Chapter 12
Identity and Structural Archetypes

Abstract This chapter uses the VSM to understand and observe how people in organizations manage their own complexity as they strive to maintain stability in a chaotic environment. The VSM offers strategies to manage complexity at the least cost to people and organizations. People manage organizational complexity intuitively and of course in the process they make more or less costly mistakes. The aim of this chapter is increasing our ability to observe and diagnose shortcomings in this management. It offers practical support to diagnose common communication failures. These failures tend to be archetypical in the sense that they are recurrent observations made in many organizations. The value of archetypes is facilitating the diagnosis of identity and structural problems. From a methodological perspective they highlight the shortcomings of the organizational systems in which people experience performative situations or difficulties in implementing change.

Previous chapters made clear that a challenge for managing effectively the complexity of self-constructed performative situations is *naming and chunking transformations*. Chapters 7 and 8 specified that naming transformations requires ingenuity to deal with occasional intractable problems and chunking them effectively implies distributing complexity throughout the organization's structure in such a way that all participants have the opportunity to develop their competencies and talents and no one is overloaded unnecessarily. Naming and chunking transformations underpin learning processes, that is, performative processes through which organizations are constantly anticipating and adapting their strategies to absorb social, technological and cultural changes. As discussed in Chap. 6 distributed implementation and adaptation are at the core of recursive organizations. Chapters 9 and 10 offered detailed approaches to engineer this distribution of variety in organizations; we discussed the distribution and alignment of resources and decision-making capacity in order to improve constantly the matching of organizational and environmental varieties at acceptable or competitive levels of performance. In this chapter we highlight common relational aspects that make apparent inadequate management of complexity. These aspects are archetypical instances of poor variety management.

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The Viplan Methodology is used to visualise archetypes. This visualisation is done through organizational audits that first of all require appreciating the issues of concern such as communication difficulties, lack of response capacity, counterproductive individual and group behaviours, loss of competitiveness, inadequate performance and so forth; second, naming the organizational system implied by these issues, which can be either existing enterprises or in more general terms self-organizing systems; third, modelling these organizations using the VSM and the Viplan Method; fourth, hypothesising *identity and structural archetypes* that help to explain the systemic meaning of performative issues of concern, fifth, discussing these hypotheses with relevant organizational stakeholders, designing improvements and taking actions where necessary and feasible.

The VSM as a tool for systemic thinking helps observing self-organizing wholes rather than collections of largely independent parts. Overcoming fragmentation requires improving and enabling desirable relationships (see Fig. 12.1).

Each archetype is the outcome of observations revealing identity and structural shortcomings. These are the kind of diagnostic points that experts are expected to make as they observe either enterprises or the resources and relations contributing to a policy or transformation. We offer archetypes to support inquiring processes and not to replace them. Converging too quickly into diagnostic points may stifle debates. On the other hand using archetypes, as hypotheses to support conversations, may make it possible to bring forth a new and insightful understanding about a situation. These archetypes originated in our personal experience with the National Audit Office of Colombia (Espejo 1997). About 30 archetypes emerged from this work. They were offered to auditors as a tool for auditing processes or for *second order auditing* (Espejo et al. 2001; Reyes 2001; Espejo 2008)

The value of thinking with the support of archetypes is that they focus our observational attention on relationships rather than on particular organizational functions and resources. The issue is not so much to use the VSM to model in

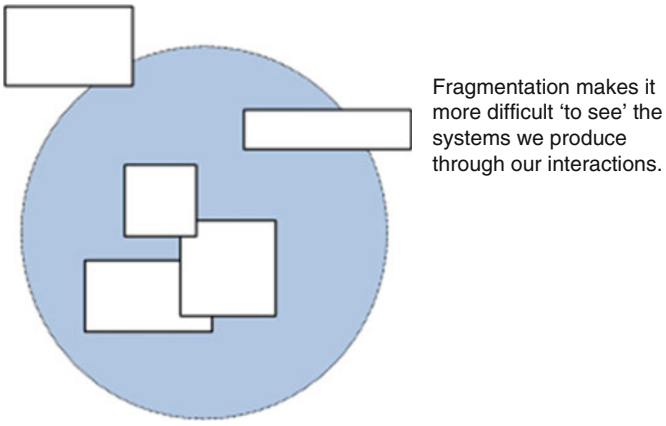

Fig. 12.1 Fragmentation and organization

full an organization, but to focus attention on the most immediate relations that may help explaining performative shortcomings. Are actors' activities aligned with their collectively declared purposes? Are they developing and deploying the necessary structures to absorb current and anticipated environmental conditions? Does existing relations support aligned primary activities within a cohesive organization? What are the structural implications of their relationships? How effective are their relationships with external stakeholders? Often it is possible to diagnose obvious functional problems, like lack of necessary resources for a particular task, however the emphasis of the archetypes is to highlight systemic weaknesses in organizational processes. They are focused on aspects such as the integration of resources to match better environmental challenges or the enabling of a cohesive organization aligned with its policies.

Identity archetypes reveal organizations with unclear transformations. Discrepancies between discourse and behaviour make it difficult to *recognise* their doing. Also are relevant when observing organizations as black boxes does not yield clear identities. *Structural archetypes* reveal an inadequate deployment of resources and poor regulation of organizational activities. Often these two types of archetypes are intertwined and we find that identity problems have structural implications and vice-versa. The VSM helps us to organize these observations in a limited number of archetypes some of which are related to identity as recognition of what they do, some others to relations as instances of the relationships for viability.

In this chapter we use a generic graphic language to explain and illustrate different archetypes. Its purpose is facilitating their visualisation to provide a context to discuss issues of concern. Organizational systems are shown with three recursive levels: the first is the global organization, the second is the intermediate and the third is the local structural level. Of course the global can be made more global and the local more local however, three levels are enough to illustrate diagnostic issues (see Fig. 12.2). Whenever the circle is dotted the corresponding organizational system has an identity problem. The relationships between the policy, intelligence, cohesion, coordination and implementation functions and between them and environmental agents are presented in Fig. 12.3. Achievement (1), Cohesion (2), Policy-making (3), Stretching (4), Ownership (5) and Citizenship (6) relationships are shown in that figure (Espejo 2008). *Dotted lines for any of*

