Tommy Hilfiger and Elie Saab rushed in to woo the virtual crowd. After all, an audience that can afford a VR headset, have access to high-speed internet connection and the luxury to explore new concepts such as the metaverse is likely to have the disposable income for a US\$1,000 designer handbag.

Yet what are we to make of the fact that people would pay real money for a virtual handbag? Or that major brands start to compete for prime “properties” in popular “cities” in the metaverse as fiercely as they do in Manhattan? Is it in essence any different from investing in art or gold where speculation and signalling may be as important as, or more important than, the utility derived from consumption as a driver of price?

Drawing from our research and teaching in organisation design, online communities and distributed work, we explore five questions pertaining specifically to social interaction, which we consider central to understanding the metaverse.

Q1. The metaverse is big with gamers. Would it be useful for companies at large?

First, the pandemic has made distributed working mainstream. We are now comfortable with virtual collaboration with tools like Slack and Zoom, but learning, creativity and culture are likely to suffer when our interactions are restricted to these formats. In some sense, during the lockdown, we were drawing down on the stock of social capital we had built up through face-to-face interaction. That's not very sustainable.

Metaverse-based virtual collaboration, being more immersive and interactive than technologies such as Zoom and Slack, may do a better job at cultivating deeper connections and richer collaboration. This possibility is enabled by more spontaneous encounters in the metaverse and more high-quality feedback cues during these interactions. Companies such as Meta and Virbela are racing to become the "office" of choice for remote work.

Second, in the longer term, today's gamers will become tomorrow's employees. If you are not familiar with how gamers in their teens (and beyond) interact socially in multi-player online games, then you are missing out on a very important source of insight into what social dynamics in the metaverse will look like. How teens bond, form and break relationships, collaborate and compete may indeed be the best predictor of how they interact in a virtual work environment in the future. So join your kids, or better yet, bring your management team along to a game of Fortnite or Minecraft.

Q2: Are avatars a bug or a feature of the metaverse? Can co-workers really interact as cartoonish figures?

Currently, the technology does not allow for realistic representation in an immersive experience. With rapid technological advancement, representations in the metaverse could take completely different forms. The first alternative is that avatars will get increasingly realistic, so much so that they become the 3-D rendering of one's "real" self in the virtual world. Meta's Cambria - an advanced VR headset that tracks face and eye movement in real time to allow the avatar to faithfully convey one's facial expressions - goes in this direction. Zoom has also recently added avatars that mimic the user's facial expressions.



The second, and more playful, alternative is that the metaverse may expand what is acceptable in social interactions. Masks and costumes are typically acceptable only at special occasions such as carnivals and parties, but the virtual world may introduce new functionalities to masks that people might don for “normal” social interaction. For example, as an indication of social roles, the designated devil’s advocate in a team brainstorming session may show up as a devil avatar, with no ambiguity about the role or expected behaviours. This certainly opens up questions about the choices that people make in presenting themselves.

Finally, avatars can convey certain information that our personas in the real world do not. For instance, concepts such as network centrality that are relevant for social evaluation (similar to the visibility of one’s number of followers on LinkedIn) may become more transparent during interaction. Get used to showing up at a cocktail party in the metaverse with your social indicators hovering above your avatar!

Q3. Can truly collaborative relationships based on trust be built in the metaverse? Or will people with real-world connections simply use it occasionally for professional collaborations?

Trust built in the metaverse may suffice for collaboration in the metaverse. The nature of collaboration itself will change, because the nature of work will be modified to fit the constraints of the metaverse, such as being digitised.

That means even collaboration might change from unstructured and tacit to fairly structured and explicit. For other kinds of collaboration, real-world interaction might still be essential. But frequent business travellers would be pleased that they might have a choice between a punishing three-day, two-night transatlantic trip and “let's meet up in the metaverse”. They would be able to reduce their carbon footprint while showing up as their trusted avatars – a true step up from meeting over Zoom or Teams.

Finally, collaborative play is perhaps easier in the metaverse and may build trust even faster than in real-world interaction. Any HR professional would know the amount of planning and scheduling required to put a paintball team building event together. In the metaverse, this might be a whole lot easier.

Q4. Aren't humans hard-wired to connect in person? How can we expect that impulse to vanish?

There are good evolutionary psychology-based arguments for why we are hard-wired to connect, as a group capable of incredibly flexible forms of organising ourselves. It is also true that for a significant portion of our evolutionary history, that connection occurred face-to-face in small groups.

However, when human societies scaled, group identities developed enormously and very rapidly in the form of tribes, nations and religions. In each case, we maintain connections not only with people who are present, but also with those who are either remembered or imagined. So there are good reasons to believe that we are capable of forming significantly rich and meaningful connections with people whom we have only interacted with in the metaverse. These connections may not be as rich as those in face-to-face interactions, but they may not always need to be. Real-world and metaverse interactions can complement instead of replace each other.

Q5. (This is our favourite) Cognitive science teaches us that we process and act based on imperfect representations of the world around us. So how is our daily experience of interacting with each other any different from interacting in the metaverse?

At an abstract level, it is no different.

The cognitive psychologist Don Hoffman has long argued that natural selection has given each species a particular representation of its ecological

niche, none of which is “real”, only useful. For example, the three-dimensional representation of our human world may not be more “real” than another species’ two-dimensional one, so long as it enables a species to survive and adapt to the represented environment.

However, there are layers of representation that we can construct. The metaverse is a layer of representation within what we usually accept as our reality (although philosopher Nick Bostrom argues that the reality we experience may itself be a simulation).

So is the metaverse another form of interaction via imperfect mutual representation? Sure.

Albert Einstein pointed out that “reality is a hallucination, albeit a very persistent one”. Humans learn about object permanence from around eight months of age. In the same vein, once we learn that virtual objects, environments and social relationships continue to exist after we log off, the metaverse will be increasingly perceived as persistent – and therefore perhaps just as “real” as our current reality.

Find article at

<https://knowledge.insead.edu/leadership-organisations/organising-metaverse-five-faqs-managers>

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