



to supply has been supplanted by talent platforms, just as the traditional role of the hotel—matching travelers to rooms—has been supplanted by platforms like Airbnb and Trivago. And there will always be “liquid” work that can be outsourced as micro-services to freelancers and other contractors, with agile teams back home assembling the pieces into a solution. For the majority, that is core work; however, the role of organizations as employers will continue, as the need for speed and innovation trumps process efficiency in the digital economy.

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## The Age of Man–Machine Partnerships

By Peter Mulford

As both a consultant helping Fortune 100 firms manage innovation and a World Economic Forum alumnus, it’s easy for me to understand the enthusi-

asm for the idea that advances artificial intelligence, machine learning, and IoT (or what Klaus Schwab calls the Fourth Industrial Revolution). These technologies have had a dazzling impact on virtually every aspect of people’s lives, and it’s clear they will continue to do so. What’s less clear is that the Internet of people (IOP) will cause work and the organization to be “decoupled” in a way that “organizations as the ‘home’ for talent will be at an end.” In fact, there is increasing evidence that the opposite may be true.

To begin, whether you call it the IOP or the on-demand economy (ODE), there is ample evidence to show that the number of employees and employers using per-project work is already big and getting bigger. The Aspen Institute found that 45.3 M (22 percent) of the US population has participated in the ODE; LinkedIn has predicted that 43 percent of the U.S. workforce will freelance by 2020; employers surveyed by Burson-Marsteller reported increasingly using independent contractors for flexibility (90 percent) and cost-saving (86 percent). And so on. At first glance, the evidence seems clear: the IOP is on the rise, and it will bring benefits to both employees and employers.

But, look more deeply, and there are three potential problems with this narrative. The first is that it assumes that a majority of workers want to be decoupled from organizations. A growing body of research suggests that employees see purpose as a way to bring meaning to their work and to grasp the contributions they are making to society, and this is something increasingly expect to get from their firm: A recent study by Gallup found that, to be fully engaged, employees need to find meaning in their daily work. PwC found that “purpose is also top of mind for employees across multiple generations and levels.” When organizations are at their best—which is not as often as they could—they provide this sense of purpose. But where does one find purpose in a TaskRabbit IOP world where workers move from project to project? True, one could argue people enjoy tasks for the love of the task (read Marcus Aurelius) or that flexibility in work will serve a tangential purpose (consider, for example, caregivers looking for part-time work during set hours). But for the majority of workers, it is unclear how the ODE will fulfill the human sense of purpose and connectedness that comes from being part of an

organization whose mission exceeds the sum of its tasks.

The second problem is the assertion that the IoP will create “opportunities for growth and security,” isn’t supported by the data. In fact, the opposite seems to be true. While participation in ODE is up in America, income inequality is at the worst it has been since 1923. Moreover, 68 percent of ODE employees surveyed feel they do not have the same financial safety net as full-time workers. Elsewhere in the world, things don’t look much better. Despite advances in the IoP, the top 10 percent of best paid employees still take 25.5 percent of total wages in Europe, 35 percent in Brazil, 42.7 percent in India.

The third problem with this narrative affects employers. While the short-term cost savings for a firm in an IoP world are clear, less clear are the longer-term strategic implications of

The automation of knowledge work and the growth of the freelance economy is very real, yet the science of human behavior suggests that the impact of these changes will not be so draconian.

employee decoupling. Here’s why: One of the crucial insights from Michael Porter’s work on strategy is that competitive advantage derives from the unique combination of activities that allow a firm to deliver a distinctive value proposition. Like any high-performing team, firms therefore depend upon a diversity of talent that work together as a team for their success, not on crowdsourcing tasks to the lowest qualified bidder. (It’s also interesting to note that in the same Future of Work initiative cited above, 58 percent of employers surveyed said full-time hires are better for their company, despite the costs, because they provide more value over the long term.) The IoP model might be cost saving for non-essential tasks, but it seems unlikely

to replace the organization as the “home” for a team of high-performing talent determined to compete, and win, in a hyper-competitive world.

So, now what?

Rather that decouple workers from their firms, advancements in technology might instead create the opportunities—and incentives—for firms to invest in developing deep man-machine partnerships at the enterprise level, and at scale. In many places this is already happening. As Gideon Lewis-Kraus recently noted, “The most important thing happening in Silicon Valley right now is not disruption. Rather, it’s institution-building—and the consolidation of power—on a scale and at a pace that are both probably unprecedented in human history.”

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## Is This the End as We Know It? Not So Fast

By Uri Ort, Reece Akhtar, Dave Winsborough

“We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run.” As futurist Roy Amara explains people disregard important lessons from the past, and take a narrow view to the latest new and exciting innovations, making it difficult to understand the present and even more difficult to predict the future. The freelance economy is no exception.

More than two-thousand years ago, Plato first described the gig economy when he said, “All things are produced more plentifully and easily and of a better quality when one man does one thing which is natural to him and does it at the right time.” Adam Smith, in his famous book *The Wealth of Nations*, and later, Fredrick W. Taylor with his principles of scientific management, continued to promote the efficient subdivision of labor leading many to believe it

would forever change the world of work. Yet the traditional organization we have known for a long time has persisted. Why is this? Humans derive many benefits from belonging to organizations. As the Hawthorne studies and Hackman and Oldham’s Job Characteristics Mod-

Automation, AI, and robotics will both destroy jobs and create them.

el showed, meeting the psychological needs of employees through a well-designed employer-employee relationship is critical for employee well-being and motivation, and ultimately, organizational performance.

Wide-ranging predictions of the future are often askew because they focus on technological innovations which evolve at a much faster pace than human behavior. According to Robert Hogan, three fundamental needs explain human motivation: the need to get ahead (i.e. competition, status and dominance); the need to get along (i.e. relationships, cooperation and altruism); and the need to find meaning (i.e. purpose, identity and life satisfaction). The satisfaction of these needs are provided for, in large part, by the traditional employer-employee relationship. At traditional organizations, employees often feel a strong sense of belonging to their organizations, derive meaning and purpose from the organizational mission, and build a valuable social life with their colleagues. Additionally, many organizations invest in their full-time staff, providing development and guidance to help them progress in their career with the intent of building long-term bench and capability.

In contrast, freelancing is lonely, and often lacks meaning and higher purpose for employees. Gig workers have fewer opportunities to see the impact of their work and may not be able to connect to the broader organizational mission, which is critical for engagement, motivation, and performance. Beyond the tangible benefits of health insurance and support, the psycholog-