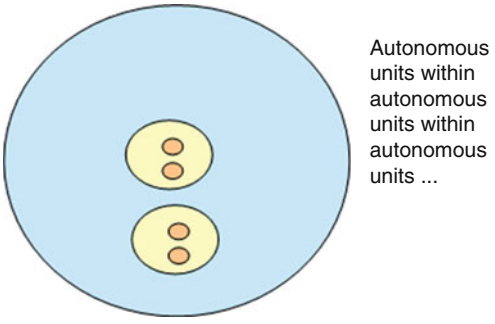

Fig. 12.2 Organizational recursion

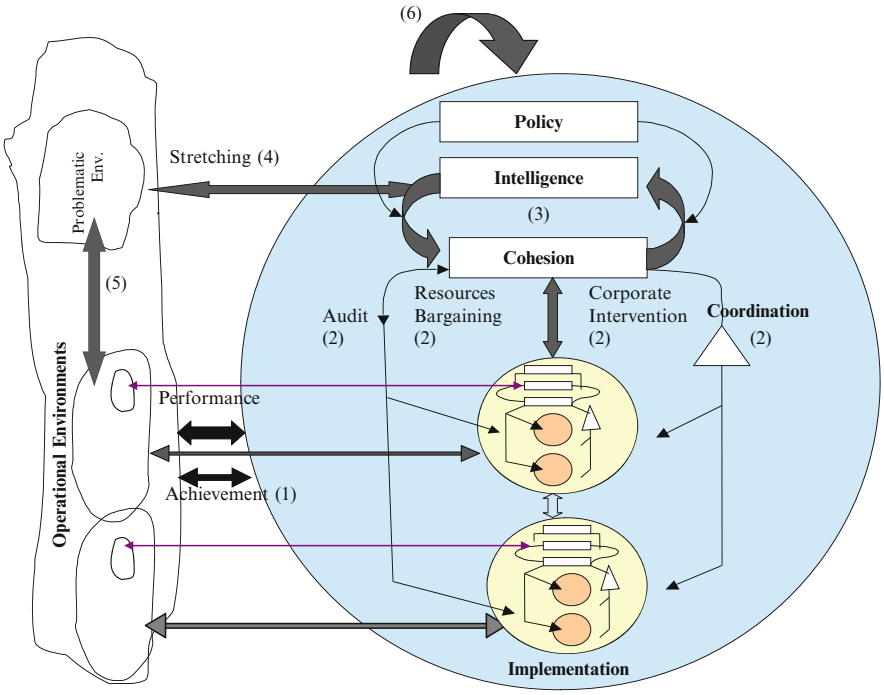

Fig. 12.3 The viable system model: reference model

these relationships, whether internal to a primary activity, in between primary activities or between them and environmental agents reflect structural archetypes. Sometimes we show dotted circles and dotted lines to make apparent that we are identifying identity and structural problems together.

Structural archetypes emerge whenever the relations between people and other resources produce dysfunctional organizational processes, and in particular they emerge from inadequate relations with customers, hierarchical relations within the organization, unbalanced attention to the short and long terms, weak relations with challenging agents in the problematic environment, misaligned stakeholders' and policy-makers' purposes and values and weak contextual belonging.

In a well-structured situation, by and large, global resources should deal with global environmental complexity, appropriate to their level, leaving it to the organization's subsumed primary activities to deal with issues at their own level. Among other factors, the quality of this matching depends on the distribution of scarce resources and the imaginative use of technological options to support their relations. If resources are misdirected or people are over-loaded or under-utilised, or their relations are not supported by an enabling context, or communications lack in trust, or their adaptation capabilities are weak, and so forth, we are recognising structural problems. This is what the structural invariances of the VSM allow us to observe.

Identity archetypes as external recognition of what the organizational system does, relate to its black box description (see Chaps. 1 and 7). Relations as instances of relationships refer to operational descriptions. The former are focused on transformations and stakeholders, the latter on relations between these stakeholders. In Chap. 7 we said that black box descriptions, or identity statements, were a platform to work out the complexity of an organizational system, and operational descriptions – supported by the VSM – helped visualising *relationships and relations*. For instance hierarchical relationships influence all interactions in an organization, from those between colleagues to those between senior managers and shop floor workers, but hierarchical relations between specific managers at different structural levels may inhibit the formation of autonomous primary activities with deep structural implications for the organizational system.

Archetypes related to black box descriptions of the organizational system reflect the way people in the organization see themselves and the way external observers see the organization. What is its purpose? What business is the enterprise in? What transformation is it doing? An inspection of the organization's products and services may make apparent a mismatch between this doing and what people in the organization think they are doing. In the language of Argyris and Schön (1978, 1996) this is the *archetype purpose-in-use is different to espoused purpose*. The extent to which people are conscious or not of this mismatch is not always clear. The situation may be subtle, such as when there is a mismatch in appreciation, such that members of the organization think genuinely they are doing something different to what stakeholders and informed observers see they are doing. In other cases, it may simply be that events are superseding their self-defined image.

For instance this is the case of an enterprise where a *regulatory function starts behaving as a primary activity* and carries profitable business with external clients at the same time as providing internal services (Fig. 12.4). In this case, in our

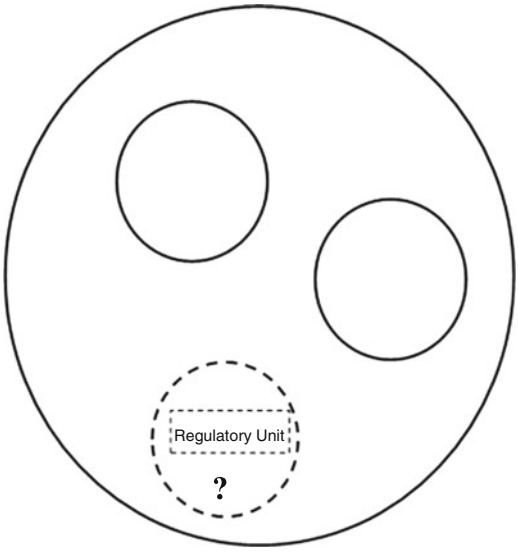

Fig. 12.4 Regulatory function behaving as a primary activity

methodological language, there is a chunk of complexity that is not part of the transformation they have named in their identity statement. This chunk often is an unseen primary activity that is poorly managed. The problem is that this regulatory function becomes increasingly concerned with its own viability at the expense of the organization it should serve. An example is a *manufacturing* company evolving towards *non-manufacturing* businesses, for instance as a result of customers wanting to use its knowledge about suppliers to purchase not only final products from them but also spares and parts. This company's procurement unit (a regulatory function) over time is becoming a business in its own right, however the company continues to see itself as a manufacturing company (Espejo 1989a).

A variation of the above archetype is the case of an enterprise developing a new business that is not recognised explicitly. This is the case of *unseen primary activities* that for the very reason of not being seen are not structured properly as business units. For instance a shoot off of an existing product illustrates this point, as could be the case of a bakery starting to produce fish products using a local pool where they dispose returns of their daily production. This is the case of a new chunk that may or may not be consistent with the organization's transformation but in any case is not immediately seen as a new business.

Another variation of this archetype is *an organization's identity dominated by some of its primary activities at the expense of those left out* (Fig. 12.5).

This is an archetype emerging from a mismatch between the formal and informal structures of an organization. It happens when a set of synergistically related primary activities share with others less related primary activities a global (or intermediate) primary activity. Sometimes the synergistic set develops an embryonic common embedment in the form of an *emergent virtual organization* that dominates the organization's identity. At the same time the unrelated ones are left out on their own. However, the mechanism providing cohesion to the emergent

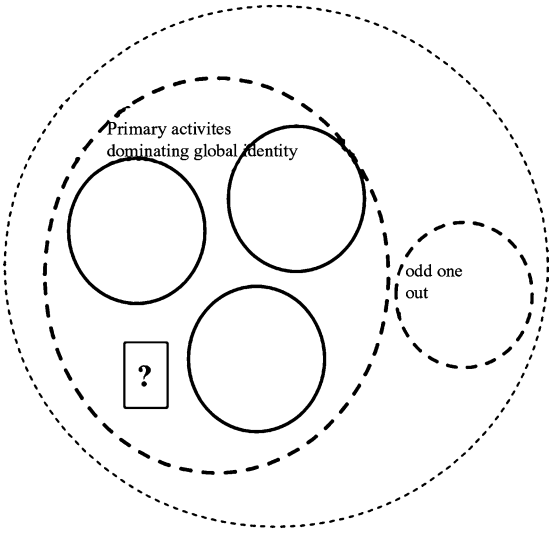

Fig. 12.5 Organization's identity dominated by some of its primary activities

primary activity is likely to be underdeveloped, simply because formally no one is recognising it; this fact may affect its performance. It can be argued that the total organization collapses into the virtual organization; senior management is focused on the most significant cluster of primary activities, leaving the others unattended. Managers of these others feel that no one is interested in what they do. It is difficult to recognise where the synergy between primary activities is. The identity of the organization is related to the dominant synergistic cluster.

