

16 Digital Transformation of Work Models - Ethical Implication

Łukasz RAŃ

Akademia Pedagogiki Specjalnej im. Marii Grzegorzewskiej, Instytut Filozofii i Socjologii, ul. Szczęśliwicka 40, 02-353 Warszawa

Karolina RAŃ - Kettler

Politechnika Śląska, Wydział Organizacji i Zarządzania, Katedra Stosowanych Nauk Społecznych, ul. Roosvelta 26, 41-800 Zabrze

16.1 Introduction

The 21st century has already had two economic crises - one in 2008, and the other one we are currently experiencing - a crisis caused by the outbreak of Coronavirus.

The economic crisis of 2008 revealed the weaknesses and contradictions of capitalism and neoliberalism. It was after the 2008 financial breakdown that books such as “The Capital in the Twenty-First Century” (Piketty, 2013), “Post Capitalism: A guide to our future” (Mason, 2015), or “Utopia for realists. And how we can get there” (Bregman, 2017), and many similar were published. Although written from a bit different perspective and on various topics, they all embrace the criticism of modern capitalism and the belief that the recent crisis has opened a window to a new social and economic order.

“Corona crisis” is currently one of the main drivers in reshaping work models - companies need to implement safety procedures, introduce home-office, redefine many job positions, and launch new processes, such as remote on-boarding and online team bonding events.

Alongside those ideas, significant social and demographic changes have occurred.

The aim of this paper is to have a look at how the consequences of the above-mentioned crises are changing the way we work. In particular, we will be interested in the ethical dimension of these transformations and its (mis)alignment with sustainable development.

16.2 Digital revolution

Before the 2008 bubble burst some were foreseeing the arrival of a new socio-economic order that will be neither communist, nor capitalistic.

Already in the seventies Daniel Bell was describing the emergence of a post-industrial society, in which the economy is based primarily on the services sector and the development of knowledge/information. Progress in the field of new technologies is the most important factor for Bell, shaping the post-industrial reality. Knowledge itself becomes a commodity, it is the main resource and thus plays the role of classically conceived capital. Economic changes have also remodeled the social structure, according to the author of “The End of the Age of Ideology”; the most important role in the new society is to be played by technical (technocratic) elites (Bell, 1975).

Bell's concept is a vision of a knowledge-based society (Bell, 1975). His thought seems to be continued by Alvin Toffler. In the pages of “The Third Wave”, he explains how three revolutions/waves (agricultural, industrial, and postindustrial) laid the groundwork to new socio-economic structures (Toffler, Toffler, 1996.).

The guru of organization theory – Peter Drucker – in his “Post-capitalistic society” claimed that developed countries were shifting away from capitalism into post-capitalism. In this society it's knowledge, not the means of production, which is the most important resource (Drucker, 1999).

Similarly, the American sociologist Richard Florida perceives social development. Like the previously quoted researchers, he sees the foundation of agricultural and industrial epochs in certain goods/material factors. However, the foundation of the postindustrial revolution is creativity (Florida, 2010).

For these researchers, the post-industrial era means not only a change in the way of production, but also a social revolution. They postulate the disappearance of the class struggle. Moreover, they argue that the classic division into the bourgeoisie and the proletariat does not reflect the actual social structure in which highly educated specialists or managers have a dominant role.

One of the deeper analyses of the social consequences of the post-industrial revolution is proposed by Antonio Negri and Michael Hardt, the authors of the famous "Empire". In their famous book, they explain how the development of modern technologies allows one to free oneself from alienated work, which was based on exploitation (Hardt, Negri, 2005).

Even stronger, Negri's ideas are visible in the book entitled "Goodbye, Mister Socialism".

Negri claims that once knowledge becomes the most valuable commodity, people are freed from exploitation and alienation. Industrial proletariat is turning into cognitariat, and free employees are only limited by their own knowledge, not by the owners of the means of production (Negri, 2008).

Alongside with these optimistic visions of the postindustrial era, there are some ardent critics of digital revolution. One of the most relevant observation to the topic of this paper is Shoshana Zuboff's description of surveillance capitalism. Surveillance capitalism is a large-scale process of collecting, analyzing, and processing data for profit. Its essence is the constant gathering by large tech companies of "behavioral surpluses", i.e. traces from searching and browsing history of the websites by users (Zuboff, 2019). What is important, this process is not only dangerous for our privacy, it is not only commoditizing our choices, preferences. It has a huge impact on our freedom(s) – both in macro (for example politics, social structure) and micro levels (such as conscious consumption, individual autonomy). In terms of individual autonomy, it can lead to a complete surveillance of the employees by an employer and to a new form of objectification.

