

# Will traditional hierarchical relationships change in the digital age?

**Katherine Xin** investigates the rise of platform organisations and their impact on workplaces





**I**n the digital era, enterprises will transform into more borderless platform organisations and traditional management thinking and methods will be confronted with big challenges. Correspondingly, workplace relationships, the mentality of managers, and capacity matrices need to change as well. Data has brought us a virtual world, and data-driven management upgrading and organisational granularisation have emerged as the two major elements in platform-style management. So, how can we achieve success in the management of enterprises as platforms?

First, let us take a look at several workplace scenarios in the digital era:

Chinese e-commerce platform JD.com has more than 300 robots at its assortment centre in Dongguan in China's Guangdong province. They work night and day, scanning, fetching, and transporting products in a seamless manner, and can deliver as many as 12,000 items per hour. In the past, over 3,000 staff were needed at this centre, but it now needs no more than 20.

Amazon Mechanical Turk (MTurk) uses artificial intelligence to complete tasks that are currently out of reach for humans. It can satisfy the demand for skills offered by various enterprises via a global, crowd-sourced human resource pool, sparing the cost of additional in-house labour.

Both of the above scenarios demonstrate that the new business models engendered by the digital revolution are changing our relationships, and are unravelling conventional social structures, as well as management philosophies and manners.

In the future, enterprise managers will face four major challenges: human labour being increasingly taken over by AI; more ambiguous relationships amongst leaders, staffs and users; increasingly complicated enterprise organisations; as well as a Generation Z that is increasingly interested in pursuing individualistic values.

As a result, job mentalities and performance need to change to include more transparent and effective manners of coordination, more advanced mechanisms to leverage the potential of people, and a total revolution of the organisational structure used to coordinate human labour.

“”

*Amazon Mechanical Turk (MTurk) uses artificial intelligence to complete tasks that are currently out of reach for humans*

“”

*Granularised organisations can still have “departments,” yet the boundaries between them will have become blurred and insignificant*

### The rise of platform-style management

This transition requires the establishment of a platform-style management model, under which traditional enterprises will be managed differently in terms of organisational capabilities, organisational structure, corporate culture and performance management.

Platform-style management is a new type of management philosophy and practice in which both people and organisations need to evolve into more elevated and granularised forms in response to the needs of the digital revolution. The purpose is to realise more diversified relationships, more digitised capabilities, more granularised performance evaluation, more flexible structures, and a more altruistic work culture.

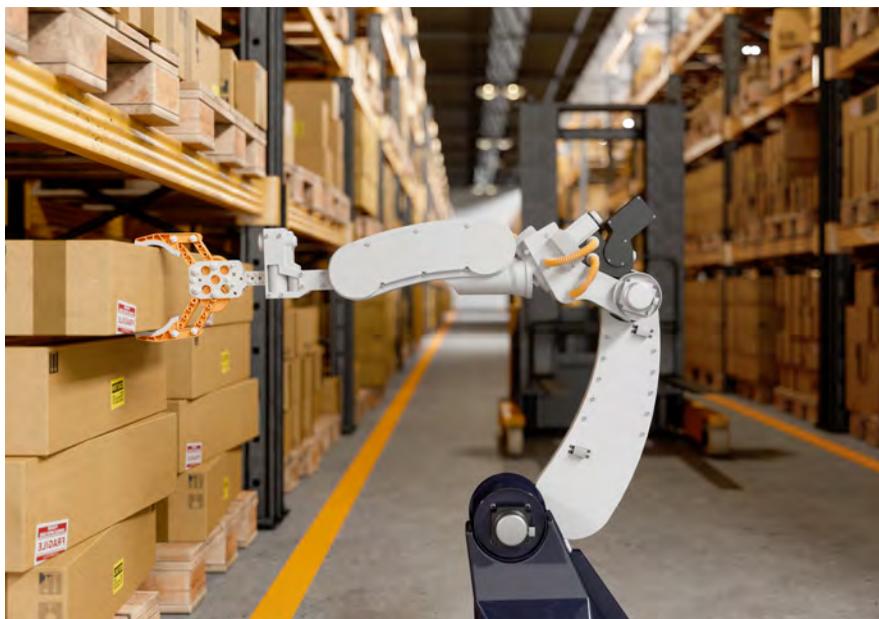
There are two core underpinnings in this transformation: *dimensional elevation* and *granularisation*.

#### What is dimensional elevation?

Dimensional elevation in management means that managers need to approach and reflect on megatrends in commercial and social development from higher perspectives. This requires them to constantly break through barriers in terms of thinking and feeling, so that they can lead the multi-dimensional and comprehensive evolution of their enterprises in terms of corporate culture, operational models, organisational structure and data intelligence.

