

The Future of Work

Introduction: Dr. Thomas Malone

In June 2004, Dr. Thomas Malone, a professor at the Massachusetts Institute of Technology's Center for Collective Intelligence, addressed students at MIT'S Sloan School of Management, speaking on the substantial changes that he believes will characterize organized work in the future. In this reading, we will provide an introduction to Dr. Malone's credentials and summarize his ideas on the future of work, which were outlined in his speech at the Sloan School of Management.

Dr. Malone is the co-director of the MIT initiative titled "Inventing the Organizations of the 21st Century," as well as the co-founder of three software companies and a past consultant with numerous organizations on how to embrace technology for the purpose of fostering future optimal performance in businesses and organizations (Malone, 2013). Dr. Malone has also served as a co-editor for several books focused on the organizational shift that is occurring as a result of evolving communication technologies (ibid).

Dr. Malone's extensive research on the transformation of work has served as the basis for his books. In his latest book, *The Future of Work: How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life*, Dr. Malone proposes a new way for work to be organized, with technology advances and ease of communication leading the way for the future of business (Malone, 2004). He also suggests that organizations are moving away from traditional command-and-control organizational models, such as the classical bureaucratic model, toward more empowering and open organizational models, such as the team-based model (ibid).

The Organizational Model Shift

According to Dr. Malone, the business world is currently experiencing an early-stage shift toward a new organizational model focused on generating more employee freedom and decentralizing organizational structures (Malone, 2004). In particular, he suggests that organizations are increasingly allowing more freedom and flexibility in employees' work schedules and work locations (ibid). In addition, as overall job flexibility increases, organizations are shifting the authority to make organizational decisions away from the traditional, hierarchical employee-manager structure and toward a decentralized model in which employees at the ground level are able to make real-time decisions (ibid). Dr. Malone describes the significance of this change as being similar to the introduction of democracy to American government (ibid).

Dr. Malone also states that the ease of communication that exists in today's business world has enabled organizations to work across country boundaries at a reasonably low cost (Malone, 2004). With further advances in technology, Dr. Malone

suggests, businesses are increasingly able to experience benefits enjoyed by large businesses – such as economies of scale – while operating like small business that encourage employee flexibility, innovation, and decentralization (ibid).

Dr. Malone cites Wikipedia as an example of a technological advance that enables simple communication on a global scale (Malone, 2004). Wikipedia started in 2000 as an open-content, online encyclopedia that allowed user audiences across the world to search for and contribute to information on both wide-ranging and specific topics. A key incentive offered by Wikipedia is that content can be created and edited by any person with Internet access. Due to its flexible structure, Wikipedia is constantly being changed, edited, and improved by people across the world, making it a robust source of information. However, with this open editorial structure also comes the possibility that users will publicize false information and thereby corrupt the validity of Wikipedia. Wikipedia has worked to stay abreast of such issues by implementing editing standards that include editorial restrictions (e.g., only posting copyright-free material), reference requirements, and article guidelines (Wikimedia Foundation, 2013). As of June 2013, there are over 4.2 million entries in just the English-language version of Wikipedia (Wikipedia, 2013). In addition, the website offers content in many other languages, with the Italian, French, Spanish, Russian, and German versions all offering over 1 million entries (ibid).

Dr. Malone cites eBay as a second example of how the ease of communication and other technological advances have shaped the business world of the future (Malone, 2004). eBay is an Internet shopping and sales auction website that enables people around the world to sell items such as cars, real estate, clothing, antiques, electronics, etc., to other people through its “Marketplaces” platform. The users selling products on eBay are not employees of eBay, but rather independent small-business owners and individuals who exercise tremendous freedom in how they operate their businesses and sell their personal assets. These independent business owners and individuals reap the benefits of selling items on a global scale, a sales model similar to that of large corporate businesses. The eBay “Marketplaces” infrastructure has been so successful that as of April 2013, it had generated \$7.4 billion over the previous year, with over 112 million active users who had bought and sold products (*Forbes*, 2013).

