Holacracy: The Next Generation Leadership in a VUCA World

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ABSTRACT

The Volatile, Uncertain, Complex and Ambiguous world is posing innumerable challenges upon all the organizational stalwarts. The purpose of the undertaking this study is more than one. 'Leaders are born not made' had always been an oft-cited dubious question to the uncanny minds of many. Thus, an attempt had been made to strike an answer to the recurring question that occurs at multi-tier level that is, does market leadership drives leadership in organizations or leadership capabilities of employees exercise influence on employees?

Methodology: An empirical research had been carried out, which was both explorative and descriptive in nature, to identify the leadership style followed in organization and bring out the gap between the existing and desired leadership styles for implementation of holacracy in the organization. Variables such as task and result orientation, work delegation are taken to find out characteristics of an effective leader. Variables such as democratic, autocratic, bureaucratic, participative are examined to find out preferred style of leadership. The effectiveness of the leadership style was survived through variables of penalty, rewards, motivation and respect. Out of 340 questionnaire circulated, 317 responses were received out of which 305 were found to be usable for study. Statistical test such as description statistics using SPSS is applied to study the outcomes and presented in the form of graphs.

Findings: The research yielded various interesting aspects of key leadership principles. Technology is a friend and a foe, a powerful threat if underexplored; poor communication skills and lack of discipline can make leaders ineffective. When asked about whether emotional intelligence is appreciated in a leader, the majority of the respondents could not give decisive answer. Holacracy brings the new era of leadership style with organizations becoming lean and employees adaptable.

Implications: The sample was drawn from Generation Z who is soon going to be a part of youth leadership in both corporate and governance. The questionnaire had been inclusive of asking personal traits of them to the actions.

KEYWORDS: Leadership, Holacracy, Merit, Generation Z

INTRODUCTION

We are judgement making creatures. Few people may disagree with the fact that they pass judgement in each are every situation of life. But the gospel truth is we have to make assessments and judgements in order to make informed choices. So being curious about our judgements is all that makes the difference. This is what makes a manager become a leader by showing curiosity in their own judgements. This curiosity creates deeper understanding about the situations and analysis of the facts based on which the judgements are made which as a spiralling effect enhances leadership competencies and productivity.

If we talk about the leadership style in mid 90's, it was more of an autocratic way where group members had little interference in the decisions and judgements made by the leader. The reason behind this was that the leader was chosen by the top management to steer the fellow members. The leader was loyal to his employer rather than his profession.

The scenario has taken a 180 degrees twirl when we analyse the leadership traits in the present scenario. The kind of style today's leaders follow is far more than one can imagine in the early times when leader where assumed to be judge for the people. In today's generation, leaders are not selected or appointed by the top management, but are picked up by the members of their own group. They are not only answerable to the employer but to the team members.

Today's leaders are more individualistic. They have a high need for autonomy and flexibility in their lifestyles and jobs and thus less need for directive leadership. They look for opportunities to improve their work skills, not just doing the work assigned. They are loyal to their profession rather than their employer.

Leadership as usual, including creating a vision, is not enough in a VUCA world. The acronym 'VUCA' stands for volatile, uncertain, complex, and ambiguous. Organizations are ranking the development of leadership competencies and

skills as a top priority for leading in a VUCA business environment. This terminology is resonating with an increasing number of CEOs as we try to make sense of the constantly changing challenges brought on by politics, economics, society and the environment.

There seems to be a shift from an approach based on problem-solving and planning aimed at reducing uncertainty, to a world where progress is made by actively engaging with uncertainty requiring higher levels of leadership agility.

Here are some of the success factors we have identified around leading effectively in a VUCA world:
➢ Always retain a clear vision against which judgments' can be made, with agility to flex and respond appropriately to rapidly unfolding situations.
➢ Provide clear direction and consistent messaging against a backdrop of continually shifting priorities, supported with the use of new virtual modes of communication where necessary.
➢ Anticipate risks but don't invest too much time in long-term strategic plans. Don't automatically rely on past solutions and instead place increased value on new, temporary solutions, in response to such an unpredictable climate.
➢ Think big picture. Make decisions based as much on intuition as analysis.
➢ Capitalize on complexity. If your talent management strategy is working, then you should be confident that you have the right people in the right place. This will enable you to rapidly break down any challenge into bite-size pieces and trust in the specialist expertise and judgments of those around you.
➢ Be curious. Uncertain times bring opportunities for bold moves. Seize the chance to innovate.
➢ Encourage networks rather than hierarchies – as we reach new levels of interconnection and interdependency collaboration yields more than the competition.
➢ Leverage diversity – as our networks of stakeholders increase in complexity and size, be sure to draw on the multiple points of view and experience they offer. Doing so will help you expect the unexpected.
➢ Never lose focus on employee engagement. Provide strategic direction, whilst allowing people the freedom they need to innovate new processes, products and services.
➢ Get used to being uncomfortable. Resist the temptation to cling on to outdated, inadequate processes and behaviors. Take leaps of faith and enjoy the adventure.

Impact's work, whether it be with multi-national companies, SMEs, governments, public sector organizations or not for profits, often centers around creating powerful, facilitated encounters that recreate a VUCA world in a real and consequential way. The leaders of today must plan to create a league of developing leaders who have sufficient agility, dynamism and responsiveness to navigate through the VUCA landscape.

Leading in a VUCA world not only present a challenging environment for leaders and executive development programs but also requires a much-needed range of new competencies.

To lead successfully in the VUCA world, leaders need to LEAP through the fog and demonstrate the cognitive readiness competencies and traits. LEAP is an acronym

Liberal: Open to new behaviour or opinions and willing to adapt or discard existing values if and when necessary.