#### What is granularisation?

If dimensional elevation is a process of extension and abstraction (in which one sees the present retrospectively from the future and gets a bird’s eye view from higher dimensions), then granularisation describes a process of precision and focus.



The granularisation of enterprises enables them to dissolve their monolithic structures and operate in a more fluid, flexible and networked manner in which people both inside and outside the enterprises enjoy the freedom to move around and collaborate with each other.

Granularised organisations can still have “departments,” yet the boundaries between them will have become blurred and insignificant. Members within an organisation are in a state of “co-entrepreneurship and co-creation” in the long term, and project groups can be established anytime and anywhere to start new undertakings.

### The quintuple model of platform-style management

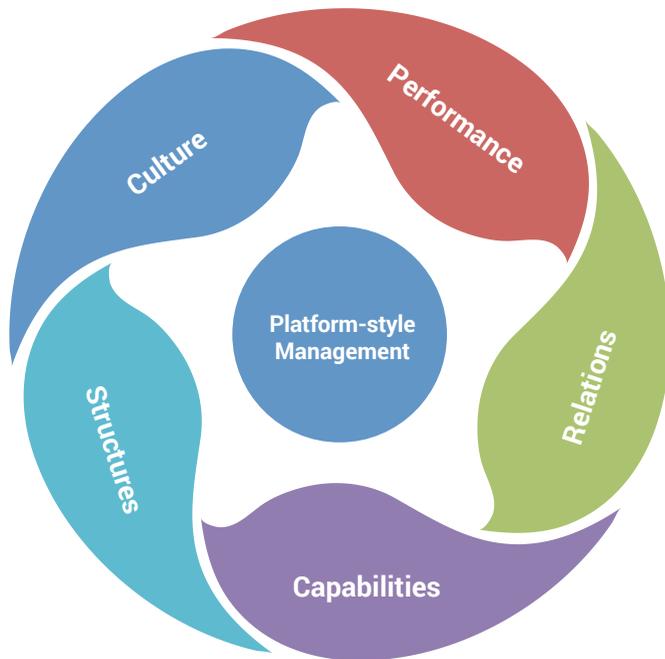
Platform-style management has provided leaders and executives with a new set of perspectives and philosophy, and highlights the need for more comprehensive coordination in the transformation and upgrading of traditional enterprises.

Based on this thinking, we can propose a *quintuple model of platform-style management*, which incorporates more diversified relationships, more digitised capabilities, more granularised performance evaluation, more flexible structures, and a more altruistic work culture. For traditional enterprises to achieve platform-style management, they need to enable these five aspects to work in tandem.

---

# 300

Chinese e-commerce platform JD.com has more than 300 robots at its assortment centre in Dongguan in China's Guangdong province



### The platform-style management model

#### Five Characteristics:

- Diversification of relations
- Digitisation of capabilities
- Granulation of performance
- Flexibility of structures
- Culture of altruism

Dr. Katherine Xin

#### 01 More diversified relations

Platform-style management can help shape enterprises into borderless organisations to create business models of infinite extension in which the innovative potential of individuals can be maximised, and enterprises can evolve into platform-style organisations of a higher dimension.

Though traditional employment and leadership relationships still exist in the digital age, they are imbued with equality and cooperation. Leadership relationships are oriented towards empowering and enabling teams, and leadership roles can be reversed during different projects.

This model also gives rise to new relations. For example, in some contexts “super-users” have now emerged who are also employees that offer their production and marketing services to their company. The identities of “employee” and “user” have become blurred and may coexist in the same person. In essence, it is a cooperative relationship based on connections.

#### 02 More digitised capabilities

The establishment of a digital operations management system can enable platform-style enterprises to build their strategic assets and outsource non-strategic ones in order to reduce redundant fixed assets and maximise value creation.

The managers required for platform-style enterprises are not high-handed leaders in the conventional sense. Rather, they are empowering managers who can assist in the self-fulfilment of their employees and coach-like managers that can facilitate individual growth.

The leadership suited to platform-style management is not based on force but on flexibility. These managers need to adapt themselves to horizontal (equal) management relationships, rather than vertical (authoritarian) ones. The whole organisation is empowered with digital capabilities.

### 03 More granularised performance evaluation

In contrast with the quantitative measurement in traditional performance management, platform-style performance evaluation involves the granularised analysis and assessment of various elements in the enterprise system based on digital technologies. Research into the causal relationships between evaluation indicators and performance is needed in order to optimise these indicators, provide timely evaluation results and feedback, and improve instructions given to individuals. Feedback can be more specific, objective, and timely.

