

Master's Degree Program

Global Development and Entrepreneurship

Final Thesis

Human capital efficiency: a comprehensive overview

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#### Abstract

This master's thesis provides an analysis of the evolving interplay between employee welfare and efficiency, travelling from giving a context analyzing the subject of organizational design and what have been the shifting patterns characterizing the ever-evolving business landscape, with a special focus on the impact of Artificial Intelligence (AI) and robotics in human capital development. In an era where AI and robotics are revolutionizing work processes, this research examines how these technologies are redefining employee roles, responsibilities, and well-being within organizations.

The study employs a mixed-method approach, encompassing a thorough literature review and empirical data analysis, to explore the interrelation of factors influencing the overall organization efficiency, and the implications of AI and robotic integration in various organizational contexts. It investigates the transformative effects of these technologies on workforce dynamics, including the reshaping of job structures, the emergence of new skill requirements, and the ethical considerations surrounding AI and robotic deployment in the workplace.

Key findings highlight a dual impact: while AI and robotics enhance operational efficiency and open avenues for innovation, they also present challenges related to employee displacement, skill obsolescence, and the need for robust ethical frameworks. The thesis argues for a balanced approach where technological advancements are harmoniously integrated with strategies that prioritize employee welfare. This involves fostering a workplace culture that embraces continuous learning, adaptability, and ethical governance of AI and robotics.

#### **I Introduction**

In the dynamic landscape of modern business, the concept of organizational design has emerged as a cornerstone for the successful execution of strategic objectives. As organizations grapple with the complexities of an ever-evolving market environment, the need for a coherent and effective organizational structure becomes critical. This thesis delves into the intricacies of organizational design, exploring its vital role in aligning an organization's strategic vision with its operational framework.

At the heart of this exploration lies the understanding that organizational design is not just about the structural layout of a company; it is about creating a system that facilitates the seamless integration of various components of an organization to achieve its goals. This includes the careful orchestration of processes, the establishment of clear communication channels, and the development of a culture that resonates with the organization's core values and objectives.

The significance of organizational design extends beyond mere operational efficiency. It plays a crucial role in shaping an organization's identity, dictating how it adapts to changes, overcomes challenges, and seizes opportunities in the competitive business arena. This thesis presents a comprehensive analysis of organizational design, examining its impact on employee performance, innovation, and overall organizational health.

Through a meticulous examination of case studies, theoretical frameworks, and current trends, this thesis aims to provide valuable insights into the best practices and principles of organizational design. It seeks to equip current and future leaders with the knowledge and tools necessary to design organizations that are not only effective and efficient but also resilient and adaptable in the face of constant change.

As we venture into this exploration, the thesis acknowledges the critical role of organizational design in the broader context of global development and entrepreneurship. It is an invitation to rethink traditional paradigms and embrace a more holistic and strategic approach to designing organizations that are capable of thriving in the complex and unpredictable world of contemporary business.

### II The Subject of Organizational Design

Within the intricate and ever-changing realm of contemporary business, the discipline of organizational design has become indispensable in facilitating the successful execution of strategic objectives. In order to ensure that plans are carried out successfully, organizational design aims to align an organization's strategic plan with a particular system of administration and execution. Beyond just changing structural arrangements, this process also affects daily operations, customer interactions, team roles, and decision-making processes (SumTotal, 2022).

Organizational design is a vital and complex aspect of how organizations are structured and managed to achieve their goals effectively. According to Marco Delmastro et al. (2012), it is a broad field with many facets, all of which have a substantial impact on an organization's overall performance and adaptability.

Business strategy implementation and success are significantly influenced by organizational design. A key component of effective organizational design is matching these structures with the strategic objectives of the company, rather than merely arranging teams and processes. According to Bryan and Joyce (2007), a firm's ability to carry out its strategy and preserve a competitive advantage in the market can be greatly improved by a well-designed organizational structure.

Numerous studies show how organizational design components, like authority distribution and internal process design, directly affect key performance indicators, demonstrating the evident and palpable effects of organizational structures on a firm's performance. According to Marco Delmastro et al. (2012), the study emphasizes the critical role that an optimized organizational design plays in enhancing a business's productivity, flexibility, and profitability.

Together, a large number of academics stress the significance of organizational design in the context of contemporary business. They contend that the degree to which an organization's organizational structure, procedures, and culture are in line with its strategic goals has a substantial impact on the organization's capacity to innovate, adapt, and compete in a

dynamic business environment. These academic publications demonstrate how important alignment is to an organization's performance and survival in the marketplace.

At the heart of organizational design lies structural design, which involves establishing hierarchies and reporting lines. This includes defining the levels of authority and the chain of command within an organization, a critical aspect that helps clarify roles, responsibilities, and accountability.

Another key component is departmentalization, where tasks and employees are grouped into units or departments based on shared functions, products, geographical locations, or customer segments. This grouping helps in coordinating efforts and resources more efficiently. The span of control, which refers to the number of employees each manager is responsible for, is also a crucial consideration. It impacts managerial effectiveness and employee autonomy, balancing the need for oversight with the benefits of employee empowerment.

Process design is another essential aspect, focusing on establishing efficient and clear processes for how work is done. This includes setting standard operating procedures and guidelines, which are crucial for ensuring that tasks are carried out effectively and consistently. Decision-making processes, whether centralized or decentralized, significantly impact an organization's agility and responsiveness. Communication channels are also vital, ensuring effective communication within the organization, which is crucial for the smooth functioning of all operations and maintaining morale and engagement among employees.

Organizational effectiveness and efficiency is another key aspect directly related to organizational design, it concern optimizing resources and processes. This includes ensuring that resources are used effectively to achieve organizational objectives and continuously improving processes to increase efficiency and effectiveness (Marco Delmastro et al.,2012).

Organizational design is a strategic imperative vital for shaping a company's culture, leadership, adaptability, and competitiveness. It is a deliberate process of configuring structures, processes, reward systems, and people practices to create an effective organization capable of achieving the business strategy. It is the foundation upon which companies build their strategies to compete in the marketplace and navigate a complex array of operational challenges. The initial conception of organizational design centered on maximizing efficiency

through well-defined hierarchies and streamlined processes, echoing the principles laid out in classic management theories.

#### 2.1. Culture, Norms and Values

Cultural and social aspects play a significant role in organizational design. The organizational culture, which includes shared values, beliefs, and norms, defines an organization's identity and drives employee engagement, aligning the workforce towards common goals. Team dynamics and the nature of collaboration within the organization are also pivotal, as good team dynamics can enhance problem-solving capabilities and foster innovation.

Strategics and goals Alignment involves aligning the organizational structure and processes with the long-term objectives and strategies of the organization. This ensures that all elements of the organization are working towards the same goals and includes establishing performance metrics to measure success and align activities with strategic objectives (Marco Delmastro et al.,2012).

Organizational culture, often described as the 'soul' of a company, is a complex tapestry woven from the values, beliefs, underlying assumptions, interests, and experiences that shape the way members of an organization think and act. It is both an invisible force that guides day-to-day operations and a tangible set of practices that can be observed in the organization's rituals, stories, and symbols.

Culture is a critical driver of innovation. It sets the stage for how individuals interact, share knowledge, and collectively solve problems. In environments where creativity is valued, risk-taking is encouraged, and learning from failure is seen as a steppingstone to success, a culture of continuous innovation can flourish. (Rama Chandra Nayak et al.,2011)

The significance of organizational culture extends beyond the internal workings of the organization to its external identity. (Marco Delmastro et al.,2012) suggests that culture is a determinant of how an organization is perceived by its customers, partners, and the broader community. A strong, coherent culture can be a source of competitive advantage, distinguishing a company in a crowded marketplace and building loyalty among stakeholders.

Establishing and maintaining a strong organizational culture is not without its challenges. (Zhaoquan Jian et al., 2016) point out that as organizations grow and evolve, preserving a consistent culture becomes increasingly complex. This is particularly true in the case of mergers and acquisitions, where integrating diverse cultures can be a critical factor in the success or failure of the venture.

Furthermore, the role of organizational culture in employee welfare is significant, as indicated by (Yu Wei et al.,2020). Employee welfare programs, when aligned with the company's cultural values, can lead to increased employee satisfaction, retention, and performance. Such alignment ensures that welfare initiatives are not just perceived as benefits but are deeply integrated into the way the company operates and cares for its people.

Duncan Gallie et al, in their (2012) work, expand on this by detailing how organizational culture shapes the approach to teamwork and skills development. In cultures that prioritize collective success and personal growth, there is a strong emphasis on collaboration and continuous learning. This not only fosters a sense of community and shared purpose but also equips employees with the skills needed to adapt to changing business needs.

Organizational culture is the bedrock upon which companies build their strategic aspirations and operational realities. It is the force that can bind an organization together across various levels, departments, and geographies. As organizations navigate through periods of change and uncertainty, a well-defined and embraced culture can serve as a compass, ensuring that all members of the organization are aligned and moving in the same direction towards shared goals.

# 2.2. Leadership and Management

Leadership and management practices that are effective and innovative play a critical role in shaping the organization. The manner in which leaders guide, motivate, and influence their teams and the organization as a whole has been shown to have a significant impact on organizational effectiveness (Marco Delmastro et al., 2012).

The significance of organizational design extends into the domains of firm performance and strategic decision-making, delving into the nuances of how structural components such as

formalization, centralization, and complexity influence an organization's overall effectiveness and flexibility, as well as its decision-making processes (Marco Delmastro et al., 2012).

Human resource and talent management are critical components of organizational design. This includes attracting and retaining the right talent to fit the organizational culture and meet its needs, investing in employee development, and assessing employee performance and potential. These aspects are crucial for personal development and organizational growth. (Marco Delmastro et al.,2012)

The transition from traditional, capital-intensive models to more agile, knowledge-centric designs, as discussed in "Better Strategy Through Organizational Design," reflects the evolving economic landscape. In this new paradigm, the emphasis is on leveraging human capital and fostering collaboration, highlighting the role of organizational design in harnessing the potential of human resources for wealth creation and competitive advantage (Bryan and Joyce, 2007).

Key roles are played by managers, who share the value of learning and serving as role models for teamwork and innovation. Managers must constantly pay attention to the external environment to scout threats and opportunities. Adaptability to the external environment requires knowing how to respond to competition and external market forces while also abiding by legal and regulatory requirements. This external focus guarantees that the organization's operations remain compliant and relevant (Marco Delmastro et al., 2012).

Companies must implement effective organizational arrangements, provide incentives, promote collaboration, and provide the workforce with the right training, skills, education, and mindset toward innovation.

Norms and values promote informal organizations by providing guidelines on behaviors and practices, high work standards, flexibility, and the importance of innovation (Tushman, M., & Nadler, D. 1986)

The significance of cultivating and advancing a learning culture within organizations is emphasized by Khakrah, F. et al. (2019). This research underscores the necessity of a supportive environment that facilitates continuous learning and the practical application of new skills in the workplace, a concept that is crucial for organizational success.

The alignment of L&D initiatives with organizational goals is another theme resonating with the topic of L&D, this concept, is a fundamental aspect of contemporary organizational strategy. It emphasizes the integration of learning objectives with the overarching goals of the organization.

The idea of personalized and role-specific learning approaches aligns with the themes regarding adapting organizational structures to diverse needs and challenges. These customized learning approaches are inherent in creating organizations that are flexible and adaptive to varying circumstances.

Additionally, the importance of knowledge sharing is an implicit theme in learning and development within the context of organizational adaptability and innovation. Efficient knowledge sharing within an organization is critical for adaptability and continuous improvement, which are central themes in efficient organizations, and it has been proven by many different academic studies. In addition, the concept of evaluating and measuring the effectiveness of L&D initiatives is a critical aspect of ensuring that learning strategies align with and contribute to organizational objectives.

#### 2.3. Technology and Information Systems

Technology and information systems have become increasingly central to organizational design. Leveraging technology to support organizational activities, improve efficiency, and foster innovation is crucial, as is efficiently handling data to aid in decision-making and strategy formulation (Marco Delmastro et al.,2012).

The role of technology in organizational design is increasingly critical in modern business strategy, as it acts as both a catalyst and facilitator for changes in structures and processes. Advanced communication tools, such as collaborative software and social media, have transformed employee interactions, leading to more fluid organizational structures. This transition to cross-functional and remote teams, enabled by technology, is evident in the rise of virtual organizations discussed by N. Anand and Richard L. Daft (2007).

The integration of big data analytics and artificial intelligence has revolutionized decision-making, necessitating structures capable of managing technological assets and

skilled teams in data analysis. Technology also supports agile and flexible work models, with tools like cloud computing enabling adaptability, which is essential in today's fast-paced environment. This has led to organizational designs evolving to be more modular and less hierarchical.

Technology's influence extends to driving business model innovation, enabling new models that disrupt traditional markets, and requiring significant changes in internal processes, talent recruitment, and management strategies. Additionally, technology enhances learning and development, with e-learning platforms and online courses enabling continuous skill development, supporting designs that prioritize talent development and knowledge sharing.

Technology impacts organizational culture, democratizing information access and fostering transparency, but also presents challenges in managing digital workflows and effective communication in virtual settings. Organizational design must therefore balance leveraging technology's benefits while mitigating its challenges.

Overall technology shapes modern organizational designs, influencing communication, decision-making, innovation, and workforce development. Its integration into business processes necessitates adaptable, data-savvy, and culturally attuned organizational structures. As technology evolves, it will continue to drive significant changes in organizational structure and management.

#### 2.4. Innovation

At the heart of organizational design is the ability to foster innovation and creativity. An organization's capacity for innovation is significantly impacted by its design. According to Rama Chandra Nayak et al. (2011), this connection emphasizes the necessity of managerial strategies and organizational structures that foster an atmosphere that encourages original thought and problem-solving in order to sustain a competitive advantage.

In today's fast-paced business environment, adaptability and innovation are critical. This involves being able to adapt to market changes and internal shifts, incorporating new ideas and technologies into the organization, and encouraging new ideas and innovative thinking among employees (Marco Delmastro et al., 2012).

In Hattori and Wycoff's (2002) organizational innovation includes adjustments made to an organization's procedures, culture, or structure. It could entail reorganizing teams, implementing new management techniques, or encouraging a more creative workplace. Organizations are affected by both internal and external environmental factors. Examples of these factors include core values (learning, commitment, people development, and contribution are important drivers to concretize ideas), leadership (innovation is a journey into the unknown; confidence in the leaders is crucial), and culture (the reflection of leadership and core values).

Ideas can come from anywhere, and some organizations purposefully design their buildings so that artists can see all of the people who support them. All of these things demonstrate the importance of creativity.

Open communication of information and ideas is critical for innovation; infrastructure and support are required to promote the free flow of information. Innovation is a people process; it happens when people interact and exchange information. Incentive systems play an important role. New innovations are projects that are successfully realized through superior, defined processes and strong implementation of skills: decision-making, delegating, scheduling, monitoring, and feedback (Hattori, R. A., & Wycoff, J. 2002).

# **III Shifting Patterns**

Configuring structures, procedures, compensation plans, and employee policies consciously helps to build an efficient organization that can carry out the business plan. This process is known as organizational design. It serves as the cornerstone around which businesses construct their strategies to contend with a wide range of intricate operational difficulties and compete in the marketplace. Originally, organizational design was conceived with the goal of optimizing efficiency through clearly defined hierarchies and simplified procedures, which was in line with the ideas presented in traditional management theories.

The evolution of organizational design is marked by the gradual shift from rigid, mechanistic structures to more organic and flexible forms. There has been a noticeable change, as noted by Rama Chandra Nayak et al. (2011), who highlight the significance of creativity as a vital element of modern organizational design. Here, design is more than just structure; it is also about creating an environment that inspires the emergence of creative solutions and original ideas.

#### 3.1. Technological Developments

This change has been greatly impacted by technological developments, as new, cross-border forms of collaboration and communication are made possible by digital networks. (Yu Wei et al. 2020) emphasize the role welfare measures play in promoting employee well-being as well as facilitating the flexibility needed in contemporary organizational designs. (Marco Delmastro et al., 2012) indicate that competitive advantage is sustained by the alignment of organizational structure with the changing demands of the market. The design must facilitate the achievement of strategic goals, such as innovation persistence, customer focus, and quick time to market. This calls for a sophisticated comprehension of how structure and strategy interact, an area of recent organizational theory research.

In this sense, an organization's design includes aspects of culture and behavior in addition to structural arrangements. According to Felipe A. Csaszar (2013), design choices impact the organization's ability to explore new opportunities and exploit existing capabilities; this balance is central to achieving strategic agility and sustained competitive advantage.

The fast-paced evolution of technology, globalization, and workforce expectations are driving a significant transformation in the patterns of organizational design. More flexible and adaptive models are gradually replacing or complementing traditional hierarchical structures, which were developed during the industrial era and refined in the 20th century. According to Rama Chandra Nayak et al. (2011), contemporary organizational design is better at encouraging creativity, which is increasingly understood to be essential for long-term success and innovation.

The evolving nature of work and the increasing complexity of business environments are the reasons behind this evolution. According to Felipe A. Csaszar (2013), organizations must strike a balance between the need to explore new opportunities and the need to maximize their current assets. This calls for a design that is both stable enough to support ongoing operations and adaptable enough to take advantage of new trends.

Employee motivation and work organization and management are closely related, as demonstrated by Shagufta Ashraf et al. (2021). Modern workers look for more than just financial compensation; they also want a sense of purpose and meaning in their work, as well as chances for professional development and a sense of community. Because these environments can be a source of long-term competitive advantage, organizational design must consequently also concentrate on meeting these intrinsic needs.

Technology, particularly digitalization, has been a significant driver of change in organizational design. The proliferation of digital tools has resulted in new ways of working, such as remote work, virtual teams, and collaborative platforms, all of which challenge traditional workplace notions. Burton and Obel (2018) discuss how technological advancements force a rethinking of how organizations are structured and managed, resulting in more networked and less centralized designs.