Individual Behavior Patterns Support the Organizational Model Shift

According to Dr. Malone, historical patterns of individuals’ communication behavior support the new organizational model shift (Malone, 2004). When communication costs are high, people tend to communicate with people only face-to-face. As the ease of communication improves and communication costs decrease, people branch out to communicate with larger groups of people. Throughout history, Dr. Malone notes, society has benefited from communication improvements such as the printing press, the telegraph, the telephone, email, and the Internet (ibid). With each technological advance in the communications industry, the cost to communicate with

others has decreased, giving rise to more frequent and expansive correspondence among users. According to Dr. Malone, these behaviors have fueled the business world, making it easier for business owners to establish a customer base across geographic boundaries (ibid).

Dr. Malone observes that other individual behavior patterns have grown as communication has become more cost-effective and business decisions have become more decentralized. He notes that in general, people have become more motivated as they increasingly have been held accountable for individual decisions (Malone, 2004). This growing accountability gives rise to more creativity and innovation as it is displayed in an individual's work. New communication improvements provided individuals with flexibility in when, how, and where they perform their work. Overall, Dr. Malone argues, individuals enjoy the decentralized decision-making model more than the previous centralized model, thereby providing employee support for this organizational model shift (ibid).

Work in the Future

Dr. Malone describes work in the future as increasingly decentralized, flexible, and – consequently – innovative (Malone, 2004). Malone outlines three decentralized organizational structures that he sees emerging in the future (ibid):

- **Loose Hierarchies** – This type of organizational structure includes managers and formal structures, but delegates many decisions to the lower levels of an organization. In this way, ground-level employees are empowered to make day-to-day organizational decisions without having to go through a formal chain of command.
- **Democracies** – This type of organizational structure consists of individual cooperatives that vote several times a year to make major decisions and elect board members. The cooperatives actually own the overall organization, as opposed to the organization owning the individual cooperatives. Members of the cooperative have the choice to leave at any time, enabling them to exercise ultimate control over their business.
- **External Markets** – This type of organizational structure outsources different functions within the organization to an external market. The organization assembles these external markets in order to complete specific projects, and disassembles them once a project is completed. The aim of this model is to allow the best operators of certain specialized skills to be used for those specific functions. This model is sometimes referred to as contracting.

These three organizational structures are seen in nascent form in many of today's businesses. Take, for example, the external markets structure. Many current

businesses, such as IBM, use outsourcing for organizational functions that are not considered core competencies. That is, IBM currently outsources functions that are deemed non-essential to its core business, including training, personal-computer manufacturing, and human-resource administration duties. Dr. Malone predicts that future outsourcing within the external markets structure will be used for all project functions, not just select functions within an organization (Malone, 2004). In this way, Dr. Malone suggests, projects will be assembled in a “plug-n-play” format instead of the selective format seen in today’s world (Malone, 2004). The growth and development of the external markets structure is just one example of how organizational work will operate in the future.

Summary

- Dr. Thomas Malone is a management professor at MIT, a co-editor of several books, a business consultant, and a co-founder of three software companies.
- He notes that organizations are moving away from traditional command-and-control organizational models toward more empowering, open organizational models.
- His extensive research explains an organizational shift occurring in businesses as a result of the growing ease of communication and the proliferation of technological advances.
- Dr. Malone says that the ease of communications in today’s business world has enabled organizations to work across countries and other boundaries at a reasonably low cost.
- Dr. Malone suggests that advances in technology enable organizations to reap the benefits of large businesses, such as economies of scale, while operating like small businesses, with human flexibility, innovation, and decentralization.
- According to Dr. Malone, this organizational model shift is supported by historical patterns of individuals’ behavior; specifically, people being able to communicate more frequently and expansively as different means of communication have grown, simplified, and decreased in cost.
- As communication and decentralization have grown, Dr. Malone argues that employees are more motivated, creative, flexible, and happy in their work.
- He describes work in the future as continuing to be more decentralized, flexible, and innovative.
- Dr. Malone outlines three main decentralized organizational structures of the future:
 - Loose Hierarchies
 - Democracies
 - External Markets

References

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