# Postmodern & Pluralistic Organizations

## LEADERSHIP BEYOND HIERARCHY

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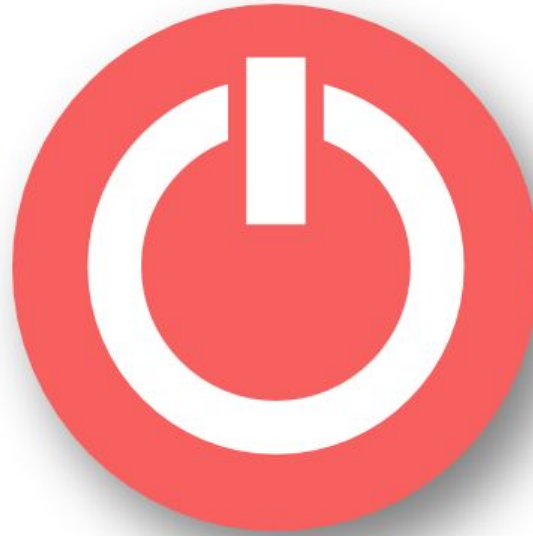
Plural/Pluriel is a collective dedicated to pluralism, the fight against one-dimensional thinking and ready-made paths.

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Tomorrow's leaders won't emerge from top-down hierarchies but from new types of organizational structures.

Decentralization, cooperation and inclusion play an increasing role in the success of any organization. And new governance models have been created to meet this global trend.

The concept of the postmodern organization for instance – one that is decentered, self-reflexive and multi-faceted – is more than 20 years old. The idea that organizations should not focus solely on shareholder value but serve a diverse set of stakeholders (pluralistic organizations) is more relevant than ever, although it was already widespread in the early 2000s. Alternative governance models exist but still need to gain in popularity.

In this interview series, we've asked a panel of experts to describe (not so) new leadership and organizational theories, what they have learned while practicing them and how more organizations could start applying them.

# Foreword: Rebooting the New Economy

**Christophe Bruchansky talks about his professional experience in what was once called the new economy. He reflects on the evolving role of entrepreneurs in the digital economy and outlines a 3-step approach for growing organizations to stay true to their mission.**

*Christophe Bruchansky is the founding member of Plural / Pluriel and author of the book Digressive Society[1].*

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When I finished my engineering studies, a little under twenty years ago, the digital revolution was in full throttle. The digital world, with its start-ups and innovation labs, represented both technological and social progress. It was an optimistic time. A new economy would boost individual freedoms throughout the world; it would bring down dictatorships and corrupt regimes and help all those left behind by the old economy.

Like many other people, I responded to all the fine words with scepticism, but I continued to believe that my work had meaning and information technologies would usher in a new socio-economic model that more closely reflected my generation's values. User-centred innovation, business agility and continuous improvement were all new innovation techniques that would enable us to bring about deep-reaching change to the economy.

As the years passed and my experience extended to different industries, it became increasingly clear to me that the digital revolution actually suited monopolies and the powers that be. The tech giants engaged in endless partnerships and acquisitions to maintain their dominant position. Digital innovation had been standardized, with young tech companies marshalled into hubs funded by the big corporations and governments, with no choice but to fall in line,

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[1] https://plural.world/mythologies/digressive-society/

sooner or later, with their industry's standards and practices. The innovation techniques that had accompanied the boom in digital technologies entered into general use and, with varying degrees of success, become absorbed into the conventional hierarchical structures of large business, applied equally in China, Europe and the USA to defend democracy as well as exploit its tiniest loopholes, offer more freedom as well as contribute to a widespread surveillance system.

I wanted to draw on my experience as an engineer, consultant and entrepreneur to find which practices rooted in the digital economy have led to the current situation. What struck me was not the damaging effects of any one practice, but how entrepreneurs are struggling to align their business' growth with a form of governance that stays true to their innovative ideas and desire for disruption.

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The myth of the start-up, the little laboratory developing its products in total secrecy, is fascinating. We have all dreamt of playing the mad scientist, working away in some garage inventing the next big innovation. This myth does indeed reflect the way many traditional businesses work, with laboratory type companies characterised by the mysterious nature of their creations, their bigbang launch announcements and the control they exert over their image.

I had the opportunity to observe this lab culture in every size of business, from the small group of co-founders to unicorn start-ups with their exponential growth and large international conglomerates. The culture suits small creative companies particularly well. The myth of the laboratory company encourages experimentation and rewards ambitious ideas. The conviction of participating in a wonderful project no one knows about strengthens the bonds between co-founders and their first employees and creates a feeling of pride. This belief is boosted by constant interactions with their future clients, the users of their products and services, through well-tested innovation techniques such as ethnographic research, prototyping and the systematic collection of user feedback. These innovation techniques allow companies to confirm the validity of their ideas and theories as well as giving practitioners the

opportunity to meet their customers and grasp the impact of their work. These encounters can reinforce their beliefs or, on the contrary, sow the seeds of doubt so that they question their personal goals and switch to an entirely different project.

The modest size of young tech companies means that their founders and first employees have to confront on-the-ground realities and take an interest in the immediate consequences of their project. Governance of these small structures can be seen as intrinsically ethical since it is being guided by the personal convictions of their members, who are fully aware of the impact of their project on society. We may agree or disagree with their scale of values, but they are fully capable of exercising their judgement.

This lab culture becomes more problematic when companies begin scaling up. The founders and first employees then tend either to keep their new ideas to themselves and treat new employees as underlings or, in more modern organizations, create multiple innovation hubs internally, with each autonomous team pursuing a specific objective defined by the executive management team. In both cases, the founding members unintentionally usher in a culture where the company's employees are no longer encouraged to develop a sense of the bigger picture in terms of their actions.

Founding members continue to believe in their own discernment and entrepreneurial qualities. But they are no longer directly confronted by the consequences of their project, or else their project has grown to such an extent that they can no longer monitor its every development. Their decision-making process ends up triggering distrust, whereas from their viewpoint they are simply applying the management methods underpinning their company's success.

As for the innovation teams, they adopt the same agile methods and user-centred design as their company did at the start, except that the methods are applied in an increasingly utilitarian manner, offering no real opportunity to question the ultimate purpose of their work. The focus shifts to measurable and scientific techniques, a Taylorist interpretation of innovation wherein debate and questioning are limited to the pursuit of ever more fragmented and tactical objectives. I have observed that this transition from reflexive innovation to

Taylorist innovation is typically completed when the business is listed on the stock market, or, more specifically, when the company's founders find themselves no longer able to make their own choices and be entrepreneurs. Instead they need to serve as an administrator hemmed in by what Max Weber calls the iron cage: a cage where all decisions are taken in a supposedly rational fashion, based solely on accounting factors and maximization of economic gain without taking externalities or the purpose of the activity into account.

Strong-minded business owners can delay this tipping point, stand up for ideas their investors feel are foolish, cultivate their image as gurus, lead the way and describe the things that, over and above financial results, are worthy or unworthy of engagement. But the size of their company puts an end to their credibility in this role and in the absence of any other forms of governance, the transition to accounting- and scientistic-based management of the company is inescapable.

To avoid the Taylorization of innovation and a scientistic paradigm whereby every financial profit is equally valid and no one cares, the people heading high-growth companies need to transform their governance mechanism. They need to be brave to effect such a transformation because it involves abandoning some of their prerogatives, but that is the price to pay for their company retaining its unique features and continuing to pursue objectives above and beyond maximizing financial results. This transformation can take place on several levels; I do not intend to talk about employee involvement in boards of directors, the freedom-form companies movement (a term popularized by Brian M. Carney and Isaac Getz) and self-managing organization models (e.g. sociocracy and holacracy). Instead I am focusing on actions that are closer to workers' everyday experience, techniques I have already observed in the innovation field and that could be tweaked to allow companies to grow while continuing to move the goalposts, do things differently and transform the economy in the area where they operate. These actions can be grouped into three stages.

## First Stage: Encourage Each Employee to Form their Own Opinion

The first stage is to allow and encourage each employee to form their own opinion on the purpose of their work. Innovation techniques that focus on interactions between team members and the people using their products and services are a step in the right direction. The approach whereby all their tasks are defined beforehand by analysts and business owners, without any opportunity for the team to participate and find meaning in their work, is neither right nor effective. It prolongs time to market, demotivates employees and results in bad decision-making. Most digital companies have learned the lesson. But they need to go further: encounters with users should not be reduced to data gathering but be rooted in a spirit of dialogue where employees are encouraged to do more than simply create or enhance a product or service, but to feel sympathy for the people they meet and find lasting and fair solutions to their problems.

Open source development and co-design workshops are examples of innovation techniques in which users are not only observed but encouraged to take part in the creation of products that they will end up using. These techniques are a way to move from a purely utilitarian mindset and enter into a dialogue with customers and users, to understand their circumstances and the externalities of a business activity.

This greater awareness on the part of practitioners can also be fostered via collaborations and partnerships with public bodies and non-profits, via events open to the public, hackathons and open days. In all the various posts I occupied in a company — engineer, manager or consultant — it is these encounters and interactions that remain fixed in my memory, that most inspired me during my work and guided me in my career. Hierarchies and ROIs evaporate for a moment; you are no longer the literal "employee" but a person in dialogue with others, each contributing their own ideas, desires and opinions.

## Second Stage: Give Employees a Voice

Once employees have been encouraged to become aware of the purpose of their work, the second stage is to give them a voice. Members of an organization never fully pursue the same goals, they never have exactly the same priorities and may think of the purpose of their work in different ways. The variety of ways people have of finding motivation in their work is a richness. Expressions of this variety are a positive sign, implying that everyone can appropriate the company's mission and that this understanding can change over time, an essential characteristic for a business that wants to endure. To give employees an opportunity to articulate the meaning of their work in their own terms is to allow the corporate culture to live and evolve in line with its environment.