It can also be the case that the global level fails to work out synergistic relationships among its primary activities failing to recognise a global transformation different to the individual transformations of its constitutive chunks. This is the case of global managers who do not have a business *of their own* and are likely to be more concerned with the activities of subsumed primary activities than with their own business. These are organizations ready to be split up. From a black box perspective the global organization does not have an identity; from an operational perspective the policy-making relationship (3) in Fig. 12.3 is failing to be creative and to *add value* to the enterprise. This is the *negative synergy archetype* (Fig. 12.6).

An identity archetype emerging at the operational level is observable when people in a *primary activity work for inconsistent purposes*. Often people in an

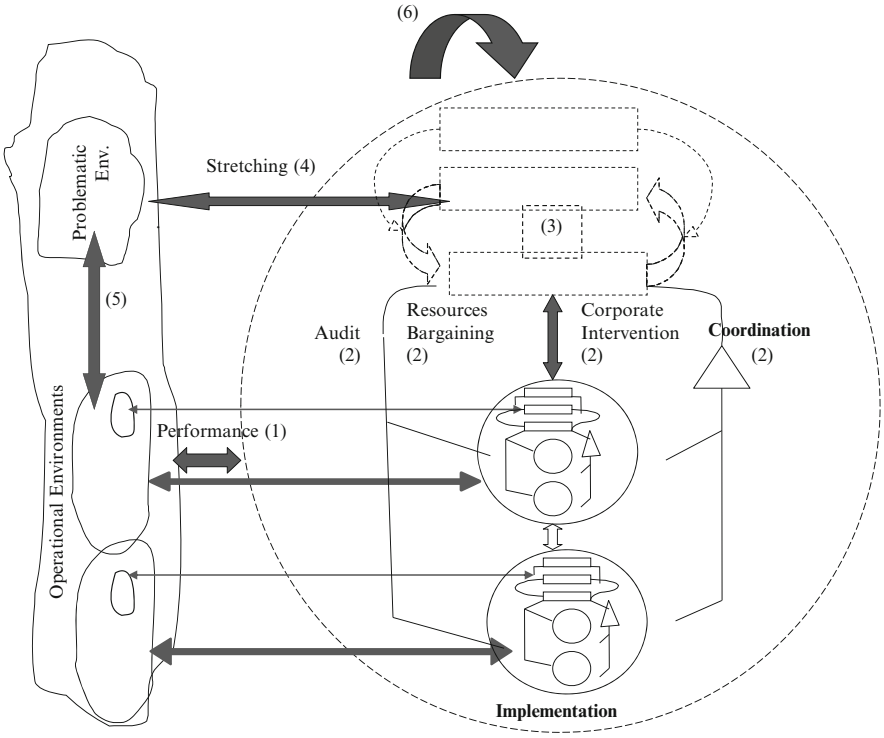

Fig. 12.6 Negative synergy archetype

organization do not agree about its purpose. Some people work for one purpose, others for another. Each of these groups may be very clear about what the organization's purpose should be, but they fail to align their views. The organizational system is being pulled apart by conflicting forces. The situation is an identity archetype for as long as the emphasis is in current policy disagreements; what's the organization's transformation? However, when these disagreements creep into the day to day operations, the situation is no longer a black box related archetype, but, as we discuss below, an operational-relationship focused- archetype. Different camps in the organization pull in different directions and find it difficult to agree about almost anything. Each camp gives different meanings to new proposals, making it difficult to take decisions about them, let alone to implement them. This is a common archetype when people with different histories and cultures merge into one organization; is it a manufacturing or a services company? Is the company making viable its manufacturing or its customer focused problem solving competences?

Today, triggered by the impressive development of information and communication technologies (ICTs) and the digital economy the interplay between black box descriptions and operational descriptions of organizations is becoming commonplace, with profound social implications. Espejo has called this the *Liquid Identity Archetype* (Espejo 2008). Identity is particularly significant for collectives trying to achieve stability in situations far from equilibrium; in environments constituted by agents stretching institutions beyond their response capacity. These institutions are experiencing Bauman's *liquid modernity* (Bauman 2000). Organizations cannot expect that their services will remain valid for too long. Technology and also people's expectations are changing too quickly; customers change their requirements and needs. The life of particular products and services is short; perhaps no more than a few months, to the point that they are obsolete as customers start receiving them. Organizations need to adapt quickly to the demands of the market to remain viable. If they do, past knowledge and experience may be increasingly undervalued as people with new talent supersede the older generation. In terms of relationships liquid modernity may produce in those left behind low institutional loyalty, reduced informal trust and weaker organizational learning (Sennett 2005). From the perspective of identity the problem for organizations is that they find it difficult to recognise what are solid, long-term, learning platforms for them. Reenforcing *old* products and services may lose customers' recognition; moving too quickly may reduce internal loyalty and trust. Hitting the right balance, that is, finding a stable identity requires blending the old guard's competencies for adaptation with the ingenuity of the 'net-geners' (Tapscott 2009). These organizations need to see that their primary activities should be structured around core competencies more than specific products. Stability may be found if they succeed in maintaining viable core learning-teams more than product-oriented units. Still *back-office activities* are necessary to absorb the large complexity of producing what tends to be digital products, additionally it is necessary for the front room skills of creative people to be in touch *now* with customers. Big chunks of a company's transformation are back-office, shop floor activities while the front rooms are operationally

challenged by day-to-day pressures requiring ingenuity. It is as if the organization's problematic environment were now part of daily operations. But, still there is a different *outside and then* requiring of an intelligence function. The black box description of these companies often requires *networks of companies*; chunks of their complexity are carried out by more traditional companies, leaving to them the creative, innovative side of the business (Nachira et al. 2007). As far as these companies are concerned their identity is liquid as is reflected in the dotted lines of the Fig. 12.7.

Dynamic Capabilities offer an alternative form to explain and deal with this archetype (Eisenhardt and Martin 2000; Teece 2008). When the market dynamism is high, a company's ability to integrate, reconfigure, gain and release resources, to match and create market change (i.e., its dynamic capabilities), rely much less on existing knowledge and already learned routines, and much more on rapidly creating situation-specific new knowledge. Existing knowledge can even be a disadvantage. In these circumstances, they say, environmental boundaries are blurred, successful business models are unclear, and market players are ambiguous and shifting. The company to be viable needs to develop dynamic capabilities of a higher order, that is, it needs structural capacity to learn how to learn. This structural capacity would be in this context viable core learning teams and not product oriented teams.