Surveillance capitalism is an inherent trait of Anthropocene. The Anthropocene is the new geological age we live in. It is characterized by human hyper-righteousness: the actions of the human species have become so great that it has begun to actively influence all living conditions on Earth. The concept of "anthropocene" was proposed and introduced into a wider circulation by Eugene F. Stoermer and Paul J. Crutzen (2000, pp. 17-18). Since then, there have also been discussions and disputes about the beginning of a new era, and the discrepancies in its dating are quite large. Some researchers point to a period between 50,000 and 10,000 years ago when the megafauna extinction took place. Others assume the beginning of the Anthropocene with The Great Acceleration after the Second World War. There are also voices that make us look for the beginning of a new era in the beginning of globalization, which began with the great journeys of the Portuguese and the "revolution" of Copernicus (Sloterdijk 2011, pp. 13-14).

The progress and technological achievements that characterize the Anthropocene are in fact biological ignorance and the pursuit of money (Rąb, 2019).

Man's attitude in the Anthropocene is extremely extractivist (one-sided, self-centered, profit-centered, beyond responsibility) not only in relation to nature, but also to himself. Currently, in the times of "digital dictatorship" (Shiva, 2020), data from human minds and bodies were commodified and extracted as the so-called "surveillance capital" (Rąb, Kettler, 2020).

16.3 Transformation of work models

The above described post-industrial/knowledge-based society is a result of the digital revolution, which not only transformed the social and economic patterns, but also the way people work and want to work. (Fobel, P., Kuzior, A., 2019).

Many researchers have been describing this transformation of the ways of working.

One of them is Richard Florida, who in his “The rise of the creative class”, describes the emergence of a new social class, creative specialists, who, according to him, play the predominant role in the modern economy. In his study, he presents the set of values shared by the creatives, which highly influence their working style:

- Work-life balance
- Flexibility
- Continuous development
- Working with an interesting technological stack. (Florida, 2010).

The way this American theorist pictures this new class is similar to what sociologists see in the Y generation. Millennials, how some authors also describe them, include people born between 1980 and 2000. According to several studies, this generation is focused on self-fulfillment and satisfaction. Other core values, especially visible in the working environment, include respect, recognition, continuous development, fairness, tolerance and equity (Sonnet, Kralj, Kandampully, 2012).

Regardless of the label, sociologists agree that this generation is not mainly money-driven and that above-mentioned values play a more significant role to them in a workplace than a salary (Florida, 2012). To better understand this phenomenon, let us recall here the famous World Value Survey of Ronald Inglehart. What we know from his study, is that generations raised in welfare are less willing to make trade-offs and sacrifice their individual autonomy for the sake of economic and physical security. They take this security for granted and focus on being self-fulfilled and living up to their values (Inglehart, 1977).

Given the social and economic changes, many organizations have been striving to find new organization models. Let's have a look at three of them, which are the most widespread and have the biggest impact on current management practices:

- Agile management – agile management is a methodology, which has its source in software development. In 2001, seventeen developers published “Agile Manifesto”, with an aim to improve and ease software engineering processes. It is based on four core values, and twelve principles. The agile set of values is composed of the following:
 - a. Individuals and interactions over processes and tools.
 - b. Working software over comprehensive documentation.
 - c. Customer collaboration over contract negotiation.
 - d. Responding to change over following a plan (agilemanifesto.org, 12.09.2018).

The principles help developers putting agile concepts into action:

- e. Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.
- f. Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.
- g. Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.
- h. Businesspeople and developers must work together daily throughout the project.

- i. Build projects around motivated individuals. Give them the environment and support they need and trust them to get the job done.
- j. The most efficient and effective method of conveying information to and within the development team is face-to-face conversation.
- k. Working software is the primary measure of progress.
- l. Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.
- m. Continuous attention to technical excellence and good design enhances agility. j) Simplicity – the art of maximizing the amount of work not done – is essential.
- n. The best architectures, requirements, and designs emerge from self-organizing teams.
- o. At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly (agilemanifesto.org/principles, 12.09.2018).