This is something that information companies too have understood, albeit forced by social media, encouraging their employees to write online articles and to talk and participate at conferences. They recognize that it is a way to get themselves talked about, promote their expertise and attract new talents. But the practice is generally encouraged only in what we might term a technological élite (developers, architects, UX designers, etc.). The opinions employees may express in public tend to become increasingly codified as the business piles on more and more levels of hierarchy. Not frightening investors becomes imperative, not rocking the boat during publication of quarterly results, not contradicting the press releases and not putting a spoke in the wheels of the latest marketing campaign.

Perhaps more harmful still is employees' tendency to self-censor, to seek to satisfy their superiors in the hope of promotion, or simply to avoid problems. The resultant "corporate correctness" sees a progressive tailing off of references to their concerns in all company internal and external communications. The upshot of this phenomenon, which we have all experienced, is the organization of soporific industry conferences where participants carefully avoid broaching dilemmas and tricky

subjects where their management has not previously provided an official response.

A tongue-tied and consensual communication culture is a long-term handicap to any business seeking to meet the challenges of the day, it increased the chances that one way or another it will be caught out by the questions it tries to avoid, whether in the form of a scandal that gets media traction, a competing business that is ahead of its time, or an effort by policymakers to impose regulations.

## Third Stage: Open Up Ethical Debates to Staff

After finding a new sense of meaning in their work and acquiring the freedom to talk about it, a final change needed in fast-growing businesses is to open up the debate about ethics to staff. It is almost as if certain leaders of large corporations were unable to admit their powerlessness in the ethical sphere, seeking instead to curry favour via set-piece events where they make empty promises to their staff, followed by the announcement of a handful of symbolic actions. Their aim is to convince employees and public alike that they are righteous leaders with the ability to settle ethical questions relating to their industry at the highest level of their companies.

But can the ethical behaviour of large corporations really be dependent on a handful of individuals? Are business leaders destined to forever feel ashamed about their lack of credibility in this regard? Instead of attempting to curry favour, would they not be better advised to usher in a transition and empower a community of individuals to assume this responsibility?

An example is the startling failure of companies like Uber to anticipate the ethical problems of the gig economy. Tech employees for the first wave of gig economy companies were clearly not encouraged to address these challenges. Even if they had been able to discuss them and arrive at a consensus among themselves, the impact of the gig economy on certain socio-professional classes would have required them to open up the debate to those impacted as well as to the wider society. If we accept

that such debates are unavoidable and that ethical shortcuts ultimately come at a cost to companies, would it not be sensible to encourage employees to debate such issues at an earlier stage?

It is very much in the interests of leaders of fast-growing businesses to tackle ethical issues in very close consultation with their staff and without ever pronouncing how such values should be put into effect. This approach might seem laxist and highly convenient for business leaders. Seen in isolation, it allows them to lay claim to the best intentions without ever assuming the consequences. Unless true debate on the values of their business is encouraged, a debate visible to outsiders and where everyone is invited to take part.

This is an approach already followed by a good many business leaders, and it demands far greater tenacity and courage than when they control every corporate utterance, resulting in inevitable omissions and bland, timorous messages.

Across different industries, countries and cultures, I have been surprised by the consistency with which managers appropriate vocabulary and talking points of their leaders to navigate internal politics at their company, defend their projects and push their successes to the fore. Defining a broad outline of a business' values, expressed in contrasting language and terms (modernity over status quo, durability over throwaway, generosity over greed) provides a fertile terrain for discussions that has a more far-reaching impact on the business than any form of top-down initiative, however praiseworthy.

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Unfortunately, few business leaders are prepared for this transition, torn between the role of Schumpeterian entrepreneur that characterizes young businesses and the role of administrator focused entirely on maximising shareholder profit. A third way is possible, encouraging both innovation and debate, employees to think about the implications of their work, to speak out and debate ethical issues relating to their sector.

If a new economy is reduced to its start-ups, it will never reach maturity. It is necessary to incorporate a transformation in the way its major corporations and organizations operate. Agility and lean methodologies, intrapreneuriat and continuous improvement are all examples of practices whose full potential can only be exploited in decentralized organizations. Rather than defining a new economy in purely technological terms, should we not also include a reversal of the role that employees play in organizations, a transformation of governance rooted in collective intelligence? Would this not be the most natural use of the innovation techniques available to us, and the best way to give meaning to the digital revolution again?

# Multiple Ways of Organizing Beyond Just Hierarchy

**Dr. Grace Ann Rosile talks about postmodern organizations, the ensemble theory of leadership and how to move beyond hierarchy.**

*Dr. Grace Ann Rosile is a Professor of Management at New Mexico State University. Her research interests include ethics, narrative, indigenous storytelling, restorying, and Ensemble Leadership. As an NMSU Daniels Fund Ethics Fellow for 5 years, Rosile produced and co-wrote a series of 7 films on* Tribal Wisdom for Business Ethics[2].

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**Christophe Bruchansky: More than 20 years ago, you co-wrote a paper entitled "Pedagogy for the**

**Postmodern Management Classroom: Greenback Company[3]" with Professor David M. Boje. Is postmodernism still relevant today and how much has it influenced management practice?**

*Dr. Grace Ann Rosile*: The term "postmodern" has fallen out of favour in academia, so I do not know of any companies today that use the term "postmodern" to describe themselves. However, if we go by the Boje and Dennehy definition in their 1993 (p. 12) book[4], they describe the postmodern organization as being against racism, sexism, eurocentrism, colonialism, and anti-bureaucratic. The continuing relevance of the ideas of postmodernism and organization is evidenced by the fact that Information Age Press re-issued the 1993 book in 2008. The good news is that it is apparent these ideas are still very relevant. The bad news is that these ideas are still relevant because we

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http://business.nmsu.edu/research/programs/daniels-ethics/tribal-ethics/

3

https://sk.sagepub.com/books/postmodern-management-and-organization-theory/n11.xml

4

https://www.amazon.com/Managing-Postmodern-World-Revolution-Exploitation/dp/1593119151

have yet to eradicate racism, sexism, and the rest of these ills of modernism.

**Do you have any explanation of why the term "postmodern" has fallen out of favour?**

I think that if you look at almost anything in academia, the way our process is structured, it's always based on a new idea. And so you may get your reputation because you have introduced a new idea. And so now we have this fetish and performativity around new ideas when the old ones are still there. I think it's the artificiality of the bureaucracy of professions, and it's not just academia.

**New leaders need new ideas to gain influence. Is there an alternative to this never-ending cycle?**

I have this kind of love/hate relationship with leadership. I really don't like the term leadership because it implies there's one person there and either it's their fault that we're in this problem or they're the God that's going to save us. I think that leadership has fallen into the same trap that other disciplines have of focusing on the new and the good versus the bad, the us versus the them.

**More recently, you formulated an "ensemble" theory of leadership. Would you consider it a variation, an evolution or a departure from postmodern management theory?**

I consider "ensemble" theory of leadership to be an evolution from postmodern theory. Postmodernism questioned foundationalism, questioned the unquestioning following of a body of accepted foundational research. Even the fact that we have "foundational" research in a field called "leadership" implies that we cannot have a leader-less group or society. However, there is a difference between no one being a leader, and everyone being a leader. Ensemble Leadership Theory says we can perform organization with everyone being a leader. The term "ensemble" is drawn from theatre and the arts, where an ensemble performance is one where multiple performers are all the "stars" of the show.

**Is ensemble leadership a reality that we need to recognize or something that we need to build in modern organizations?**

Coming out of Western capitalism, we are trained to create hierarchy. We are trained to see it everywhere and to reproduce it everywhere. But as things changed and as technology developed, hierarchies didn't work anymore. And so organizations were forced to be agile, to innovate and adapt, to forget the strategic planning. So things have changed and organizations are moving more in that direction now than ever before. They're not sure how to do it, and they usually end up recreating hierarchy, but that's part of the training. I think still too many people feel that it's more a system of control, so they feel more secure if they can recreate hierarchy and a rigid structure.

When leaders' workgroups were created years ago, the way they did it was what they call greenfield corporations: they bring people in, train them in a whole new way. They believed that you could not take the existing organization and convert it. And I'm not sure I agree with that, but it's a lot easier when you don't have those already ingrained patterns, because they're so subtle. Those patterns are what David calls antenarrative: they're the things that make the story the way it is, invisible and taken for granted.

**You argue that leadership should not be viewed as static and reified but rather as co-created within in-the-moment relationships. This kind of leadership is radically different from that practiced in most modern organizations. What first steps could modern organizations take to adopt ensemble leadership theory?**

One of the gifts of the postmodern perspective was that it freed us from constraining views of "consistency." Instead of either-or, postmodernism was a proponent of and/also and of paradox. In Ensemble Leadership Theory, this translates into the idea of heterarchy[5].

Heterarchy is a concept derived from anthropologists' studies of centuries-old Mesoamerican cultures. Heterarchy denotes not a dualistic rejection of hierarchy, but rather an acceptance of multiple ways of organizing beyond just hierarchy. Heterarchy is a dynamic, decentered, networked process which overall is more egalitarian

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[5]

https://www.ipma.world/heterarchy-answer-crisis-hierarchy/

while avoiding such dualistic either-or traps like authoritarian vs. egalitarian.  If an organization wished to move in the direction of Ensemble Leadership Theory, I would recommend beginning with adopting some first steps towards bringing more voices to the table. I have identified 7 Ensemble Storytelling processes[6] which I observed in the Coalition of Immokalee Workers organization.

