Bringing humans back to work: Is democracy the answer?

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Today, most businesses have found themselves operating in turbulent times -there is no such thing as ‘business as usual’ anymore. Over the past years, evidence has emerged of a new way to operate businesses. My research unveiled people-centric management and a high ability to act as the new way to better navigate in this ever-changing environment. Given this context, are democratic structures a viable response to the required dynamic capabilities when volatility, complexity and uncertainty rise?

During the past 25 years, the speed of change has accelerated and employee engagement has dropped. For most businesses, the managerial context has fundamentally changed from the way we have become accustomed to doing business. Moreover, fresh technologies, mobile talent, and globalization have demanded dynamic capabilities comprising people-centric management and leadership with a high ability to act for agile, fast and robust organizational responses.

The need for a transformation to people-centric management

The 2014 Global Drucker Forum concluded that ‘The Great Transformation’ is on its way. The management of people has returned to the center of the business landscape. There was not

one speaker that did not emphasize the need of a more people-centric approach. Engagement, self-responsibility and purpose were among the features outlined in great detail. It was felt that Peter Drucker's people-centric approach, with a different image of human mankind and the rich heritage in past centuries of European Humanism, finally finds its way into management practice. It is viewed as the solution to superior innovation and growth.

A new operating system for every firm

We need the transformation not because of a sudden need for soft skills or to cater solely to the needs of Generation Y. We need it because of new knowledge work with outcomes that cannot be easily controlled nor commanded. The different nature of knowledge work calls for an update of the firm's 'operating system'. Most corporations still operate on an operating system 'Windows 3.11' while the world uses iOS and Android: 'new work' calls for very different ways to collaborate, communicate, interact and get work done.

The benefits of a higher ability to act

In addition to bringing people into the center, transformation calls for management with a higher agility to act to better cope with a dynamic environment: early sensing of opportunities, fast decisions and flexible responses are needed paired with the ability to withstand external shocks. Speed, agility and resilience are the managerial and organization capabilities needed to enable the new way to operate.

The new way to operate

Many recipes, tips and practices of the past are unsuited to guide the businesses of the future. Some speakers at the forum argued that most traditional management tools and routines have produced unintended consequences or have fallen by the wayside entirely. Organizations built for the new way to operate have new capabilities in place that simultaneously help people to perform at their peak and facilitate speed, agility and resilience. They have designed their toolbox for both their talent and to cope with the challenges of a dynamic environment.

The new toolbox promotes features such as a stronger engagement, diversity, collaboration, collective intelligence,

delegated decision-making, flexible work hours, communities, access to networks, knowledge building, transparency, open culture, mobile work and more -a Swiss pocket knife with many tools for different purposes.

Is democracy the model for the new operating system?

Democracy promotes many of these capabilities. Why then not organize corporations as democracies?

Democracy is defined by the “power” of “people”. It is a rather demanding call that requires ultimate respect when used in politics and even more so when it is related to work and corporations. Subsidiarity is one of the principles of democracy: it demands autonomy, self-organization, participation and collective decision-making.
Peter Drucker once said “In the knowledge era, every employee is an executive”. This implies autonomous action and an image of human mankind based on a deep sense of self-responsibility. Self-organization needs skills and time –it implies leadership!

In the purest sense, democratic decision-making in firms requires management participation, financial ownership and social participation. Practical examples demonstrate different ways to participate and different forms of ownership. However, participation by itself does not automatically warrant a superior leadership culture.

Democracy means that more people are involved in decision-making; decisions are made by voting or require consensus. But the swarm is not always right. Recent research is clear: just having a group of smart people does not necessarily lead to better than individuals decisions. Moreover, voting does not always lead to better outcomes.

Leaders in favor of democratic decision-making may now ask: is it suited for big or small decisions? The response is clear. It is primarily for the big decisions. Why otherwise would one want to benefit from collective intelligence? Small decisions don’t require democratic decision-making procedures. Leaving democracy to small decisions is faking democracy. This then leads to the questions of what CEO decisions are: Strategy? Alignment? People? Reputation? They are all big decisions and are in conflict

with democratic decision-making. This leaves the combination of democratic approaches and leadership in charge through consensus decision-making. Consensus is known to lead to superior innovation.

What's in it for people?

Does democracy humanize work? A closer look at ‘people-centric’ requirements leads to Timothy Gallwey’s ‘Inner Game’ principles of work with awareness, choice and trust as the levers of superior learning and performance. The ‘Inner Game’ demands self-responsibility to be valued as the most important determinant of motivation. It represents the capacity with which individuals deal with the challenges of the ’Outer Game’. For an entrepreneur and leader, this means creating a work environment that unlocks the potential of its talent.

Such a work environment humanizes work. This, however, requires enabling management more than democratic procedures -management with an operating environment for better navigation in a turbulent environment.

In comparison, only visible results of early adopters of ‘democratic organizations’ will indicate whether democracy truly humanizes work.

As a Swiss, I have learned that a well-functioning direct democracy is an ongoing construction site. The same holds for the operating system of corporations. Their toolbox and capabilities need to be reinvented over and over to meet the changing needs of people and the environment. Large legacy organizations struggle with their path dependency and the fact that this means changes on running the “machine”.

The debate around democratization of work is a controversial conversation –it may have the potential to add to the question of what superior management means and what it requires. Democratic capabilities and tools have the potential of bringing humans back to work to enable organizations better deal with the challenges of a dynamic environment. But they are not the only solution to a better working life and better companies.

This article was originally published at the Global Drucker Forum Blog

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