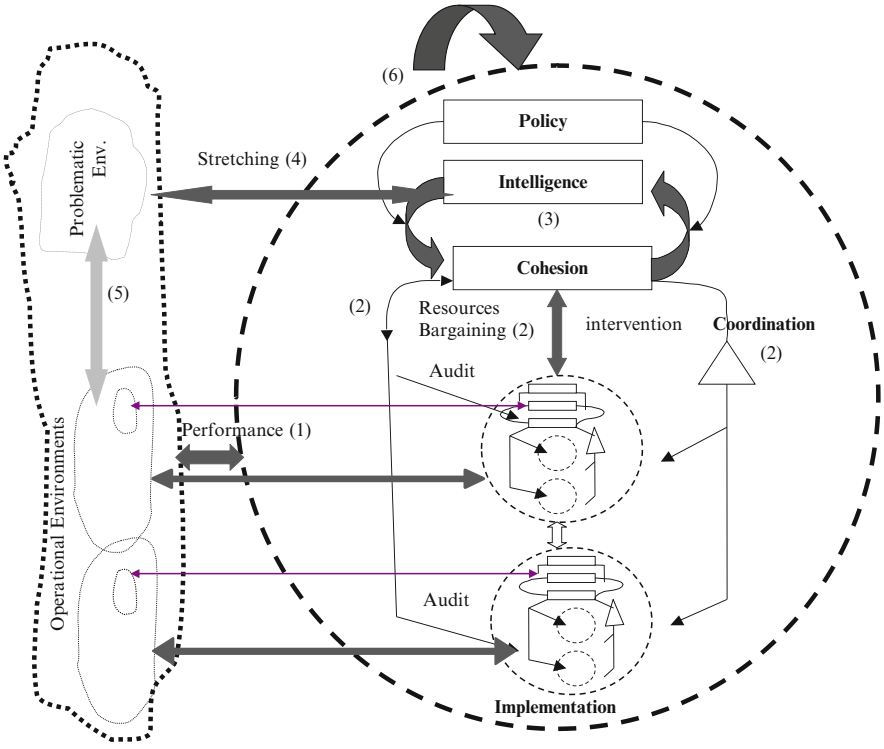

Fig. 12.7 Liquid identity archetype

Examples can be found in multiple dot.com companies, which have failed to adjust to the evolving requirements of their markets. The speed of change in these markets was too much for them. They have failed to recognise primary activities with potential for viability let alone necessary organizational processes in order to maintain stability. As reported by a 2003 paper: 'And this relentless redesign of the organization was occurring simultaneously with the construction, emergence, consolidation, dissipation and reconfiguration of the industry itself. "What is New Media?" This was the question we encountered numerous times scribbled on whiteboards in brainstorming sessions during or just prior to our meetings in various interactive companies. Or, as one of our informants posed the question: People are always trying to come up with a metaphor for a website. Is it a magazine, a newspaper, a TV commercial, a community? Is it a store? You know, it's none of these. . . and it's all of these and others, in many variations and combinations. So, there's endless debate'. (Girard and Stark 2003) Many of these organizations have not clarified what business they are in; their boundaries are unclear to them and to their customers.

The above archetypes show black box identity problems intertwined with operational relationship problems. In particular, the pressure of customers affects the achievement relationships (1) in Fig. 12.3, which in turn makes it necessary for the organization to adapt and change its transformation. These are the foci of the archetypes related to the cohesion, policy-making, stretching and citizenship relationships; (2), (3) and (4) and (6) in Fig. 12.3.

Hierarchical relationships between cohesion resources and primary activities are at the core of the *weak primary activities archetype*. People responsible for producing chunks of the organization's transformation that should operate as primary activities are reluctant or do not know how to become entrepreneurial. They are unwilling to create new policies and to some degree to make their own decisions. Their identity is defined for them rather than worked out by them. Rather than taking ownership of their tasks managers are henchmen doing what they are told. In this case primary activities do not take responsibility for their autonomy and behave as if they were in a hierarchy. The relationship is one of dependency rather than one of autonomy and alignment of interests. This relationship is archetypical in hierarchical organizations and often has cultural underpinnings.

In the wider sense of the stretching relationship (3) the *outside and then* is left to the attention of mainly global resources, who hopefully but not necessarily, develop a vision of the organization's future. The variety amplification entailed in a distributed adaptation is lost since the embedded primary activities operate without the *local long term framework*. The idea of middle level or local primary activities inventing their own futures is not considered. Thus the links of local and middle level primary activities with their *problematic environments* are weak and mostly reactive (Fig. 12.8).

The hierarchical archetype is common in the divisions of large corporations, triggering the *middle level manager archetype*. This archetype is the result of divisional (intermediate level) managers being seen either as amplifiers of senior management vis-à-vis local primary activities, and/or filters of local activities vis-à-vis senior management, rather than as parts of a managerial level in its own right. The

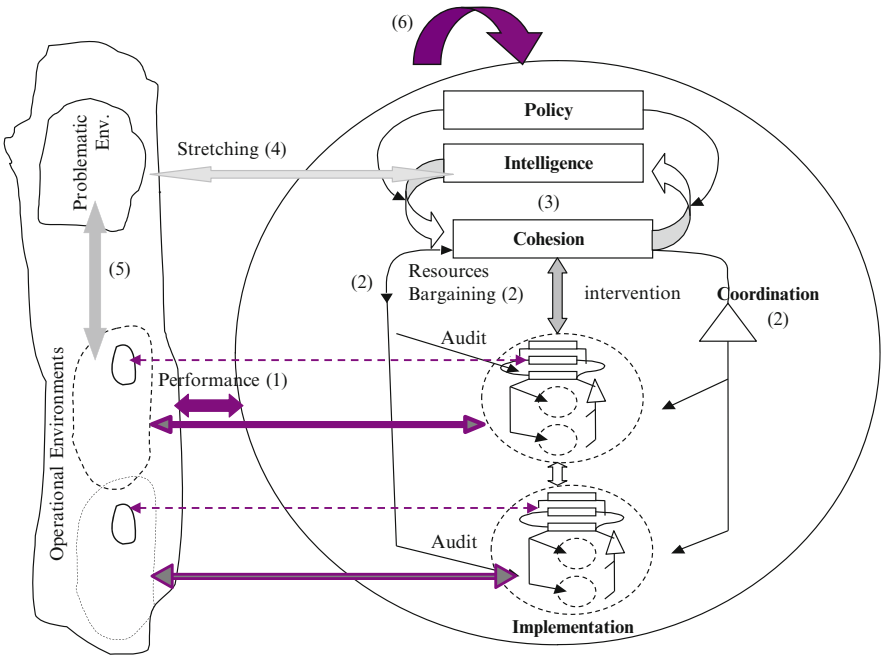

Fig. 12.8 Weak primary activities archetype

division is often no more than a high status manager and his or her own staff, which operate as a communication channel rather than a primary activity with its own autonomy. These managers do not develop policies of their own; they are gate keepers, co-ordinators and distributors of information. Often middle managers are seen as ritualistic channels in charge of producing 'integrated reports' for which they don't have requisite variety.

The hierarchical archetype also has implications for business units in large corporations, as they wait for corporate management to decide their investment programmes and strategic goals. This lack of entrepreneurship is reflected in the *lack of competitiveness archetype* common to strategic business units (SBUs) vis-à-vis smaller independent organizations working in the same business. But this problem is not only characteristic of large corporations; it is the same for any organization whenever the units producing their products and services (i.e., its primary activities) do not develop an identity of their own and/or lack in local problem solving capacity, only that smaller enterprises do not have the survival umbrella of a powerful business.

In many corporations it is easy to see that people's commitment decreases with distance from the corporate level. It is not possible to talk about *viable* local primary activities. They only exercise operationally discretion, but show little sign of autonomy.

Another form of global intervention in local affairs is the *politicians' archetype* (Fig. 12.9) or the global level dealing with local environmental issues.