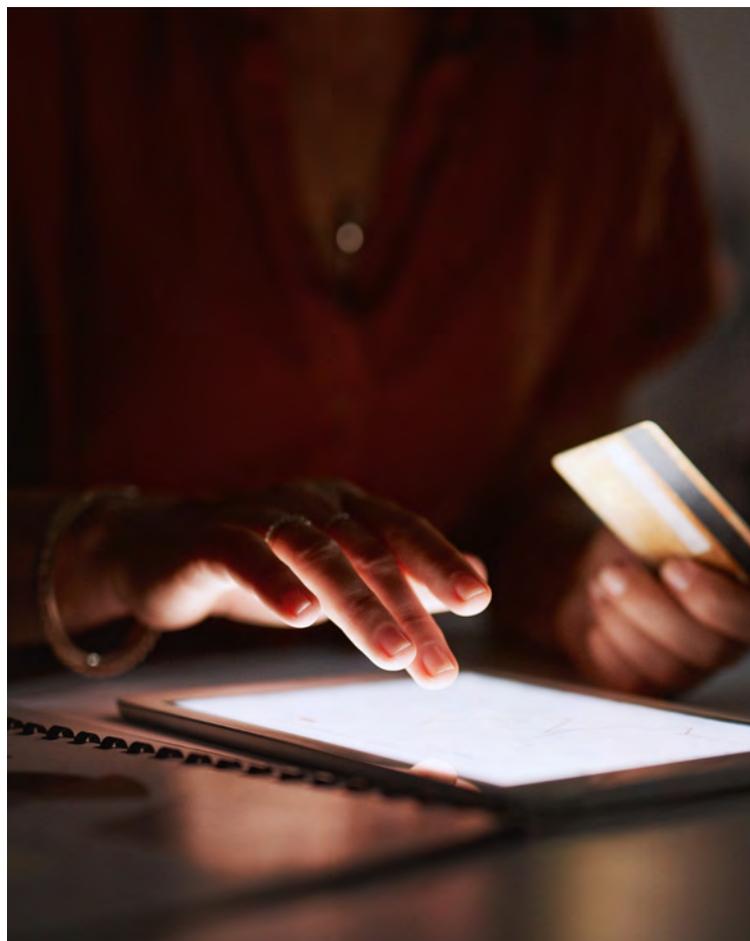
### 04 More flexible structures

Organisational changes in platform-style enterprises can spearhead the change from hierarchical and enclosed organisational systems to more horizontal, networked, open and borderless platform-based ecologies.

Employees and partners on the platform can act as units for resource consolidation, can choose and partner with each other on the platform anytime or anywhere, and can mobilise its resources.

### 05 A More Altruistic Culture

The cultural essence of a platform-style enterprise is altruism, something which should be the lifeblood in the self-motivation of staff members. Shared values, beliefs and codes of conduct form a very powerful spiritual pillar to generate mutual identity and a sense of security which can be a source of mutual encouragement. This requires cognitive elevation amongst the leadership and a collective upgrading amongst management. The purpose of a dimensional elevation in thinking is to satisfy and mobilise the spiritual power and beliefs of individuals to create a sense of belonging, self-respect and achievement in order to give maximum play to their potential.



At the same time, the high level of competition and barriers that traditional enterprises have forged by closing their gates and withholding their advantages has fallen apart. In the digital age, enterprises must establish open platforms based on mega-circulation through digital means of connection in the pursuit of co-creation and development.

### Conclusion

Platform-style development involves restructuring traditional philosophies and means of management, and during this process the corporate culture will be transmigrated to a higher dimension through a cognitive upgrading amongst corporate leaders; digitised capabilities of enterprises will be established in order to granularise the molecules of traditional enterprises into atoms, initiate a fission and fusion between them, and realise platform-style strategic planning and organisational granularisation.





In the future, platform-style enterprises will become open and diversified ecosystems for co-creation. They will have a “universal gravity” based on their data processing capabilities, social resources consolidation, and rapid technological iteration, and will attract multitudes of talents and other organisations. They will not only empower individuals in their self-fulfilment but also empower more enterprises to realise fast development and scalability to create greater social value.

gf

**About the Author**

*Katherine Xin is a Professor of Management, Bayer Chair in Leadership, Associate Dean (Europe), and Director of the Hospitality EMBA Programme at CEIBS. Her research covers leadership, organisational culture, transformation management and strategic human resource management. She currently focuses on high performance leadership and key success factors of organisational transformation in the digital era.*