#### 3.2. Workforce Expectations

As the global landscape becomes more interconnected, organizations must also adapt their designs to work across different cultures, time zones, and regulatory environments. Ferdinand Waititu et al. (2017) emphasize the need for multinational organizations to

accommodate diverse employee needs and local practices while keeping the overall corporate culture and objectives in mind.

In line with these changes, there is a growing awareness of the importance of organizations being socially responsible and environmentally sustainable. According to (Yu Wei et al.,2020), organizations are incorporating corporate social responsibility into their core design, reflecting a broader shift toward value-driven business models.

The COVID-19 pandemic has profoundly altered the work landscape, emphasizing the significance of independence, flexible work hours, and work-life balance. Before the pandemic, remote work was less common, marking a substantial shift in work practices, as emphasized by Kim Parker et al. (2022). The transition to remote work, initially a necessity, has evolved into a preferred mode for many employees.

This change is not just about where people work, but how they work. The pandemic has led to a reevaluation of physical office spaces, with companies planning to reduce office spaces. Remote work's popularity varies across demographics. While it's generally embraced, its adoption and impact differ by gender, age, and income level as noted by André Dua et al. (2022). These differences highlight the need for employers to align remote work policies with diversity, equity, and inclusion strategies. The demand for flexible work arrangements extends across industries. Job seekers increasingly prioritize flexibility, sometimes as much as salary and career opportunities. This trend is consistent globally.

#### 3.3. Flexibility and Adaptability

The evolving business environment of the 21st century, characterized by rapid technological advancements, changing work dynamics, and an increased focus on employee well-being and social responsibility, necessitates a departure from traditional, rigid organizational structures to more dynamic, flexible, and responsive frameworks. This shift is not a mere trend but a strategic response to a business world where change is relentless and ubiquitous.

Historically, organizations were designed with a rigidity and hierarchy suited to predictable and gradual market changes. However, as outlined by N. Anand and Richard L. Daft (2007), the acceleration of change due to technological progress, globalization, and evolving

consumer behaviors revealed the limitations of such static models. This has necessitated a move towards more fluid structures that can swiftly adapt to the dynamic business environment.

The concept of dynamic capabilities introduced by Sunyoung Leih, et al., (2015) further underscores the need for corporate agility. It is no longer sufficient for organizations to possess resources; they must be adept at realigning these assets swiftly in response to external shifts. Success in this context is defined by the ability to sense market changes, seize opportunities, and transform operations swiftly.

The theme of adaptability is also pertinent in organizational learning. As knowledge becomes rapidly outdated, organizations must foster learning ecosystems, capable of continual evolution and application of new knowledge, to maintain relevance and competitiveness. Crisis management capabilities, as discussed by Zhiang Lin et al. (2006), are increasingly vital. Organizations must demonstrate resilience and adaptability not only for growth but also for survival in the face of unforeseen economic, technological, or natural crises.

Collectively, these perspectives advocate for a paradigm shift in organizational design toward less hierarchical and more adaptable structures. In today's volatile business world, the capacity for flexibility and adaptability is not just advantageous but essential for an organization's survival and prosperity. This implies a cultural shift towards greater agility and resilience, allowing organizations to respond and adapt to various scenarios such as pandemics, technological disruptions, or economic downturns.

Emphasizing the importance of dynamic capabilities in a rapidly evolving environment, Leih, Linden, and Teece (2015) advocate for the reconfiguration of internal and external competencies to stay competitive. This proactive approach to anticipating and shaping future trends is crucial for continuous innovation and strategic adaptability.

F. Khakrah et al. (2019) further stress the importance of continuous learning and development within organizations to enhance adaptability. The creation of a culture that promotes ongoing learning, knowledge sharing, and the practical application of new knowledge is imperative for aligning individual learning with the organization's strategic goals.

Flexible and adaptable organizational designs are increasingly recognized as essential in today's unpredictable and rapidly changing business landscape. The ability to innovate, learn, and adapt is central to the success of contemporary organizations.

#### 3.3.1.Globalization

The globalization of business operations, especially for small and medium-sized enterprises (SMEs), represents a comprehensive shift in organizational strategies, as noted by Yongho Lee, Juneseuk Shin, and Yongtae Park (2011). This shift transcends mere geographic expansion to encompass a holistic transformation in market engagement, innovation processes, and competitive dynamics. As SMEs transition from local to global actors, they encounter varied cultural, regulatory, and competitive landscapes. Organizational designs, therefore, must be culturally intelligent, adaptable, and attuned to the nuances of diverse markets. This global orientation mandates a reconfiguration of business components such as supply chains, customer relations, and product development to serve an increasingly heterogeneous customer base.

The evolution from vertical to horizontal organizational structures, as detailed by N. Anand and Richard L. Daft (2007), signifies a pivotal change in internal coordination and communication within businesses. Horizontal structures, with their collaborative ethos, break down rigid hierarchies in favor of cross-functional teams that can swiftly address complex challenges. This organizational form is more conducive to innovation and agility, fostering inclusive environments where ideas are solicited and valued at all levels, thereby driving collective organizational success.

The pursuit of radical innovation, discussed by Virginia Carrero et al. (2010), demands organizational adaptability and flexibility. This imperative extends beyond product and service innovation to encompass a wholesale reimagining of business processes and models. Such an environment champions risk-taking and experimentation, recasting failures as learning opportunities. Institutionalizing innovation necessitates a cultural evolution, encouraging all members of an organization, from leadership to front-line staff, to embrace novel methodologies and thought processes.

Overall the shift towards adaptable and innovative organizational designs is a strategic response to the challenges of globalization. Traditional rigid structures are being replaced by agile models capable of quickly responding to the rapid changes and diverse demands of the global marketplace.

# **IV Working From Home and Remote Working**

Teleworking is not a new idea. In the past, it was a luxury afforded to a lucky few. But its widespread adoption due to the pandemic became a benefit of the modern job. Many companies already had long-term goals to set up remote work environments, but the pandemic accelerated the process.

#### 4.1. How the COVID-19 Pandemic Boosted Remote Working

The onset of the COVID-19 pandemic marked a significant inflection point for the prevalence of remote work. Pre-pandemic, the proportion of employees with telework-compatible roles who frequently worked from home was a mere 23%. This figure saw a dramatic increase to 59% during the pandemic. This surge is not merely a circumstantial response but indicates a changing preference among the workforce, with 60% of such workers expressing a desire to continue with remote work arrangements even after the pandemic subsides, a notable rise from the 54% recorded in 2020, as reported by Kim Parker and colleagues (2022).

The pandemic's role in reshaping the work environment has been profound, hastening the transition towards remote work modalities. As documented by Susan Lund et al. (2021), the global labor market experienced a rapid transformation in 2020, which led to significant job losses and furloughs. Concurrently, there was an expedited shift to remote work due to office closures. Essential workers adapted to new protocols, underscoring a widespread recalibration of work routines.

The ramifications of the pandemic extend to a reconfiguration of workplace geography. Post-pandemic projections suggest that 20 to 25 percent of the workforce in advanced economies might be working from home for up to five days a week, a substantial increase from the pre-pandemic era. This trend implies a potential shift in population dynamics, with a migration away from larger cities being a possibility, especially as certain roles that necessitate in-person interaction may not translate effectively to remote settings.

Corporate strategies concerning physical office spaces are also under revision, with a McKinsey survey indicating plans to reduce office space by an average of 30 percent. This downsizing has implications for urban economic ecosystems, potentially diminishing demand for ancillary services such as dining, retail, and transportation. The proliferation of videoconferencing technologies is anticipated to further decrease business travel by around 20 percent, influencing sectors like commercial aerospace and hospitality.

These developments underscore the enduring impact of the COVID-19 pandemic on work culture, particularly the establishment of remote working as a standard practice. This shift from an office-centric to a remote work model represents a fundamental change in the architecture of the modern workforce, potentially heralding a new era of work-life integration.

#### 4.2. The Need for Liberty and Independence and How It Varies by Demographic

The COVID-19 pandemic catalyzed a global shift toward remote work, a change now embedded in the cultural fabric of work practices. This transition, from a temporary response to a sustained adoption, is evidenced by the increasing number of employees who favor the flexibility of working from home—a trend persisting beyond the pandemic's immediate impact.

McKinsey's 2022 report highlights that flexibility in work arrangements is prevalent, with a significant majority of individuals embracing the option when available. The data shows a notable inclination towards remote work, with an average of three days per week being conducted from home. This preference transcends demographic boundaries, although disparities exist with regard to age, gender, and income levels, with younger and higher-income groups exhibiting a stronger preference for remote work. These findings suggest a misalignment between employer offerings and employee expectations, signaling a call for organizations to reevaluate their work arrangements in line with evolving workforce needs.

Dua et al. (2022) bring attention to the varied challenges posed by remote work across different demographic segments. While younger workers and parents may face distinct challenges, older and lower-income workers might decline remote work opportunities due to

factors such as inadequate home environments or a perceived need for physical presence. Dowling et al. (2022) emphasize the importance of integrating diversity, equity, and inclusion strategies with flexible work policies, acknowledging the unique experiences and needs across the employee spectrum.

The demand for remote work is not uniform across industries. Sectors with digital-centric roles, such as computer and mathematical occupations, demonstrate a high demand for flexibility, reflecting the broader digital transformation of the workforce (Berruti et al., 2022). This demand is also emerging within traditionally on-site sectors like education and healthcare, indicative of a broader shift towards virtual engagement.

Aaron De Smet and colleagues (2022) from McKinsey underscore the significance of flexibility as a determinant for those reentering the job market post-pandemic, with implications for talent acquisition strategies. They advocate for a balanced approach to technology integration, policy reform, and skills development to foster environments conducive to both remote and on-site work.

The American Opportunity Survey reveals a significant portion of the workforce now has access to flexible work options, with many citing these arrangements as influential in their job search. Such shifts necessitate organizational adjustments in technology investment, policy adaptation, and employee support, potentially influencing urban planning and job distribution globally.

Martin and Ottemann (2016) explore generational differences in work-related values and their impact on employment decisions. They highlight the unique perspectives and motivations of traditionalists, baby boomers, Generation X, and millennials, stressing the need for organizations to align their reward systems with the diverse values of these generational cohorts.

Vo et al. (2022) delve into the complex interplay between individual psychological factors and work motivation. Their research, drawing from the World Values Survey, suggests that while autonomy and social connectedness generally enhance motivation, a high level of competence may inversely affect it. This counterintuitive finding, alongside the moderating

effects of broader societal conditions, emphasizes the need for organizations to consider individual and societal dynamics in motivating their workforce.

The implications of these findings are far-reaching, indicating a need for nuanced strategies that consider individual competences and social contexts. The drive for workplace autonomy and independence varies across generational lines, with younger workers valuing these aspects more. This shift towards greater autonomy and work-life integration signals a transformation in leadership styles and workplace dynamics, aligning with the evolving preferences of the modern workforce.

#### 4.3. The Right Balance Between Freedom and Control

In the landscape of remote work, the equilibrium between employee autonomy and organizational oversight is pivotal. The utilization of remote monitoring tools offers insights into productivity and performance, yet there is a risk of engendering a perception of surveillance that could erode job satisfaction and trust. It is imperative for organizations to engage employees in discussions regarding monitoring practices, with a focus on outcomes rather than processes, ensuring that autonomy is not unduly compromised.

The transition to remote work has been transformative, conferring both flexibility and efficiency upon the modern workplace. However, this shift has introduced complexities for employers in sustaining productivity and accountability while nurturing a culture of trust. In an era dominated by virtual collaboration, the application of monitoring and tracking tools is a subject of critical consideration. These tools, while bridging the gap created by physical distance, must be balanced with the need for employee independence and confidence in the workplace.

Organizations are thus tasked with finding a harmonious balance between the exertion of control and the extension of trust. This involves not only tracking productivity and managing workflows but also safeguarding sensitive information. Concurrently, it is crucial to respect employees' needs for autonomy and trust, which are fundamental for their success in a remote setting. Striking this balance is essential for cultivating a productive, healthy, and mutually respectful work environment.

#### 4.3.1. Remote Work & Employee Monitoring: Control vs. Trust

In the domain of remote work, time-tracking applications and productivity-monitoring software serve as instrumental tools for organizations to analyze and enhance workforce efficiency. These tools operate by collecting data on employee activities through their digital devices, tracking usage patterns, communication, task durations, and other quantitative measures. Some systems may extend to more invasive measures such as video surveillance.

The deployment of these monitoring tools is fundamentally aimed at identifying process inefficiencies, optimizing workflow, and maximizing resource utilization. Organizations must navigate the intricate balance between the utility of such tools and the ethical considerations they invoke, ensuring adherence to relevant laws and regulations. The paramountcy of transparent usage of these tools cannot be overstated, with a clear communication protocol regarding data collection practices being essential for maintaining trust.

The utility of productivity software varies across the employee spectrum. For entry-level employees, these tools can provide valuable insights into organizational expectations and work patterns, aiding in their professional development. However, the transition from monitoring as a guiding tool to a perceived mechanism of surveillance can lead to negative perceptions, especially as employees grow in their roles. For seasoned professionals, such tools may seem redundant or intrusive, potentially undermining their autonomy and eroding trust.

Instituting a balanced approach to employee monitoring involves a nuanced understanding of the diverse needs across the workforce. It entails crafting differentiated strategies that respect the autonomy of experienced professionals while providing the scaffolding necessary for newer employees to integrate and excel. Organizations must prioritize outcome-based performance measures and foster an environment where trust and privacy are upheld to prevent the erosion of job satisfaction and employee retention. The goal is to harness the benefits of these technologies while safeguarding the individual rights and well-being of the workforce, thereby fostering a harmonious and productive remote working ecosystem.

#### 4.3.2. Impact on Remote Worker Trust and Morale

In the context of remote work, the employment of monitoring and tracking tools must be judiciously managed. While such tools can yield significant insights into employee productivity and performance, overreliance on them can foster a counterproductive environment of surveillance, undermining trust and morale.

The overutilization of these mechanisms can obscure the distinction between professional and personal spheres, compelling employees to extend their availability and productivity, potentially at the expense of work-life balance. This intrusion into personal time can precipitate heightened stress, as noted by Barber & Santuzzi (2017).

Remote work environments present unique challenges, including the propensity among some managers to micromanage. The absence of physical oversight can engender a sense of unease, prompting a hyper-vigilant managerial stance. Yet, this inclination towards micromanagement can be counterintuitive, often stifling creativity and diminishing job satisfaction—outcomes identified by Kramer, Guillory, & Hancock (2014) even before the widespread adoption of remote work.

Excessive scrutiny can suppress the creative process and compromise employee engagement. Furthermore, it can impede the cultivation of critical competencies such as independent problem-solving and decision-making, as employees might grow dependent on constant managerial input. This notion is supported by research from Pejtersen & Hasle (2019), which correlates constant surveillance with a decline in job satisfaction and motivation.

The National Bureau of Economic Research underscores the stress-inducing potential of monitoring software, pointing to an uptick in workplace pressure and its adverse effects on employee well-being (Mas, Pallais, & Yi, 2020). Similarly, findings from the University of Melbourne reported by The Guardian indicate that stringent monitoring and time tracking can exacerbate stress, diminish job satisfaction, and lead to burnout (Purtill, 2021).

Therefore, it is incumbent upon organizations to strike a delicate balance between productivity oversight and respect for employee autonomy, avoiding technologies perceived as invasive or indicative of a lack of trust. Transparent dialogue concerning the rationale, extent, and constraints of monitoring practices can mitigate employee apprehensions and

nurture an environment of trust, thereby not only preserving but potentially enhancing the inspired and innovative contributions of a motivated workforce.

# 4.3.3. Balancing Trust and Control

In remote work environments, a balance must be struck between monitoring for productivity and respecting employee autonomy. Customized strategies that reflect the unique objectives and culture of an organization are essential when employing monitoring tools. This involves selecting specific metrics and KPIs that serve the organization's goals, rather than a one-size-fits-all approach.

Employee engagement in the development and implementation of monitoring policies is crucial. Open communication can alleviate concerns, with employee feedback shaping the use and scope of monitoring tools. Such involvement can foster trust and reinforce the perception of monitoring as a support mechanism rather than an intrusive oversight.

Emphasizing outcomes rather than micromanaging processes empowers employees, encouraging innovation and self-management. This results-oriented approach can increase productivity and job satisfaction, as employees work in ways that align with their strengths and preferences, within a framework that promotes accountability and benefits the organization as a whole.

# 4.4. Balancing Physical and Remote Work, and The Importance of Human Relations and Connection to Co-Workers

In the reconfigured landscape of remote work, discerning the optimal degree of workplace flexibility while maintaining organizational culture presents a complex challenge for business leaders.

McKinsey's 2022 analysis reveals nuanced perceptions of remote work across gender and industry lines. Women in IT, finance, insurance, real estate, and technical services express concerns that remote work may curtail networking opportunities, while over half of the women in manufacturing believe their productivity could benefit from remote work. On the other hand, men in professional services fear reduced networking more than those in sectors

like construction or mining. Caregiving responsibilities also influence these perceptions, with caregivers feeling less likely to enhance productivity when working remotely.

Amanda Stevens, in her 2021 analysis, recognizes the multifaceted impact of remote work that became evident post-pandemic. Notably, employees enjoyed a better work-life balance without commutes, and many reported increased productivity, especially early in the pandemic, due to fewer physical meetings and the convenience of working from home. However, this shift also introduced challenges, such as potential isolation, work-life boundary erosion, increased virtual meetings, and cybersecurity concerns.

The pandemic has spurred a rapid acceleration in digital transformation, as noted by McKinsey, with significant advancements in business formations, intellectual property, and venture capital investments. Innovation and collaboration have continued to thrive remotely, disproving the notion that physical proximity is indispensable for success. Remote work has also brought organizations closer to their customer bases, enabling a deeper understanding of diverse markets.

This shift towards a more flexible work environment necessitates a reevaluation of traditional work organization and peer collaboration to sustain innovation momentum. As the remote work model continues to evolve, it presents both opportunities and challenges that organizations must navigate to maximize the benefits while addressing the potential drawbacks.