Global managers take occasional but regular decisions in the local environment of primary activities. When this happens, the chances are that the global manager will be *unaccountable* to the local level, that is, will be outside the local checks and balances for these decisions. At the same time, because the local nature of these decisions, he or she will be unaccountable to global checks and balances. Metaphorically, globally, the grid of the net is too broad to catch 'local' fish. This is a machine to produce unaccountable decisions. Sporadic decisions by global managers in local issues are also an attractive strategy to manipulate local (public) opinion. This is the case when politicians temporarily but regularly focus attention on local issues. Global managers take local decisions that should be the responsibility of local managers, and, if these decisions are broadcast globally a mirage of global action and dynamism may be projected. There can also be a problem when global politicians appoint local managers in quasi-autonomous non-governmental organizations (quangos) reducing the influence of local democracy. The local level may receive instructions on how to resolve particular issues. This is a particularly sensitive point in today's financial crisis where global financial authorities may

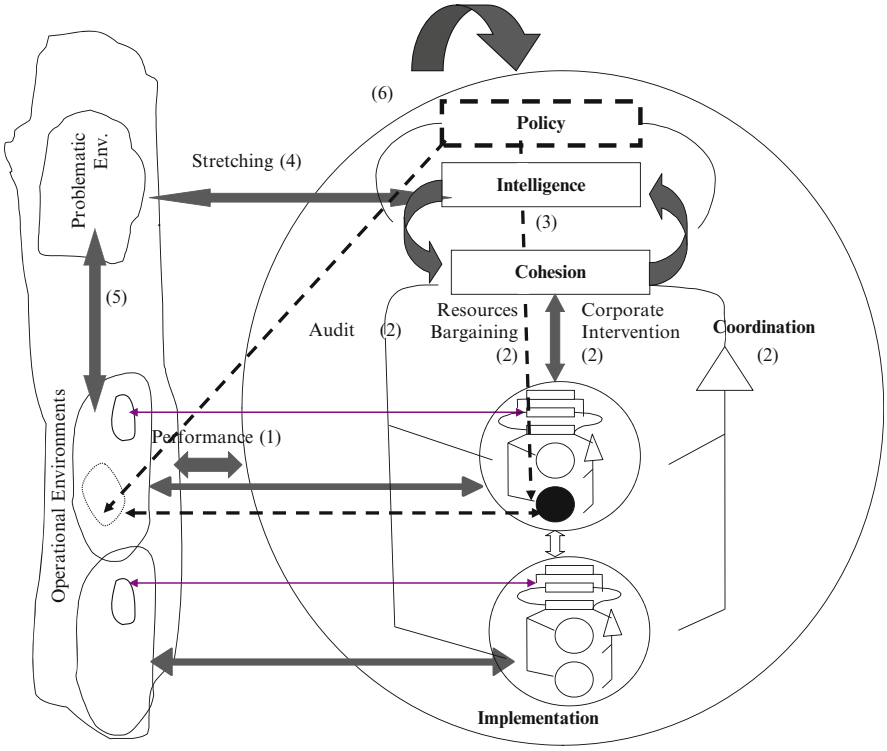

Fig. 12.9 Politicians' archetype

instruct managers of nationalised banks to give credits by-passing requirements for local scrutiny. However this archetype should not be confused with Beer's algedonic signals (Beer 1981), when the local level, whether people in the environment or the primary activity, asks for global intervention in situations that go beyond their control.

As it was illustrated by the bank's example in Chap. 8 often large corporations adopt functional structures that fragment their performance. In these structures, units such as loans, customer services and risk management are kept apart and people find it difficult to align their efforts. However, in one form or another, often at a high cost and endless meetings, units develop operational relationships which support their day to day activities. These informal structures are embryonic, unrecognised virtual primary activities, which illustrate the *unsupported self-organization archetype*.

Another example of this archetype in large corporations is the difficulty of supporting simultaneously the viability of several market segments and production plants. Sales people have to secure production capacity for their clients and production people have to develop and make good use of their assets. In other words, marketing people have to optimise customer support and manufacturing production capacity. These, often conflicting, requirements imply endless communications and co-ordination meetings, which could be avoided if sales, production and technology were integrated operationally in a virtual organization rather than just using middle level managers (see Chap. 5 in Espejo et al. 1996).

But perhaps the most common archetype reflecting a poor management of complexity, and more significantly poor interpersonal relations, is the *control dilemma archetype* described graphically in Fig. 12.10 (Espejo 1989b).

As illustrated above, today, managers of primary activities, at all levels, are dealing with increasingly complex environments. Under pressure these managers often find the need to respond locally to changes, without involving their supervisors. This may lead to a sense of unease in the latter; there are more and more things happening locally of which they are not aware. Senior management feel the need to take firmer control. They issue *more commands* and demand *more reports*, eating far into primary activities management time. This leads to situations where more of the primary activities resources are spent dealing with control requests and less with environmental complexity. This happens precisely when more time is needed to deal with an ever increasing environmental complexity. Local managers feel they are over controlled while senior managers feel they are under controlling. The latter feel that local people are doing whatever they like, taking no notice of them. Local managers are lacking in motivation; in their eyes whenever they take the initiative they trigger further control. This is a common experience for managers at all levels, and, in fact, for people in all walks of life. For instance a divisional manager tightening the budgetary procedures for travelling in reaction to a business unit decision to make more customer visits. What the divisional manager may be unaware of is that the business unit requires an increasing understanding of customers' local environments to become more competitive. For more illustrations see (Espejo 2008).

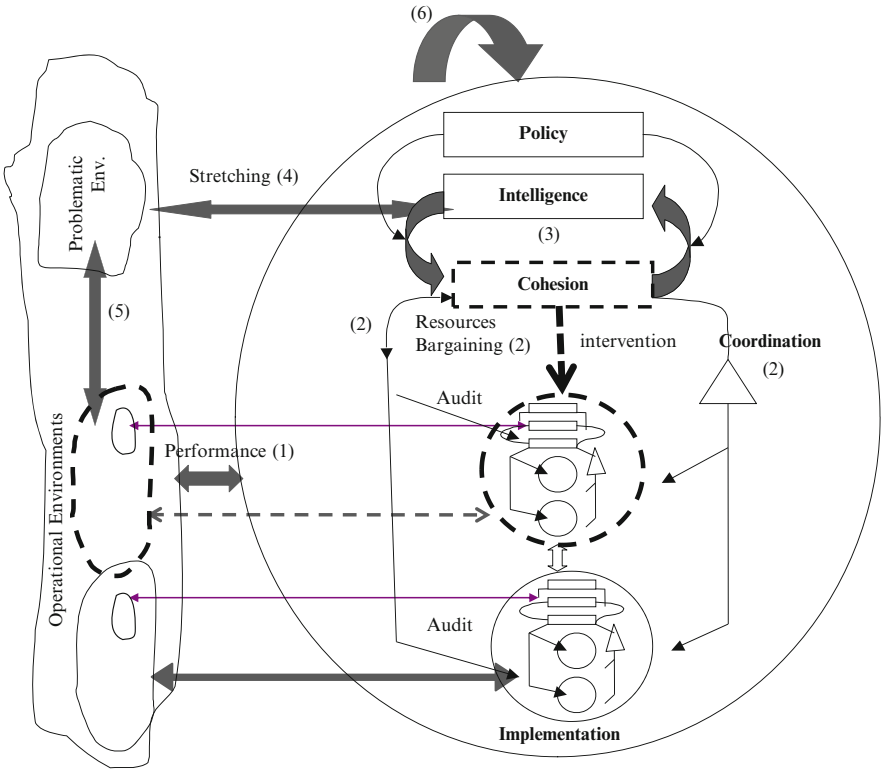

Fig. 12.10 Control dilemma archetype

Often managers feel more comfortable dealing with issues relevant to subsumed primary activities rather than those appropriate to their structural level. This behaviour may be the outcome of previous *local* experience, making it easier for them to handle local issues rather than the as yet unlearned global issues. In any event the result is a variation of the *control dilemma* and managers dealing with far more complexity than they should, thus affecting theirs, and the organization's global performance. In this situation local managers feel restricted in dealing with their tasks; intermediate or global managers are too close for their comfort. There are unmanaged intermediate or global issues and overworked and under pressure senior managers. They are dealing with far more issues than they can reasonably cope with. They may be experiencing an *information overload syndrome*.

