

Future organisation and HR paradox

Many see the need for organisations to evolve from where they are now into something different in the future. It is generally accepted that the future organisation (those that survive) will be agile, dynamic and more self-organising.

The research shows that self-governance gets better results in a VUCA world. The move to a new way of organising does not necessarily mean “re-organisation” but it does mean a new mindset is needed.

The How Report, published in 2016 after years of research and thousands of interviews with over 36,000 employees in 18 countries, looked at the performance of three types of organisation:

- those with top down Command-and-control and “Blind Obedience”;
- those where direction was set at the top and cascaded down with more or less “Informed Acquiescence”;
- those which were dynamic with a lot of self-organisation and “Self-Governance”.

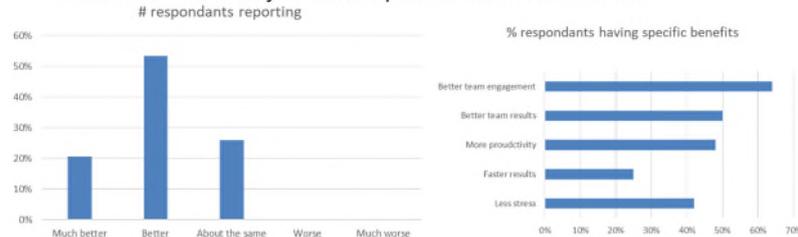
On every metric, self-governance performed better whilst those with strictly enforced obedient hierarchies performed worse:

It would be a mistake to assume “Blind Obedience” or “Informed

On the one hand many organizations and leaders would like to see more empowerment, flatter hierarchies, more engagement and an enhanced, dynamic, agile self-organising organisation. Yet on the other hand they are rooted in legacy systems which sometimes mitigate against all those things.

The key findings of the HOW Report is re-enforced by our Covid19 research, looking at how better those leaders who were trained in using self-organisation did against those who used traditional approaches. Those who used self-organisation felt they coped better with the Covid19 situation than those that used traditional hierarchical ways of leading and got better results:

How much better have you coped in Covid-19 uncertainties compared to other leaders around you? 75% reported better or much better



Leaders who enabled, as far as possible, self-organisation based on a new way of looking at leadership did better. But in that there is a problem. Among the various systems which vary in different organizations, there are three main and common ones adopted by HR as traditional “tools”. These have been popular for many years, especially in large and established, complex companies:

- Competency models aimed at different levels;
- Salary levels (increasing the higher one goes)
- and talent development pipelines (again normally going vertically up the levels).

These systems often mitigate against self-organisation, since they reinforce hierarchy, focus power, heighten prestige, and make movement upwards very desirable. And yet **hierarchy is still needed**, because hierarchy enables control, accountability, stability, career progression and development opportunities up the ladder. Self-organisation may sound like a good idea but in a large complex company one does not get rid of hierarchical assumptions. How to handle this paradox? Maybe a new way of looking at things might help. One does not need to eliminate, or even reduce, hierarchy to achieve dynamic self-organisation. Both can co-exist and be even more powerful.

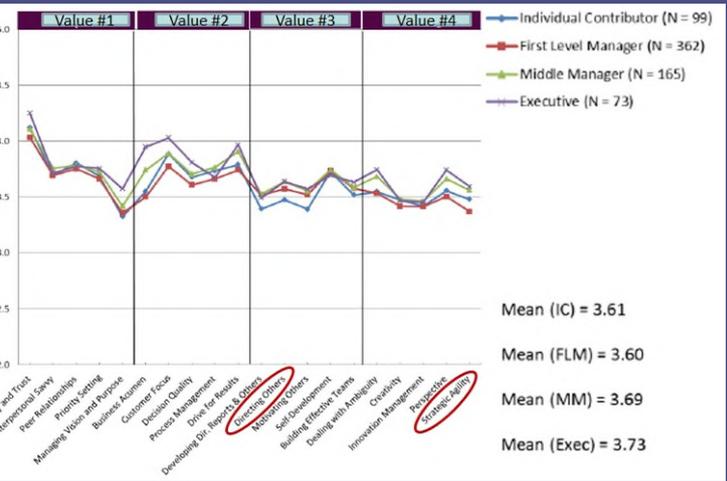


“Informed Acquiescence” only equates to “Hierarchy”. So too would it be a mistake to assume self-organisation necessarily needs to replace hierarchy with a new organisational structure.

Like some managers around them, many HR professionals are caught in the headlights of the VUCA present and highly uncertain future.

Leadership competency ideology – from WHAT to HOW

Leadership competency models tend to define ideals. However, it is hierarchical leaders that are more often than not defined, rather than leadership. And there may be another way of looking at it. A telecoms company did some research of five years of 360 feedback data. The broad four levels of hierarchy were: Executive, Middle Manager of Manager, First Level Manager, and Individual Contributor. The research expected to find, for example, senior Executives would score better than the junior front line for strategic skills, and front line managers would score better on directing skills than those higher up. The results of the analysis was a surprise (some data redacted for client confidentiality). There was little difference in each level:



Rather than redefine competencies, the company dispensed with the approach and focused on values instead, making them common to all levels which helped break down strict hierarchical ideals. To what extent do your organisation’s defined leadership competencies actually help get things done? Can you use the values you have rather than redefine competencies you want as an ideal?

Salary structures – moving towards transparency and inclusion

The assumption of reward is very much tied to the assumption of leadership – the higher up the organisation the more assumed contribution to the organisation’s future and so the higher the reward. Its Leadership 1.0 again. Again, still needed but no longer sufficient. Can we move forward from this? In many tech companies,

engineers are paid more than those who manage them. In more traditional companies, some less traditional approaches have helped increase agility. For example Oticon, a leading hearing aid company, allows people to set their own salary but they have to be published for all to see (and challenge if needed). National Vulcan, an old insurance company, enabled teams to decide how to share out the team bonus. By removing the power of money from the power of hierarchy, organisations can enable more agile self-responsibility and flexibility.

Talent development – from vertical/linear to horizontal/dynamic

Most HR professionals ask “How can the company best develop our talent?” But a question which can extend that can be “How can our talent best develop the company?” This leads to new ways, from upward mentoring to multi-level development programmes where learning cohorts are from different levels. Some companies, like Haier in China, encourage those lower down to form new companies. Hierarchy does not need to be the only pipeline route—many others exist

Summary

The three traditional HR areas of concern can turn into a vicious cycle which work against agility. However, new ways of looking at old areas of HR work can mitigate against this. HR needs to move from the past and embrace the future.



This article is a summary of a longer one which can be found on Linked In [here](#). Your comments there would be most welcome!



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WHO ARE COMPLEX ADAPTIVE LEADERSHIP?



CAL is an ISO certified global firm which combines modern western Complexity Science with some ancient Chinese wisdom to enable leaders to get better results, faster for less resource/effort, resulting in enhanced organisational agility.

Our interventions extend mindsets from Leadership 1.0 (traditional, albeit redefined many times, with leadership done by leaders/managers, downwards), to cross-boundary organisational Leadership 2.0 (where leadership also has to go sideways and outwards without “formal power”), to Leadership 3.0 (where leadership needs to go upwards with leaders needing to enable and learn to follow the people they lead, and followers needing to learn to take the initiative and lead themselves) which all combine into Leadership 4.0 (where leadership becomes a dynamic, not just a role or attribute).



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