#### 4.4.1. Importance of Human Relations and Connection to Co-Workers

In remote work contexts, the absence of direct social interaction can lead to a deterioration of corporate culture, which is integral to employee contentment and retention rates. A national survey by Twingate highlights the importance of social connections and general human interaction, which are often lacking in non-traditional work environments.

Human beings are inherently social; our mental states are deeply influenced by our interactions. While remote work offers flexibility and is favored by many for its adaptability, if mismanaged, it could detrimentally affect corporate culture. This is evident in practices

such as hot-desking, where the lack of a permanent workspace can erode the sense of belonging essential to a positive corporate culture.

An engaging, connected, and meaningful organizational culture not only enhances employee morale but also contributes to financial success, as the attitudes of employees can significantly influence customer satisfaction. Thus, fostering genuine connections and relationships within a company is vital. Regardless of physical proximity, every member of an organization, especially those in leadership roles, must strive to 'be present' in every interaction to sustain a robust corporate culture.

The challenge of cultivating internal relationships is compounded when interactions are mediated by technology. Although any form of communication is beneficial, the depth of connection achieved varies: emails are less personal than phone calls, video chats offer more intimacy than voice calls, and in-person interactions are the most valuable.

A remote work model that impedes interaction can degrade cultural quality, leading to decreased job satisfaction and increased staff turnover. In business, while strategy revolves around abstract concepts, culture is rooted in human connections. Recognizing and catering to the human need for interaction is a key to business success.

Ambitious employees often prefer to be physically present at the workplace to enhance their relationships, thereby gaining advantages such as promotions and raises. Strong relationships are so valuable that they can secure a customer's loyalty for life.

In the sphere of human relations, fostering harmonious relationships among colleagues is critical for maintaining a respectful and cooperative work environment. Positive relationships between superiors and subordinates are equally essential for organizational effectiveness, as are the interactions between employees and clients. Human Relations is thus a cornerstone of successful interpersonal interactions and collaborations.

Motivation in the workplace should address the need for affiliation, fostering an environment where individuals can establish cooperative and friendly relations with their colleagues. This social aspect of motivation can significantly improve the workplace atmosphere. For employee performance, the goal is to strive for excellence by aligning work processes and

outcomes with organizational goals, thereby enhancing both individual and collective performance (Puspita Ni Luh Ketut, et al. 2023).

#### 4.5. Managers and Decision Maker's Perception on Remote Work

Managers and supervisors of remote workers also voiced concerns in a separate survey SHRM conducted in July with 817 respondents, 593 of whom supervise remote workers. Among their responses 55% of supervisors find it difficult to manage a remote team, 42% said they sometimes forget about their remote employees when assigning tasks, 67% admitted they consider remote workers more easily replaceable than those working onsite (Kathy Gurchiek, 2021).

Nick Routley's 2020 analysis presents an insightful perspective on managers' views of remote work. He notes that many employees highly value the flexibility that remote work offers, with an overwhelming 98% preferring to maintain this option throughout their careers. The primary attractions here are the flexible schedule, the freedom to work from any location, and the elimination of commuting.

However, managers harbor reservations despite these benefits. Their concerns primarily revolve around potential decreases in productivity and focus, especially when employees work from informal settings such as homes or cafes. There's also a worry that team cohesion and the overall company culture could deteriorate without the physical presence of employees in a shared workspace.

On the financial side, Routley highlights an important benefit for companies: significant cost savings. Employers can save thousand of dollars annually for each employee who works remotely half the time. This aspect cannot be overlooked, especially in a business environment that is constantly seeking efficiency and cost-effectiveness.

Another crucial point in Routley's analysis is the impact of remote work on recruitment and employee retention. In the modern job market, work location flexibility has become a decisive factor for many job candidates, with two-thirds considering it crucial when choosing an employer. This trend has only intensified since the pandemic, especially among parents, with a dramatic rise from 46% to 86% in those desiring flexible work arrangements.

Routley's observations encapsulate the mixed feelings among managers regarding remote work. While they acknowledge the advantages and recognize its importance in talent attraction and retention, there's a clear balancing act between these benefits and concerns about productivity and cultural integration.

# V Headquarters

Employees are an organization's most significant investment. A people-focused workplace that allows employees to flourish is essential for the success of both the individual and the company.

The role of offices in today's business environment and their impact on efficiency has evolved significantly, especially following the changes brought about by the COVID-19 pandemic. Offices are no longer just the central hub of a company but are increasingly viewed as spaces for collaboration, creativity, and ideation. They offer an environment where employees can come together for brainstorming and face-to-face interactions, which are crucial for fostering creativity and innovation (Groves, 2020). Firms have been forced through unprecedented changes during 2020, one of the most significant being the adjustment (or abandonment) of physical offices.

COVID-19 has had a big impact on offices around the world, with lockdown guidelines and social distancing measures leading many to work from home. There have been many proponents of home working, from a better work-life balance to cutting down on the expenses of commuting. While there is still going to be a need for offices beyond the pandemic, the role they play in modern businesses will need to evolve to adapt to the "new normal".

While remote work offers certain benefits, the physical office environment retains a crucial role in modern business by facilitating collaboration, fostering company culture, and enhancing creativity. However, it requires thoughtful design and management to maximize employee productivity and well-being. Several studies in recent years have confirmed what most employees already know: Work environment has a significant impact on employees' productivity, motivation, and overall job satisfaction.

## 5.1. The Changing Role Of The Office In Modern Businesses

In spite of the rise in remote working, offices are still important to how businesses operate. Many people like the idea of dividing their work life between in-person and remote, in order to gain a better split between their personal life and their career.

What's more, some businesses have no choice but to have a central location for staff to work from in order to comply with data security. But in order to stay relevant, businesses require their office spaces to adapt and change with the times. The offices of the future will be shaped from the lessons learned through the pandemic and this means that they need to become a space where the benefits reaped from working there are worth the extra effort required to get there. From how they look to how they make employees feel and how staff are treated within them, offices need to be worth the journey (Groves, 2020).

The focus of the office has now changed, it's no longer the hub of the company but rather a space for collaboration and creativity. In response to the pandemic, offices are now better suited to providing a place to come together with colleagues and brainstorm ideas. Co-working spaces need to be inspiring and encourage ideation and participation (Mackenzie, 2020). So, modern businesses need to accommodate this and provide break out areas and flexible open-plan spaces. Business owners need to recognize that staff need collaborative areas that can be adapted to suit different needs, both for social interactions as well as quieter spaces to concentrate.

COVID-19 has resulted in more people working remotely than ever before, which has placed a greater importance on having access to good digital services. Employees need to be able to utilise software to collaborate effectively, from making better use of calendars and time management tools to arrange meetings, to using cloud software to share and access files and documents (O'Halloran, 2020).

It's also vital that all staff have great connectivity in order to make the best use of these tools. Businesses need to support teamwork through the right organizational aids so that staff can coordinate and share resources efficiently.

"The pandemic has accelerated the move towards genuinely people-focused design," says Roderick Altman, CEO at SAS International. "This means designing workspaces that accommodate the needs of each and every person rather than considering office workers as a herd. Some of the major issues are reduced density of people, fixed desk working, increased focus on cleanliness and closed ceilings".

It's not just desks and cubicles that need to be considered, but also other areas of the building such as meeting rooms, canteens, lifts and corridors (Groves, 2020)..

#### 5.2. Creating a Positive and Healthy Environment

Creating a positive and healthy working environment can substantially increase employee productivity. There are three basic components which come together to create a productive work environment. The first is the physical workspace itself, office layout, lighting, and temperature. The second is workplace ambiance. It includes things like noise levels, privacy and space. The third is workplace culture, and it includes employee recognition and autonomy.

#### 5.2.1. Physical Workspace

The physical aspects of a workplace significantly influence employee morale and productivity, yet they are among the most manageable elements within an organization's control.

Illumination plays a critical role in defining the office ambiance. Prolonged exposure to screens in conjunction with inadequate lighting can result in adverse effects such as eye strain, mental fatigue, and reduced productivity. Companies should ensure the provision of bright yet non-glare lighting, optimizing the use of natural light where possible. Employing light bulbs that replicate daylight and installing task-specific lighting can mitigate eye discomfort more effectively than traditional overhead lighting solutions (Todd, 2023).

Cleanliness and proper air quality are fundamental to both the mental and physical health of employees. A cluttered and unclean office can diminish morale and increase absenteeism due to health issues arising from the proliferation of germs and allergens. Regular cleaning schedules, prompt repairs of leaks, and vigilant air quality management, including the replacement of filters and potential mold remediation, are critical. Cleanliness should extend to shared facilities, like refrigerators, and waste disposal systems must be managed efficiently (Todd, 2023).

Temperature control within the workplace also affects productivity. Companies should accommodate individual temperature preferences by allowing personal adjustments through the use of fans or heaters at workstations, thus fostering a tailored and productive work environment (Todd, 2023).

Finally, ensuring that employees have immediate and unimpeded access to necessary tools and resources is crucial for operational efficiency. Time lost in retrieving or waiting for essential items or dealing with inadequate technology hampers productivity. Investments in technological infrastructure to prevent issues such as busy phone lines or insufficient bandwidth are essential for maintaining an uninterrupted and effective workflow (Todd, 2023).

#### 5.2.2. Workplace Ambiance

Workplace ambiance is closely linked to the physical environment and the dynamics of the individuals within it.

Organizations need to be cognizant of how noise levels in the workplace affect employee drive and efficiency. Office noise, particularly prevalent in open-plan layouts where simultaneous conversations and equipment use contribute to an auditory overload, can be a substantial distraction. To mitigate this, implementation of designated soundproof spaces for activities like phone calls can be beneficial. Additionally, enhancing the workspace with acoustic improvements to ceilings, walls, and floors can effectively diminish reverberation and absorb sound, resulting in a quieter overall environment.

It's equally important to acknowledge individual differences in noise sensitivity. While some workers thrive in quietude, others may find a total absence of sound disconcerting and favor a background hum. Allowing for personal audio adjustments through earplugs or headphones can help tailor the auditory environment to each employee's liking, thereby cultivating a workspace conducive to comfort and productivity for all (Todd, 2023).

In addressing workspace layout, companies must also consider the adverse effects of overpopulation and disorganization. Congestion not only disrupts focus but also raises concerns for safety and wellness. Cluttered spaces can amplify stress, leading to a decline in performance and the potential for misplacing important items.

Providing ample space for each employee is critical for promoting an effective working environment. Adequate room for operations, coupled with a measure of privacy, is essential.

If space constraints inhibit these provisions, organizations should evaluate the feasibility of transitioning to a larger premises, potentially elevating workplace conditions and thus boosting productivity (Todd, 2023).

#### *5.2.3. Workplace Culture*

Workplace culture is the most difficult aspect of the work environment to control or change. Taking the suggestions from the previous sections should help by creating a more positive and productive workspace and therefore increasing employee motivation and mood. Every workplace is different, but studies have shown that workplaces with motivated employees have some things in common.

Companies should foster a workplace where employees develop "work buddies" and positive relationships, as this leads to increased motivation and job satisfaction. This can be achieved by encouraging positive interactions among employees and regularly engaging in team-building activities. Celebrating events such as birthdays and holidays can also contribute to a stronger sense of community.

Designing the office space to promote employee interaction is another effective strategy. Creating communal areas like snack rooms or coffee break spots can facilitate casual mingling. Enhancing these areas with elements such as natural light, vibrant colors, and live plants can further boost the mood and overall ambiance of the workplace.

Additionally, the management style of supervisors plays a crucial role in employee motivation. Companies should encourage a teamwork-based approach among their leaders, steering away from overly authoritarian or demanding styles. This involves assessing and, if necessary, replacing supervisors who contribute to a high-stress environment. Adopting these strategies can lead to a more harmonious and productive workplace, where employees feel valued and engaged (Todd, 2023).

Companies should prioritize recognizing employees for their achievements, as this practice has been shown to lead to more consistent and high-quality work. It is important to create a workplace culture that emphasizes positive reinforcement rather than focusing predominantly on the negative consequences of mistakes. To support this, companies should establish

objective and transparent methods for employees to track their progress. Additionally, any system of recognition or rewards should be implemented consistently and transparently. This approach not only boosts motivation but also fosters a positive and encouraging work environment where employees feel valued and appreciated for their contributions (Todd, 2023).

Companies should be aware that micro-managing can negatively impact employee morale and productivity. It's important to foster a sense of trust in the workplace, as employees who feel trusted are more likely to be motivated and put in greater effort. Granting employees more flexibility in scheduling and task management can significantly improve their work-life balance, leading to higher job satisfaction.

While motivation, desire, and satisfaction are personal emotions influenced by various factors both inside and outside of the workplace, creating a positive and healthy working environment can greatly enhance employee motivation. Therefore, companies should focus on building such an environment to boost the overall well-being and productivity of their workforce (Todd, 2023).

## **5.3.** Employees Engagement

In his article for The Human Capital Hub, Milton (2020) presents a comprehensive set of strategies aimed at boosting employee engagement and fostering a more productive and positive work environment. He stresses the need for a positive culture that mirrors the company's values and principles, thus nurturing a sense of community and belonging. The importance of agility in adapting to changes while staying true to core objectives is highlighted, alongside the necessity of an employee-centric mission that underscores collective achievement and employee well-being.

Milton advocates for the integration of technology to streamline work processes, valuing employees' time and skills, and enhancing their focus on higher-level tasks. He also discusses the critical role of teamwork and collaboration, supported by statistics on their effectiveness within and between teams. The article suggests that communal lunches can be a catalyst for boosting teamwork, as they provide a casual setting for interaction and idea sharing.

Diversity and inclusion are presented as key elements in creating more creative, engaged, and motivated teams. Research is cited to show that companies with inclusive strategies often excel in the market. Employee health and wellness are also highlighted as crucial to performance, with an emphasis on supporting mental health to improve engagement and reduce absenteeism.

Understanding employees' perspectives is crucial, and Milton advises treating employees as valuable individuals with opportunities for growth. He warns against the pitfalls of micromanaging, recommending instead a trust-based approach that offers support and challenges to employees.

## 5.4. Advantages and Disadvantages of Working in an Office

Regarding the advantages of working in an office compared to remote work, offices can provide a clearer work-life balance by offering a distinct separation between professional and personal spaces. In-person collaboration in offices is vital for fostering creativity and innovation, something that may not be fully replicated in remote settings. Offices also contribute to improved team morale by offering social interactions and opportunities for employees to build a vibrant company culture through various activities (INAA, 2020)

However, office environments also come with increased overhead costs, potential reductions in productivity due to distractions, and challenges in maintaining market competitiveness as more businesses adopt remote working models (INAA, 2020). To address these challenges and optimize efficiency, modern offices are adapting by focusing on flexibility, collaboration, and providing digital tools for effective communication and resource sharing (Groves, 2020) An employee-centered office design goes beyond just aesthetics; it fundamentally impacts how employees interact with their work and each other, leading to numerous benefits:

Enhanced productivity in the workplace can be achieved through various means. Optimized layouts are essential, with workspaces designed to cater to different work styles, such as collaborative spaces for team projects and quiet zones for deep focus. This ensures employees can work effectively in environments that align with their task requirements. Additionally, incorporating elements like natural light, greenery, and ergonomic furniture into the office design can significantly improve employees' mental and physical well-being, thereby

reducing stress and increasing productivity. The flexibility of the workspace is also crucial, with adjustable and reconfigurable spaces that can accommodate a variety of tasks and team sizes.

Improved networking within the organization can be facilitated through the creation of community spaces. Communal kitchens, game rooms, or outdoor areas provide relaxed settings for employees to interact, enhancing interpersonal relationships and fostering a sense of community. Thoughtfully designed common areas also promote cross-departmental interaction, encouraging collaboration and the exchange of ideas across different teams.

Enhancing communication in the workplace involves several strategies. An open and inclusive office design fosters a culture of transparency and trust, making employees feel more valued and open to sharing their thoughts. Integrating advanced communication tools and collaborative software into the workspace streamlines information flow, especially in hybrid or remote working models. Effective acoustics management ensures that collaborative spaces do not disrupt areas meant for concentration, maintaining productivity alongside effective communication.

Additional benefits of an employee-centered office design include reinforcing the company's brand identity and culture. A workspace that mirrors the company's values instills a sense of belonging and pride among employees, aligning them more closely with organizational goals. Such a design is also instrumental in attracting and retaining talent, demonstrating the company's commitment to a quality work environment. Furthermore, adaptability to future needs is a key aspect of employee-centered designs, allowing for changes as the company and employee needs evolve.

An employee-centered office design is a strategic asset for any organization. It enhances not only the immediate work environment but also contributes significantly to the organization's long-term success by fostering a motivated, healthy, and collaborative workforce.

## 5.6. The Olivetti's Case

«Often the term utopia is the most convenient way to liquidate what you do not have the will, ability or courage to do. A dream seems like a dream until you start working on it. And then

it can become something infinitely greater» said Adriano Olivetti, industrialist of Ivrea, entrepreneur, engineer, publisher and politician. Leading the company founded by his father Camillo, Adriano brought design and technology made in Italy and gave shape to a new vision of factory life, more attentive to the rights of workers and the welfare of the community. Here's his story.

Adriano Olivetti was born on 11 April 1901 in Ivrea. Seven years later his father Camillo founded Olivetti, "the first national typewriter factory". After graduating in Industrial Chemical Engineering at the Polytechnic of Turin, in 1924 Adriano began his apprenticeship in the factory, as a worker. Returning from a trip to the United States, where he visited more than a hundred factories, he proposed to his father an extensive program to modernize the activity and organization. In the meantime, he worked on the first portable typewriter, the MP1, released on the market in 1932. That same year, Adriano took on the role of general manager. In 1938 he took over as president from his father.

"I traveled quickly, by virtue of the privilege of being the son of the principal, a career that others, although more gifted than me, would never have walked. I learned the dangers of the excessively rapid advances, the absurdity of the positions coming from above".

Adriano transforms the family business into a modern industrial group, which develops innovative office products and sells in Italy and abroad, thanks to an extensive sales network. The entrepreneur aims at product excellence, in technology and industrial design, and improving the condition of workers. It opens the factory to intellectuals and artists, to their creative contributions.