Jurgen Apello, in his “Management 3.0” summarizes agile development in these words: “Agility is about staying successful in ever-changing environments” (Apello, 2011, pp 376).

- Holacracy: is a method of decentralized management and organizational governance, in which authority and decision-making are distributed throughout a hocracy of self-organizing teams, as opposed to the traditional, hierarchical systems. It is based on the principles of flat hierarchy and self-governance (holacracy.org, 12.09.2018).
- Squad model (Spotify): when Spotify was launched, it operated in a typical scrum system. However, once the company started growing, scrum stopped being the most efficient way to organize the teams. They set up a new structure – squads, which are small, cross-functional teams. The emphasis in this model is put on freedom, autonomy, and flexibility, which is, however, always tightly aligned with the company mission (<https://www.youtube.com/watch?v=3YrRW4u9RI0>, 12.09.2018).

To summarize, all these models are based on the ideas shared by such authors like Daniel H. Pink, Richard Florida or Alan Burton-Jones, who claim that employees are driven by self-directed processes, self-management, autonomy, and purpose, much more than by financial incentives.

This approach is very much aligned with the humanistic shift in the management theories. Humanistic management can be described as a trend that places people at the center. Humanistic approach to management was expressed very accurately by Emilian Orzechowski: "If we assume that the basic motive (and sense) of activity in any sphere of social life is to act for the good of man and the human groups that create this structure, bringing the essence to an economic dimension is total nonsense " (Kostera, 2014). It must be remembered, however, that classical management does not stand, or at least should not, in contradiction with humanistic management. What we are talking here about is the restoration of the main role in the organization of an employee. Monika Kostera, one of the most important propagators of humanistic management in Poland emphasizes that thinking in economic terms is important not only from the point of view of the generated profit, but also for achieving goals of the general social dimension (such as providing jobs) (Kostera, 2014). This is an obvious reference to Adam Smith, who in the "Theory of moral feelings" postulates the use of reason not only for getting rich, but above all for respecting moral principles (Smith, 1989). Quoting again Monika Kostera, "This trend [humanistic – K.K] has three fundamental aspects. First of all, the goal of humanistic management is man (...). Secondly, humanistic management uses the legacy of the broadly understood humanities, understood as knowledge, culture and sensitivity. (...) Thirdly, humanistic management deals with human experience." (2014).

Humanistic management is aligned with a broader philosophical concept of sustainable development, which briefly can be described as a search for a compromise between the economic growth and protection of social and natural environment. Practical application of sustainable development in the business field is implementation of CSR (corporate social

responsibility) by organizations, which strive to find a balance on various fields: ecological, economic, and social. It introduces to their actions an ethical dimension, which, according to such authors as Aleksandra Kuzior, is the most important and the only relevant direction of human (economic) actions (2006). Moreover, from the practical and pragmatic perspective, we can observe that this humanistic and ethical dimension has been playing recently a significant role for the candidates to choose an employer, for the employees to remain at a company, and for the organizations to define their EVP (employer value proposition).

16.4 Values in the new work models

In the course of two years (2018-2019) the authors of this article were conducting research within a Berlin-based tech startup.

The discussed company is a 5-years old tech startup with 68 employees. Most of the staff belongs to the generation Y. What should be also underlined, is the diversity of the organization. Its employees represent 27 nationalities. In terms of the structure - hierarchies and departments exist, but they are flat, and employees work very cross-functionally. Most of the projects involve representatives of at least two teams. It has its implication not only in the professional projects, but as well in the company's culture and decision-making process that affects how people work. For instance, there is a benefits committee (represented by all the departments of the company and all the seniority levels) that designs and distributes the budget for the team and company well-being and benefits.

As for the management model, the examined organization leans towards scrum (agile management). Initially, the company was experimenting with holacracy, however, after a year it decided to change its managing and organizational model. This shift itself in the management style shows how agile in nature this organization is. During its early days, when it was a small team of a couple of employees being also friends in the private life, the holacracy worked really well. However, as the company started to grow and mature, this model did not work for all of the new employees, and the decision was made to look for an alternative. Agile management (with the preference in scrum) combined with a relatively flat, but still existing, hierarchy, creation of distinct departments and roles - it all had been tested before it was fully implemented.