Exuberant: Filled with lively energy with the sense of passion and optimism in engaging the employees and stakeholders.

Agility: Proficiently change and evolve the learning organisation with cognitive readiness and creative thinking skills.

Partnership: Build trust-based partnerships with teams, both intra and inter, as well as externally with customers and suppliers.

Executive and leadership training programs may be strengthened, broadened, and deepened to include inspiring and engaging others, as well as cognitive readiness and critical-thinking skills. These capabilities can be addressed by incorporating specific activities and exercises designed to increase awareness of their impact and importance in familiar techniques, such as case studies or applicable business simulations.

Additionally, opportunities for application and practice can be provided in experience-based approaches where participants work to apply the concepts and skills directly to real business issues, while colleagues and facilitators provide feedback based on behaviours they observed during their work together. What's more, companies feel the pressure to decrease time to market and improve the quality of products while delivering on ever-changing customer expectations to remain adaptive and nimble. Driving results in high-performance organisations (HPOs) is difficult even for companies who have the benefit of dedicated and knowledgeable employees and business leaders to leverage.

Now more than ever, leaders have to navigate unfamiliar, challenging times, a quickening pace of change, increasing expectations, and rapidly evolving conditions. This new environment is challenging leaders to find new ways to lead their organisations and achieve sustained success. And, because of these circumstances, there is a thirst for leadership, yet leaders face a whirlwind environment laden with remarkable opportunities and daunting challenges through which to lead their people and organisations.

Leaders are born or are they made? This question is answered differently with the traits of each passing generation.

Gen X is considered the best workers, Gen Y are the most passionate and committed to succeed, while Gen Z are tech experts and they are the most connected.

In general, Gen Y and Gen X professionals are more enthusiastic about the coaching and mentoring that comes with management jobs than the higher responsibility. However, Gen Z cites higher levels of responsibility and more freedom as attractive attributes of leadership.

Generation Z:

Gen Z, the post millennial generation, have their ideas on how to make this world a better place. These young people are growing up in an incredibly unique time in history. This generation is far more than just reflection of the digital behaviour.

Many in gen Z do not come out on their own to participate in community services. Not because they don't want to contribute but because their way of contributing is different. Instead of just volunteering many would rather tackle the very problems causing the need for volunteering essentially making volunteerism unnecessary altogether.

Like volunteerism, the cure for the disengagement is not simply trying to reengage them in a system that does not seem to work for them. We need to embrace these young change agents even when they challenge the very systems that gen X and Y has worked so hard to build and maintain because may be gen Z can do better making social change the new volunteerism or two party politics a thing of the past. Gen Z is not only disrupting these systems, at the same time working right around them finding other ways to make a difference. Gen Z embodies a great entrepreneurial spirit. Nearly half of them plan to start their own businesses in the future. But being an entrepreneur is more than just about being their own bosses or taking control of their career paths. It's a way to leverage their passions to create social change. See a problem, create a business and crave for opportunities for longer deeper involvement where they can work for creating meaningful change towards a solution because for them making a difference is far more important than just making money. Unlike gen y entrepreneurs, they are not necessarily looking for fame and fortune but they want to design and built new technologies to address the issues they care about and solve the world's complex problems.

We can tackle the biggest problems our society faces if we care less about how people identify and move past problems like- "Which bathroom should they use?" and instead focus on issue like "how can we conserve water in said bathrooms?"

For instance, an issue like hunger, in their minds although they know the importance of volunteering at a food bank, many would rather use their time, energy and resources to work towards creating a sustainable solution that ensures everyone has access to enough healthy food.

Holacracy

Imagine a company with no managers and no power structure, an organization where the workforces carry no business cards with job titles, because there aren't any. The staff organises itself in small groups within which individuals take on different roles, managing their activities in a completely transparent environment.

Zappos, the company founded by the revolutionary Tony Hsieh, and now part of Amazon.com although still independently managed, has announced its transition toward holacracy, a radically different way of organizing a company characterized by the absence of job titles, managers, or hierarchies.

The new management model is attracting a lot of attention following the announcement that Zappos, which employs 1,500 people, is trying to adopt it — by far the largest organization to do so.

Holacracy had been defined as: "A form of self-management that confers decision power on fluid teams, or "circles," and roles rather than individuals". (Harvard Business Review, 2016)

By implanting this philosophy, the company aims to improve efficiency, flexibility, and its ability to adapt. One consequence of the move would be that the highly charismatic Hsieh would step down as CEO. The workforce is being divided into some 400 groups, taking on one or more roles within them, managing their work within a completely transparent environment.