If we're going to include more people, we need the social structures and the storytelling methods that emphasize inclusiveness rather than "I'm the storyteller, I'm going to stand up and tell my story". Instead, we want stories that are co-constructed, that are constructed by the community and stories that allow multiple voices. Ensemble Together-Telling emphasizes letting people speak for themselves rather than selecting one representative for many voices. Ensemble Materiality refers to the physical material conditions of participation. For example, at public demonstrations, women shared the time at the microphone equally with men. Ensemble storytelling processes are the building blocks of Ensemble Leadership, and any of them would be a good way to start.

**Are there any connections or parallels to make between ensemble leadership theory and "leaderful" organizations such as Black Lives Matter?**

I do not feel qualified to comment on the Black Lives Matter movement. However, I can comment on Occupy. Some claim that the Occupy movement was leaderless and thus less effective. Here again, as I mentioned above, I would cite the difference between no one a leader versus everyone a leader. The highly-effective 20+year history of the Coalition of Immokalee Workers[7], whose motto is "We are all leaders," demonstrates how powerful and effective an organization can be with everyone being a leader.

An African American scholar and organizational consultant told me just this week that this concept of everyone a leader is also part of African tribal culture, and is distinctly different from the idea of no one being the leader.

**Would you still recommend the Greenback classroom-as-organization pedagogy[8] for teaching postmodern management in business schools?**

Yes, I would still recommend the classroom-as-organization exercise, as it allows students to structure their own organization. Also, it guides them through "deconstructing" their own group (or organizational "department") meetings, by telling the story of the meeting and then deconstructing that story. For example, one group wrote a story of a problem that had arisen while the department head was absent from the meeting. The story suggested the poor results caused by the problem were the fault of the negligent department head. Then students deconstruct the story. There are at least 7 ways to deconstruct a story, including reversing the plot, reading between the lines, and paying attention to rebel voices. In this example, the students deconstructed the story by telling the untold story. The department head had actually met with a team member in advance of her absence, to prepare the other member to assist the group in the event of just such a problem as the one which did arise. Such ability to analyze a problem from multiple perspectives is perhaps even more important today than it was 25-30 years ago.

One thing both David and I would do differently now is that I would not push the students so much to elect department heads and CEOs. I did have one or two student groups in the mid-'90s who refused to create this sort of hierarchy. In the years since then, I have realized that hierarchy is not the only way to organize. This idea was nowhere that I could see in the business literature 25-30 years ago, although there were some hints in that direction in feminist literature.

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[6] https://journals.sagepub.com/doi/abs/10.1177/0007650320930416
[7] https://ciw-online.org/

[8] https://sk.sagepub.com/books/postmodern-management-and-organization-theory/n11.xml

# Employees Need to Feel That They Are on Board and Part of the Ethical Culture

**Guendalina Dondé talks about the latest trends in Business Ethics, how to move away from rulebooks and follow a bottom-up approach in corporate values and code of ethics.**

*Guendalina Dondé is Head of Research at the Institute of Business Ethics (IBE). She writes and researches on a wide range of business ethics topics. As part of her role, she is also responsible for reviewing and benchmarking different aspects of organizations' ethics programmes. She has contributed to the development and delivery of ethics training to many different audiences. Guendalina holds a Master's degree in Business Ethics and CSR from the University of Trento in Italy.*

*The Institute of Business Ethics[9] was established in 1986 to promote high standards of business behaviour based on ethical values. The IBE is a registered charity funded by corporate and individual donations.*

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**Christophe Bruchansky: In the 2020 Embedding Business Ethics report, you highlight on several occasions the importance of organizing internal events and meetings so that employees have the opportunity to talk about ethics. Do you have any tips on how to organize such events?**

**Guendalina Dondé:** The IBE has been around for over 30 years now and often we are asked what are the main changes that we have seen in Business Ethics over the course of the years. I think that the way in which organizations engage with their employees is one of the aspects that has evolved the most. For an organization's ethics commitments to be effective, employees need to feel that they are on board and part of the ethical culture, rather than just given a set of rules to comply with.

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[9] https://www.ibe.org.uk/

There are different ways in which these events can be organized, and certainly technology widens the possibilities. Some organizations have annual 'Ethics Day[10]', where employees are encouraged to discuss ethical issues, often involving senior leaders. One of the people interviewed in our report provides a very good example of this. He explained that during their Ethics Day, the Chairman and CEO of the group is put in direct contact with all their employees around the world. They can ask questions and he responds online.

Although they have been doing this exercise for over ten years, they highlighted the importance of keeping adapting it to reflect what employees want. To respond to the point raised by some employees as to whether it was the ethics team, rather than the CEO, who responded to the questions, they built a glass booth and installed webcams so that everyone could see, live-streamed, what was happening. Other people were not happy with the process to select the questions to be answered, as they felt the CEO might decide to pick only the easy ones. In response to this, they put all the questions received online and asked employees to vote for the ones they wanted the CEO to answer. He committed to respond to the top 20 questions. He said that this was really well received because people saw it as transparent, democratic and very respectful.

**Is there anything preventing codes of ethics to be defined in a bottom-up fashion? Is it something you would recommend or do you see any disadvantages?**

When it comes to codes of ethics, it is really hard to provide one-size-fits-all type of advice. Understanding the specific context is key to ensuring that a code is effective in inspiring behaviours in line with ethical values. However, it is important that employees feel part of the ethical culture of an organization and empowered to take personal responsibility for their decision-making in potentially challenging situations.

For this reason, many organizations do follow a bottom-up approach, which, in my view, has many clear advantages. Historically, the top-down approach, where the values and code are set in the boardroom and disseminated down throughout the

rest of the organization, has been the conventional approach. However, in some instances, it has resulted in platitudes rather than being fundamental to the way business is done. The enduring example of Enron should serve as a warning on the risks associated with this approach. Conversely, the bottom-up approach is where the values and code are carefully chosen to represent an employee's experience of working in the organization. Different organizations have applied this approach in different ways. Some – especially the smaller ones – have reached out to all their staff to get people's views on their core values and code of ethics. In cases where the core values were already part of the corporate identity, maybe because they had been set by the founder for instance, employees' contributions were mainly focused on ethical dilemmas that they wanted to see included in the code.

As I said, it is up to the individual organization to figure out the approach that is most appropriate for them and for their employees. However, many interviewees highlighted that it is very important that the E&C [Ethics and Compliance] officer in an organization goes out and does talk to people at all levels of the organization – not just at the top! – to ensure that their views are known and taken into account when the various elements of the programme are updated or revised.

**On the one hand, ethics ambassadors need to promote the core values of their organization. On the other, they need to create an inclusive workplace for all, welcome multiple perspectives and constantly challenge their assumptions. How do you know if an organization has found the right balance between the two?**

I think that communicating clearly what an ethics ambassador is (and what is not) is a crucial point here. In particular, it is very important that the trust bond between employees and their local ethics ambassador is nurtured and supported. People should feel that the ethics ambassador is there for them to help them whenever they have a problem. The ethics ambassador doesn't have to be able to give all the answers all the time, but they should be able to point people to the right contact point in the organization or be a first sounding board for

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[10] https://globalethicsday.org/

employees who have a concern but are not sure about who they should talk to.

Ideally, there shouldn't be a conflict between the organization's core values and a workplace that is inclusive for all. These two aspects should reinforce and complement each other. However, if a conflict exists, then the ethics ambassador is in the best position to report the issue to the central E&C team. This shouldn't be done in a way that exposes the individual who raised the questions. On the contrary, it should be aimed at bringing the attention of the E&C team to an issue that they might have missed otherwise, prompt some discussion and, if appropriate, introduce the necessary changes to make sure that the dilemma is resolved.

**Stakes are high for organizations and they need to demonstrate their ethical behaviour to their consumers, policy makers and the general public. Your report mentions a series of KPIs that companies can use to measure the success of their corporate ethics programme. Is there not a risk of gamification? How can it be mitigated?**

I think that measuring the impact of an ethics programme is a very important step in ensuring its effectiveness. Having said that, defining what success looks like and how to measure it can be tricky. The obvious risk of introducing specific KPIs is that people focus too much on the indicators thus identified, neglecting other equally important aspects just because there isn't an explicit KPI attached to them. For instance, if we try to assess the culture of an organization, which is rather difficult to measure per se, the risk might be that we put too much emphasis on the measurable elements of it.

No single indicator will give a definite answer about the culture of an organization. It is important, therefore, not to treat indicators in isolation but to look for links, sometimes in areas that do not obviously seem to connect. On the one hand, this may enable an organization to tell whether the information being fed in through a key indicator, such as the employee survey, is reliable. On the other, a series of alarm bells ringing at the same time in different parts of the enterprise may reveal a serious flaw in the overall culture and therefore in the attitude of the executive leadership.

For example, the results of the employee survey may look good. If, however, customer complaints have been rising and there is a high level of dissatisfaction in the supply chain, this may indicate that the survey is unreliable. Employees may have been unwilling to say what they are really thinking in their survey answers, possibly because they feel intimidated by an overbearing management.

Drawing on a wide-ranging set of indicators also means that not all the information comes from one source. Ethics and compliance, internal audit and human resources all have their part to play. Whereas one of these groups might seek to massage the data, it is less likely that all of them will do so at once.