It should be also underlined that the company embraced the digital transformation into its working model and is very flexible in terms of working remotely by its employees. Every employee has freedom to choose the place of working, as long as it is agreed and accepted by the team and the manager. For that very reason the forced home office during the corona virus lockdown has gone very smoothly. On top of that, the organization uses technology that eases the remote working process and is open to experiment with the new tools.

The focus of the study conducted at the above described company was put on its values and employees' engagement. The authors' aim was to analyze the presence and the strength of the official values. The authors also had a look at the employees' engagement in order to understand the link between the values strength and the latter one.

On top of that, the authors analyzed employees' association with the organization. The employees were to choose a couple of descriptions/associations they have with the company and rank their importance for them. These associations were divided into two distinct groups - one was named as unofficial values the other one as company's EVP (employer value proposition).

In order to obtain the relevant data, the authors of this paper conducted a series of "values", "EVP" (employer value proposition), and "pulse and engagement" surveys. Also, the retention rate in the past 2 years was examined. The second factor is of high significance; studies show that the average retention rate in a startup in Berlin is 18 months.

“Values survey” was focusing on how the company’s official values are lived and implemented by the members of the organization. The company established a value code (mentioned below), which was the base of the “values survey”:

- We adhere to highest standards of integrity
- We make data-driven decisions
- We move fast
- We are rebellious
- We focus on impact.

The survey was running through April 2019 – May 2019. The completion rate was 82%, and all the questions were answered.

Conclusion of the study are as follows:

- All of the company’s official values mark a strong presence in the employees’ day-to-day work (3 of the values are perceived as present and strongly present by more than a half of the company’s staff)
- Most of the company’s official values are very operational - being in fact a sort of modus operandi guiding employees in their day-to-day work. What is more, the strongest values (these that scored 50% and more) are also supported and actively implemented by the relevant tools. The company uses technological solutions to fasten and smoothen the process (project management tools, ticketing systems, instant communication tools), to analyze data (studying customers’ behavior, competition activity, but also its employees engagement and satisfaction), tools to help them being integral with their values and product (add analysis, customer feedback and satisfaction surveys, candidates experience surveys, and more).

Employees of the company were also asked to choose from a various of descriptions/associations they have with the organization and rank their importance for them. The authors divided these associations into two groups - EVP (employer value proposition - chart two) and the company’s unofficial values.

- Compensation was one of the least important factors mentioned by the respondents. What was really important to them within the company is the possibility to work in an international place, where the hierarchies are low, and which allows them to keep a healthy work-life balance.
- For the employees of the studied company it is crucial to work in a truly diverse and inclusive environment that inspired them and pushes to improve their skills.
- The above-shown results (both from the EVP and the unofficial values) are very much in line with what researcher say about the values and working expectations of the generation Y. There is a much less focus put on the materialistic aspects, with a high importance given to the values part of how the organization operates.

If we analyze the results from the “pulse” surveys (they have been conducted in the company on a quarterly basis since August 2018), we will notice that overall satisfaction has been rising ever since. On top of that, the authors were interested in the eNPS score. eNPS stands for the employer net promoter score and is a scoring system designed to help employers measure employee satisfaction and loyalty within their organization. It was firstly used in marketing (NPS) to study customers’ loyalty and then implemented in the field of human resources. It identifies how eager the employees are to recommend the company they work for to their family and friends (as a prospective employer). The eNPS number has been also raising since the launch of the pulse surveys.