A secondary research accompanied the primary survey was amalgamated to the research findings. Figure 1 clearly indicates that baby boomers as a generation is expected to retire while among the next three generations of X, Y and Z it is Generation Z that is in the largest number to join. This generation is though more entrepreneurial and would not like to be bound by any rules and regulations that restricts their personal freedom. Further, figure 2 highlights differences among the three generations from services oriented architecture to technological savants, shows a shift in the pattern of existence. Figure 3 describes key characteristics of each generation.
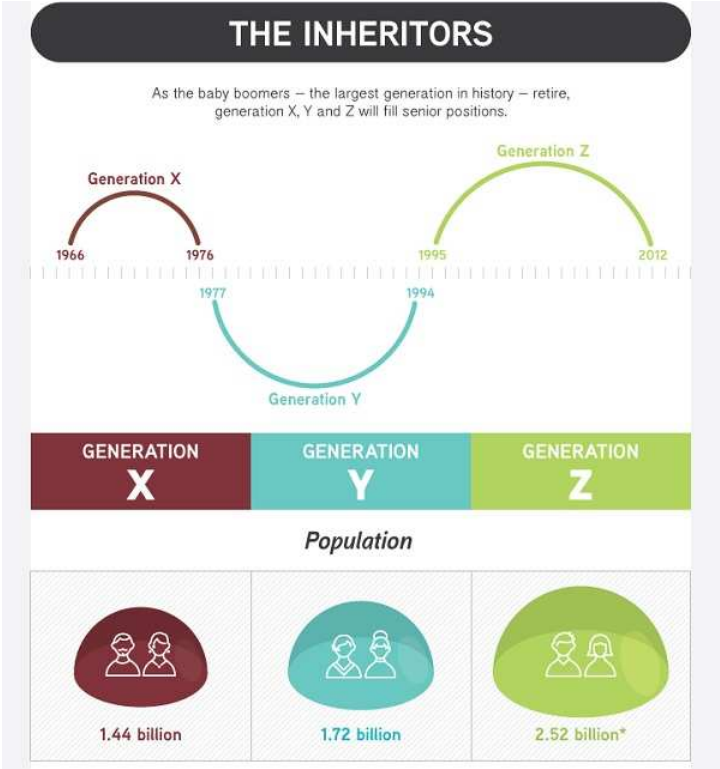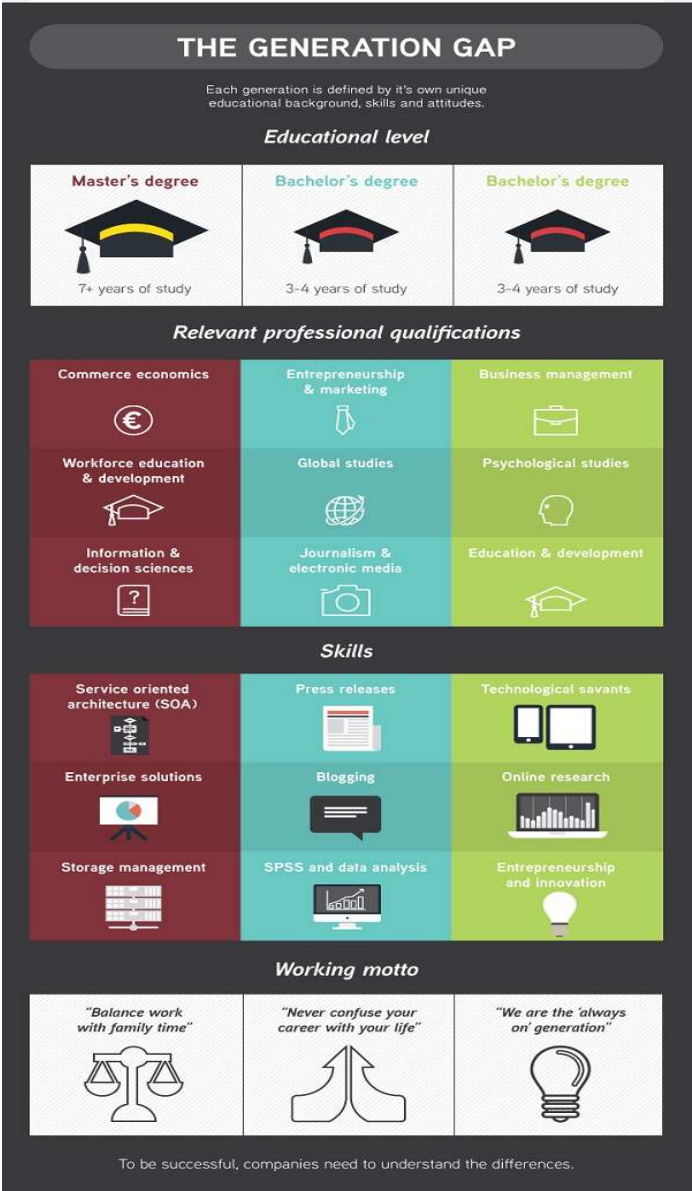
Fig.1: Generations at the workplace