The control dilemma can be compounded when the global or intermediate levels do not monitor their immediate embedded primary activities. This is the *no-monitoring archetype*. This is a common archetype throughout the organization that may affect some functions more than others. If local primary activities business functions are not monitored by those responsible for their over viewing, the quality of their communications will suffer. Without knowledge of local operational activities intermediate managers cannot make sense of the information they receive

from local managers, to the extreme that reporting is transformed in a ritual rather than in a serious attempt to integrate efforts and steer processes (see cohesion mechanism in Chaps. 6, 9 and 10). From the perspective of the local managers, lack of monitoring is tacitly or explicitly constructed as lack of interest in their activities. The outcome is an environment of mistrust; the two sides are aware that they do not understand each other. Communications are mainly based on formal reports and not on involving local people in conversations, occasional audits and so forth. Relations are perceived as hierarchical and not as participative. Global and intermediate managers confess that they do not know what is going on at the intermediate and local levels respectively, and often experience surprises in their expectations about performance. Therefore contrary to the view that monitoring is an infringement on someone's autonomy, monitoring primary activities is crucial to the development of responsible trust in an organization (Espejo 2001).

A variation of the no monitoring archetype is the *micromanagement archetype* (see Fig. 12.11) or intervening and monitoring at the wrong level.

Global intervention and monitoring of primary activities removed two or more levels below are poor complexity management and possibly a recipe for conflicts. On the one hand global managers get involved in too much detail, thus hindering

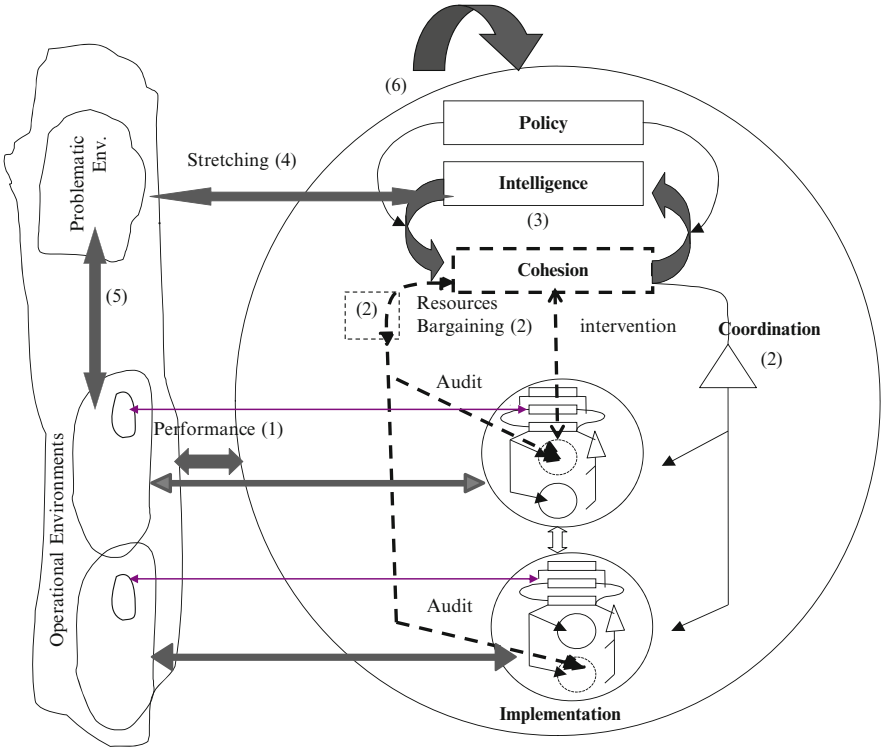

Fig. 12.11 Micromanagement archetype

their performance; on the other, intermediate management feels global management is intruding in their territory, and weakening their position vis-à-vis local primary activities. Altogether intervening and monitoring at the wrong level confuse lines of accountability and increase conflicts in the organization; global management may use its local knowledge *to surprise* intermediate managers with local knowledge that they don't have. This is likely to create resentment and conflicts between them. This is compounded when intermediate managers do not monitor local primary activities. This archetype often happens at a personal level when a local person develops a special relationship with a global manager (two or more levels above), who, this way, learns a good deal about local problems, knowledge he might use to control the intermediate manager (who should be responsible for 'this monitoring'). This behaviour creates mistrust and conflicts (see example in Espejo 1989b).

At a more formal level, for good operational reasons sometimes, people in charge of a global function interact with and monitor local people by-passing the intermediate structural level, possibly creating the impression that local people are accountable to global and not intermediate managers, and possibly creating the structural conditions for an *archetype where local people overview intermediate managers*. This is often the case when capacity for a function is available at several, non-successive structural levels, thus bypassing one or more of the existing levels (see table recursion/functions in Chap. 9). In practice this means that people working in a local primary activity will have direct functional reporting lines with global managers, something that makes accessible to them information to overview their own managers. This interaction often creates communication problems since these managers feel that, in the particular function of concern, they are overviewed by those reporting to them. This can be the case with specialists that at the same time of being permanent members of local teams are reporting to global general managers.

The cohesion and coordination functions constitute the cohesion mechanism (see Chap. 6). Effective coordination is what enables autonomy and reduces the residual variety relevant to the cohesion function. So, what are some of the consequences of poor coordination? It triggers the *globalization archetype*. Enabling the self-regulation of local primary activities requires developing their competencies to similar levels of organizational maturity. Different standards and competencies make lateral communications more difficult between primary activities. Rather than mutual adjustments local problems require someone in authority to coordinate activities. The problem stems from restricted lateral communications, which make it more difficult to share information systems, decision rules, procedures and so forth. People in the embedding primary activity are forced to co-ordinate by direct supervision, something for which they may not have requisite variety. This is likely to be a centrifugal force for local primary activities, thus reducing organizational cohesion. Organizational stress emerges. Customers get different quality of products and services. Who is to be blamed? How does the poor performance of my sister company affect my image in the market? How can we harmonise the products and services we offer? These are but a few of the problems likely to stress the organization's mechanism of cohesion. In a globalised world, where enterprises are

likely to operate in different countries and cultures, we are more likely to find these sources of imbalances, triggering the *globalization archetype*.

Several archetypes relate to the distribution of resources and discretion in the organizational system. Problems emerge from highly interrelated functions that are parts of the same value chain but operate at different recursion levels (see Chap. 10). A solution could be *centralizing the local function or decentralizing the global function* to operate them at the same structural level. This is the *broken business process archetype*.