**Your report indicates that many organizations have moved away from a mainly rules-based, compliance-oriented approach to one based on ethical values. Would you say this is part of a broader move towards distributed organizations?**

These results are very interesting, in my opinion. This shift is clearly emerging in different ways. For example, for the first time since the survey began in 1995, respondents indicate that they see the code primarily as a tool to create a shared corporate culture, rather than a way of providing guidance to staff.

I think this potentially illustrates the willingness of companies to move away from rulebooks and to help people to develop their ethical decision-making. Many organizations now provide some decision-making models to their staff. They are often in the form of questions to ask yourself when you are confronted with an ethical dilemma (e.g. is this in line with our values? Would I be comfortable telling my mother what I've done? What if everybody did it?). They are relatively simple models, but they have proved very effective in helping people to stop and think twice before they make a decision, particularly when they have doubts about the ethical aspects of it.

# What Holacracy Does it to Channel Dissent Into Organizational Learning

**Brian Robertson explains how organizations can adopt decentralized self-organizing structures. He talks about the tyranny of consensus, distributed autocracy and how to channel dissent into organizational learning.**

*Brian Robertson is an entrepreneur, organizational pioneer, and author of the book* Holacracy: The New Management System for a Rapidly Changing World[11]. *He is most well-known for his work developing*

Holacracy[12], *a self-management practice for running purpose-driven, responsive companies.*

Extinction Rebellion[13] *is a leaderless, decentralized, international and politically non-partisan movement using non-violent direct action and civil disobedience to persuade governments to act justly on the Climate and Ecological Emergency.*

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**Christophe Bruchansky: Extinction Rebellion have been very vocal about their support for the Holacracy philosophy, even though they don't follow the method strictly. Have you been in touch with some of their members and do you know what response Holacracy inspired in them?**

**Brian Robertson:** No, I haven't been in touch with any of their members. They didn't work with any of our certified coaches or licensees throughout the entire beginning process. They had a certified coach come in and help them a little bit more recently, but it was much later in the process. Holacracy has spread quite a bit out there, especially for anyone

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[11]

https://businessagility.institute/learn/holacracy-the-new-management-system-for-a-rapidly-changing-world/

[12] https://www.holacracy.org/
[13] https://rebellion.global/

looking at more decentralized self-organizing structures. I'm guessing somebody from Extinction Rebellion heard about it from just that kind of organic viral spread.

**What do you think about the way they adapted the Holacracy framework? Any tips for similar grassroot organizations wishing to adopt a decentralized structure?**

My advice is usually don't adapt it (laughter), at least not at first. That's because until you really understand why it is the way it is, it's really hard to make a change without breaking something core and what it's all about. But it's really hard to do that if you don't work with a coach or get some training or somehow get the expertise internally. Sometimes people do proceed without a coach and without expertise. And sometimes that works really, really well for them. And often it fails.

Extinction Rebellion is lucky. Pieces that they're using seem to be really working for them. Holacracy is a meta-framework for customizing anything and everything in your organization, but if you start messing with the framework itself, it's just too easy to break something along the way and to end up in something that really isn't what Holacracy is going for: you tend to start sliding back to some other old power structure, whether it's a top-down management hierarchy or just who has political clout. My recommendation is to adopt it until you understand fully why it's there and why it is the way it is. And then by all means, if you want to start forking it and evolving it, do it, although most organizations that get there are fine, they don't need to customize it because they can already customize everything with it.

If you can, get a good coach or get somebody to do a training session or at the very least absorb every free resource online you possibly can. There's a lot of free resources: there's a community of practice that will answer questions on the forums for free and there's free software that supports it. If you do have some budget, at least try to get a little bit of training, there are fairly inexpensive training courses run by actual certified Holacracy coaches that will help you immensely. The failure rate is really high when people have no support and no training. So getting help is my number one tip.

**You once said that Holacracy is a rule system for anarchy, without any ruler, but some might argue it's at the cost of exhaustively detailed procedures. Would you recommend Holacracy to any organization wishing to get rid of their rulers, or is there a trade-off?**

Let me just speak to the first part before the question. It's definitely at the cost of structure, but I don't think that's a bad cost or a bad thing. Look at the exhaustively detailed procedures we see in most large bureaucratic organizations, they're way worse than Holacracy. Imagine you went into a large organization today, a conventional one, and you tried to write down all of the rules at play for how this system worked. How many pages would that take? It would be massive. The entire Holacracy rule book fits in about 20 pages! There are some detailed procedures, but it's not anywhere near the exhaustively detailed process we see in most conventional companies today.

It's like a feudal system. You have Kings and barons and peasants. You don't need exhaustively detailed procedures for how power works, because it's really simple. The King can do whatever the hell the King wants. Do you want that, or do you want rule of law? Rule of law requires courts or some kind of dispute resolution process because you don't want to just fall back to the *King decides...* The trade-off is in the complexity of adoption. I don't think there's a trade-off once you get there.

What I hear consistently from organizations that succeed in making the shift to Holacracy is they'd never go back. Once you're there, it can do anything management hierarchy can do. And I think more efficiently and more effectively once you know how to use the rules of the game. We've grown up in top-down command hierarchies, our families, our schools, our societies, they're all organized this way. It's familiar and comfortable. To help people figure out how to operate in a system that is deeply empowering is really, really difficult. That's why I say it needs a good coach or at least some training.

Adopting the Holacracy constitution is not the hard part. You can adopt it with a signature, from the CEO or whoever holds power in your organization. That doesn't change anything until members of the organization know how to use the rules. And that's a massive multi-year learning curve. In an organization which is highly volunteer-based, it can

be even harder because often people don't have time and energy to learn a new way of organizing. They're volunteering for the mission of the organization and they want to go out and execute it, which is great. What I often recommend in a case like Extinction Rebellion with a lot of volunteers is to have the core organizing body use Holacracy. Then you might have the whole organization use Holacracy but you take specific steps to mitigate how long part-time volunteers need to actually learn the rules. That's probably what XR has done by not really adopting Holacracy at the front lines. I suspect there is some Holacracy expertise in that organization, it's just not spread uniformly throughout.

**Here is a phrase from Extinction Rebellion's open documentation[14]: "We promote the ideas of Holacracy over consensus". Do you agree with this assertion? What's wrong with consensus?**

Yes! One of the main goals I had with Holacracy was to get me out of what I call the tyranny of consensus, which is where everyone has a voice, but nothing gets done (laughter). When I was early on in the evolution of Holacracy, when I was looking for a better way to run my company at the time, one of the things I tried was consensus because I wanted everyone to have a voice to drive change. But what I found is when everyone has to agree on things, everything slows down. There's wisdom in every perspective, and consensus integrates that, but it's at a huge cost. Consensus can be a swamp. You can get stuck and deadlocked. Even when you get a decision, it can take massive amounts of time and energy.

Holacracy cuts through all that. It's intentionally not consensus based. Holacracy is distributed autocracy. Instead of trying to come to consensus on everything, Holacracy has a process that does integrate and reconcile multiple perspectives. So it is still multi-perspectival, it gets multiple perspectives in, it gives everyone a voice. But in the governance process of Holacracy, we're using that to get clear who leads what, what roles we need and what authority each role has to lead autonomously. So

the person in the role can then go lead autonomously without needing consensus.

And yet there are also boundaries on that. There are limits to your autonomy and your autocracy in any system. And Holacracy focuses as much on defining the limits as defining the freedoms. Because if you don't know your limits, you actually don't know your freedom. So what Holacracy does instead of just trying to get everyone to agree on everything is really focused on distributing who controls what, within what limits and with what freedom. And then you empower people deeply to go lead their area. And if they need something from others, they know who they can go to for what, what you can count on from others. And when that needs to change, or you don't know, you have a governance process that gives everyone a voice to evolve the structure of who makes which decisions.

When you allow multiple people to have a voice, it generally does work better, but Holacracy avoids the huge pitfall of the deadlocks, the slowdowns, and it integrates the wisdom of autocratic structures. So it's an integration of wisdom of consensus and wisdom of autocracy. It just doesn't organize that autocracy up a traditional command hierarchy.
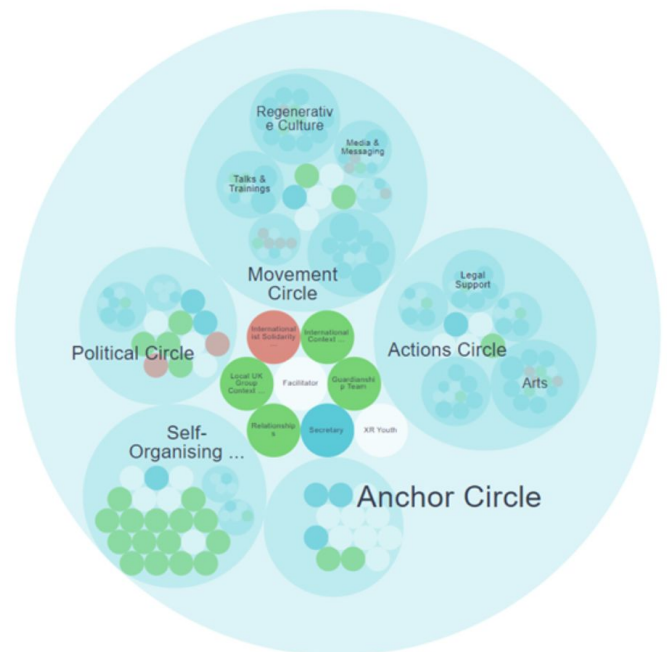


*Extinction Rebellion circles* as visualized in GlassFrog

**How does the Holacracy framework deal with dissent? What happens if some members of an**

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[14]

https://rebellion.earth/wp-content/uploads/2019/04/How-to-start-a-local-Extinction-Rebellion-group.pdf

**organization practicing Holacracy disagree with its ethics or the direction it's taking?**

I get asked this a lot, but the question itself reveals so much about the assumptions we have about most organizations. When we're coming from traditional organizations, management hierarchies are stuck in the tyranny of consensus. Quite often we call meetings for everything. We discuss everything. We try to get buy-in on everything. When that's the frame you're coming from, dissent is a real issue. Just saying the manager is going to decide is fine theoretically but not in practice. Managers don't do that in those management hierarchies. They wait for others to come to an agreement. Or they talk about it forever.