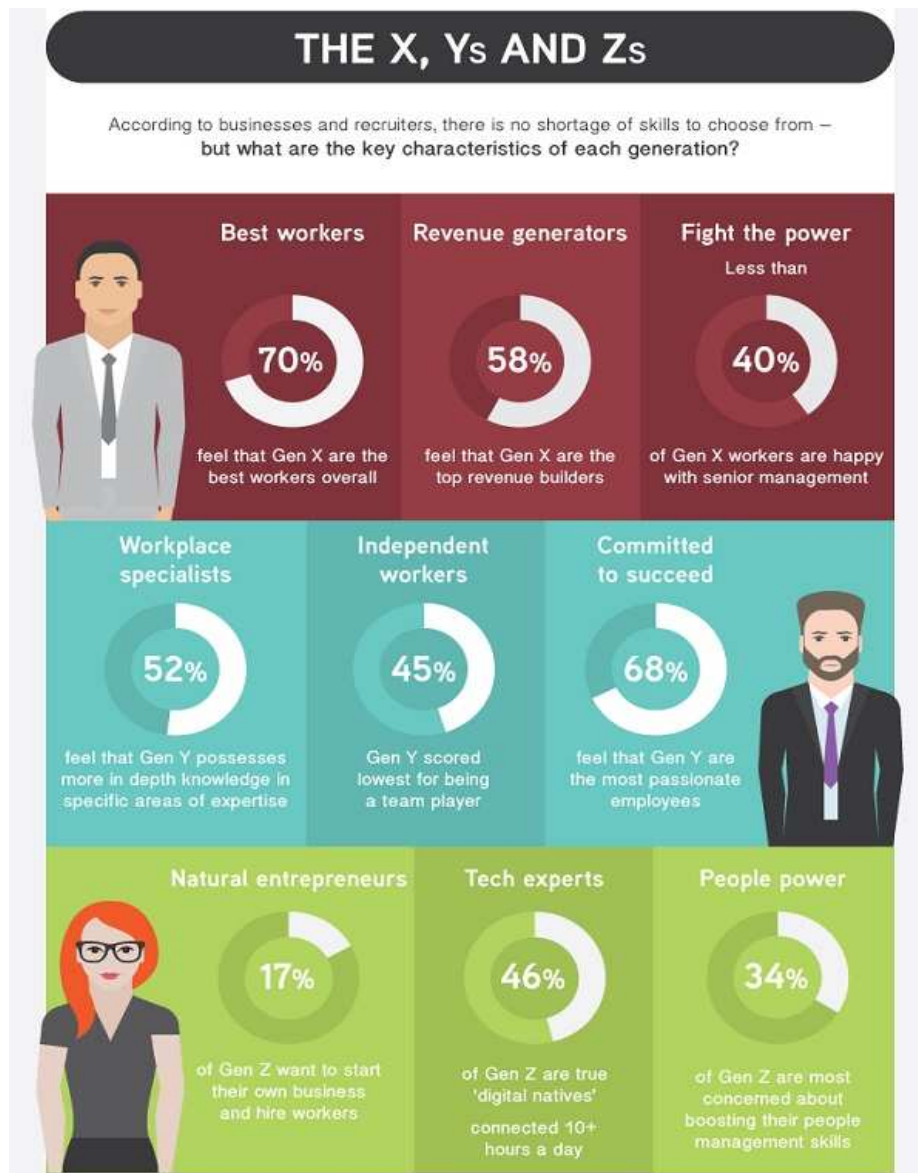**Figure2: Differences among the three generations**

Figure3: Key characteristics of each generation

Literature Review:

Holacracy is a type of radical approach which is designed to replace the traditional cultures in organization in terms of: hierarchy system of top to bottom and the need for management. It promises an effective work environment by adapting lean approach and purpose driven work culture (van de Kamp, Pepijn, 2014).

Holacracy is best functioned when organization is focused on work to be done more than the people doing the work (MacGregor, 2014). A practice, not a philosophy, theory or idea is defined as holacracy by Gujanica Radojević, Ivana & Krasulja, Nevena & Janjušić, Dragan. (2016).

A behavioral approach of leadership style is task and result orientation. It is the characteristic of a leader to focus on individual task for attaining desired goals or maintaining the performance standard. Following this approach, the leader is more concerned for task accomplishment rather than employees concern. Leaders follow a planned structure to derive organizational targets (Forsyth and Donelson, 2010).

Researchers are still trying to figure out link between leadership style and fine tuning of delegation, which is an important aspect of organization effectiveness (Bass, 1990). It is critical to understand the role of delegation in the conceptual distinctions of leadership. Delegation stands as the opposite aspect of autocratic decision-making. The process of decision making in delegation is done by individual subordinate and not by peers. It involves autonomy of subordinates in making decision (Leana, 1986).