For his innovations, in 1955 he won the Compasso d'Oro. Under his guidance, came the iconic models of typewriters, such as the Lexikon 80 (1948) and Letter 22 (1950), consecrated by the exhibition at the MoMA in New York. In the 1950s, Olivetti also opened the first research laboratories on electronic technology and introduced the Elea 9003, the first Italian electronic calculator (1959).

With Adriano Olivetti comes above all a new vision of enterprise, based on the decentralized organization of personnel and the rationalization of assembly times and methods. Ivrea's industrialist is a forerunner of modern welfare, always looking for a balance between profit, democracy and social justice. Olivetti workers have above average wages, benefit from

conventions for houses and kindergartens next to the factory, have a library in the company with books to be read during breaks. «Services are a duty that derives from the corporate social responsibility» says Adriano.

«The factory cannot look only at the index of profits. It must distribute wealth, culture, services, democracy. I think the factory for the man, not the man for the factory, right? (...) In the factory concerts, exhibitions, debates are constantly held. The library has tens of thousands of volumes and magazines from around the world. Olivetti works with intellectuals, writers, artists, some with top roles. Culture here has much value».

Between 1930 and 1960 the company not only grew, but also Ivrea changed face. The industrial city develops, a set of buildings for production and employees: offices, homes, canteens and kindergartens designed by great architects. An urban complex that in 2018 was recognized as a world heritage site by UNESCO: «For the modern vision of the relationship between industry and architecture».

On 27 February 1960 Adriano Olivetti died, caught sick on a train in Switzerland, departed from Milan and headed to Lausanne. Two years later the foundation that bears his name, still active today. Since 2003, Olivetti is part of the Tim Group (Millionaire, 2020).

# VI Artificial Intelligence

Artificial Intelligence (AI) are a wide-ranging set of technologies that promise several advantages for organizations in terms of added business value. Over the past few years, organizations are increasingly turning to AI in order to gain business value following a deluge of data and a strong increase in computational capacity (Enholm et al., 2021).

The evolution of AI has drastically changed the dynamics of today's business world under every aspect, AI has significant applications from business analytics, HR, Marketing, Supply Chain and many others, assisting in enhancing performance.

The integration of machine learning and artificial intelligence (AI) in business intelligence has brought forth a plethora of trends and opportunities. These cutting-edge technologies have revolutionized how businesses analyze data, gain insights, and make informed decisions. One prominent trend is the rise of predictive analytics. Machine learning algorithms can sift through vast amounts of historical data to identify patterns and trends, enabling businesses to make accurate predictions about future outcomes. This empowers organizations to optimize operations, anticipate customer needs, and mitigate risks (Bharadiya, 2023).

By leveraging business intelligence, companies can uncover hidden patterns, identify opportunities for growth and improvement, optimize business processes, and ultimately make informed decisions that drive their success. Another trend is the adoption of AI-powered chatbots and virtual assistants. The opportunities presented by machine learning and AI in business intelligence are extensive. From automated data analysis and anomaly detection to demand forecasting and dynamic pricing, these technologies empower businesses to optimize processes, reduce costs, and identify new revenue streams. In conclusion, the integration of machine learning and AI in business intelligence offers promising trends and abundant opportunities. By leveraging these technologies, businesses can gain a competitive edge, drive innovation, and unlock new levels of success in the digital era (Bharadiya, 2023).

### 6.1. Definitions

Before delving deeper in the context it is important to clarify some key concepts.

## 6.1.1. Machine Learning

Machine Learning is a specialized subfield of artificial intelligence (AI) and computer science, focusing on enabling computers to learn from data and improve their performance over time. It is a branch of AI that develops algorithms and models for machines to perform tasks by learning from data, without being explicitly programmed for those tasks. At its core, machine learning involves using data and algorithms to imitate how humans learn, gradually improving in accuracy and efficiency (IBM, n.d.). These systems are trained to find patterns and relationships in data, which then inform their future actions or decisions. Machine learning creates models that can learn and adapt on their own, trained on datasets and improving as they are exposed to more data over time. This self-learning capability is a key feature of machine learning systems (Coursera, 2023). Its applications are vast, ranging from simple tasks like filtering spam emails to complex ones like autonomous vehicle navigation, medical diagnosis, and language translation. This versatility makes machine learning a pivotal technology in today's digital world, representing a significant shift in how computers are programmed and used (Brown, 2021).

## 6.1.2. Business Intelligence

Business intelligence refers to the process of collecting, analyzing, and interpreting large amounts of data to provide meaningful insights and actionable information that can drive strategic decision-making within an organization (Kilanko, 2022). It involves the use of various tools, technologies, and methodologies to gather data from both internal and external sources, transform it into valuable knowledge, and present it in a format that is easily understandable and useful to decision-makers (Kilanko, 2023).

The goal of business intelligence is to enable organizations to gain a comprehensive understanding of their operations, customers, market trends, and competitive landscape (Mungoli, 2023). Business intelligence encompasses a range of activities, including data integration, data mining, data visualization, reporting, and performance monitoring. It often involves the use of data warehouses or data marts to centralize and store large volumes of structured and unstructured data, which can then be analyzed using various statistical and analytical techniques (Mungoli, 2023).

## 6.1.3. Artificial Intelligence

Artificial intelligence (AI) is a complex field of computer science dedicated to creating intelligent machines capable of performing tasks that typically require human intelligence. It involves enabling computers or robots to carry out tasks associated with intelligent beings, such as recognizing speech, making decisions, and solving problems. At its core, AI is about the development of algorithms and systems that can imitate intelligent human behavior. This includes a broad range of activities, from problem-solving to decision-making, highlighting AI's versatility in mimicking human cognitive functions across various domains (Copeland, 2022).

AI is the study and development of intelligent machines, with an emphasis on both the creation and understanding of AI systems. The field is constantly evolving, bridging computer science with cognitive science, aiming to develop systems capable of human-like intelligence, problem-solving, and decision-making. This multifaceted nature of AI demonstrates its broad scope and impact across different industries and scientific domains. AI uses the theoretical and practical aspects of computer science to create machines that exhibit intelligence, in contrast to the natural intelligence displayed by humans and animals.

The term "Artificial intelligence" was coined by John McCarthy, professor emeritus of computer science at Stanford University. He organized the famous Dartmouth conference during the summer of 1956 at Dartmouth College, Hanover and started AI as a field. He went on to define the field for more than five decades with the belief that there will be systems which will evolve intelligence of human order (Soni et al., 2023). Firschein and Coles, 1973 defined seven broad areas of artificial intelligence with their subtopics as language understanding, problem-solving, perception, modeling, learning and adaptive systems, robots, and games. They represented the work done in AI, levels of competence that can be attained at that time in all seven categories of AI and a list of twenty-one hypothetical items as the future products of AI. The AI products predicted by them are no longer science fiction and have become routine technologies. This has benefitted business in two ways. First, it has resulted in significant growth of leading technology companies investing in AI. Second, there has been a tremendous rise in the number of AI start-ups established in the last few years benefitting the world's economy.

The present age is possibly the most exciting period of human history where technological innovations are taking place at the rate of the blink of an eye. Robots working in industries, cars driving themselves, smart watches monitoring patient's health, and AI playing games (e.g. Chess and Go) better than world champions are some of the technological innovations under AI. The Internet today is full of AI related articles, its recent advances and its impact on human, society, and business (Soni et al., 2023).

As analyzed by Enholm et al., in their 2021 literature review, several definitions of AI have been published in an attempt to distinguish it from other conventional information technologies (Table 1). To understand the concept of AI, it is necessary to first understand the notions of "artificial" and "intelligence" separately. "Intelligence" can be described as involving mental activities, such as learning, reasoning, and understanding (Lichtenthaler, 2019). "Artificial", on the other hand, refers to something that is made by humans, rather than occurring naturally (Mikalef & Gupta, 2021). By combining these two together, Artificial Intelligence can be understood as making machines capable of simulating intelligence (Wamba Taguimdje et al., 2020).

From the definitions in Table 1, it is evident that there is a consensus that AI refers to giving the computer human-like capabilities, meaning that computers are able to perform tasks that normally require human intelligence. This includes activities such as understanding, reasoning, and problem-solving (Mikalef & Gupta, 2021). AI emulates human performance by acting as an intelligent agent, which performs actions based on a specific understanding of input from the environment (Eriksson et al., 2020). In other words, the aim of AI is to try to reproduce human cognition by emulating how humans learn and process information. Cognitive technology is a term often used when referring to this capability. Cognitive technologies resemble the action of the human mind (Bytniewski et al., 2020), meaning that it provides the computer the function to think and act like a human.

In their definition, some scholars focus on the idea that AI should not need to be explicitly programmed to perform an intelligent task (Demlehner & Laumer, 2020). It should be able to sense, interpret, learn, plan, comprehend, and act on its own (Demlehner & Laumer, 2020; Kolbjørnsrud et al., 2017; Wang et al., 2019), meaning that AI should be able to correctly interpret external data, learn from this data, and use this learning to achieve specific goals and tasks through flexible adaptation (Makarius et al., 2020). Doing so should be achieved

without following predetermined rules or action sequences throughout the whole process (Demlehner & Laumer, 2020).

It is also identifiable that there are two main ways of defining AI. The first of these defines AI as a tool that solves a specific task that could be impossible or very time-consuming for a human to complete (Demlehner & Laumer, 2020; Makarius et al., 2020). The second group of definitions regards AI as a system that mimics human intelligence and cognitive processes, such as, interpreting, making inferences, and learning (Mikalef & Gupta, 2021). Both categories of definitions share some similarities but also present some important differences. A common notion in both categories is that AI does not necessarily replace humans, but instead, AI operates as an augmentation agent for performing difficult and time-consuming tasks (Mikalef & Gupta, 2021). Yet, both categories of definitions have some diverging points.

While one category of definitions assumes that AI is perfectly capable of imitating human behavior (Kolbjørnsrud et al., 2017; Wang et al., 2019), the second category of definitions regards AI as a tool, assuming it cannot exactly replicate human capabilities (Wamba-Taguimdje et al., 2020). Another noticeable difference is that some definitions refer to AI as a discipline of scientific inquiry (Schmidt et al., 2020), while others perceive the notion as an applied capacity of a system or machine (Afiouni, 2019; Lee et al., 2019). These definitions show that there are noticeable underlying assumptions, and some important differences about what AI is and what it encompasses.

Author(s) and date	Definition
Kolbjørnsrud et al. (2017)	AI is defined as computers and applications that sense, comprehend, act, and learn.
Afiouni (2019)	AI is the general concept for computer systems able to perform tasks that usually need natural human intelligence, whether rule-based or not
Lee et al. (2019)	Artificial Intelligence: Intelligent systems created to use data, analysis, and observations to perform certain tasks without needing to be programmed to do so
Wang et al. (2019)	AI is a broad concept that captures the intelligent behavior of the machine
Makarius et al. (2020)	Artificial Intelligence: a system's capability to correctly interpret external data, to learn from such data, and to use those learnings to achieve specific goals and tasks through flexible adaption
Schmidt et al. (2020)	Artificial Intelligence: The endeavor to mimic cognitive and human capabilities on computers
Demlehner and Laumer (2020)	Artificial Intelligence: a computer system having the ability to percept, learn, judge, or plan without being explicitly programmed to follow predetermined rules or action sequences throughout the whole process
Wamba-Taguimdje et al. (2020)	Artificial Intelligence: defined as a set of "theories and techniques used to create machines capable of simulating intelligence. AI is a general term that involves the use of computer to model intelligent behavior with minimal human intervention"
Mikalef and Gupta (2021b)	AI is the ability of a system to identify, interpret, make inferences, and learn from data to achieve predetermined organizational and societal goals.

**Table 1** Sample definitions of artificial intelligence (Enholm et al., 2021).

#### 6.2. AI Effects on Performance

AI is rapidly transforming the business landscape, with the potential to revolutionize every aspect of business management. From automating tasks and improving efficiency to enhancing decision-making and creating new products and services, AI is already having a significant impact on businesses of all sizes and industries (Iqbal and Qadeer, 2023).

AI implementation within organizational operations of various kinds show measurable increase in productivity, time and cost efficiency, human error reduction, faster business decisions, customer preference prediction, and sales maximization as some of the key advantages of automation, cognitive technologies, and data analysis using AI algorithms (Soni et al., 2023).

Artificial intelligence (AI) is transforming the way businesses operate. From automating routine tasks to providing insights into customer behavior, AI is having a profound impact on business management. One of the most significant impacts of AI on business management is its ability to automate routine tasks. This can free up employees to focus on more strategic and creative work, leading to increased productivity and efficiency. For example, AI-powered chatbots can handle customer service inquiries, while AI-powered software can automate tasks such as accounting and data entry.

AI can also help businesses to make better decisions. By analyzing large amounts of data, AI algorithms can identify patterns and make recommendations that would be difficult or impossible for humans to do on their own. For example, AI-powered software can help businesses to identify which products are likely to be popular, which customers are at risk of churning, and which marketing campaigns are most effective. In addition to automating tasks and improving decision-making, AI can also help businesses to develop new products and services. For example, AI-powered software can be used to design new products, develop new manufacturing processes, and create new marketing campaigns. AI can also help businesses to identify new markets and opportunities. Overall, AI is having a major impact on business management. By automating tasks, improving decision-making, and helping businesses to develop new products and services, AI is helping businesses to become more efficient, productive, and profitable (Iqbal and Qadeer, 2023).

## 6.2.1. Applied AI in Businesses Examples

AI-powered CRM software can help businesses to better understand their customers and their needs. AI can be used to analyze customer data, identify customer trends, and predict customer behavior. This information can then be used to improve customer service, personalize marketing campaigns, and develop new products and services.

AI-powered HR software can help businesses to automate HR tasks such as recruiting, onboarding, and performance management. AI can also be used to identify and develop talent, predict employee turnover, and create a more inclusive and equitable workplace. AI adoption is still in its early stages, but it is growing rapidly. A recent survey by McKinsey found that 41% of businesses are already using AI in some form. As AI technology continues to develop and become more affordable, it is likely that AI adoption will continue to grow in the coming years. The future of AI in business management is bright. AI has the potential to revolutionize the way businesses operate and compete. Businesses that embrace AI early on will be well-positioned to succeed in the digital age.

AI-powered supply chain management software can help businesses to optimize their supply chains and reduce costs. AI can be used to forecast demand, plan inventory, and optimize transportation routes. AI can also be used to identify and mitigate supply chain risks. Financial management: AI-powered financial management software can help businesses to automate accounting tasks such as invoice processing and expense reporting. AI can also be used to detect fraud, predict financial performance, and make investment decisions. These are just a few examples of the many ways that AI is being used in business management today. As AI technology continues to develop, we can expect to see even more innovative and transformative applications of AI in business.

AI is also having a major impact on automation. AI-powered robots and software can now automate a wide range of tasks, from routine administrative tasks to complex manufacturing processes. This can free up human employees to focus on more strategic and creative work.

AI is also being used to improve customer service. AI-powered chatbots can provide 24/7 customer support, and AI algorithms can be used to personalize customer experiences and identify and resolve customer issues more quickly and efficiently.

6.2.2. Trends in Machine Learning and AI in Business Intelligence

Predictive analytics and forecasting

Machine learning algorithms are being utilized to analyze historical data and identify patterns and trends. This enables businesses to make accurate predictions about future outcomes. Accurate predictions for optimizing operations and mitigating risks, Predictive analytics helps organizations optimize their operations by forecasting demand, optimizing inventory levels, and improving supply chain management (Mungoli, 2023). It also aids in identifying potential risks and taking proactive measures to mitigate them.

Predictive analytics utilizes machine learning algorithms to analyze vast amounts of historical data, identify patterns, and extract meaningful insights. These algorithms can uncover complex relationships and correlations that may not be apparent through traditional analysis methods. By leveraging predictive analytics, businesses can make accurate predictions about future outcomes. This enables them to optimize operations, anticipate demand fluctuations, and improve resource allocation. It also helps in identifying potential risks and taking proactive measures to mitigate them (Sahija, 2021).

Predictive analytics allows organizations to forecast demand patterns, identify seasonal trends, and anticipate market fluctuations. This helps optimize inventory levels, streamline supply chain management, and reduce costs associated with overstocking or understocking. Predictive analytics can analyze historical sales data, market trends, customer behavior, and other relevant factors to forecast future sales and revenue. This enables businesses to set realistic targets, allocate resources effectively, and develop sales strategies that align with market demand.

Predictive analytics can be used to assess and predict risks in various domains, such as finance, insurance, and cybersecurity. Machine learning algorithms can detect anomalies, identify potential fraud patterns, and flag suspicious activities, enabling organizations to mitigate risks and prevent financial losses. Predictive analytics helps in understanding customer behavior, preferences, and purchasing patterns. By leveraging this insight, businesses can personalize marketing campaigns, offer targeted product recommendations, and create tailored customer experiences (Mungoli, 2023). This enhances customer satisfaction and improves customer retention rates.

Predictive analytics and forecasting provide businesses with valuable insights and enable them to make data-driven decisions. By leveraging machine learning algorithms and historical data, organizations can optimize operations, anticipate market trends, mitigate risks, and deliver personalized experiences. This empowers businesses to stay competitive, drive growth, and make informed decisions in an increasingly dynamic and data-centric business landscape.

### AI-powered chatbots and virtual assistants

AI-powered chatbots and virtual assistants leverage natural language processing techniques to understand and respond to customer queries. Machine learning enables them to improve their responses over time by learning from customer interactions. Chatbots and virtual assistants automate routine customer interactions, such as answering frequently asked questions, providing product recommendations, and assisting with basic troubleshooting. This frees up human resources and enhances customer service efficiency.

AI-powered chatbots and virtual assistants leverage natural language processing (NLP) techniques to understand and interpret customer queries and provide accurate responses. Machine learning algorithms enable them to continuously improve their understanding and response capabilities through training on large datasets (Mungoli, 2023). Chatbots and virtual assistants automate routine customer interactions, such as answering frequently asked questions, providing product information, and assisting with basic troubleshooting. This reduces the workload on human customer service agents and allows them to focus on more complex or specialized tasks.