I think we can do better than just toss it up to a manager who's often removed from the situation to decide. Dissent is welcomed in Holacracy. There's lots of dissent in my company. Let me give you an example. I do a lot of public speaking. We get many invitations and I have a colleague that fills the role of booking talks for me. So she gets all the invitations, she builds relationships, she negotiates with them and figures out which conferences to send me to. And then at the end of her process, she presents it to me and says, here's a conference. And many years ago, I would sometimes shoot down the decision. I would say, I'm not going to go. It's not worth my time. I think it's the wrong market, or it's not big enough or whatever.

My colleague has autonomy to do everything that is part of her role, but I also have autonomy to say, no, I'm not going to go. And that was creating a lot of tension for us. Instead of trying to come to a consensus on that, she showed up in our governance process and proposed a new expectation on my spokesperson role. She wanted to add a responsibility on my role to publish my criteria for which talks I'll accept to go. And she wanted the power to choose the talks, as long as she's aligned with the criteria. And it took about two minutes in that governance meeting to get that new expectation out into my role. An interesting footnote of this story is that she was the newest hire in our company right out of college. And I'm the founder of the company. And yet it took two minutes.

So we start out with total autonomy, we're doing our own thing, but then tension develops and tension

leads us to evolve the expectations and the power structure. So what Holacracy does is to *channel dissent into organizational learning*. I still may not completely agree with every conference she picks. And she may not completely agree with the criteria I define and that's okay. We don't need to solve all of that. We have enough of it that it works. And we free each of us to go lead our area without needing complete agreement from everyone.

**Here are some characteristics of postmodern organizations: they are self-reflexive, decentred, deconstructionist and non-totalizing. Would you say that Holacracy is a postmodern framework? And if yes, what would be the main reason why?**

I don't know if you're familiar with Frédéric Laloux's work. He wrote the book *Reinventing Organizations* [15]. He uses a model that looks at evolution of value systems and cultures, and it goes through multiple stages. One of those stages is what he calls a postmodern organization. He puts Holacracy on the stage after that actually, which means that Holacracy has the power and values of the postmodern organization. But it is not that paradigm: it is something new and broader. It reconciles some of the paradoxes inherent in postmodern organization, like the value of integrating perspectives with rapid workable autocratic action, which postmodern organizations often struggle with. The same goes for deconstructionism, you also need to rely on some kind of norms and standards and there's a place for "going with" instead of deconstructing.

So I would say that Holacracy includes the values of a postmodern organization, but I would put it in a category that is post-postmodern. That said, Frédéric Laloux may be using a slightly different definition of postmodern organization from what you're referencing.

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[15] https://www.reinventingorganizations.com/
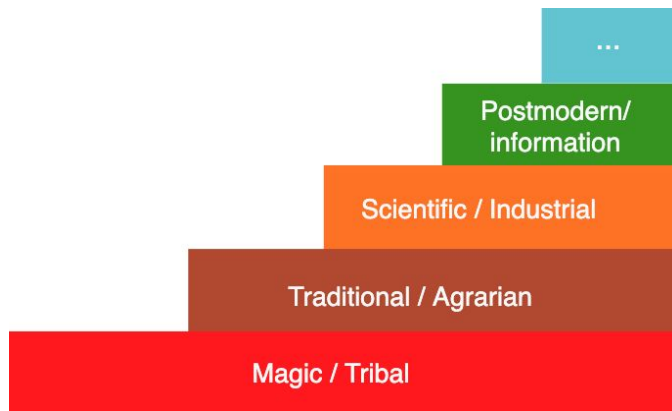
*Laloux maps a colour scheme to the historical development of human organizations: Red > Amber > Orange > Green > Teal > Turquoise.*

**You said in a <u>2014 video</u>[16] that Holacracy is a "meta-game for agile organization", that it allows organizational processes and structure to evolve constantly and adapt to anything coming up. Has the Holacracy framework itself evolved? And what is driving its evolution?**

Yes, absolutely! It's one of the things I most appreciate about Holacracy. It itself is an evolutionary system, just like the way it brings an evolutionary system into companies.

Holacracy is encoded in a constitution, the same constitution used by the thousands of organizations today doing Holacracy. Because it's a meta rule system, it's not telling you how to organize your specific organization. It's giving you a framework for changing anything and everything within it. That framework itself though, is open source and it's managed just like open source software.

I think of it like an open source operating system for an organization. So just like Linux, most people don't get into customizing Linux. They just use it as is, and they customize within it. You can still have a lot, you can define different apps, you can install different plugins. There are so many ways to customize without going into the code of Linux. And the same is true with Holacracy. You can adopt the operating system of the Holacracy constitution and customize within it, but a very small minority of real Holacracy nerds, just like real Linux nerds, will actually submit changes. And there's a whole peer review process for changing the rules of Holacracy itself. There's an open source development process. There's an issue

database and it's version-controlled. The current released version of Holacracy is 4.1, version 5.0 is in our second beta and it should be released in a couple of months.

What's driving that evolution are real issues and real organizations. Holacracy does not evolve because somebody had a good idea or a theory. It evolves because there are people using Holacracy. They run into something that the rules don't elegantly handle yet, where they have a need that the rules don't support. And then they feed that back into the development process. And Holacracy evolves to accommodate that.

Sometimes they find a rule that's overly restrictive. We've seen this in Holacracy 5.0, we've removed some of the rules that we realized were getting in the way, so we kind of carved them back. And in some other cases, there are rules that are a little more restrictive because we found that the lack of something was actually getting in the way. But it's going mostly the other direction with this version.

It's just like open source software, real users with real edge cases are submitting feedback. My organization is heavily involved. Often a user will just submit an issue, but they don't want to get involved in actually trying to change it. And then we'll take that up. We'll investigate it. And if it makes sense to us, we'll then start writing a change to submit to the community. It is first and foremost a community process.

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[16] https://www.youtube.com/watch?v=POO0kH3iAKs

# It's the Culturally Unfamiliar Choices That Require a Commitment

*Shereen Samuels talks about meaningful inclusion, permeability to the new and how to promote diversity in board membership.*

*Shereen Samuels is Chair of the Governance committee at the Calgary Public Library and principal of Samuels Group Consulting (SGC). Shereen has 20 years professional experience with organizational communication and culture; diversity-based issues; non-profit management; human resources, and board management.*

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**Christophe Bruchansky: In your opinion, why do organizations not reflect the cultural diversity of society?**

**Shereen Samuels:** I believe that our organizations reflect the values and culture of dominant society, and I think that's probably true anywhere you have a human endeavour. Our organizations reflect our dominant culture, which is Eurocentric "white" and I put white in quotation marks because white is a social construct.

**Could you explain the difference between diversity management and meaningful inclusion?**

Diversity management is a term that most people are familiar with. And it's been sort of a buzzword in organizational management since probably the '80s, early '90s.

When I did my research, there were two primary concerns I had around trying to create meaningfully inclusive organizations. One is the attitude that has been taken, which is the attitude of *diversity management* and the second is the implications of that term. Who is *diversity*? Diversity is everyone who doesn't fit that dominant paradigm we just talked about. So it's like managing the difficult

others: the ones who don't fit in, who are causing us problems. We have to figure out what kind of special things we need to do to manage diverse people and what really are the implications of that term. And it's centred largely around individual sensitivity training. So the notion that if you could just get white people comfortable enough with people who weren't, that organizations would diversify on their own; that if we were all just nicer to each other and more people talked to each other, that somehow the magic would happen and organizations would just become diverse.

There was very little success over time attached to the concept of diversity management. It's not that it's not a good thing to do. Awareness raising, education, the active work of breaking down prejudices and biases, all of that is valuable work. But it is a separate idea from the idea of making an organization meaningfully inclusive.

Meaningful inclusion is about structures: when I look at what I have constructed here, where have I embedded barriers? And how can I dismantle or mitigate those barriers such that people aren't having to climb over them or try to break through them in order to get to the centre where I am?

It's a shift in focus from "I'm looking at you to see how I manage you" to "I'm looking at myself to see how I manage myself". And that's a much more powerful stance because when you're looking at yourself, that's something you can control: your structures, the structures that you have built, that's something you can control and do something about. And that's why a meaningfully inclusive approach is much more likely to garner results over time.

**Does meaningful inclusion require a change in how organizations are governed?**

There isn't a one size fits all approach to governance. Every organization has to consider what is its purpose, who is its audience, who is its membership, and then what's the most perfect version of that organization for that audience. They seem like obvious questions. But those answers often lie in our subconscious. I think one of the places that a lot of organizations get stuck is the why. Why should we do this work?

Organization require newness in order to thrive. In the 21st century, where things move extremely fast and so much depends on your ability to stay current, not being able to incorporate the new and the different into your model can be the kiss of death. It's not that I don't hold an ideological point of view on the question of pluralism and diversity and inclusion. Obviously I do. However, the reason for an organization to consider it, universally, is that it needs to be able to incorporate new things or eventually it's going to die.