Democratic leadership style motivates staff and increases job satisfaction (Ngai, 2005). Autocratic style of leadership is the one in which subordinates gets clear and short instructions on how things need to be done (Sauer 2011; Cunningham, Salomone, Wielgus 2015, p. 34).The autocratic leaders make decisions on their own whereas democratic leaders take decision after consulting with subordinates (Cellar et al. 2001, p. 63; Maloş 2012, p. 421). Bureaucratic style of leadership is the one in which people get little or no freedom (Seyed Javadin, 2007). Bureaucratic leaders work in a defined manner with clear rules and regulations. Participative leadership style focuses on increasing performance of employees resulting to high profit (Negron, 2008).
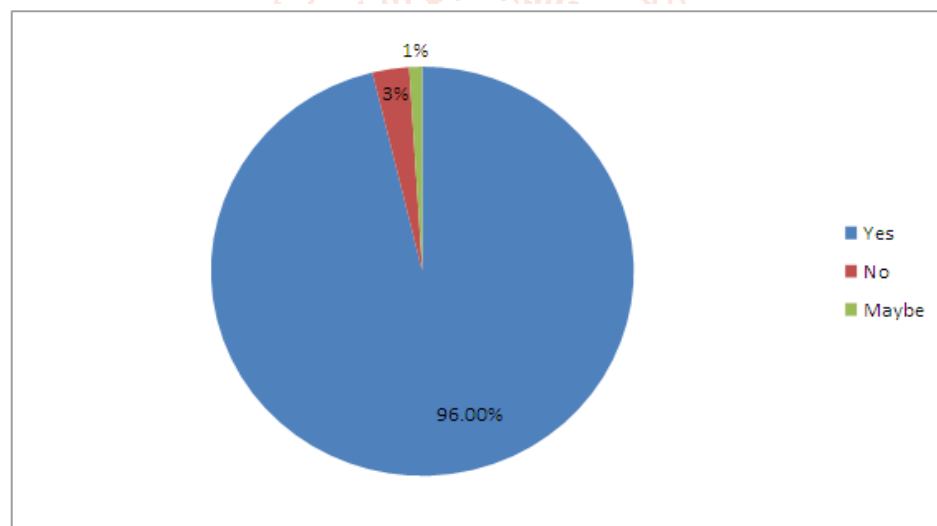
Data analysis and findings:
GENDER
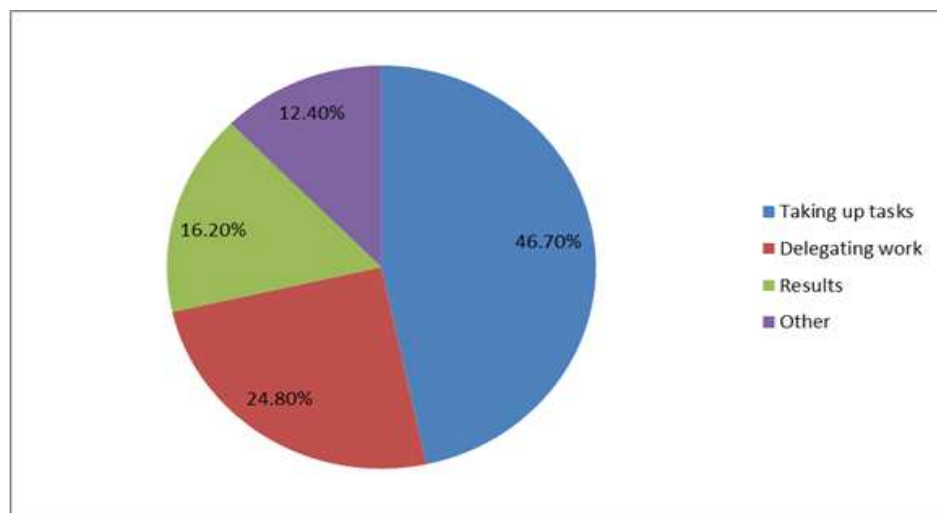The study drew responses from 105 respondents which had been inclusive of 51 females and 54 males.
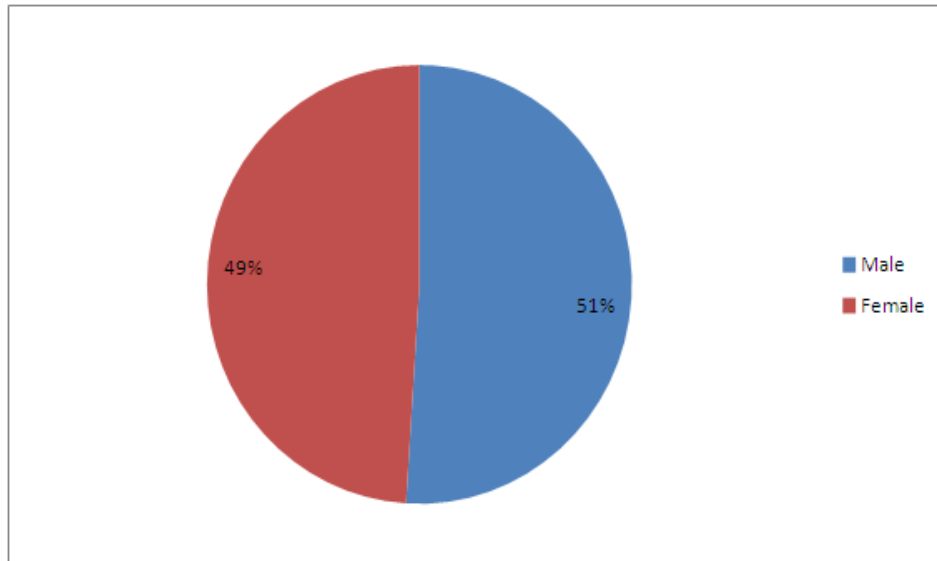
Do you think leadership is an important quality?
Out of 105 responses, except 4 people, rest all agree that leadership is an important quality.

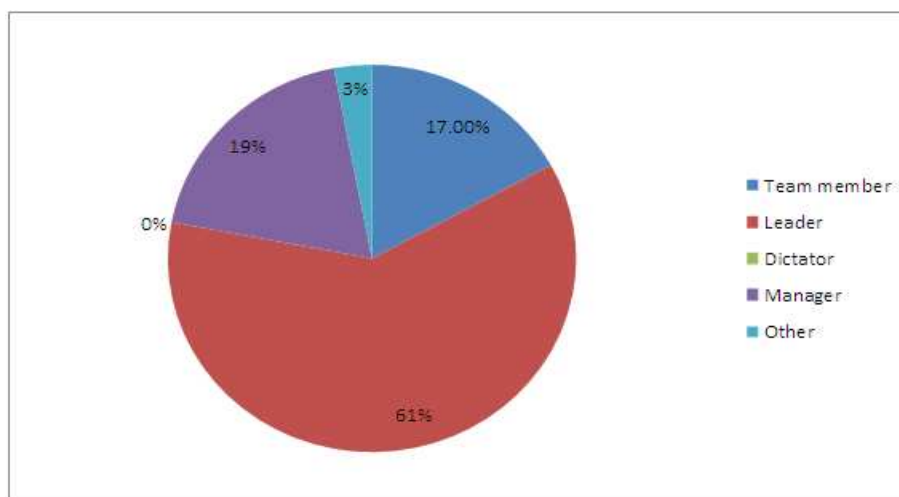**What qualities do you appreciate in a leader?**
105 responses