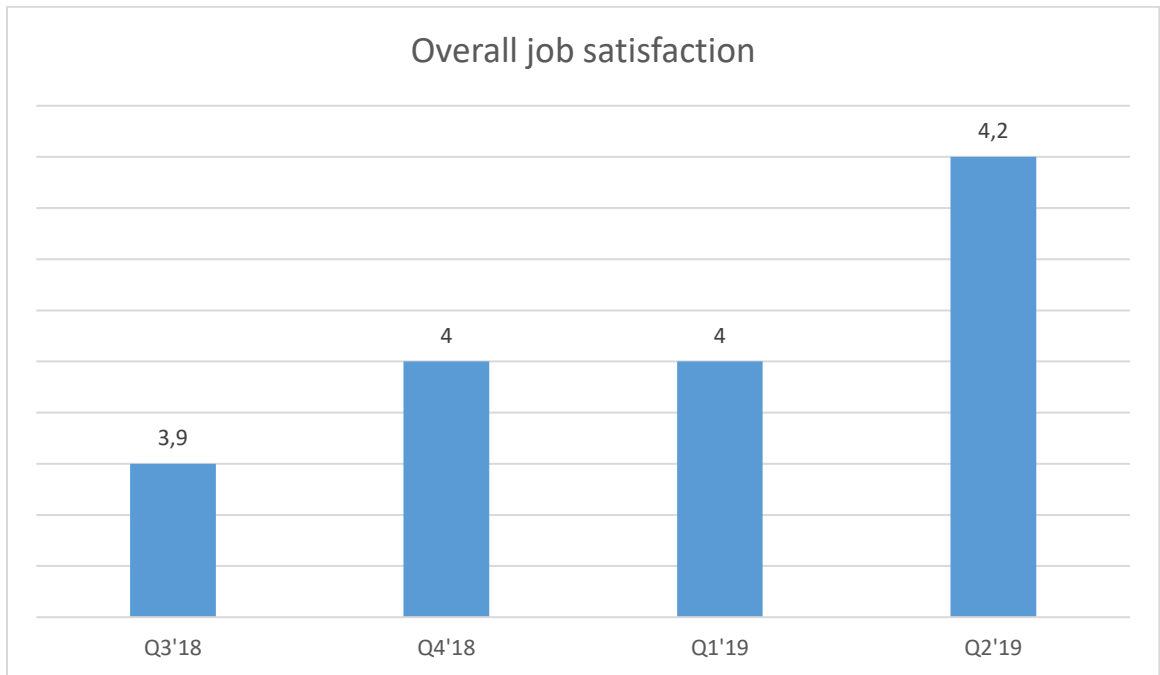


Figure 1: Rising overall job satisfaction Q3'18 – Q2'19.

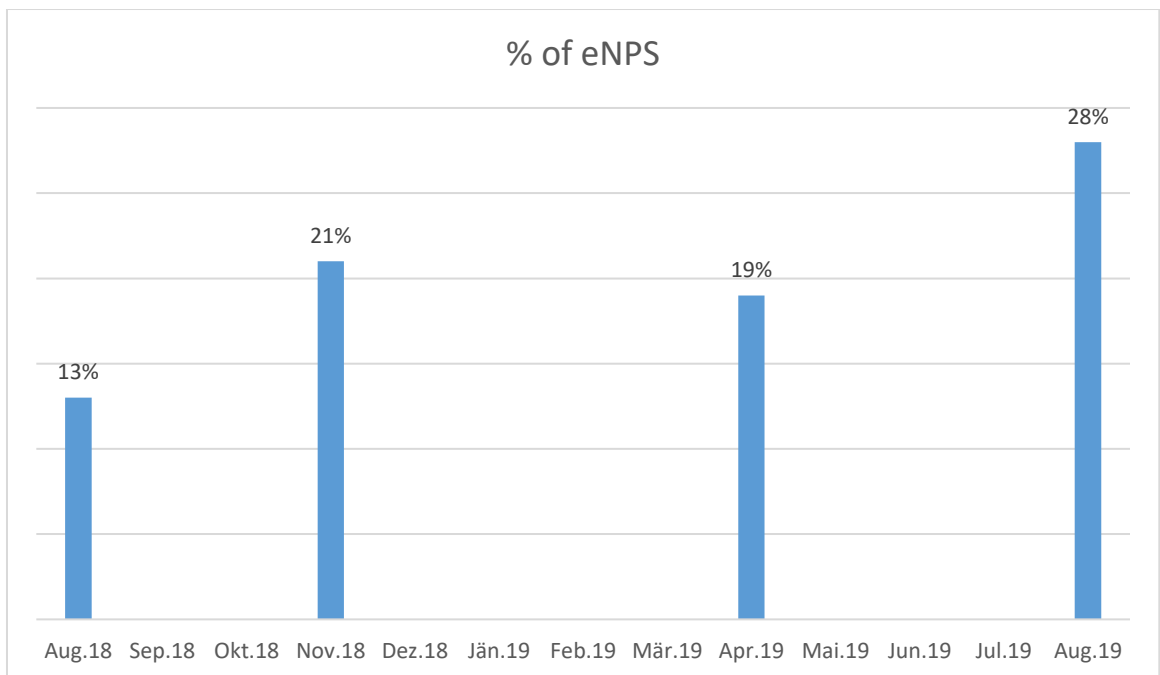


Figure 2: Employer net promoter score. Source: Authors' study.