AI-powered chatbots and virtual assistants can operate round the clock, providing instant responses to customer inquiries and support requests. This ensures that customers receive timely assistance, regardless of the time zone or business hours. It enhances customer satisfaction and improves response times. AI-powered chatbots and virtual assistants can analyze customer data and interaction history to provide personalized experiences. They can offer customized recommendations, product suggestions, and tailored solutions based on individual preferences, purchase history, and behavior patterns. This personalization enhances customer engagement and fosters long-term relationships.

AI-powered chatbots and virtual assistants can be integrated across multiple channels, including websites, mobile apps, social media platforms, and messaging applications. They provide consistent and seamless support across these channels, enabling customers to reach out and receive assistance through their preferred communication channels (Sahija, 2021). AI-powered chatbots and virtual assistants can learn from customer interactions, feedback,

and user data. Machine learning algorithms enable them to adapt and improve their responses over time, ensuring that they become more accurate, efficient, and effective in addressing customer inquiries and resolving issues.

AI-powered chatbots and virtual assistants offer businesses the opportunity to enhance customer service, improve response times, and provide personalized experiences. They streamline customer interactions, automate routine tasks, and enable businesses to deliver consistent and efficient support across multiple channels. By leveraging these technologies, organizations can optimize their customer service operations, boost customer satisfaction, and foster stronger customer relationships (Mungoli, 2023).

# Automated data analysis and anomaly detection

Machine learning algorithms enable businesses to automate data analysis tasks, such as data cleansing, feature extraction, and data transformation. This accelerates the data analysis process and reduces manual effort. Machine learning and AI techniques can detect anomalies in data, uncover hidden patterns, and provide valuable insights for process optimization. This helps organizations identify inefficiencies, improve operational workflows, and enhance overall performance (Mahmood et al., 2019).

Automated data analysis leverages machine learning algorithms to process large volumes of data efficiently. These algorithms can handle complex data structures, identify relevant patterns, and extract meaningful insights, saving time and effort compared to manual analysis. Automated data analysis techniques, such as anomaly detection algorithms, can identify unusual patterns or outliers in data. This helps organizations detect potential errors, fraud, or irregularities in real-time, enabling proactive decision-making and timely interventions.

Automated data analysis enables organizations to set up real-time monitoring and alert systems. By continuously analyzing incoming data streams, organizations can detect anomalies or deviations from expected patterns and trigger alerts or notifications for immediate action. Automated data analysis can uncover inefficiencies or bottlenecks in business processes by analyzing data from various sources. This allows organizations to identify areas for improvement, streamline operations, and optimize resource allocation for better productivity and cost-effectiveness.

By analyzing historical data and patterns, automated data analysis can predict potential equipment failures or maintenance needs (Mughal, 2018). This enables organizations to implement proactive maintenance strategies, minimize downtime, and mitigate risks associated with unexpected failures. Automated data analysis provides organizations with accurate and up-to-date insights that support data-driven decision-making. By automating the analysis process, organizations can make informed decisions based on reliable data, leading to improved operational efficiency, better resource allocation, and enhanced strategic planning. Automated data analysis and anomaly detection empower organizations to uncover hidden insights, detect anomalies, and optimize their operations (Mughal, 2018). By leveraging machine learning algorithms and real-time monitoring, businesses can proactively identify and address issues, improve decision-making, and drive efficiency and effectiveness in their operations.

## Demand forecasting and dynamic pricing

Machine learning algorithms can analyze historical sales data, market trends, and other relevant factors to accurately forecast future demand. This enables businesses to optimize inventory levels, plan production, and improve resource allocation. AI-powered pricing algorithms can dynamically adjust prices based on real-time market conditions, demand fluctuations, and customer behavior. This allows organizations to optimize pricing strategies, maximize revenue, and respond quickly to market changes.

Demand forecasting models powered by machine learning algorithms can analyze historical sales data, market trends, customer behavior, and external factors to accurately predict future demand. This enables businesses to optimize production, inventory management, and supply chain operations (Mungoli, 2023). Demand forecasting allows organizations to maintain optimal inventory levels by aligning stock quantities with predicted demand. By avoiding overstocking or understocking, businesses can reduce carrying costs, minimize stockouts, and improve overall operational efficiency (Sahija, 2021).

Dynamic pricing leverages real-time market data, customer behavior, and demand forecasts to adjust prices dynamically. AI algorithms can analyze this information and determine optimal pricing strategies to maximize revenue, respond to changes in market conditions, and stay competitive. Demand forecasting combined with customer segmentation enables businesses to offer personalized pricing and targeted promotions. By analyzing customer

preferences, purchase history, and willingness to pay, organizations can provide individualized pricing options and incentives, enhancing customer satisfaction and loyalty.

Machine learning algorithms can analyze historical pricing data and customer response to determine pricing elasticity. This helps businesses understand how price changes impact demand and optimize pricing strategies accordingly (Mughal, 2018). By identifying price thresholds and revenue-maximizing price points, organizations can achieve optimal pricing strategies. Demand forecasting and dynamic pricing enable organizations to gather competitive intelligence and adjust their pricing strategies accordingly. By monitoring market dynamics, competitor pricing, and customer preferences, businesses can optimize pricing to maintain a competitive edge and enhance market positioning.

Demand forecasting and dynamic pricing techniques powered by machine learning and AI provide businesses with valuable insights into customer demand and enable them to optimize pricing strategies. By accurately predicting demand, optimizing inventory levels, and dynamically adjusting prices, organizations can improve revenue, maximize profitability, and enhance their competitiveness in the market.

## Agile decision-making through AI-driven insights

Machine learning and AI enable organizations to analyze large volumes of data in real-time, providing actionable insights for timely decision-making. This helps businesses stay agile and respond quickly to changing market dynamics. By leveraging AI-driven insights, organizations can identify emerging trends, market opportunities, and customer preferences. This empowers them to innovate, develop new products or services, and stay ahead of competitors in rapidly evolving markets (Bharadiya, 2023).

AI-driven analytics processes data in real-time, providing organizations with up-to-date and actionable insights. This enables agile decision-making by allowing businesses to respond quickly to changing market conditions, customer preferences, and emerging trends. AI-powered predictive analytics utilizes historical data and machine learning algorithms to forecast future outcomes. By leveraging these insights, organizations can make proactive decisions, anticipate potential challenges, and capitalize on opportunities before they arise. AI-driven systems can automatically analyze large volumes of data, identify patterns, and extract valuable insights. This eliminates the need for manual data processing and enables

faster decision-making based on accurate and comprehensive information (Mahmood et al., 2019).

AI-driven insights help organizations optimize resource allocation by identifying areas where resources can be allocated more efficiently. This includes optimizing staffing levels, inventory management, production schedules, and distribution networks, leading to improved operational efficiency and cost reduction (Mughal, 2018).

AI-powered decision support systems can simulate different scenarios and outcomes based on various factors and variables. This allows organizations to explore different options, evaluate potential risks and rewards, and make informed decisions based on the most favorable outcomes. AI systems can continuously learn from data and user feedback, improving their decision-making capabilities over time. This adaptive learning process enhances the accuracy and relevance of insights, enabling organizations to make increasingly effective decisions as the AI system evolves.

By leveraging AI-driven insights, organizations can make agile and data-driven decisions. Real-time analysis, predictive analytics, automated data analysis, and scenario modeling empower businesses to respond quickly to market changes, optimize resource allocation, and make informed decisions that drive growth and competitiveness. The continuous learning aspect of AI ensures that decision-making processes evolve and improve, leading to better outcomes over time (Bharadiya, 2023).

## Enhanced customer experiences through personalization

Machine learning algorithms can analyze customer data, behavior patterns, and preferences to create detailed customer segments. This allows businesses to deliver personalized marketing campaigns, product recommendations, and tailored customer experiences. AI-powered chatbots and virtual assistants provide personalized and efficient customer support, addressing inquiries, resolving issues, and offering relevant assistance. This enhances customer satisfaction, improves response times, and reduces support costs. By capitalizing on these opportunities, organizations can leverage the power of machine learning and AI in business intelligence to optimize processes, reduce costs, identify new revenue streams, and deliver exceptional customer experiences. Embracing these technologies enables businesses to gain a competitive edge and thrive in the data-driven and rapidly evolving business landscape (Bharadiya, 2023).

AI-powered algorithms can analyze customer data, behavior patterns, and preferences to create detailed customer segments. This allows businesses to deliver personalized marketing campaigns, product recommendations, and tailored offers that resonate with individual customers, increasing engagement and conversion rates. AI-driven recommendation systems can analyze customer preferences, purchase history, and browsing behavior to provide personalized product recommendations. This helps businesses improve cross-selling and upselling opportunities, enhancing customer satisfaction and driving revenue growth (Bharadiya, 2023).

AI enables businesses to personalize marketing messages and communications based on individual customer profiles. By delivering targeted content through various channels, such as emails, websites, and social media, organizations can provide relevant and timely information that resonates with customers, improving engagement and brand loyalty. AI-powered personalization allows businesses to provide a seamless and consistent customer experience across multiple channels. By capturing and analyzing data from various touchpoints, organizations can deliver personalized interactions and recommendations throughout the customer journey, enhancing satisfaction and retention.

AI algorithms can dynamically adjust pricing and offers based on individual customer behavior, preferences, and purchasing patterns. This enables businesses to provide personalized discounts, promotions, or loyalty rewards, increasing customer satisfaction and driving repeat purchases. AI-powered chatbots and virtual assistants offer personalized and efficient customer support. They can understand customer queries, provide relevant information, and offer tailored assistance, improving response times and customer satisfaction while reducing support costs (Nallamothu and Bharadiya, 2023). By leveraging AI-driven personalization, organizations can create enhanced customer experiences that cater to individual preferences and needs. This leads to improved customer satisfaction, increased customer loyalty, and higher customer lifetime value. Personalization also helps businesses gain a competitive edge in today's highly competitive market by delivering unique and tailored experiences that resonate with customers (Bharadiya, 2023).

## 6.3. Microsoft Copilot

Microsoft Copilot for Microsoft 365 is an advanced AI-powered productivity tool that integrates large language models (LLMs), Microsoft Graph content, and Microsoft 365

applications to provide real-time intelligent assistance. This tool enhances creativity, productivity, and skill development, utilizing AI algorithms like Generative Pre-Trained Transformers (e.g., GPT-4) for deep learning and content generation. It operates across various Microsoft 365 apps, such as Word, Excel, PowerPoint, Outlook, and Teams, offering features like text generation, content creation, summarization, and light commanding.

For instance, in Word, Copilot assists in drafting and editing documents, while in PowerPoint, it helps create presentations from prompts or existing files. In Outlook, it provides coaching tips and email summarization, and in Excel, it aids in data analysis. The Microsoft Graph API enhances this by adding context from user interactions, emails, documents, and meetings, and the Semantic Index for Copilot interprets user queries for more sophisticated, multilingual responses. This semantic index significantly improves Microsoft 365 search and productivity by facilitating better data understanding and quicker information retrieval (Pack, 2023).

Copilot serves as an AI companion that adapts intelligently to the user's needs. It's integrated into various Microsoft applications to offer smart, AI-driven support.

## Features:

Smarter, Personalized Answers: Copilot provides relevant and personalized answers to user queries, assisting in tasks like online shopping and information search.

Productivity Enhancement: It offers solutions and inspiration for projects and to-do lists, helping users to be more productive.

Creativity Unlocking: The tool aids in transforming ideas into beautiful images and drafts, thereby enhancing creative processes.

#### Applications:

In Bing: Copilot in Bing delivers summarized answers, image creation, and writing assistance.

In Microsoft Edge: It powers smarter browsing, enabling users to find, create, and accomplish more.

In Windows: Enhances creativity and task management, with tools accessible via keystrokes. In Microsoft Teams: Assists in running effective meetings, organizing discussions, and summarizing key actions.

In Outlook: Helps in drafting emails, summarizing threads, and managing email efficiently.

In Word: Aids in writing, editing, summarizing, and creating content.

In Excel: Assists in data analysis and exploration, identifying trends, and proposing business improvement scenarios.

In PowerPoint: Transforms documents into presentations and aids in creating impactful storytelling.

GitHub Copilot: Offers AI-generated code suggestions in various programming languages.

## 6.3.1. Building a Virtual AI Workforce

In a groundbreaking integration, Microsoft's AutoGen framework and OpenAI's GPT-4 come together to forge a virtual AI workforce, reshaping the landscape of Large Language Model (LLM) applications. This collaborative endeavor utilizes multiple, intercommunicative agents, each customizable and conversable, with the unique capability of incorporating human input. Designed to streamline and optimize complex workflows, AutoGen excels in facilitating multi-agent conversations, a feature that notably enhances its customization potential.

Versatility is a hallmark of the AutoGen framework, evident in its ability to tailor conversational patterns to suit a variety of needs. This adaptability proves invaluable across a spectrum of domains, from customer service to project management. AutoGen's proficiency extends to diverse sectors such as healthcare, finance, and retail, offering pre-built systems that can be fine-tuned to various complexities. Technically sophisticated, AutoGen boasts features like performance tuning, API unification, caching functionalities, alongside advanced capabilities in error handling, multi-config inference, and context programming. All these elements converge to guarantee the performance of this virtual workforce at its peak (Horsey, 2023).

## **6.4. Boston Consulting Group Case**

The advent of generative artificial intelligence has brought profound implications for the workforce, particularly for high-wage white-collar professionals. OpenAI, the progenitor of ChatGPT, posits that occupations with six-figure salaries face a threefold greater risk from AI

advancements than jobs with \$30,000 incomes. Concurrently, McKinsey highlights AI's potential in automating tasks that require expertise.

Recent empirical evidence reveals that AI's impact on job security is not a distant threat but a present reality. A study from the United States indicates that following ChatGPT's introduction, freelancers in copywriting and graphic design experienced a marked downturn in job opportunities and earnings on major online platforms. This suggests that AI is not only substituting their roles but also depreciating the value of their remaining tasks.

Notably, the research uncovered that even the most prosperous freelancers were not immune to this decline, with the most skilled suffering equally, if not more, in terms of employment and income losses. This trend raises questions about the broader implications for the upper echelons of knowledge workers. Insightful research from Harvard Business School, examining the integration of GPT-4 within Boston Consulting Group (BCG), provides some answers. BCG personnel utilizing GPT-4 demonstrated significantly higher productivity and quality of output compared to peers without access to the AI tool.

However, AI's efficacy waned when applied to tasks requiring nuanced understanding of qualitative data, although two subsets of participants, termed "cyborgs" and "centaurs," successfully leveraged AI by refining its outputs or focusing on tasks better suited to human expertise. These findings underscore the necessity of regulatory frameworks, particularly in the largely unregulated online freelancing sector, to safeguard knowledge workers. The studies suggest that roles with multifaceted responsibilities are less prone to full automation. Moreover, the optimal utilization of AI tools involves a symbiotic approach, where they are seen as augmentative rather than autonomous entities.

This nuanced understanding of generative AI s role indicates that it can be both an adversary and an ally to white-collar professionals. A cautious yet proactive engagement with AI could pave the way for a mutually beneficial coexistence (Burn-Murdoch, 2023).

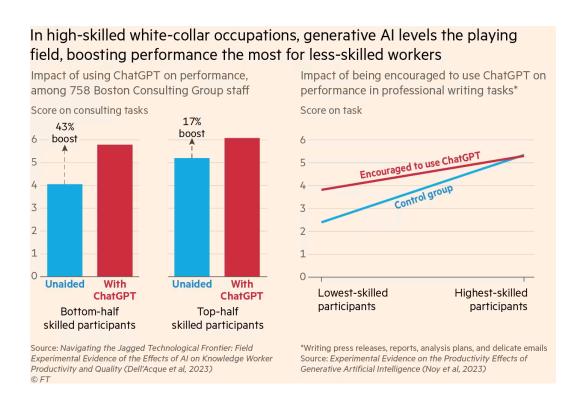


Fig 2 Impact of using ChatGPT on performance among BCG staff. (Burn-Murdoch, 2023)

## 6.5. HR Algorithms

Human resource professionals play an important role in the organization, planning, coordinating, and supervising strategic planning, controlling the hiring process, ensuring legal compliance, and developing business plans. This facilitates decision-making and aligns Human Resources (HR) with business objectives (Mohammad Tehaseen Hussain and Mohammed Abrar Baig, 2022).

Peakon, a prominent employee engagement platform in HR management, is one of the most commonly used software programs by human resources within companies worldwide. It plays a critical role in enhancing workforce engagement, retention, and performance through its sophisticated approach to gathering and analyzing employee feedback. Peakon provides a dynamic understanding of employee morale, engagement levels, and workplace concerns by automating the collection of feedback through regular, customizable surveys. This system not only enables HR managers and leaders to quickly identify trends and areas for improvement through real-time analytics, but it also ensures that surveys and interactions are tailored to each employee, increasing engagement with the feedback process. Peakon uses a proprietary

algorithm to analyze employee feedback and generate insights; therefore, the specific technical details of their algorithm have not been made public.

The platform is notable for its ability to transform collected data (mainly collected through surveys) into actionable insights, identifying areas that require intervention such as management practices or workplace culture. The feedback mechanism, which ensures anonymity and confidentiality, encourages employees to communicate honestly and openly, fostering a culture of transparency. Peakon's ability to handle large amounts of feedback, as well as its intelligent algorithms that adapt survey questions over time based on previous responses, contribute to its efficiency (Pekon, 2023).

Peakon as a tool, provides a comprehensive view of employee engagement through its real-time feedback capabilities, which include pulse surveys for immediate employee sentiments and the integration of various feedback channels. This is supplemented by the platform's advanced analysis techniques, which are likely to involve Natural Language Processing (NLP) and machine learning, to derive meaningful insights from open-ended survey responses and identify patterns and trends (Pekon, 2023.).