Near about 49 out of 105 respondents appreciate the quality of taking up tasks by a leader. 26 respondents appreciate the quality of delegating work. 17 of them find results as the best quality. Rest 13 respondents search for other qualities in a leader.
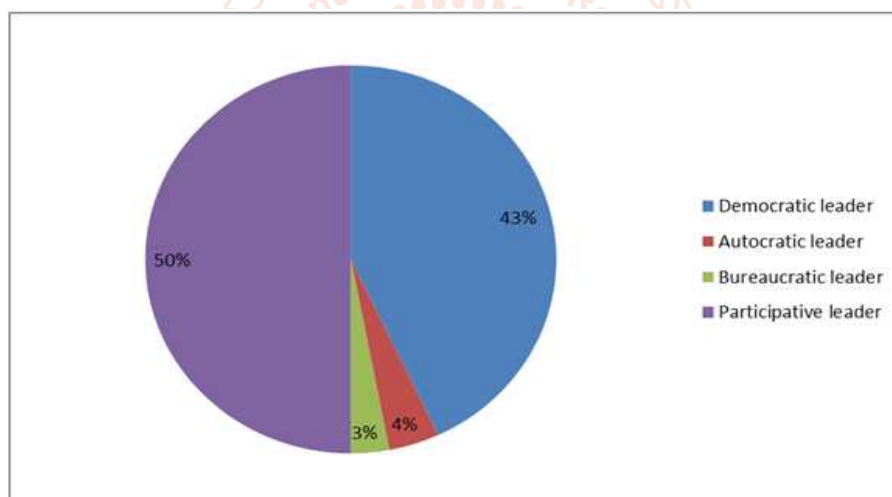
What do you prefer being?
105 responses

Approximately 64 out of 105 respondents prefer being a leader. 20 respondents prefer becoming a manager.18 respondents want to be a team member and remaining 3 have other preferences. No respondent prefers being a dictator.

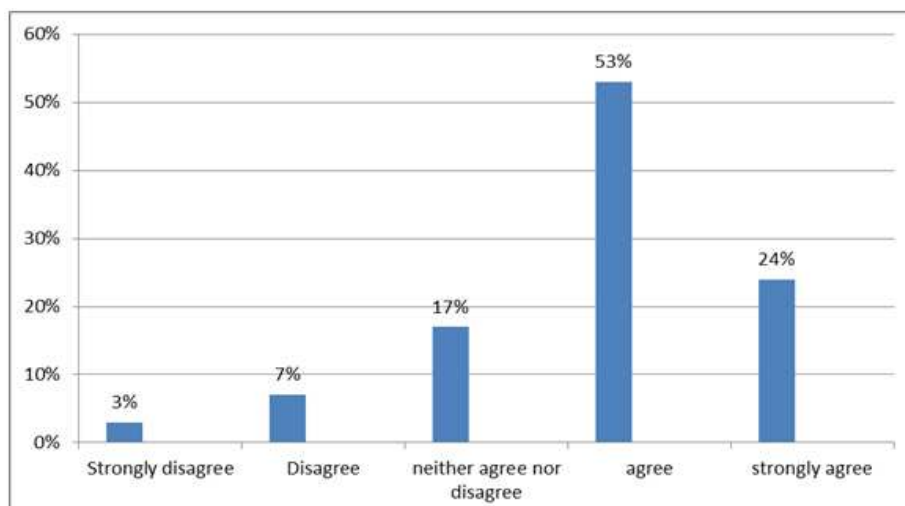## Whom do you appreciate more?
105 responses

Approx. 53 out of 105 respondents appreciate participative leaders. 45 respondents appreciate democratic leaders. Rest 3 and 4 respondents appreciate bureaucratic and autocratic leaders.

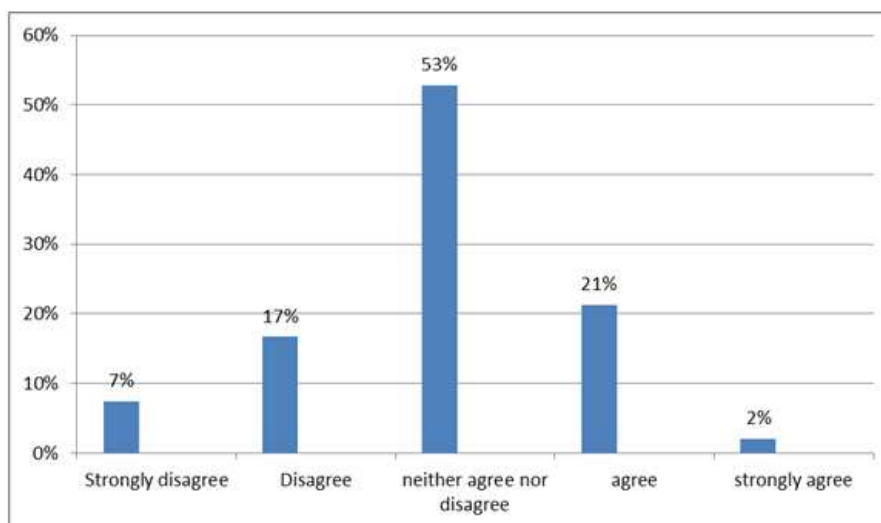## Do you find your leader effective?
105 responses