This archetype takes multiple forms. Often two or more activities, which operationally are highly interconnected operate at different structural recursions and are connected by a low capacity communication channel (e.g., a local boss). Since this channel is regulating the connectivity between the operational activities its low capacity becomes a source of frustrations. Frustrations because of delays as the related activities wait for the local boss's decisions in situations where these 'authorities' have little or nothing to add to the process. Delays in projects, contracts, tasks happen because relevant documents and reports are waiting for the attention of 'busy' managers. People often by-pass these managers as they realise that they can get results without their intervention. Often in these cases conflicts ensue (see Espejo 1989a).

Sometimes organizational resources are necessarily centralized even if this centralization might be undesirable, (see criteria for centralization and decentralization in Chap. 9). Of course some other times centralization may be desirable. For functions that offer an overview of the organization like finance it makes sense to centralize related resources. Naturally while it is functionally desirable to distribute resources if these are focused on particular tasks, when resources are scarce or highly specialised it makes sense to keep them centralized. This seems reasonable, but in this case people and global resources are dealing with local issues, that is, with problems specific to local primary activities. This becomes a problem if *resource centralization* is not accompanied by *functional decentralization*. In the past functional decentralization was more problematic than it is today. ICTs permit virtual decentralization (see example of bank in Chap. 8). But if this decentralization does not happen or the virtually decentralized resource is not effectively integrated with other local resources fragmentation ensues. This is the *resource and functional centralization archetype*.

The dual archetype is *resource decentralization and functional centralization*, which we relate to the *leading primary activity archetype*. Resources are functionally centralized in one local primary activity, which uses them for its own purposes but also to service all other sister primary activities. Since it is a scarce resource, otherwise it would have been made available to all of them, the tendency for the leading primary activity is to serve its interests first at the expense of the others. Sister primary activities perceive they are not receiving a good service or that the distribution of the resource is not even. This fact is used to justify performance problems. Conflicts emerge between the owner of the resource and the others. Much energy is spent in dealing with this internal problem.

A variance of the above archetype concerns global resources dealing directly with a local primary activity's environmental agents without proper internal communications. This archetype is *the poor operational alignment of a centralized function and local primary activities* (see Fig. 12.12). A common example of this archetype is a centralized sales function agreeing sales schedules of primary activities' services without proper consultation; it should surprise no one when these services are not delivered in time. A regulatory function, whose systemic purpose is supporting and enabling primary activities, behaves as an 'independent' function, taking responsibilities and committing primary activities without proper consultation, thus not recognising the need for their operational alignment. People in the regulatory unit are concerned with 'customers' at the expense of integrating and co-ordinating their activities within the organization. Often, in these circumstances, global people need to cajole local operational people to fulfil their commitments. A great deal of time is spent in sorting out communication problems within the organization. This may lead to poor quality of services.

The *unaligned resources bargaining and monitoring archetype* (see Fig. 12.13) has different forms and has its origins in a messy unfolding of complexity. Though

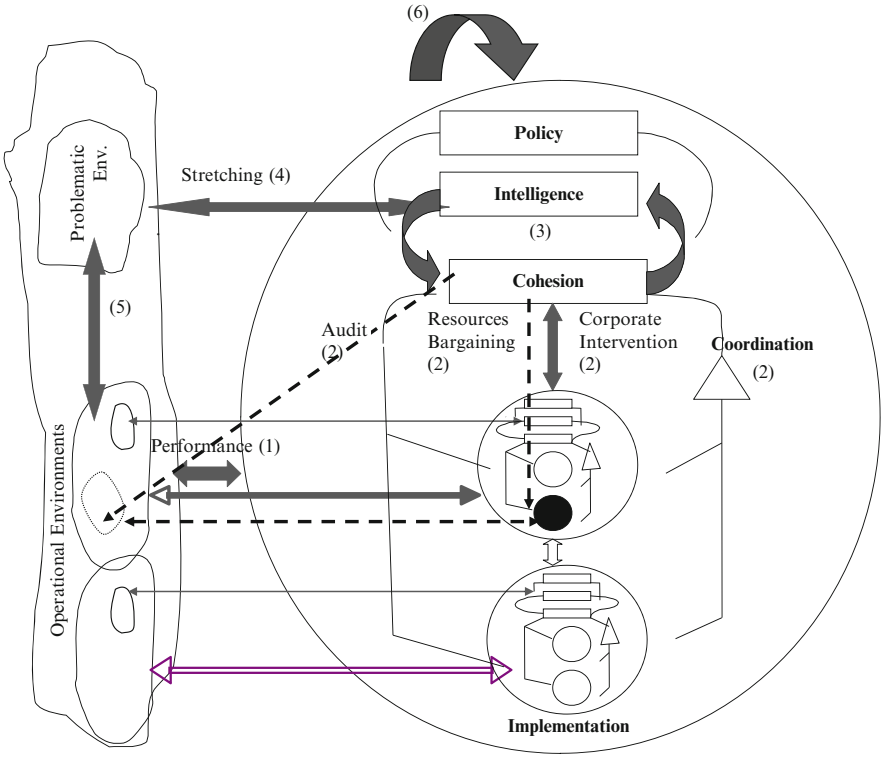

Fig. 12.12 Poor operational alignments of a centralized function and local primary activities