European and North American birth rates are stagnating. Immigration is the way we keep our economies alive currently and for the foreseeable future. And so the reality is that if you are running a business in North America, there is no way around the fact that your audience is diverse, that your membership is diverse, that your workforce is diverse and is going to just increase in its diversity.

In order to be effective, old traditional models of governance and leadership don't necessarily have to change wholesale, but they have to be able to let in the new. When I talk about the concept of semi-permeability, what it means is that you don't have to allow the new to come in and change it out of all recognition. But you do have to allow the new to come in and change things.

When you think of all of the hottest business practice authors, people like Peter Senge or Patrick Lencioni writing about how to make your organization flexible and future oriented, the practices that they espoused came directly from '80s feminist organizational theory (even though it is never credited by any of these guys). What the '80s feminist organizational theory would tell is that there is only one way to make an organization meaningfully inclusive, and that is to demolish the hierarchy and put in place a collectivist decision-making process.

I disagree with that, a flattened hierarchy and consensus-based collectivist decision-making processes don't automatically lead to inclusive organizations. Governance structure to me is not the most important element, because the organization that has a board of directors and shareholders and a CEO and a very clearly traditionally understood hierarchy can still allow for people's creativity to be

included and rewarded, and for that creativity to move them up that ladder into positions of power.

**What are the challenges of an inclusive culture and how can organizations overcome them?**

A lot of times what you have is a leadership that has a very strong attachment to how they define the organization. Inclusive culture requires leadership to really buy into that idea that newness is not a threat, newness is lifeblood.

I sit on the board of the Calgary Public Library. And one of the things that the library had been grappling with and working with in the past is how to meaningfully incorporate the concept of reconciliation and decolonization into the work of the library.

Libraries are an extremely Eurocentric structure. Anyone can walk in the doors of a library. Anyone can pick up what's on the shelves. But the doors simply being open is not the same thing as there being no barriers.

In Calgary, First Nations people who were registered as living on the reserves, which are outside the city limits, were not allowed to have library memberships. Because they didn't live in the city proper, they were registered and living outside the city. So you have people whose land this is historically, they could walk in the doors, but they couldn't take out any of the books. And there was nowhere in the structure or physical nature of the buildings that they saw themselves. We had a whole floor dedicated to the history of Calgary that started when the settlers arrived. That was the history of Calgary as the library was selling it at that point.

So there was work to be done in terms of how we let in what was out there to be let in, that could expand our understanding of what a library's purposes are. But we had to allow that to happen. Leadership has to say there's value in doing this. We can't name precisely what the value will be, but we believe there's value in allowing the new in and allowing it to permeate the organization and seeing where that takes us.

**Allowing the new can mean many different things. How to make sure not only a specific novelty is welcomed?**

I'll talk about the library again. We've been in the process for the last six years of working to diversify the membership of the board. And it's a struggle because everybody knew everybody else. It's not that we were completely homogenous at all six years ago, but certainly we all spoke a similar language.

I think even when we had ethnic diversity and gender diversity, that there was still a bit of a cultural sameness on the board. And we recognized that. And we were constantly trying to like, how do we break through that? How do we talk to and encourage people from the areas of Calgary that don't see themselves as the kind of person who sits on the library board? How do we get them? How do we encourage them to join the library board?

It took us six years. And this year for the first time, we got some actual diversity of perspective in our applicant pool. I think that part of what happens, and this was certainly evident in the library's reconciliation work over the last six or seven years as well, is that consistently making the effort, consistently reaching out and talking to people in the community, consistently demonstrating this is a value and that although you're not doing it perfectly yet, you're going to continue to it at the highest levels of leadership makes a difference over time.

**What advice would you give to other boards wishing to do the same in maybe less than 6 years?**

I don't know if speed can be one of the measures of success. Because oftentimes what is necessary for an organization is to build trust with elements of the community that don't trust them yet. There isn't a shortcut to trust-building. However, I will say that the two things that helped were rethinking the job description and reaching out to communities.

We had to articulate what we consider the most important qualities in a candidate. I think that when you define the ideal candidate in narrow ways, when people do accomplish it from marginalized or underserved or equity seeking communities, they're doing it against enormous odds often. It can be done but it's not easy. Those people who do it are usually struggling to be seen and accepted and valued. So they're in, but they're not all the way in. It

can require rethinking fundamental elements of what you consider to be a qualification.

We really had to talk through what we understood to be a successful interview. Because we had people in the interview process who brought very, very different cultural approaches to being interviewed. For example, the cultural notion that you unpack all of your strengths and all of your connections and you display them proudly and talk about them, namedrop your connections, all of that is a totally culturally specific approach that for many people in the world is an extremely uncomfortable and antithetical way to go about presenting yourself.

So we had to unpack our own cultural bias and blind spots during the interview process. We had choices that felt like they would be easy "yes", because they were culturally familiar. It's the more difficult "yesses", the culturally unfamiliar choices that require a commitment.

The second piece is building community connections. The thing that finally broke it open for us was we found out about an organization that did exactly what we were looking for. They were building leaders in the newcomer sector. And yet we had to build their trust that the opportunity they offered us would not be squandered. That trust-building takes time and part of how it had happened was that at lower levels operationally in terms of building programmes, those relationships existed for several years, so they knew there was willingness and openness and commitment at that level. When they heard from us at the leadership level, they were willing to trust us.

Leadership is not the only thing that matters, people doing front line work can also be the trust-builders in the community, they do invaluable work in terms of trust-building. This is why that permeability is so important, because if those front line people are building the trust, leaders need to be able to listen to what the front line people are telling them and incorporate that as part of the wisdom of the organization on how to move forward.

# Trust is Critical to Inclusive Business

**Justin Dekoszmovszky talks about recent shifts in the field of corporate strategy, the inclusive economy and how to incorporate local knowledge in business decision-making.**

*Justin Dekoszmovszky is the Founder and Managing Partner of Archipel&Co's UK office. Justin has headed sustainability strategy at SC Johnson, PUMA and OVO Energy, leading inclusive and circular business model innovation, shaping internal "cultures of responsibility" and integrating sustainability into core products, partnerships and value chains.*

*Archipel&Co[17] partners with organizations to support and accelerate their transition to an inclusive economy.*

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**Christophe Bruchansky: Could you tell us what an inclusive economy is?**

**Justin Dekoszmovszky:** There are a variety of definitions and a variety of academics who have coined it in different ways. The way it's most typically used is within the realm of diversity and inclusion (D&I), quite often in the U.S. We are not working on D&I. We're working more externally on how our clients do their business and engage with consumers and suppliers. It's more about inclusivity outside of the firm. But the two go nicely together, of course.

When we talk about an inclusive economy, we're talking about one that includes those who are marginalized in communities, cultures, societies and governance: those who are most precarious, not necessarily those who are poor in absolute terms but in relative poverty.

We work as much in Europe as we do in Africa and India and in other parts of the world. We still have this sort of colonial, post-colonial, neo-colonial conception of where poverty is. What we're seeing more and more often now in "developed" countries is that relative poverty is increasingly everywhere.

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[17] https://archipel-co.com/

For us, an inclusive economy is one that is delivering value for a much more inclusive, broader set of stakeholders, not primarily focused on delivering value to investors and to owners of capital and companies. We're not deep socialists *laugh*, but we absolutely believe that our economic system will only be sustainable if we improve the way it can create value for a much broader set of human beings.

**How does Archipel&Co make it happen?**

We're going through a bit of a transition. We have been in the past very much acting as a consulting company. We have worked with large companies to improve how they do business in the first and last mile of their operations.

The first mile is where do they get their supplies from. Can they be more nuanced and more strategic about how they use their procurement to create positive impact, primarily social and income benefits?

The last mile is more focused on how they engage low income, precarious consumers. If they have a product or service that is valuable to those consumers, how do they do that in a way that is inclusive? How do we improve that value proposition for those types of consumers or buyers or users? Can they create a broader set of opportunities within their sales and distribution operations to create interesting opportunities for the informal sector, micro entrepreneurs, small businesses, etc.?

Multinationals are experts at standardization, which is the opposite of what makes the informal sector a generator of a majority of value in a lot of countries, and certainly a majority of employment. The informal sector is inherently agile, bespoke and customized to the city level, subdistrict level, the individual block sometimes, really the smallest unit of community. That's what makes them really interesting.

Big companies and informal sector are the two ends of the spectrum. But when we create the connective tissue, the strategies and the operational processes to have them work together really well, the benefits are massive. You have the scalability and safety of

the big company working with that kind of agility of the informal sector.

The transition we're going through now is one from thinking of ourselves and acting as a consulting firm – which is very much at the service of its clients – to thinking of ourselves as an accelerator agency. We've been working more and more often with social enterprises, foundations and development organizations. We're still operating to deliver value to our clients. And we wouldn't have a business if we didn't do that. But we want the inclusive economy to be at the core of what we do. We can work more flexibly with a variety of players to deliver that.

**What are the main challenges in creating that "connective tissue"?**

We're quite often working with our partners to understand their ecosystem and prioritize who to engage with and when. We've developed methodologies[18] around how they can run a more participatory market research with loops within so that they can get feedback on a more regular basis.

Trust and time are two big challenges. Even in the best of scenarios, it takes longer to do something in a group than it does to do something individually. When you look at the overall process to get to a positive outcome – something that actually works and delivers value -, I think you're going to get that endpoint faster with co-creation methodology. But it takes longer to get to some of those interim milestones, which quite often are what people are really focused on. So I think time is a really important element.