Approximately 24 out of 105 respondents strongly find a leader to be effective. 55 respondents agree that leaders are effective. 10 of them do not find leaders effective. 16 of them neither find leaders effective nor ineffective.
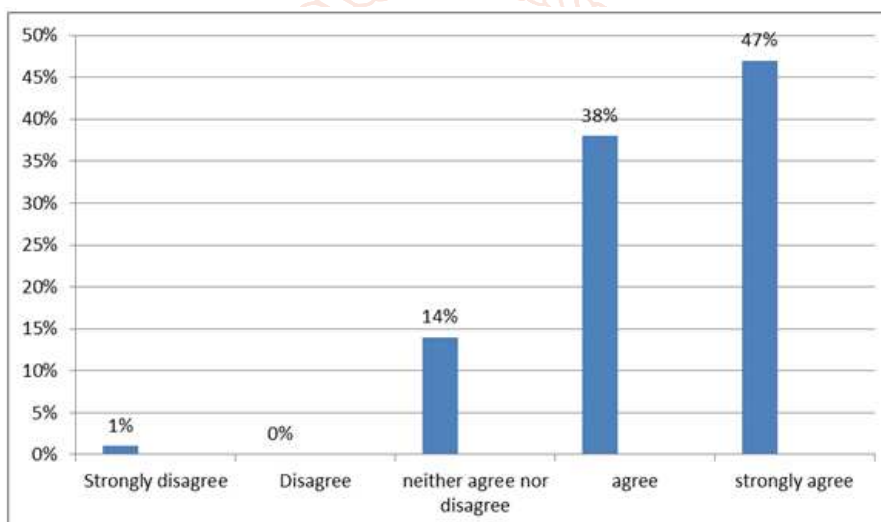
According to you, is it required of a leader to be emotional?
105 responses

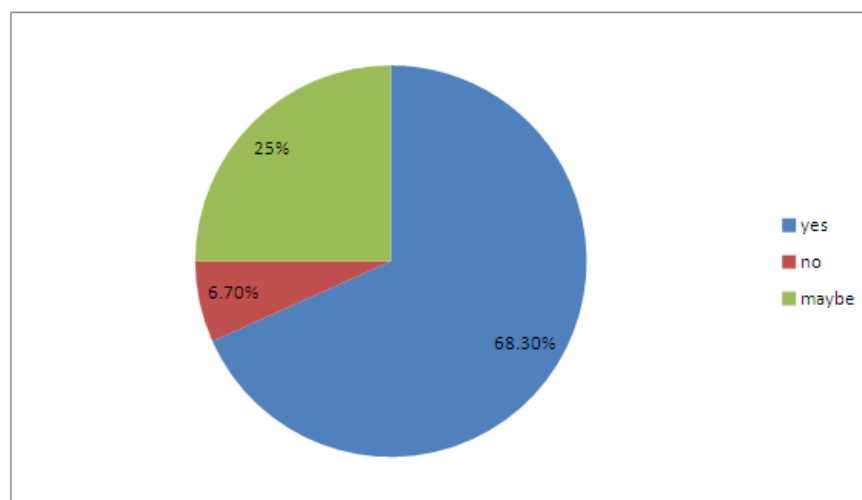### How important is discipline to you?
105 responses

Approx. 49 out of 105 respondents believe that discipline is very important. 40 respondents say that discipline is important. Only 1 respondent strongly disagrees that discipline is important. Rest 15 respondents neither agree nor disagree that discipline is important.
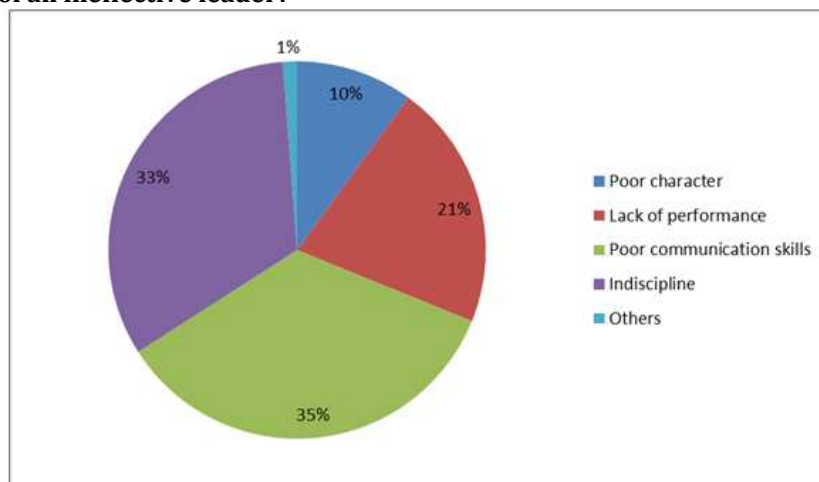
Are you disciplined?
105 responses

68% out of 105 respondents say that they are disciplined. 7 respondents say that they are not disciplined. Rest 26 respondents are not sure whether they are disciplined or not.

What are the qualities of an ineffective leader?

35% out of 105 respondents believe that a poor communication skill is a major quality of an ineffective leader. 34 respondents feel that self-serving nature is a quality of an ineffective leader. 22 respondents feel that lack of performance makes one an ineffective leader. 11 respondents find poor character to be a quality of ineffective leader.