The implications of using Peakon systems in human resources are numerous. It allows for a more in-depth understanding of employee satisfaction, allowing for proactive problem-solving and increasing engagement. However, if not managed properly, there is a risk of survey fatigue. Peakon aids in monitoring the overall well-being and guides the development of targeted welfare programs in terms of employee welfare, but it risks depersonalizing employee experiences if used exclusively. In terms of employee efficiency, the platform provides insights into productivity bottlenecks and aligns employee efforts with organizational goals, though there is a risk of data misinterpretation (Pekon, 2023).

Peakon provides HR departments with tools for data-driven decision-making and continuous improvement in employee satisfaction, welfare, and efficiency strategies. However, careful management is required to navigate potential challenges such as survey fatigue and confidentiality concerns.

HireVue is another widely used tool. HireVue is where hiring happens, transforming how businesses find, engage, and hire the best talent. HireVue is the industry-leading end-to-end

hiring platform, which connects companies and candidates anytime, anywhere, includes video interviewing, assessments, and conversational AI. HireVue has hosted over 18 million video interviews and 114 million chat-based candidate engagements for over 700 clients worldwide (HireVue, n.d.).

HireVue's algorithm, proprietary and not fully disclosed in detail, likely involves a combination of machine learning, natural language processing, and computer vision technologies. However, Ishita Chakraborty et al. (2022) developed an AI model for salesforce hiring, a comprehensive system designed to evaluate candidates through conversational video interviews, which is similar to HireVue. These interviews are distinguished by their two-way interaction, which incorporates text, voice, and body language to provide a comprehensive picture of each candidate. The model's primary goal is to capture key features like two-way conversational interactivity, real-time adaptation, and body language nuances that are critical for understanding a candidate's latent sales ability. This latent sales ability is assessed using rubric-based scores provided by sales professional panels, and the AI model is tasked with predicting these scores.

Chakraborty et al. (2022) developed this model with special attention paid to the legal and ethical considerations surrounding AI in hiring, particularly the need for explainability and compliance with laws designed to prevent bias. Additionally, the model emphasizes the use of managerial predictions of latent skills that are correlated with future performance, rather than relying solely on past performance metrics.

The model's algorithmic approach entails predicting latent sales ability as a function of multimodal, theory-relevant features extracted from video interview data. To accomplish this, the model employs advanced machine learning methods such as Random Forest, SVM, or XGBoost, selecting the best fitting among these for optimal results. Various methods are used for feature extraction and processing, including content analysis using topic modeling techniques such as LDA to identify key speech themes, verbal style analysis using text transcripts and linguistic dictionaries to assess traits such as language complexity and optimism, and body language analysis to interpret visual elements such as hand movements and postures.

Furthermore, the AI-human hybrid model proposed by Chakraborty et al. (2022) employs a Bayesian approach to supplement AI predictions with human input. This combination of AI and human scores, calculated as a Bayesian weighted average, improves the model's performance significantly by improving balanced accuracy and lowering error rates. This improvement emphasizes the synergistic effect of combining AI and human judgment.

For practical application, the model is based on a robust dataset of 195 videos from the National Collegiate Sales Competition (NCSC). These videos provide a realistic and diverse array of in-person sales interviews, providing the model with a rich source of data to analyze and learn from.

Peakon, HireVue, AI-human based salesforce hiring model, and many others not covered in this paper, are sophisticated systems that are capable of analyzing: employees morale and sentiment, employees satisfaction, and predicting sales ability using multimodal data from conversational interviews, and many other features combining advanced machine learning techniques with human judgment to improve accuracy while adhering to legal and ethical guidelines. These tools represent a significant step forward in the use of AI for nuanced tasks such as assessing soft skills and interactive abilities in a human capital context.

## 6.5.1. The Role of AI and Algorithms in Human Resources

The incorporation of artificial intelligence and algorithms into employee evaluation and welfare is reshaping organizational management, signaling a significant shift in how businesses manage their workforce. This shift, as highlighted in Ishita Chakraborty et al.'s (2022) research, is multifaceted, affecting performance evaluation, hiring, employee monitoring, and welfare initiatives.

AI and algorithms in performance evaluation provide an unprecedented level of systematic and objective analysis to employee evaluation. AI can process various data points, such as sales figures and customer interactions, using advanced data analytics and machine learning, providing a comprehensive performance overview. Chakraborty et al., (2022) illustrate this through a study on salesforce hiring, where a sophisticated AI model, combined with human input, assesses latent sales skills. This method not only improves accuracy and efficiency, but

it also addresses the complexities of evaluating human skills and behaviors, demonstrating AI's importance in the workplace.

The study by Chakraborty et al., (2022) identifies critical elements in AI-based performance evaluation, such as the emphasis on predicting latent sales skills using the scores of industry salesforce hiring managers and the NCSC assessment rubric. It contrasts the performance metrics of pure AI and AI-human hybrid models, emphasizing the improved performance with human input. The study emphasizes the significance of balancing AI efficiency with human evaluative nuances, particularly in the AI-human hybrid model that employs a Bayesian approach. It also mentions the economic implications of incorporating human input, as well as AI's limitations in capturing human nuances such as body language.

AI's role in hiring processes is similarly transformative, allowing for the rapid processing of large numbers of applications and the identification of ideal candidates while potentially reducing biases. However, this is dependent on the algorithms being free of bias. AI systems are increasingly being used in digital workspaces for continuous monitoring and real-time feedback, which, while beneficial for performance tracking, raises privacy concerns and the psychological impact on surveilled employees.

AI also plays an important role in improving employee well-being. AI enables early interventions and personalized recommendations for development and wellness programs by identifying patterns that indicate burnout or disengagement. Its predictive capabilities aid in forecasting future performance trends and skill gaps, allowing for proactive planning in training and development.

Finally, AI-powered chatbots and virtual assistants provide instant information access and personalized learning experiences, allowing for a high degree of personalization in employee interactions and support. This comprehensive use of AI and algorithms in HR signals a paradigm shift toward more data-driven, efficient, and personalized employee management and welfare strategies.

## VII Automation and Humanoid Robots

Humanoid robots are fascinating creations designed to resemble and act like humans. These robots are built to imitate human expressions, interactions, and movements, making use of advanced technologies such as cameras, sensors, and artificial intelligence (AI). They are capable of performing a wide array of tasks that humans can do, including holding objects, walking, dancing, climbing stairs, and more. Their applications are diverse, extending to areas like education, healthcare, space exploration, and manufacturing. In educational settings, humanoid robots like Nao and Pepper are used to create content and teach programming, while in healthcare, they assist in tasks such as communicating patient information and measuring vital signs (Faisal and El Saddik, 2023).

Automation, on the other hand, is the broader use of technology to perform tasks with minimal human input. It encompasses a wide range of applications from business process automation, IT automation, and network automation, to industrial automation with robotics, and consumer applications like home automation. The core principle of automation is to alleviate humans from mundane and repetitive tasks, allowing them to focus on more complex and creative challenges. Automation can be as simple as conveyor belts or as sophisticated as AI systems like Google Translate. It plays a crucial role in increasing productivity and reducing labor costs in industries by controlling machinery and processes through independent systems, often based on IT software or robotics (IBM, 2021).

#### 7.1. Advantages

The integration of automation and humanoid robots in businesses brings a multitude of benefits, reshaping various sectors with their capabilities. Automation technologies, including humanoid robots, have substantially increased efficiency and productivity. This is evident in production facilities where robots handle repetitive tasks and heavy machinery, as seen in industries such as manufacturing. In the Philips plant in the Netherlands, for instance, robots outnumber human workers, highlighting their role in high-volume production (Tilley, 2017).

Alongside increased productivity, these technologies offer flexibility and adaptability. Modern robots are used beyond traditional manufacturing tasks, extending to customer service and retail, thus enhancing operational flexibility and meeting diverse business needs (Schatsky and Arora, 2017). The improvement in quality and reduction of errors is another significant advantage. Advanced robots, capable of integrating information from multiple sensors, can adapt their movements in real-time, ensuring higher product quality and reducing the necessity for post-manufacture inspection (Tilley, 2017).

Cost-effectiveness is a key benefit of automation. It reduces costs by replacing human labor with machines, a crucial factor in light of rising labor costs. The expenses associated with programming and maintaining robots have also decreased due to technological advancements and the increasing availability of skilled professionals. Additionally, service robots significantly improve customer service and satisfaction. For example, mobile robots in retail locations can offer multilingual customer service and automated inventory tracking, thus enhancing customer experience (Heller and Savargaonkar, 2021).

Automation also addresses labor shortages in various sectors. Robots offer a viable alternative to human workers, particularly in physically demanding industries. This shift allows human workers to focus on less taxing work, as seen in the automotive industry (Schatsky and Arora, 2017). The safety of workers has been a paramount concern in automation. Advanced safety systems in robots enable them to work alongside human colleagues, improving productivity and enhancing worker safety by taking over dangerous or physically demanding jobs (Tilley, 2017).

Furthermore, intelligent automation systems are becoming increasingly adaptable, capable of adjusting their behavior to maximize output or minimize costs. This feature is evident in sectors ranging from beverage filling to automotive production, where expert systems make adjustments to optimize manufacturing processes. An effective automation strategy aligns with a company's broader business and operations strategy, ensuring that the adoption of these technologies contributes to overall goals, such as improving safety, reducing costs, and increasing flexibility (Tilley, 2017).

Finally, demonstrating a clear return on investment is crucial in automation. Companies are advised to select the appropriate level of automation complexity to meet current and foreseeable future needs, ensuring cost-effective investments that contribute to long-term objectives (Tilley, 2017). These varied benefits underscore the transformative impact of

automation and humanoid robots in businesses, offering enhanced efficiency, quality, flexibility, and cost-effectiveness while addressing labor shortages and improving customer experiences.

## 7.2. Disadvantages

The integration of automation and humanoid robots in businesses presents a complex array of disadvantages and challenges. One of the most significant concerns is the potential for job losses, as the fear persists that robots, with their ability to perform tasks more efficiently, may render human roles redundant. This issue is particularly acute in sectors where automation could directly replace human labor, despite the fact that new job roles are also being created by these technologies (Van Rijmenam, 2023).

Another major obstacle is the initial investment costs associated with robotic automation. The substantial upfront financial commitment can be daunting, especially for smaller businesses or those operating with marginal returns. The investment in automation demands a sustainable cash flow and a comprehensive business case to justify the expenditure.

Adding to the complexity is the challenge of hiring skilled staff. The specialized roles required in automated manufacturing environments have made it difficult to find personnel with the necessary skills. This issue necessitates further investment in training and skill development for existing employees, adding another layer to the human resource challenges faced by companies (Granta, 2017).

Technical challenges are particularly evident in the development of humanoid robots. Achieving human-like motion, balance, stability, and energy efficiency requires significant advancements in various aspects of robotics. Additionally, the need for advanced cognitive capabilities, effective human-robot interaction, and creating durable and robust designs pose ongoing technical difficulties. These challenges can limit the practical use and effectiveness of humanoid robots in business environments (Akash, 2023).

Ethical and social challenges also arise with the increased autonomy of robots. Concerns about privacy, autonomy, and societal impact need to be carefully navigated, especially in sensitive industries like healthcare and defense. The development and deployment of robotic

systems must adhere to ethical principles of justice, transparency, and accountability to ensure their responsible and trustworthy use (Van Rijmenam, 2023).

The potential for bias and discrimination in robotic systems is another concern. Since robots rely on algorithms and machine learning, there is a risk of embedding biases into their decision-making processes. Developing inclusive and fair robotic systems that do not perpetuate existing biases or exacerbate social inequalities requires diverse development teams and rigorous testing (Van Rijmenam, 2023).

The integration of humanoid robots into society and their acceptance by humans presents additional uncertainties. While some people may view the proliferation of these robots as creepy, dangerous, or as unwelcome competition in the labor market, these perceptions must be balanced against potential benefits such as increased efficiency and safety (Biba, 2022).

The complexity of AI and interaction in building humanoid robots involves challenges such as creating a robust skeletal structure, managing facial expressions, achieving an optimal weight to power ratio, and the intricacies of AI and motion planning. These challenges highlight the intricate nature of developing humanoid robots that can effectively function in various business environments (Baiju, 2020).

#### 7.3. Examples of Real-Life Applications

### 7.3.1. Amazon

Amazon has been exploring the use of humanoid robots in their warehouse operations, specifically testing a robot named "Digit." Developed by Agility Robotics, Digit is designed for tote consolidation, a process where it organizes and repositions storage containers after inventory removal. This robot is capable of autonomously sensing, grasping, and moving bulk objects like totes, in environments originally crafted for humans. Featuring a design that includes two robotic arms and legs resembling those of large birds, Digit is equipped to navigate various terrains. Its head is fitted with internal antennas, LED eyes, and multiple arrays of cameras and sensors, including a LiDAR system for scanning its environment (Bishop, 2023).

Amazon's testing of Digit signifies a milestone for humanoid robots in commercial settings. The company had previously invested in Agility through its Industrial Innovation Fund, which supports different supply chain technologies. During the testing phase, some Amazon fulfillment center employees noted Digit's relatively slow pace compared to human workers. However, Digit is intentionally designed to walk at a speed close to the average human walking pace for better integration in human-designed spaces. The technology is continually evolving to improve motion quality and efficiency.

The tote consolidation tasks performed by Digit are typically done using a combination of conveyor systems and human labor. However, in certain sites where space limitations make conveyors impractical, robots like Digit offer a viable alternative. Amazon is in the early stages of testing Digit, focusing on small-scale trials to ensure they address the right customer and employee needs. Employee feedback is a crucial part of this process, as Amazon seeks to improve both customer service and the working environment (Bishop, 2023).

## 7.3.2. Russia-Ukraine Conflict

In the ongoing conflict in Ukraine, the role of robotics and artificial intelligence has become increasingly prominent, signaling a shift in the nature of modern warfare. Crude ground robots have been spotted performing logistical tasks on the battlefield, such as resupplying soldiers to minimize their exposure to danger. These unmanned ground vehicles (UGVs) are primarily designed for logistics, with some even potentially capable of transporting wounded soldiers, although their effectiveness in this regard remains somewhat uncertain (Gosselin-Malo, 2023).

The use of Milrem Robotics' unmanned ground vehicles, particularly the 'TheMis UGV,' has been noteworthy. These remote-controlled robots, which have been deployed in Ukraine, can be used for a range of tasks from bomb disposal to intelligence gathering and can even be weaponized. While the technology is currently semi-autonomous, supporting rather than replacing human troops, it underscores the evolving role of robotics in removing soldiers from direct harm. The deployment of these systems in Ukraine highlights their growing importance in warfare, though they have not yet reached a point where they can fully replace human soldiers on the front lines (Askew, 2023).

Drones have also become a critical component of the conflict, especially for the Ukrainian army. Utilized for surveillance, directing artillery fire, and launching attacks on the enemy, these drones, while currently human-controlled, represent the potential for fully autonomous weaponry on the battlefield. This advancement raises questions about the future of autonomous 'killer robots' in combat scenarios (Aljazeera, 2023).

Artificial intelligence's role in the war has been multifaceted and significant. AI-enhanced drones and loitering munitions are used by both sides for various tasks, including targeting and firing. Furthermore, AI has played a crucial role in facial recognition to identify soldiers and combat misinformation, in electronic warfare and encryption, and in cyber warfare to enhance defensive capabilities. AI systems have been essential in analyzing unencrypted radio communications and in bolstering cyber defenses through improved threat intelligence and the rapid distribution of protective software. The Russia-Ukraine war thus serves as a groundbreaking example of how AI and autonomous systems are reshaping the dynamics of military conflict (Fontes and Kamminga, 2023).

#### 7.4. Robofabs

Robofabs, or factories that build humanoid robots, are emerging as a significant part of the robotics and manufacturing landscape. These facilities specialize in creating robots that are human-like in appearance and function, often designed to operate in environments and perform tasks traditionally done by humans.

One prominent example is the RoboFab facility opened by Agility Robotics in Salem, Oregon. This facility is capable of producing more than 10,000 robots annually, with the initial focus on their multi-purpose humanoid robot, "Digit." Digit is designed for use in human-centric environments, such as warehouses and distribution centers, for tasks like material handling. The factory itself is a significant operation, employing over 500 workers and representing a pivotal moment in the mass production of commercial humanoid robots (Agility Robotics, 2023).

China is another major player in the humanoid robotics industry. The country has developed a complete industrial chain for humanoid robots, backed by government policies and significant advances in research and development. Humanoid robots in China are utilized in a

variety of settings, from serving coffee to providing guided tours at exhibitions. The scale of China's humanoid robot market is projected to be substantial, with estimates suggesting it could reach around \$2.8 billion in the near term and contribute significantly to the global humanoid robot market by 2030. This growth is supported by the establishment of small and medium-sized enterprises specializing in humanoid robot technology, as well as efforts to create a secure and reliable industrial and supply chain system for these robots (CGTN, 2023).

The future trend of humanoid robot manufacturing is promising but faces several challenges and opportunities. Goldman Sachs Research estimates that the market for humanoid robots could reach \$6 billion in the next 10 to 15 years, potentially addressing a portion of the U.S. manufacturing labor shortage and global elderly care demand. If various challenges like product design, technology, affordability, and public acceptance are overcome, the market could even reach up to \$154 billion by 2035. However, the development of humanoid robots still faces technical difficulties, particularly in areas such as motion control, visual perception, and human-machine interaction. The battery life, mobility, agility, processing abilities, and sensory capabilities of these robots need significant improvement. Additionally, the costs of production must be reduced substantially for humanoid robots to be economically viable. Despite these challenges, there is optimism based on the precedent set by collaborative robots ("cobots") in manufacturing, suggesting that humanoid robots could find similar success in various industrial and consumer applications (Goldman Sachs, 2022).

### 7.5. Instant Evolution

The article from Red Hot Cyber discusses a significant breakthrough in artificial intelligence (AI) by a team of scientists from Northwestern University. They have developed a unique AI capable of independently designing robots. This AI, when tasked with creating a robot that could move on a flat surface, completed a process akin to the billions-of-years-long evolution of living beings in just a few seconds.

A notable feature of this AI is its ability to operate on a standard personal computer, creating entirely new designs without the need for powerful supercomputers or massive databases. Sam Kriegman from Northwestern University describes the AI's design process as

"instantaneous evolution," bypassing evolutionary dead ends without relying on human experience.