And then the trust piece is really critical: moving away from a very transactional arm's distance relationship and moving towards a partnership. What I'm talking about are true partnerships where there's a shared experience, a shared mission, shared objectives and shared understanding of the challenges. These are really difficult issues that we are dealing with. 80 percent of new businesses fail. And we're not trying to just make a new business that can pay the rent. We're trying to make a new business that pays the rent and delivers value in

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[18]

https://archipel-co.com/expertise/consumers-insights/

social benefits and all these other things. So it's that much more difficult.

So I think that the trust element of being able to engage on the journey of co-creation between different parties, companies, communities, NGO partners, the social sector, public sector, whoever needs to be at that table, that trust element is really critical and quite often it takes a long time.

**Would you say that decentralized decision-making is a prerequisite of an inclusive business strategy?**

There is the decision-making process and also whose opinion, whose knowledge is valued within the company. Those are two different things. It is a huge red flag if a client can't really integrate and sometimes even just respect that local knowledge, the knowledge that's coming from the very bottom of their value chain. It's really a matter of recognizing the expertise, the deep knowledge and the extremely unique and diverse knowledge that sits in those kinds of areas of a company's value chain and being able to integrate that into the decision-making that I find really critical.

A major part of the work that I love is getting those insights from a place where people aren't used to getting them, but they become absolutely central to the value propositions or the new offerings that we're pulling together.

For instance, we were working with a large beauty company and we were able to bring insights into their professional brands (brands that sell to salons) by spending time in very informal hairdressing establishments in India, South Africa and Mexico. And, especially in the Indian context, we were able to bring back some insights around the context in which women were coming into the hairdressing industry, which had been typically male dominated.

These young women were building their business throughout their 20s, doing their apprenticeships in big cities, and then quite often coming back to tier two, tier three cities where they were from in their late 20s to open up their own shop. And it might be a very informal kind of thing, they are building up their clientele and building up their business and becoming an interesting buyer and brand ambassador for this international beauty company.

But the second that they get married, their new mother-in-law or father or husband have a go/no-go decision on whether they continue their business. None of them said this with any kind of animosity or regret. It was just a matter of fact: I've built up a successful business and a profession, but when I get married, I might have to leave that.

That wasn't something which the company's local team, who are male dominated, had fully embedded into their thinking. It was an insight which we were able to garner because we were talking to someone much more individually and personally. They were able to embed that insight: we need to help these women because we're investing in them as a brand ambassador; we're investing in creating loyalty, which can go up in smoke the day after the wedding.

So I guess this is one insight that we're able to garner by having a very different, broader and more trust-based and kind of ethnographic approach.

**As a CEO, why would I put any energy into an inclusive business strategy if it doesn't maximise shareholder value?**

First of all, if you're a CEO and you're only focused on shareholder value, you've been asleep for five years, so figure that one out. It's why I left corporate sustainability and focused on inclusive business.

We're talking about the C.K. Prahalad and Stuart L. Hart argumentation[19]. If you look at the demographics, where is growth happening from a population and demographic perspective? It's happening in the lower income base of the pyramid, lower income sectors. It's happening primarily in the southern hemisphere, urban settings. That's where there are going to be more and more human beings. And if you're a consumer business, you should at least have that on your radar.

If you're selling Teslas, you might not need a *Bottom of the Pyramid* (BOP) strategy on the last mile of your situation, but you should be focused on where your nickel comes from, where your cobalt is coming from. And those are also a component of inclusive business. There's almost always a sourcing

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[19]

https://knowledge.wharton.upenn.edu/article/the-fortune-at-the-bottom-of-the-pyramid-eradicating-poverty-through-profits/

function that can have a more inclusive element to it.

There are a huge amount of opportunities to focus on marginalized, precarious and the relatively poor in a variety of markets. So, you don't have to have a footprint in Africa, India or Asia to be able to engage in these things. Ben and Jerry's has done some phenomenal work creating opportunities for refugees. We've done a lot of work with Le Bon Coin in France, a large peer to peer e-commerce platform, on how they can help those retail businesses in tier two, tier three cities to not only become digital but also to compete given their brick and mortar infrastructure.

If you're a CEO whose teams are 100 percent utilized delivering the current business, and you don't think that there are opportunities outside of that, then I can't help you. But if you do think that there are opportunities, I would argue you should be focused on them in an inclusive fashion. It's the direction of travel for whoever your regulator is, it's the direction of travel for what investors are looking for, and it's the direction of travel for what customers and consumers are looking for as well. So at least start becoming aware even if you're not acting on it.

# Don't be Afraid of Openness

**Nathan Schneider talks about open source communities and the need for open governance models to make them truly sustainable and inclusive.**

*Nathan Schneider is professor of media studies at the University of Colorado Boulder, where he directs the Media Enterprise Design Lab. He works at the intersections of technology and social change, particularly in efforts to develop more democratic business models for the online economy.*

*The Media Enterprise Design Lab[20] is a think tank for community ownership and governance in media organizations. It creates space for researchers and practitioners to challenge the conventional norms and explore possibilities offered by neglected histories and possible futures.*

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**Christophe Bruchansky: Who has shown the most interest in the CommunityRule[21] toolkit developed by the Media Enterprise Design Lab? Community leaders or simple members? What motivates them to refine or change their governance model?**

**Nathan Schneider:** Gosh, I'm not sure I have the data to say. I guess probably the people most interested so far are people interested in governance for its own sake—researchers, hackers, organizers, and the like. I'd like to change that, and make it a tool appealing to a much broader range of rank-and-file game-players, workers, activists, and the like. That said, in the early stages of a project like this, it's probably to be expected that the adopters are going to be the people already interested in this sort of thing. I'm grateful for all the input those types of people have provided to improve it. Meanwhile, we're doing active outreach to both open source developers and mutual-aid activists—two very different kinds of informal communities, where governance norms are often not explicit.

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[20] https://www.colorado.edu/lab/medlab/

[21] https://communityrule.info/

**Many open source communities (and organizations in general) would probably not exist without the willpower of their founders. Do you see the <u>benevolent dictatorship</u>[22] governance model as a necessary starting point?**

I think it's often a very sensible way to start. For instance, CommunityRule itself right now is a benevolent dictatorship under me. I make that explicit in the <u>About</u>[23] page. But as an organization matures, there should be a pathway toward more appropriate governance. I don't think there's a magic threshold for when the benevolent dictator doesn't make sense, but I think it's something along these lines: when is the group no longer a startup still in search of its mission and purpose? When has it become something that stakeholders have come to rely and depend on?

On the other side of the spectrum, some open source communities try to operate without any hierarchy or structure. What is the best way to warn a community about the dangers of structurelessness? Facing the truth must be hard for some members, especially if it implies losing a bit of their individual agency in favour of some formal governance model.

The main idea is we need to make stating governance explicitly an expectation. "Where's your GOVERNANCE.md file?" potential contributors should ask. Then, I think, founders will be under a bit more pressure to outline a governance system with some accountability built in, not just an authoritarian dominion. If they do choose to retain all the control, maybe they'll at least explain why and make clear how people can influence their decisions.

Honestly, though, I think a lot of founders will embrace good governance if they have the chance. The real problem with open source sustainability is not that there are too many people clamouring for people, it's that there aren't enough people stepping up to be maintainers. I suspect that having more inclusive governance structures will make it easier

for people to make the step from occasional contributor to committed maintainer.

**From what you have seen, who in open source communities suffer the most from the <u>tyranny of structurelessness</u>[24]? Would you have some examples to share?**

The people who suffer most are almost surely those who don't bother participating or who feel pushed out. Open source is overwhelmingly male, for instance. It is full of people with technical skills but doesn't do a good job finding roles for people with more administrative or interpersonal skills, which are sorely needed.

The illusion of a tech-bro-driven "meritocracy" has meant the exclusion of those who don't fit into a certain image of what an open source contributor is supposed to be. Spelling out more explicit roles for people who don't fit that image could go a long way toward bringing more and more people into the movement.

**What could public and private organizations learn from open source communities?**

I'm not sure I have anything especially original to say here. But so many more of our institutions could learn from that core insight of open source: don't be afraid of openness, particularly when others will benefit from something being shared. I love the thinking behind the platform <u>Open Collective</u>[25], for instance, which not only helps open source projects find financial support but expects them to be transparent about their financial flows. That's an attempt to translate basic practices that open source projects have with code and extend it to other aspects of organizational life.At the same time, though, the flow should go both ways. While open source can inform other kinds of organizations, open source should not pretend that it's immune to the basic patterns of organizational life. Open code isn't a replacement for basic, explicit accountability.

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https://www.colorado.edu/lab/medlab/2020/04/29/hows-open-source-governance-working-you
23 https://communityrule.info/about/

24 https://www.jofreeman.com/joreen/tyranny.htm
25 https://opencollective.com/

# How to Reach Collective Decisions Without Consensus

*Author: Christophe Bruchansky*

It's 9.30 in the morning and your colleagues are meeting to discuss important questions about the organization. Nobody seems to agree on the direction to take. There's a lot at stake and everybody is keen to resolve their differences by the end of the day. As the facilitator, you've structured the day in a way that will enable the workshop's participants to arrive at a rational consensus, bringing discussions that have already been going on too long to a close.

This is often the mindset that prevails before an important decision is taken, whether by a board of directors, a jury or an editorial committee. At first sight, seeking consensus is a managerial virtue. But it's a quest that can drive your organisation to a cliff-edge. At least that's the conclusion we might draw if we look at politics.

According to proponents of deliberative democracy such as Jürgen Habermas[26], the more you encourage public opinion to debate social issues, using "various argument forms including pragmatic, ethical and moral discourses," the more you enable it to compare points of view and arrive at political decisions judged reasonable by all. This belief can be transposed to the professional and non-profit worlds: the more that colleagues are involved in their organisation's decision-making process, the greater the perceived legitimacy of the direction taken, even if it's not a direction they themselves would have chosen.