If we compare the results from all the above-mentioned surveys with the level of the turnover rate in the examined 24 months at this organization, we will see it is on average level of 2,9%. This is a very low figure; most of the companies of that size have an ideal retention rate to achieve 90% (which hardly ever happens) (<https://carta.com/blog/employment-tenure-startups/> 06.09.2019).

The studied company has achieved satisfactory results. Employees seem to be happy; they would recommend working for that organization to their friends and family, and their official values are not only preached, but also apparently lived by the employees.

Based on the conducted research, we can summarize the operating model of this company in the couple of bullet points:

- It is a learning organization - it tests different models, does the reality check, and then implements changes - the best example is the shift from holacracy to a more “structured” model. In this case, with the growth of the company, this model was not really suitable anymore. Also, even though in the beginning the holacracy was working really well, the management was aware of the negative effects it can have on a bigger and more complex organization. To be more precise, let’s bring here a very well-known example of Zappos, which was one of the first organizations to have implemented this type of culture. As a reminder, Zappos’ CEO, Tony Hsieh in 2015 gave his employees an ultimatum – you either accept the holacratic organizational model, or you need to find another employer. In theory, all the foundations of this managerial shift sounded highly positive: flat structure that does away with top-down management and puts the decision-making in the hands of autonomous circles populated by self-managed employees, work is defined by roles rather than by job specifications, one employee executes multiple roles (<https://medium.com/infinitebeta/how-holacracy-is-killing-businesses-a425fd0b7eb4>, 06.09.2019). However, 200 people, who constituted back then 14% of the staff, decided to leave immediately. In the past two years, employees’ turnover at Zappos is at 29%.

Some critics of holacracy refer to this model as a cult, a sect; a group of firm believers, who does not accept any shade of grey and doubts regarding their “religion”.

- Values are of a high importance to the company - the core company values were forged short after the company was created; moreover, it was not a top-down action, but a democratic process that involved several employees and weeks of brainstorming. What is also important is that the founders are open to implement changes in their core values set if needed. After a series of values surveys, when it was clear that two values are relatively weakly represented (“We are rebellious” and “We focus on impact”) the decision was made of not putting too much of importance towards these two.
- The company understands that not only pay-check matters to its predominately millennial employees - for that reason it offers great work-life balance, self-development opportunities, daily inspiration and challenges.
- The company incorporated digital transformation before it was forced by the COVID-19 crisis. The employees have always had freedom to choose their working place (if agreed with the manager and the team), and they have been always equipped with the tools that make remote work easier and simply feasible. However, what is the most important is the level of trust that is given to the employees. Even during home office there was never a new, special way of controlling employees implemented, also, everyone could manage their time in the most convenient way (what especially mattered to the working parents). What matters are the results not the presentism.

16.5 Conclusions

Corona lockdown forced companies to go through an accelerated digital transformation. In many organizations, this change was really sudden and driven solely by the external health crisis circumstances. However, this process, although it is still quite recent, has already made significant remodeling in the world of work. Some companies announced that they are shifting their work models into digital ones. For instance, Twitter allows all its employees to work remotely, and Facebook expects half its staff to do so within a decade. But this can be observed not only within the tech giants but as well at the smaller organizations and startups, such as at

the examined company, which has introduced a hybrid model - employees can voluntarily choose between working from home or being on-site.

This is more than a digital transformation - this is a real revolution of the working models.

However, if this revolution is to be about something more than just a change of working tools and places, the ethical dimension cannot be omitted. As in the presented company, the impact has to be put on the individuals and values. This approach is in line with the humanistic management paradigm, which can be simply described as a way of management that puts individuals in the center. Moreover, implementing humanistic management can be a guarantee for sustainable development, understood here as combining business and social goals.

On a smaller, scale it means creating a good working place and a prospering firm. An enterprise cannot run successfully without its people. And it is not only about its employees, but also the whole social environment that interacts with the company uses its products, etc. Without social responsibility, this relation is unfair and uneven, which will always result in economical failure. On a bigger scale, however, humanistic management as a part of sustainable development is a necessary condition for democracy, thus a sane economy. "Business cannot succeed if society fails" - therefore, digitalization only combined with a humanistic, ethical approach can lead to sustainable development.