The AI concluded that the robot needed legs for movement and innovatively designed a three-legged robot with other unusual elements, including holes in the robot's body. This demonstrates the AI's capability to offer completely new solutions, differing from traditional human approaches to robot design.

Despite the first AI-designed robot moving slowly, the scientists see enormous potential in this technology. They envision future applications for these robots in areas such as search and rescue under rubble, sewer system repair, and even in medicine for diagnosing and treating diseases at the cellular level. Kriegman notes that the only limitation in creating new tools and therapies is the lack of knowledge on how to develop them, a gap that this AI could fill (Red Hot Cyber, 2023).

This event marks a potential move from Joseph Schumpeter's theory of creative destruction to a new concept called by scientist "Instant Evolution", which is a fundamental concept in economics, particularly in understanding how innovation and economic development interplay. Introduced in his 1942 work, "Capitalism, Socialism, and Democracy," this theory posits that the force driving economic progress is not just price competition, but more crucially, the innovations in technology and business models. According to Schumpeter, entrepreneurs and their groundbreaking ideas are the disruptive forces that propel economic growth.

The essence of creative destruction lies in the cyclical process where new technologies create a paradigm shift, rendering the old ways obsolete. This cycle of innovation leads to short-term disruptions, like job losses and industry instability, but is deemed beneficial in the long run, fostering competitiveness, driving technological advancements, and potentially elevating living standards. The entrepreneur, in Schumpeter's view, is the change agent, introducing novel products or processes that challenge and eventually replace the status quo.

Schumpeter saw this relentless process as the mechanism by which capitalism continuously evolves and adapts. While it leads to constant improvement in products and services, it also raises challenges, including economic and social upheaval. The theory has profoundly

influenced how economists view the role of technological change in economic growth and the complex dynamics between market structures and innovation.

However, the concept has not been without criticism. Some have pointed out the potential negative social consequences, such as increased inequality and job displacement. Others question the market economy's capability to manage the disruptive impacts of innovation effectively. In essence, Schumpeter's theory of creative destruction provides a lens to view the dynamic, often disruptive nature of innovation in capitalist societies, highlighting the intricate relationship between economic growth, technological change, and the challenges they bring.

#### 7.6. Fourth Industrial Revolution

The Fourth Industrial Revolution, also known as Industry 4.0, was a term introduced by Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, in 2016. This revolution is characterized by the ongoing automation of traditional manufacturing and industrial practices through modern smart technology. It represents a significant shift in how we live, work, and interact with each other, driven by remarkable technological advancements that are comparable to those seen in the first three industrial revolutions (Lavopa and Delera, 2021).

This era is marked by the integration and impact of disruptive technologies and trends such as the Internet of Things (IoT), robotics, virtual reality (VR), and artificial intelligence (AI). These technologies are altering the way people live and work in the modern world (Wigmore, 2020).

Industry 4.0 is noted for its connectivity, advanced analytics, automation, and advanced manufacturing technologies. These innovations have been transforming global business for several years, signifying a new phase in human development (McKinsey & Company, 2022).

Moreover, the Fourth Industrial Revolution is described as a fusion of advances in various fields including AI, robotics, IoT, Web3, blockchain, 3D printing, genetic engineering, and quantum computing. This fusion is blurring the boundaries between the physical, digital, and biological worlds, leading to profound changes in all disciplines, economies, and industries (McGinnis, 2020).

# VIII algorithmic governance

## 8.1. Strengths

The integration of Artificial Intelligence is reshaping the way organizations manage their most valuable asset: their people, in the rapidly evolving landscape of human resources. The use of AI in human resources brings a new era of efficiency, insight, and strategic decision-making. The increasing use of artificial intelligence (AI) in HR is revolutionizing hiring, retention, and employee development decisions. Its abilities extend to automating routine tasks such as payroll and benefits administration, which are important but time-consuming aspects of HR operations. Furthermore, AI's application extends beyond these fundamental functions to include the development of new policies, contracts, job descriptions, and even interview questions, enhancing the strategic capabilities of HR departments (T. Albrecht and C. Kellermann, 2020).

One common misconception is that AI technology will eventually replace human workers in HR. The reality, however, is quite the opposite as discussed by Loukas Karabarbounis, and Brent Neiman in their 2013 discussion. AI tools are intended to supplement and enhance human capabilities rather than to replace them. These tools are important in task delegation because they allow technology to pervade employees' activities, increasing productivity and allowing them to focus on higher-value tasks (Keith MacKenzie, n.d.).

One of AI's most significant advantages in HR is its ability to save time, a crucial advantage that could be transferred to any unit within a company if AI were implemented in all the processes within a company. AI allows HR departments to focus on more strategic and complex assignments by automating routine tasks. The use of generative AI for routine employee inquiries is an excellent example of how AI can help to streamline operations and free up valuable resources for more impactful work (Gartner, n.d.).

Furthermore, AI's role in HR extends to relieving teams of time-consuming, repetitive tasks. This relief allows HR staff and other teams to focus on more complex tasks that require human judgment and creativity. The use of AI in the form of virtual assistants and chatbots for administrative and legal help desks demonstrates how AI can handle routine queries such as training and employee benefits (Carolyn Heinze, 2023).

AI augments a variety of HR functions, including talent acquisition, onboarding, performance management, employee engagement, and workforce analytics, in addition to these operational efficiencies. By implementing AI in these areas, HR departments can not only optimize their processes but also gain deeper insights into their workforce, resulting in more informed decision-making and a more engaged workforce (Françoise Chevalier, 2023).

Algorithmic systems, according to John Danaher (2016), have demonstrated remarkable predictive accuracy, outperforming human experts in certain domains. Because of this improved capability, such systems may result in more precise and reliable assessments of employee performance and welfare. Furthermore, by potentially reducing implicit bias in decision-making processes, these systems provide a significant procedural advantage. This is especially true in the context of human-based systems, where such biases are common, as Danaher points out. Aside from these features, the ability of algorithmic systems to process complex and large volumes of data efficiently distinguishes them from traditional methods, allowing for a more sophisticated and nuanced analysis of employee-related metrics. This comprehensive approach to data handling is vital in capturing the multifaceted nature of employee performance and welfare metrics.

According to Thorben and Kellermann (2020), the strengths of these technologies include increased efficiency, objectivity in decision-making, and the ability to process large amounts of data. Thorben and Kellermann also provide a thorough overview of AI's strengths and limitations, as well as its impact on the workplace, particularly in terms of employee evaluation and welfare.

According to Thorben Albrecht and Christian Kellermann (2020), Al's role in human resources is distinguished by several key strengths. Firstly, Al's technological prowess stands out, particularly its ability to seamlessly integrate into production and labor processes. This integration is dependent not only on technological capability, but also on the regulatory framework and the compatibility of the technology with existing labor processes. This feature emphasizes Al's role as a promoter of workplace efficiency and effectiveness.

AI, in conjunction with digitization, has aided in the acceleration of labor transformation. The rapid evolution of the labor landscape is primarily due to advances in high-performance

hardware, big data, and machine-learning processes. Such technological advancements have created new opportunities for workplace efficiency and innovation, reshaping how labor is approached and managed.

AI has the potential to be a helpful assistant in a variety of fields, including social and care services. AI can be a valuable asset in improving service efficiency and effectiveness when used within reasonable limits. This demonstrates AI's ability to supplement rather than replace human labor by providing support and augmentation. Thorben and Kellermann's observations highlight AI's multifaceted role in the workplace, providing both a technological advantage and an assistant capacity that, when combined, propels the modernization and effectiveness of human resource practices forward.

#### 8.2. Limitations

We see a complex interplay of advances and challenges in the field of AI and its application across various field settings, including traditional offices and gig economy platforms. While AI has the potential to increase productivity and better align employee skills with organizational goals, Antonio Aloisi and Elena Gramano (2019) have expressed concerns about the invasive nature of surveillance technologies and the resulting erosion of employee privacy.

Using algorithmics in employee evaluation can help foster efficient and unbiased decision-making, it is not without drawbacks. As David Angrave and others pointed out in 2016, the quality of the underlying data has a significant impact on the effectiveness of these systems. Biased data sources can unintentionally perpetuate discrimination through biased algorithms, calling the fairness and accuracy of these systems into question. Furthermore, an overemphasis on algorithmic decision-making risks creating a dehumanized workplace environment in which numerical assessments may overshadow employees' intrinsic human qualities and contextual subtleties.

John Danaher (2016) expands on the difficulties presented by algocratic systems, particularly their opacity and complexity. These characteristics can make algorithms difficult to understand and interact with for both employees and managers. Furthermore, there are significant legal and ethical constraints in implementing interpretable and transparent

processes in these systems, which frequently encounter resistance from corporate or governmental entities and pose challenges for retrospective implementation.

Thorben Albrecht and Christian Kellermann (2020) emphasize the broader societal consequences of unregulated AI deployment. A free-for-all approach to digitization, with AI at the helm, risks disrupting the equilibrium of a work-oriented society, resulting in imbalances. This unchecked progression can also exacerbate labor-market polarization, affecting employment, income, and status disparities. The introduction of AI and digitization into the labor market, if not handled carefully, increases the risk of such disparities.

Furthermore, as Thorben and Kellermann (2020) point out, the debate over AI's transformative potential is frequently hampered by a lack of comprehensive research. The specific effects of AI in the labor context remain understudied and ambiguous, resulting in a reliance on anecdotal evidence that may not accurately capture the full scope of AI's influence. This research gap highlights the need for more in-depth studies to comprehend the multifaceted impact of AI in the workplace and society at large.

# 8.3. Ethical Challenges and Implications

Algorithmic governance poses significant ethical challenges, especially in terms of transparency, fairness, and accountability. Because these systems are opaque, those affected may lack understanding and participation, potentially undermining their procedural benefits.

Nastazja Potocka-Sionek and Antonio Aloisi (2022) explores the intricate ethical challenges and social implications arising from the use of algorithmic management in the gig economy, particularly within the European Union's proposed legislative framework.

The implementation of algorithmic management has raised significant ethical concerns about worker autonomy and control. These systems frequently dictate various aspects of gig work, such as assignments, evaluations, and pay, with limited transparency and human intervention, resulting in significant issues with worker autonomy and decision-making power. Furthermore, the ethical quandaries extend to privacy and surveillance, because these management systems involve extensive data collection, including location and work pattern tracking, which may violate individual privacy rights.

The possibility of bias and discrimination in algorithms is another critical ethical issue. If not carefully designed and regulated, these systems can perpetuate existing societal biases, resulting in unfair hiring, task allocation, and performance evaluation practices that harm certain groups of workers. In addition, the nature of gig work under algorithmic management frequently results in precarious employment conditions, raising ethical concerns about job security and the absence of traditional employment benefits.

From a social standpoint, the incorporation of algorithmic management is significantly transforming the labor market. This transformation is characterized by a paradigm shift in which gig work, while providing flexibility and autonomy, also brings unpredictability and a lack of job security. This has far-reaching implications for worker rights and protections, as the gig economy challenges traditional notions of employment, sparking debates about the entitlements and safeguards that gig workers should have, such as a living wage, health benefits, and the right to unionize.

Another major concern is the societal impact of precarious work. The rise of gig work has far-reaching consequences for social security systems, income inequality, and economic stability for workers who may find themselves in insecure, low-paying jobs. Furthermore, the changing nature of work as a result of algorithmic management poses significant regulatory and policy challenges. Policymakers must strike a balance between the flexibility and innovation provided by the gig economy and the need to protect workers and ensure fair labor practices.

### 8.4. Policy Implications

The use of algorithmics in employee evaluation necessitates the implementation of policies that ensure transparency, fairness, and accountability. This includes regulatory oversight of algorithms, public transparency into how these systems work, and the protection of due process rights of those who may be harmed unfair Valerio De Stefano and Mathias Wouters delve into the burgeoning integration of AI in workplaces in their 2022 analysis. However, they caution that this positive impact is not yet the norm, emphasizing the need for careful regulation of AI to protect labor rights and minimize adverse effects.

The role of AI is particularly visible in specific industries such as logistics, where it has a significant impact on working conditions. Its capabilities, which are becoming more common in a variety of industries, are reshaping how people are managed at work. However, the efficacy of these AI tools, particularly in recruitment and continuous staff appraisal, is largely unproven, raising concerns about their ability to accurately interpret complex data and the risk of over-reliance in the absence of adequate human oversight.

Leaders in AI development have set a trend that calls for immediate regulatory action to prevent unethical or illegal uses of AI, particularly in workplace surveillance, precariousness, and union activities. In the EU, laws such as GDPR aim to mitigate the negative effects of AI, particularly on privacy, but effectively enforcing these laws remains a challenge. Furthermore, while EU occupational safety and health regulations require risk assessments for AI implementation, there is concern about underestimation of psychosocial risks.

In order to combat workplace discrimination, EU laws scrutinize AI systems, but their effectiveness is dependent on the legal process and proof burden. Alternative methods, such as certification, may be critical in combating discriminatory AI applications. Labor and employment legislation changes are critical for governing AI at work, with the European Commission's proposed AI act potentially strengthening existing safeguards. However, there is concern that it will establish a regulatory ceiling, thereby weakening labor protection systems.

In practical applications, AI is increasingly being used in recruitment, with AI-based tools streamlining hiring but often facing significant limitations, such as the potential exclusion of suitable candidates and inherent biases in candidate selection. This nuanced view of artificial intelligence in workplace management emphasizes the complex interplay of potential benefits and challenges.

# IX The future of Human Capital

The future of human capital is evolving in response to changes in the work environment and leadership roles. According to Deloitte's 2023 Global Human Capital Trends survey, which involved 10,000 business and HR leaders from various industries and 105 countries, the future landscape of work is becoming boundaryless. This means that work is not strictly defined by jobs, the workplace is not confined to a specific place, and many workers are not traditional employees. Leadership in this new boundaryless world is less about formal authority and more centered around insight, personal accountability, connection to values, and action. Today, leaders are those who mobilize workers to get work done, irrespective of their position, hierarchy, or the number of direct reports (Deloitte, 2023).

The future of human capital management is defined by several interconnected trends. The increasing role of digitization, AI, and robotics is reshaping HR functions, necessitating foresight thinking to anticipate and address disruptions (Chappuis, 2023). Organizational structures are evolving towards agility and efficiency, significantly impacting compensation, career progression, and performance management systems. Demographic shifts require personalized employee experiences to cater to diverse generational needs, with Millennials emphasizing challenging work overgrowth opportunities (Sayed, 2023).

Addressing skills shortages is paramount, as ineffective training can result in resource wastage. Companies must ensure training relevance and accessibility. Work-life balance is becoming a critical factor in talent attraction and retention, and AI-enhanced recruitment strategies are gaining prominence in tackling growing skills shortages (Sayed, 2023).

Leadership quality significantly influences organizational effectiveness, employee motivation, and satisfaction. Human capital is increasingly seen as a competitive advantage, necessitating effective management for better decision-making and innovation. McKinsey's research highlights "People + Performance Winners" who excel in developing employees and achieving financial success. These firms have a distinctive organizational signature, focusing on empowering employees and fostering bottom-up innovation (Madgavkar et al., 2023).

Organizational capital, encompassing management practices, systems, culture, and leadership, is crucial in transforming individual talents into cohesive teams. Companies spend about one-third of their revenue on human and organizational capital, with P+P Winners achieving higher revenue growth for every dollar invested in this area. Leadership, particularly at the C-suite and middle management levels, is key to implementing changes that positively impact the employee experience. These trends underscore the dynamic nature of human capital management, highlighting the need for adaptability, personalization, and strategic investment in people and organizational structures (Madgavkar et al., 2023).

#### 9.1. AI Influence

The future of human capital in the face of AI and robotics advancements is a multifaceted issue, involving significant changes in job landscapes, skill requirements, and the nature of work itself.

From McKinsey's perspective, automation and AI will bring considerable disruptions to the workforce. About half of the current work activities could be automated, especially in predictable environments and tasks like data collection and processing. Although nearly all occupations will experience some impact, only about 5% could be fully automated with current technologies. Importantly, automation will result in job displacement, with estimates suggesting that up to 15% of the global workforce, or about 400 million workers, could be displaced by 2030 in a midpoint scenario. However, new jobs will also be created, particularly due to rising incomes, healthcare spending, and investment in infrastructure, energy, and technology, potentially offsetting the jobs lost. Jobs will evolve as machines complement human labor, necessitating new skills such as advanced technological skills, creativity, critical thinking, and complex information processing. Notably, many workers may need to change occupations, particularly those in roles susceptible to automation. The integration of intelligent machines will transform workflows and workplaces, leading to new ways of human-machine collaboration.

However, there is a risk of wage pressure and increased income inequality in advanced economies due to these shifts. To address these challenges, McKinsey advocates for robust economic growth, fostering business dynamism, evolving education systems, investing in

human capital, improving labor-market dynamism, redesigning work, rethinking incomes, and embracing AI and automation safely (Manyika and Sneader, 2018).

Deloitte emphasizes the need to reimagine work in the context of increasing connectivity, robotics, and cognitive tools. The pandemic has accelerated the arrival of the future of work, necessitating a human-centered approach. The focus should shift from technology to humans, supported and enabled by technology, to make work better for humans and improve their performance. Organizations are expected to adapt to an anywhere, anytime workplace, requiring new tools, technology, and environments that foster creativity, flexibility, and a better understanding of the human experience (Deloitte, 2022).

The World Economic Forum (WEF) also highlights a workplace revolution, predicting a significant shift in how humans work alongside machines and algorithms. By 2025, it is expected that more than half of all current workplace tasks will be performed by machines. However, contrary to the notion of job elimination, WEF predicts a net increase in jobs due to automation, with an estimated 58 million jobs added. This revolution indicates a transformative shift in the workplace landscape, driven by the integration of AI and robotics (Cann, 2018).

# X Recap and Conclusion

Managerial figures play a crucial role in shaping the organization under many perspectives, especially in scanning the environment and managing the workforce, balancing workforce needs and company goals.