The problem with this is that, according to advocates of agnostic democracy such as Chantal Mouffe[27], not all issues can be solved using consensus methods; it is vital to "perceive the antagonism inherent in all

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[26] https://www.cambridge.org/core/books/jurgen-habermas/deliberative-democracy/F9D4327C35D306E5EA49E66DD90445E5

[27] https://www.jstor.org/stable/pdf/40971349.pdf?seq=1

objectivity." To force a consensus is to risk concealing certain realities, masking antagonisms, balances of power, prejudices and hierarchies profoundly rooted in a society. Consensus can turn out to be toxic, preventing a society from challenging itself. Members of a society "cease to develop new arguments, they tend to forget existing arguments, and their fear of deviating from the social norm promotes conformism," in the words of doctoral students Henrik Friberg-Fernros and Johan Karlsson Schaffer[28]. This phenomenon can also be transposed to the business world: reluctance to overturn established customs and challenge past decisions stifles innovation and can, in some cases, invalidate an organization's activity.

The facilitator's task, whether in politics, the public or private sector, is to achieve a balance between seeking consensus and defending pluralism: between encouraging participants in a debate to take rational decisions and allow enough space for the arbitrary component present in every decision. Here are a few pointers to help reach collective decisions without masking disagreements.

*> Encourage participants to stick to their convictions, and explain that consensus is not an obligation. The culture in your organisation will determine whether they find it easier or harder not to seek consensus, with consensus-seeking behaviour seen as reflecting a professional attitude.*

*> Time the discussions: people have a tendency to believe that the more time spent talking the more likely they are to arrive at a rational decision. The more you limit the time spent on deliberations, the less you give participants the idea that they have to reach a consensus. Faster and more frequent deliberations run the risk of arriving at contradictory decisions, but they might also deliver better results.*

*> Use voting at strategic moments during deliberation: to vote on ideas or actions is to agree to disagree, leaving the arbitrary logic of mathematics to choose between the group's ideas. Does voting always enable the group to choose its*

*best ideas? Certainly not, but it does help to make progress by weeding out the less good ones.*

*> Make the most of semantic inconsistencies and let everybody choose their own words. This doesn't mean not seeking mutual understanding. Participants will too frequently try to talk the same language and speak with one voice. This isn't always necessary and can mask certain truths.*

*> Preserve ambiguities in the problem the group is attempting to resolve as these will generate ideas. In trying to define a problem too narrowly we tend to overlook certain aspects and to prejudge the solutions that may be needed. If a participant asks you for clarifications about the objective, turn the question back on them and ask the group for their reactions.*

*> Teach the group to manage their uncertainties: repeat their doubts to them and highlight their areas of divergence. Consensus can create a false sense of security and control, and lead to complacency.*

*> Run the workshop multiple times, and if the group doesn't reach the same conclusions it is all the better: what's important is to advance, experiment and enable different voices to be heard.*

All deliberative methods can be understood as procedures to enable participants to arrive at a decision in a way that is arbitrary yet reasonable. A rationally derived consensus is an ideal that participants should strive for, but this must not obscure the intractable nature of certain points of view. This means that the deliberative process should be experienced as a time for exchanges, an experience rooted in convergence and divergence, an opportunity for people to update their thinking and reaffirm and reimagine their individual and collective opinions.

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[28]

https://www.researchgate.net/publication/264398743_The_Consensus_Paradox_Does_Deliberative_Agreement_Impede_Rational_Discourse

# Quickstart Guide to New Governance Models

**This guide is intended for leaders and entrepreneurs wishing to improve the way their organization is structured and governed ( everyone can be a leader in their organization).**

*Author: Christophe Bruchansky*

## Introduction: Why change your model?

Organizational governance is a discipline that is highly institutionalized. Driving change can seem daunting and it is very tempting to avoid internal conflicts by either reinforcing top-down decision-making processes or sticking to skin-deep consensus (consensus that is reached without a diversity of opinions).

However, top-down and consensus governance models only work in specific contexts. The environment and characteristics of your organization are constantly evolving. Its structure, leadership style and culture need to adapt to these changes. Here are few drivers of organizational change:

**Your values**: *people and organizations realize more than ever that diversity and inclusion are values worth fighting for. And these values might not be embedded in your current way of doing things.*

**Your ecosystem**: *your customers, partners and suppliers are increasingly diverse, your decision-making process needs to be more inclusive in order to stay competitive.*

**Your growth**: *some organizational models can work very effectively for small organizations and lead to disaster in larger ones. The bigger the organization, the more it needs to let "the Other" in*

*and internalize the multiple facets of the ecosystem it operates in.*

The good news is that a wide array of organizational tools and frameworks have been developed over recent decades to meet these challenges. Some are based on radically new governance models, others make small but substantial changes to existing management practices. I have tried to classify them in easy-to-grasp sections so that readers can quickly find the most relevant tools for their organization.

## 1. Familiarise yourself with alternative organizational theories

**Pluralistic organizations**[29]: organizations enabling actors with diffuse power and divergent perspectives to cooperate on substantive issues.

**Inclusive economy**[30]: one that delivers value not solely to investors and owners of capital but also to a much more inclusive, broader set of stakeholders, notably those who are marginalized in communities, cultures, societies and governance.

**Postmodern organizations**[31]: organizations that are pluralistic, decentralized and self-reflexive, in particular in regard to internal and external power imbalances. These organizations pursue multi-faceted objectives (rather than single measurable goals) rooted in people's empowerment (rather than control and bureaucracy).

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[29] https://www.researchgate.net/publication/27689694 7_Pluralistic_Organizations_in_Management_One_Ph enomenon_and_Multiple_Theoretical_Developments

[30] https://plural.world/interviews/2020/09/19/trust-is-c ritical-to-inclusive-business/

[31] http://davidboje.com/horsesense/psl/pages/postmo derndefined.html

**Ensemble theory of leadership**[32]: a more relational and collectivist view of leadership.

**Heterarchy**[33]: denotes not a dualistic rejection of hierarchy, but rather an acceptance of multiple ways of organizing beyond just hierarchy.

**Leaderful organizations**[34]: organizations that provide enough space for a wide spectrum of leaders to contribute within and outside their organization.

## 2. Avoid the 4 Decision-Making Tyrannies

Decisions can be taken in four different ways, based on *who* makes decisions:

**1. Total freedom (structurelessness)**: *each member of the organization can do everything they want.*

**2. Consensus**: *members can only do what everybody in the organization agrees with (including themselves).*

**3. Partial autonomy (decentralization)**: *members of the organization can make decisions under certain conditions.*

**4. No autonomy**: *all decisions are centralized.*

Each of these four models is legitimate but can also develop into a form of tyranny.

The 4 Decision-Making Tyrannies

**Tyranny of structurelessness**[35]: *lack of structure can provide the freedom needed for early stage grassroot movements but will leave their members*

*exposed to external influences, pre-existing discriminations and power imbalances.*

**Tyranny of consensus**[36]: *what can work in small groups of like-minded people is likely to paralyze bigger organizations; everyone has a voice, but nothing gets done. Furthermore, a culture of consensus can discourage organizations from adding members with divergent views.*

**Tyranny of the division of labor**: *the division of labour (and decision-making) allows an organization to be more productive, but the expertise and the specialization of each member can serve to limit their choices and prevent them from getting the global picture and making informed decisions.*

**Tyranny of top-down decisions**: *the desire of an entrepreneur to lead and innovate is a positive quality in young organizations, but it can become a weakness in larger organizations where collaboration and members' empowerment is key to sustainable growth.*

Tyranny doesn't come from any specific decision-making process, but from its blind and systematic application. Postmodernism is less about defining the right process than understanding the limitations of a given model and process (see the digressive approach[37] for a broader theoretical foundation). The best you can do is to understand your dominant decision-making process and mitigate its tyranny through the use of other parallel mechanisms.

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https://journals.sagepub.com/doi/10.1177/1742715016652933

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https://www.ipma.world/heterarchy-answer-crisis-hierarchy/

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https://plural.world/interviews/2020/09/26/what-holacracy-does-is-to-channel-dissent-into-organizational-learning/

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https://plural.world/mythologies/digressive-society/

# 3. Four Steps to Bring the Other In

Whether your organization is decentralized, makes top-down decisions or seeks consensus, many of its decisions won't fundamentally change if it doesn't allow a diverse range of people to participate in its decision-making process. Here are suggested steps to bring the Other in:

*1. A prerequisite for encouraging diversity both inside and outside your organization is to build trust: "moving away from a very transactional arm's distance relationship and moving towards a partnership, able to engage on the journey of co-creation between different parties, companies, communities, NGO partners, social sector, public sector, whoever needs to be at that table" (p.24).*

*2. Once you've built trust (and this can take a long time), the next step is to bring the Other into your organization. "You don't have to allow the new to come in and change your organization out of all recognition. But you do have to allow the new to come in and change things" (p.32).*

*3. The third step is to encourage <u>meaningful inclusion</u>[38]: when you look at your organization, where are barriers to getting in and rising to the top? How can you dismantle or mitigate these barriers so that people are not having to climb over them or try to break through them in order to get to the centre where you are?*

*4. Finally, inclusion should be pursued not only within your organization but also in its ecosystem: bring the Other into your decision-making process, engage with knowledge experts outside your organization, invite a diverse set of communities to participate through co-creation (p.23).*

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[38] https://shereensamuels.com/about/

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