16.6 Bibliography

- Apello, J. (2011). *Management 3.0. Leading Agile Developers. Developing Agile Leader*. Boston. Addison-Wesley.
- Bell, D. (1975). *Nadejście społeczeństwa postindustrialnego. Próba prognozowania społecznego*. Warszawa. Instytut Badania Współczesnych Problemów Kapitalizmu.
- Bregman, R. (2017). *Utopia for Realists: And How We Can Get There*. London. Bloomsbury Publishing.
- Drucker, P. (1999). *Spółczesność pokapitalistyczna*. Warszawa. PWN.
- Florida, F. (2010). *Narodziny klasy kreatywnej*. Warszawa. Narodowe Centrum Kultury.
- Fobel, P., & Kuzior, A. (2019). The future (Industry 4.0) is closer than we think. Will it also be ethical? AIP Conference Proceedings, 2186(1). <https://doi.org/10.1063/1.5137987> (Scopus/WoS)
- Ford, M. (2015). *Rise of the Robots. Technology and the Threat of a Jobless Future*. New York. Basic Books.
- Inglehart, R. (1977). *Culture Shift in the advanced industrial societies*. New Jersey. Princeton University Press.
- Inglehart, R., Welzel, Ch. (2005). *Modernization, Cultural Change and Democracy*. New York. Cambridge University Press.
- Hardt, M., Negri, A. (2005). *Imperium*. Warszawa. W.A.B.
- Kuzior, A. (2006). Człowiek jako racjonalny podmiot działań w świetle założeń koncepcji zrównoważonego rozwoju. *Problemy Ekorozwoju: Studia Filozoficzno-Socjologiczne*, 1, 2, Warszawa.
- Kuzior, A., Kwilinski, A., & Tkachenko, V. (2019). Sustainable development of organizations based on the combinatorial model of artificial intelligence. *Entrepreneurship and Sustainability*, 7(2), 1353-1376. [http://doi.org/10.9770/jesi.2019.7.2\(39\)](http://doi.org/10.9770/jesi.2019.7.2(39)) (SCOPUS/WOS)
- Mason, P. (2015). *Post Capitalism: A guide to our future*. London. Penguin.
- Negri, A. (2008). *Goodbye mister socialism*. Warszawa. W.A.B.
- Nirenberg B., [in:] Kostera. M. (red.) (2014). *O przedsiębiorczości historie niezwykle. Studia przypadków z przedsiębiorczości humanistycznej*. Warszawa. Wydawnictwa Akademickie i Profesjonalne.
- Piketty, T. (2015). *Kapitał w XXI wieku*. Warszawa. Wydawnictwo Krytyki Politycznej.
- Rąb, Ł. (2016). *Prekariat i prekaryzacja pracy w epoce globalizacji*. Zabrze. Zeszyty Naukowe "Organizacja i Zarządzanie" Politechniki Śląskiej, vol. 92.
- Rąb-Kettler, K. & Rąb, Ł. (2015). *Precariat and precarious work as negative factors affecting sustainable development*. Zabrze. Zeszyty Naukowe "Organizacja i Zarządzanie" Politechniki Śląskiej, vol. 81.
- Steigerwald, D. & Reuther, W. (2010). *The UAW, and the dilemmas of automation*. Ohio. Ohio State University.

Tkachenko, V., Kuzior, A., & Kwilinski, A. (2019). Introduction of artificial intelligence tools into the training methods of entrepreneurship activities. *Journal of Entrepreneurship Education*, 22(6), 1-10. Retrieved from <https://www.abacademies.org/articles/Introduction-of-artificial-intelligence-tools-1528-2651-22-6-477.pdf> (SCOPUS, USA)

16.6.1 Digital sources:

Booz, M. (Apr.12, 2018). These Are the 5 Types of Jobs with the Most Turnover. Internet: <https://business.linkedin.com/talent-solutions/blog/talent-analytics/2018/these-are-the-5-types-of-jobs-with-the-most-turnover>

(Web-01) „Why practice holacracy.” 2018. Retrieved March 30, 2019 (<https://www.holacracy.org/explore/why-practice-holacracy>)

(Web-03) „Manifesto for Agile Software Development.” 2018. Retrieved March 30, 2019 (agilemanifesto.org).