Organizational design has undergone a profound evolution, transitioning from traditional models characterized by rigid hierarchies, and streamlined procedures to more flexible, adaptive structures. This shift is largely driven by three main key factors: technological advancements, globalization, and changing workforce expectations.

Initially, organizational design aimed to optimize efficiency through well-defined roles and linear processes, consistent with traditional management theories. However, the modern business environment, marked by rapid technological changes and a globally interconnected economy, has necessitated a departure from these static models.

The influence of technology, especially digital innovation, has been paramount. It has enabled new forms of collaboration and communication, breaking down geographical barriers and fostering cross-border partnerships. This digital revolution demands organizational structures that can quickly adapt to new trends, support continuous innovation, and facilitate a swift response to market changes.

Globalization has also played a critical role. Today's organizations must navigate diverse cultural, regulatory, and operational landscapes. This complexity requires organizational designs that are not only geographically expansive but also culturally sensitive and responsive to local market nuances.

There has also been a significant shift in workforce expectations. Modern employees seek more than financial compensation; they value purpose, professional development, and a sense of belonging. This shift has prompted organizations to design structures that not only drive business objectives but also cater to these intrinsic employee needs, thereby fostering a more engaged and motivated workforce.

The concept of strategic agility has become central in modern organizational design. This involves a delicate balance between exploring new opportunities and leveraging existing strengths. Organizations are now designed to be learning entities, constantly adapting and evolving in response to external changes.

Corporate social responsibility and environmental sustainability have also become integral to organizational design. Reflecting a broader shift towards value-driven business models, organizations are increasingly embedding social and environmental considerations into their core strategies.

The widespread adoption of remote working, significantly accelerated by the COVID-19 pandemic, represents a major shift in work practices globally. Originally a luxury for a few, teleworking became a necessity during the pandemic, leading to a profound change in the work environment and culture once the obligation of social distancing was no longer needed for health and safety purposes.

The pandemic saw a dramatic increase in the number of people working from home, with up to 59% of workers with telework-compatible jobs choosing to work remotely. This shift wasn't just due to necessity; many employees expressed a preference for remote work, even post-pandemic. The desire for flexibility in work arrangements is evident across various demographics, with significant demand for remote work opportunities.

However, the adoption of remote working varies by demographics, such as gender, age, and income level. Younger and higher-income workers are more likely to work from home, while older and lower-income workers tend to decline remote work opportunities. This highlights the need for employers to consider different groups' perceptions and experiences of remote work in their diversity, equity, and inclusion strategies.

The pandemic has also led to a reevaluation of physical office space requirements, with companies planning to reduce their office space and a potential migration from larger cities. Videoconferencing and other digital tools have diminished the need for business travel, impacting the related industries.

Remote work's growing popularity raises questions about the balance between employee liberty and independence. While some find remote work liberating, offering flexibility and a

better work-life balance, others face challenges like isolation, distractions at home, and blurred boundaries between work and personal life.

The implementation of remote monitoring tools has also sparked a debate about the right balance between freedom and control. While these tools can enhance productivity and performance insights, they can also create a surveillance-like environment, decreasing job satisfaction and trust. It's important for organizations to involve employees in decision-making about monitoring, emphasizing outcomes over processes, and providing autonomy within set boundaries.

The impact of remote work on human relations and connection to coworkers is another critical aspect. Remote workers often miss social connections and human contact, key elements of in-office work environments. Maintaining a company's culture can be challenging without sufficient employee interaction, affecting employee satisfaction and turnover.

Managers and decision-makers have mixed perceptions of remote work. While recognizing its benefits in terms of cost savings and employee retention, they express concerns about productivity, focus, and the potential erosion of company culture without the physical presence of employees in a shared workspace.

The modern workplace, particularly the role of office spaces, has evolved significantly, a change accelerated by the COVID-19 pandemic. The traditional concept of an office as merely a central hub for business operations has shifted to a more dynamic role, where offices are now seen as spaces for collaboration, creativity, and ideation. This transformation is driven by the recognition that physical office environments are crucial for fostering face-to-face interactions, brainstorming, and innovation.

The pandemic has impacted office use globally, with many employees working from home due to lockdowns and social distancing measures. While remote work offers benefits like improved work-life balance and reduced commuting costs, the need for physical office spaces persists. Modern businesses are reevaluating the role of their offices to adapt to this new reality, emphasizing the creation of inspiring co-working spaces and flexible areas to cater to various needs.

The office of the future, shaped by lessons from the pandemic, must balance the benefits of in-person work with the flexibility of remote arrangements. Office spaces are being redesigned to prioritize collaboration and creativity, while also considering safety and health regulations in light of the pandemic. This involves accommodating diverse workstyles, ensuring good digital infrastructure, and focusing on people-centered design.

Creating a positive and healthy working environment is essential for boosting employee productivity. This includes optimizing physical aspects like lighting, cleanliness, temperature, and providing necessary resources. Workplace ambiance, influenced by noise levels and personal space, is also crucial for employee motivation and well-being.

Moreover, workplace culture plays a significant role in employee engagement and satisfaction. Fostering a team atmosphere, recognizing employee achievements, and providing autonomy are key factors in creating a productive and positive work environment.

The story of Adriano Olivetti and the Olivetti company exemplifies the importance of a visionary approach to business and workplace design. Olivetti's focus on worker welfare, innovative product design, and integration of culture into the workplace was groundbreaking. His approach to creating a factory that was more than just a place of work but a community hub offering cultural and social services reflects a profound understanding of corporate social responsibility.

Artificial Intelligence (AI) has become a transformative force in the business world, offering a wide range of technologies that add significant value to organizations. The evolution of AI, driven by a deluge of data and increased computational capacity, has altered the dynamics of business across various sectors, including business analytics, HR, marketing, supply chain, and more. AI's integration into business intelligence has brought about crucial trends like predictive analytics, enabling businesses to make more informed decisions by analyzing vast data sets and identifying patterns for future outcomes.

Al's impact on business performance is profound, automating tasks to enhance efficiency, aiding in decision-making, and spawning new products and services. It facilitates customer relationship management by analyzing customer data to personalize marketing campaigns

and improve services. In HR, AI streamlines processes like recruitment and performance management, and in supply chain management, it optimizes operations and reduces costs. Financial management also benefits from AI through automation and fraud detection.

Significant AI trends include predictive analytics, AI-powered chatbots, automated data analysis, demand forecasting, dynamic pricing, and agile decision-making. These trends reflect AI's capacity to automate complex tasks, offer personalized customer experiences, and provide real-time insights for quick, informed decisions.

A key example of AI's impact is Microsoft Copilot for Microsoft 365, a tool that integrates AI into various Microsoft applications, enhancing productivity and creativity. Another notable case is the Boston Consulting Group study, where AI-assisted consultants showed higher productivity and quality of work, particularly among less skilled workers. This study illustrates AI's potential to augment human capabilities rather than replace them.

AI and algorithms also play a crucial role in HR. They offer objective, systematic analysis for performance evaluation and enhance hiring processes by efficiently processing applications and identifying ideal candidates. However, these systems must be managed carefully to avoid biases and respect privacy concerns.

The advent of AI and humanoid robots marks a significant milestone in the Fourth Industrial Revolution, transforming the way businesses operate and interact with the world. Humanoid robots, designed to resemble and act like humans, are equipped with advanced technologies like cameras, sensors, and AI. They are capable of performing tasks such as walking, dancing, and interacting, with applications in education, healthcare, space exploration, and manufacturing.

Automation, a broader use of technology for task execution with minimal human input, has become integral to various industries. It improves productivity and efficiency, especially in repetitive and mundane tasks. Automation technologies range from simple conveyor belts to complex AI systems and play a crucial role in industries like manufacturing, healthcare, and customer service.

The integration of automation and humanoid robots brings numerous advantages. They increase efficiency and productivity in production facilities, offer flexibility and adaptability in customer service, and improve quality with reduced errors. Automation also proves cost-effective by replacing human labor with machines and enhancing customer service. Moreover, these technologies address labor shortages and improve worker safety by taking over hazardous tasks.

However, there are challenges and disadvantages to consider. The potential for job losses due to automation, high initial investment costs, and the need for skilled staff are significant concerns. Technical challenges in developing humanoid robots, ethical issues, potential biases in robotic systems, and societal acceptance are other critical factors.

Real-life applications of these technologies are varied. Amazon, for instance, has tested humanoid robots like "Digit" for warehouse operations. The Russia-Ukraine conflict has seen the use of unmanned ground vehicles for logistics and surveillance. Additionally, RoboFabs like Agility Robotics' facility are emerging as pivotal in the mass production of humanoid robots, with countries like China playing a major role in this industry.

The concept of "Instant Evolution," as exemplified by Northwestern University's development of an AI that designs robots, marks a new era in AI and robotics. This AI operates on standard personal computers and can create innovative designs, bypassing traditional evolutionary processes, marking once again the transition to the Fourth Industrial Revolution, characterized by the integration of disruptive technologies like IoT, AI, VR, and robotics, is reshaping global business and human interaction. This revolution is not just about technological advancements but also involves the fusion of the physical, digital, and biological worlds, leading to significant changes across all disciplines and industries. The impact of these advancements is profound, driving innovation and challenging existing paradigms in business and society.

From a social standpoint, algorithmic management is transforming the labor market, characterized by a paradigm shift in which gig work brings unpredictability and a lack of job security. This transformation has far-reaching implications for worker rights and protections, challenging traditional employment assumptions and sparking debates about the entitlements and safeguards afforded to gig workers. The societal impact of precarious work raises

concerns for social security systems, income inequality, and economic stability. The idea of a guaranteed income for all has been floating around for centuries, its popularity ebbing and flowing with the passing tide of current events.

While it is still considered by many to be a radical concept, proponents of a universal basic income (UBI) no longer see it only as a solution to poverty but as the answer to some of the biggest threats faced by modern workers: wage inequality, job insecurity, and the looming possibility of AI-induced job losses. Elon Musk, at the recent Bletchley Park summit, said he believed "no job is needed" due to the development of AI, and that a job can be for "personal satisfaction" (Kelly, 2023).

In today's AI-driven world, UBI stands out for its potential to mitigate the impacts of automation. It offers a financial cushion for those displaced by technology, providing support without the stigma or complex requirements of traditional welfare systems. Another vital aspect of UBI is its recognition and support of non-market labor, like caregiving, which, though crucial, has been historically unpaid and undervalued (www.justthink.ai, 2023).

However, implementing UBI in response to AI-induced job displacement is complex. Its sustainability hinges on whether the economic benefits and productivity gains from AI can fund UBI at a population-wide level. This challenge necessitates a thorough evaluation of financial models, funding mechanisms, and potential wealth redistribution to ensure UBI's viability in an AI-centric society (www.justthink.ai, 2023).

The astonishing progress in AI, highlighted by firms like Goldman Sachs, points to the potential automation of hundreds of millions of jobs. This dramatic shift underscores the urgency of finding solutions like UBI. Supported by tech leaders like Elon Musk and Sam Altman, UBI is seen not just as a safety net but also as a counter to the risks of an income-centric model in an AI-dominated era (www.justthink.ai, 2023).

Policymakers must strike a balance between the flexibility and innovation of the gig economy and the need to protect workers and ensure fair labor practices. Implementing algorithmic governance in employee evaluation necessitates policies that ensure transparency, fairness, and accountability, such as regulatory oversight of algorithms and due process rights protection. Valerio De Stefano and Mathias Wouters (2022) note the burgeoning integration

of AI in workplaces, emphasizing the need for careful regulation to protect labor rights and minimize adverse effects. The effectiveness of AI tools in recruitment and continuous staff evaluation is largely unproven, raising concerns about over-reliance in the absence of adequate human oversight. Immediate regulatory action is required to prevent unethical or illegal uses of AI, particularly regarding workplace surveillance, precariousness, and union activities.

The future of human capital is evolving towards a boundaryless work environment where traditional roles and structures are increasingly fluid. Deloitte's 2023 survey highlights a shift in leadership away from formal authority to values-driven action and personal accountability. Digitization, AI, and robotics are reshaping HR functions, requiring agility and foresight to manage disruptions and demographic changes. Addressing skills shortages and offering personalized employee experiences are crucial for talent retention and effective training.

Organizational structures are adapting for efficiency, impacting compensation and career progression. McKinsey's research points to "People + Performance Winners," companies excelling in employee development and financial success, emphasizing employee empowerment and innovation. Investments in human and organizational capital are vital for cohesive team formation and competitive advantage, with leadership playing a key role in enhancing employee experience.

AI and robotics bring significant changes to the workforce, with automation potentially displacing jobs but also creating new ones. Jobs will evolve, requiring new skills like creativity and advanced technological proficiency. McKinsey suggests a focus on economic growth and human capital investment to navigate these changes. Deloitte advocates for a human-centered approach, emphasizing technology's role in enhancing work and performance. The World Economic Forum predicts a workplace revolution with more tasks performed by machines, but also a net increase in jobs due to automation. These changes underscore the dynamic nature of human capital management, highlighting adaptability, strategic investment in people, and the importance of personalization in the evolving work landscape.

# XI Considerations

The past years saw changes recurring at an unprecedented pace, the time it takes nowadays to innovation to occur is much shorter than before, and changes are and will be more frequents, it is hard to define and predict what will occur in the future and what the megatrends will be in fifteen years from now. It is sure that businesses will face continuous shifts under many aspects from customer demand, employees needs and technology shifts. Connectivity will continue to expand IoT will be persuasive and AI will reach human-level intelligence leading to transformation in the workforce, for example if a Small Medium Enterprise up until today had a marketing department of ten people, from today with the proper implementation and knowledge of AI and automation, it will be possible to run the same department with one third of the human workforce, leading to cost-savings and possible enhanced performances.

The future of human capital in the era of AI and robotics is characterized by significant changes in job roles, the need for new skills, and the transformation of the workplace. While there are challenges such as job displacement and potential wage pressure, there are also opportunities for job creation, enhanced human-machine collaboration, and a reimagined work environment that prioritizes human potential and creativity, for example this era gives birth to a new segment for consulting.

As studied by Bharadiya (2023), businesses face many challenges when adopting and approaching AI, this shows a new market gap for consulting and formation. Experts can and probably will sell services where they implement AI within businesses and teach how to properly use it efficiently.

The transformation in the workforce is inevitable and multifaceted. AI and robotics herald significant changes in job roles, demand new skills, and promise a reimagined workplace. While the specter of job displacement and wage pressure looms, we must also recognize the immense opportunities for job creation, enhanced human-machine collaboration, and a work environment that puts a premium on human potential and creativity.

In this evolving landscape, the human factor remains the most critical element. The success of any venture, be it in AI, IoT, or any other domain, hinges on our ability to understand and cater to human needs, from social interaction to personal fulfillment.

The human factor is often the most critical element in any venture, humans need to feel a sense of belonging to a group and has the primordial instinct of social interaction. A key concept is crucial to express human resources departments exist just because we are humans, we might feel that we don't feel like belonging in certain contexts, we complain and create problems. The AI and robots erase this problem, leading to time and costs efficiency.

Progress cannot be stopped; we need to cope and colive with it. One thing is certain, CEOs, business owners and managers will not allow them to implement and adopt AI and robots just because people are afraid of it and protest against it. Top level management at the hand has a responsibility toward the boards of directors and shareholders, and if put in the condition to choose, they will select the option that will lead to less costs, more time efficiency, and a higher revenue on the income statement. Robots do not get sick, do not go on vacation, do not complain, companies do not have to pay contribution taxes and salaries. Furthermore, companies can deduct them from the balance sheet as machinery depreciation or amortization at the end of the year. For sure they have a high initial purchase price, but the more the companies will buy them the more the price will be lowered according to the rules of the economy of scale.

The fear surrounding AI and robotics, while understandable, needs to be addressed through education and proactive policies. Conservative nations, restrictive in their approach to technology, might find themselves lagging, unable to keep up with the other countries. Conversely, countries like China and Japan, which are forging ahead in robotics, demonstrate the benefits of embracing these technologies.

The concept of 'Robofab' and the principle of 'Instant Evolution,' as articulated by many scholars, underscore the rapid pace of change. This paradigm shift, reminiscent of Joseph Schumpeter's 'Creative Destruction,' indicates that while certain jobs may vanish, new opportunities and industries will arise.

We also got to delve deeper attention to the contradiction that AI will replace the human workforce. Each job according to its characteristics will be affected in a different manner.

The common conception should shift from the actual idea that AI will leave us without a job to the idea that AI will set us free from the economic and time boundaries of working. The common conception is also that being without a job will lead to a loss of the individual's identity, let's just think of what is one of the first questions we pose to people as soon as we meet them: "What do you do for living?". People yearn for freedom even as AI proliferates, pointing to a deep-seated desire for an identity beyond work. In a society where job loss can mean a loss of identity, there's an urgent need to create alternative definitions of self-worth that are not tied to professional status.

This concept links perfectly to the idea of a Universal Basic Income as suggested by thought leaders like by Elon Musk CEO of Tesla and Sam Altman CEO of OpenAI emerges as a potential solution to the disruptions caused by AI, offering a safety net in a rapidly changing economic environment. Nations will probably have to follow and adapt to the trends of global companies; the most conservative and restrictive countries will likely be the poorest facing the fleeing of talents and the unattractiveness of foreign capitals.

AI therefore if exploited to the fullest and with the best interest of the people as key aspect, will lead to an increase of health and life standards.

As we stand on the precipice of profound technological shifts, it is clear that the future is being shaped by the relentless march of connectivity, the pervasive influence of IoT, and the startling advancements in AI, inching ever closer to human-level intelligence. This future is not just an idle prediction; it is a canvas upon which we must actively paint our aspirations and cautions.

Predicting the future remains a complex endeavor, but our responsibility to shape it is clear. We must be proactive, informed, and empathetic to ensure a thriving future where technology serves humanity, and where human capital is valued not just for its economic contribution, but for its intrinsic worth.

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# My GPT "Organizatinal design insights"

It is possible to chat and ask questions related to the topics contained in the thesis.



https://chat.openai.com/g/g-PhTZKrDcE-organizational-design-insight