**What challenges do you think exist for you tomorrow in leadership positions?**
105 responses
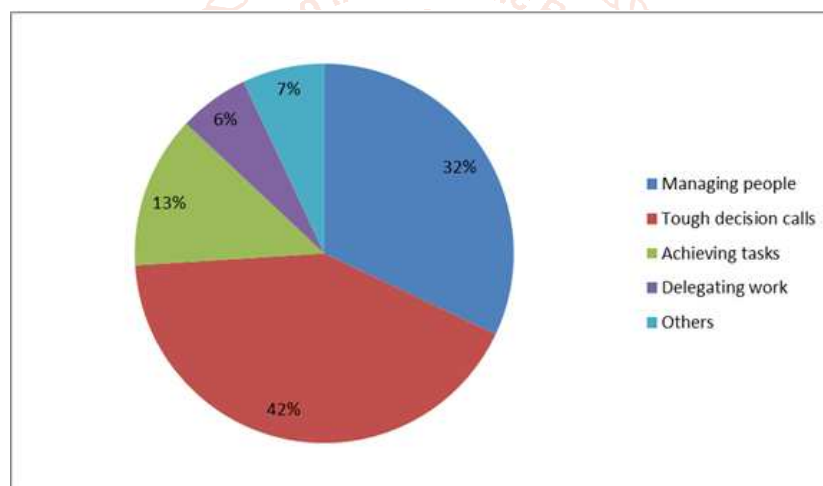
Approx. 44 out of 105 respondents feel that tough decision calls would be a challenge in the leadership position in the future. 34 respondents feel that managing people could be a challenge. 13 respondents feel that achieving tasks would serve as a challenge in the future. Only 6 respondents find that delegating work could be a challenge. Rest 8 respondents find other challenges in leadership positions.

What begets better and quick results?
105 responses
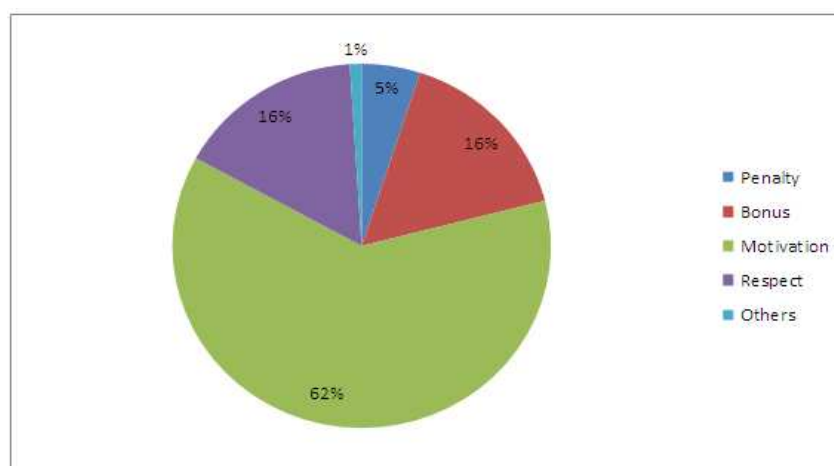
62% out of 105 respondents believe that motivation generates better and quick results. 17 respondents feel bonus and another 17 of them believe that respect generates better and quick results. Rest 5 respondents feel that penalty and only 1 respondent finds other factors that would generate better and quick results. Other factors include disrespect and threat as few of the other factors.

Technology is a power or threat for a leader?
105 responses
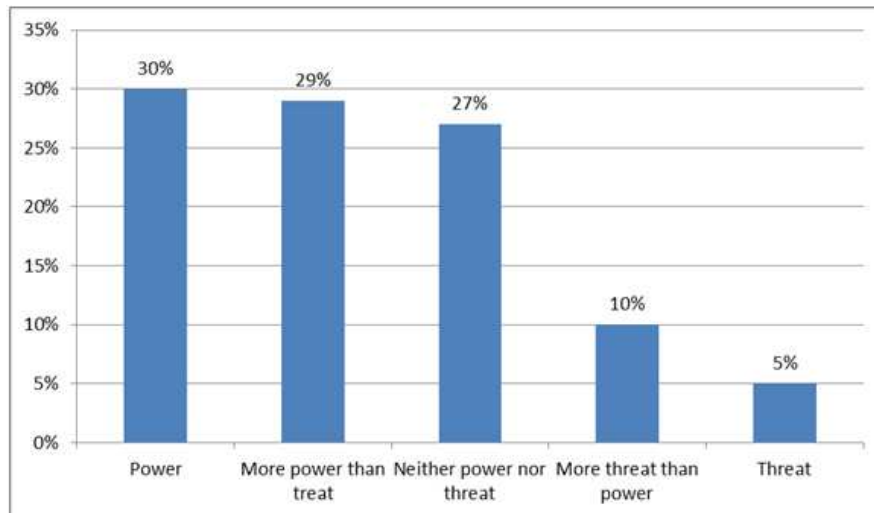
Approx. 32 out of 105 respondents believe that technology is a power. Only 5% of the respondents feel that technology could be a threat. This is so because the ones who cannot capture apps and forecast digit rends would not find themselves carrying out businesses.

Conclusion:
Responsible Leadership is all about sustainability. Motivation is a key factor for deriving effective results rather than penalty. Thus leaders should focus on enhancing motivational aspect of employees to achieve best results. Communication is one of the vital skills to judge upon the effectiveness of the leaders. Poor communication skill leads to ineffective leadership. Prioritizing is a skill that needs practice of scientific decision making. Analysis of urgent versus important is a delicate art and a tough call for any individual to manage especially a leader. Discipline as a personality trait had been appreciated for being and effective leader.

Technology is a power for those who know how to explore but for those leaders who still have not found themselves on a luxurious indulgence on skype and virtual meetings have miles to travel in the digital mode before they enjoy a good night sleep. Discipline is a disciplinary issue for all managers alike whether we talk about any generation. Stress is a by-product of malpractice of goals and time management and emotional intelligence keeps everything in its limits and most of the errors and problems at bay. Since leadership is a factor determinant of organization structure thus holacracy is an upcoming mode of operation where employees will work with little attention to their job titles. The reasons for this may be varied as the people want to be employed for financial security, social status or keeping themselves occupied: this is in order of preference relevance as scouted from the survey. As the leaders are entrusted with the task of creating more leaders thus it is crucial for them to be visionary for having a foresight of the future social mileu and job drivers.

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