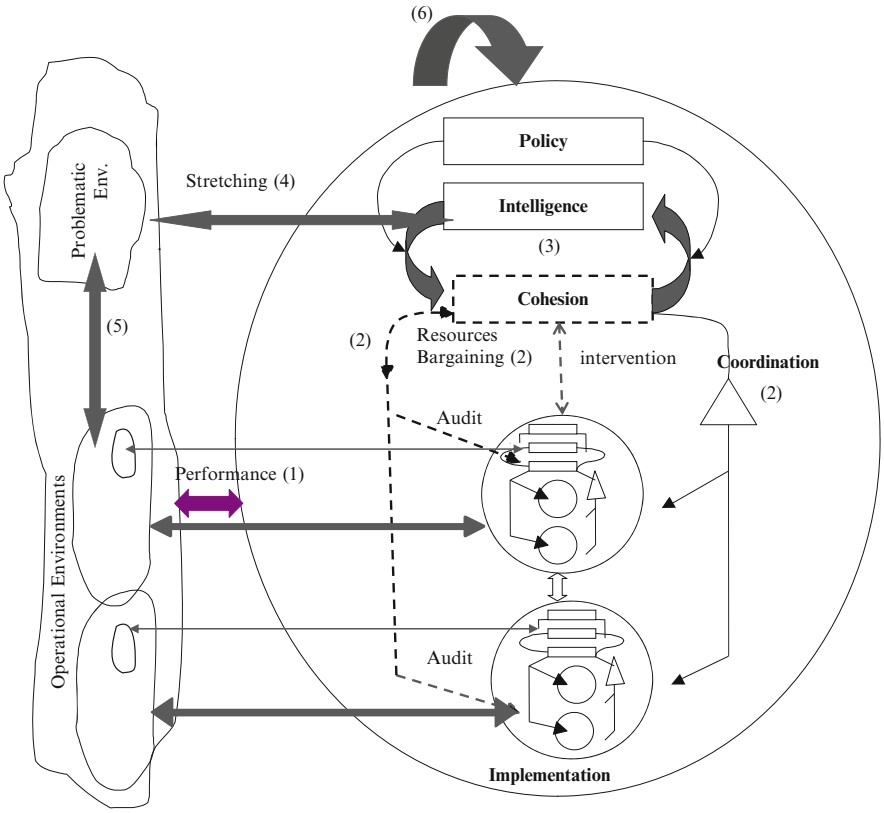

Fig. 12.13 Unaligned resources bargaining and monitoring archetype

in complex organizations it is natural to have autonomous units within autonomous units, (as implied by the idea of complexity unfolding), the relations keeping their cohesion are often untidy and costly. One case of this untidiness appears when *local managers* negotiate resources with *global managers* bypassing *intermediate managers*. In these circumstances the quality of the resources bargaining is likely to be poor. The structural context of local managers is their embedding intermediate primary activity, *with its own resources bargaining and monitoring*. Together these communications make meaningful the resources bargaining (see relationship (2) in Fig. 12.3 and the cohesion mechanism in Chap. 6). However, in the scenario of bypassing the intermediate level this context is lost. The organizational process for 'resources bargaining' is fragmented; assuming that there is an intermediate level, then the local resources bargaining with global managers is done in a context where coordination and monitoring of this allocation of resources is provided by the intermediate regulatory level. This fragmentation can occur when resource centralization is not accompanied by functional decentralization. Those allocating resources are aware that they do not have a clear grasp of the local situation,

while those at the intermediate level with local knowledge through monitoring are aware that their knowledge is of no use in decision making.

An alternative form for this archetype is resources bargaining between the intermediate and local levels but monitoring from the global level. This archetype gives some lights about the case of 'Baby P' in the UK (*The Economist* 2008). Baby P died in the hands of his mother and two others. In the last 6 months of his life the child had been seen not less than 60 times by doctors and social workers. Not long after his death the UK Social Services regulator issued a report, which recommended that the national regulator carried out yearly *visits* to every social service department in the country. The regulators were off the mark; social service departments are part of local authorities and not directly of a National Social Services, thus in terms of structural recursion it should be expected that the monitoring of their activities is done by their respective local authorities and not by a national body. The reason for this is simple, one must assume that corporate managers in local authorities negotiate with social service departments (as with all other service departments) the allocation of resources for their programmes and therefore that they should be the ones assessing their capabilities and monitoring their performance. In the end, it should be the responsibility of each local authority that the services' performance is adequate.

The stretching relationship (4) in our reference VSM model (Fig. 12.3) triggers adaptation archetypes. In particular the w*eak stretching archetype* is common in situations where strong environmental challenges are necessary to improve policy processes (Fig. 12.14). Stakeholders in the problematic environment should put pressure on the organizational system to get the best out of them in their own interest, however, over time they can become closely related to organizational actors, losing independence and therefore offering a weak stretching. Vociferous opponents become tame stakeholders, thus reducing the organization's accountability to its silent stakeholders (5 in Fig. 12.3). For sensitive policy issues, such as nuclear waste management, on the name of dialogue NGO representatives are slowly but surely integrated in the group of experts and policy-makers reducing the strength of their challenge (Espejo and Bowling 2002).

Figure 12.3 also makes us aware of the relationship for organizational citizenship (6). An archetype emerges from the organization's management of its *belonging* relations with embedding meta-systems or enabling organizations. For instance a local authority is a meta-system for a manufacturing plant operating within its geographic boundaries. An industrial association is a meta-system for industries in their sector. In such cases belonging is sometimes weak and there are doubts about *organizational citizenship*. Citizenship cannot be assumed. When this belonging is taken for granted, and not enough effort is put to work for it, otherwise cohesive and high performance organizational systems may find, to their chagrin, that they are hit by an unfriendly and possibly indifferent embedding meta-system. This is the *organizational citizenship archetype* (see Fig. 12.15). The meta-system may have different expectations and views about them. This break may happen even with a great sense of local comfort and autonomy.

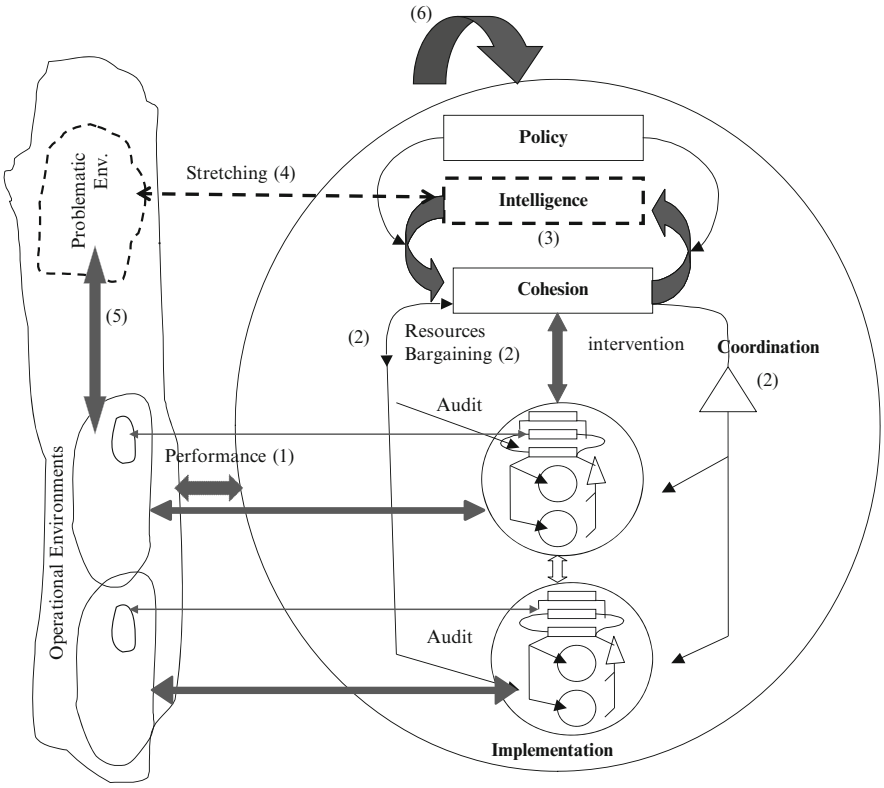

Fig. 12.14 Weak stretching archetype

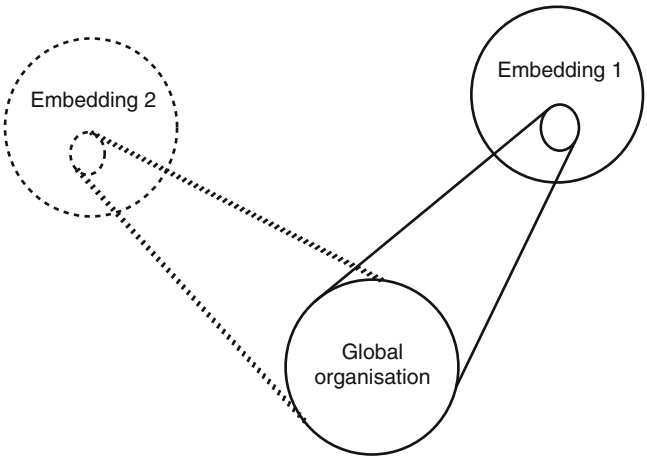

Fig. 12.15 Organizational citizenship archetype

Organizations in general are embedded in more than one meta-system. The *organizational citizenship archetype* may emerge with any of these relevant global embeddings. In this case the embedding organization is not the all-powerful owner of the resources, with whom local/intermediate management negotiates their allocation, but is a professional, social, geographic, environmental embedding of its activities. This is an important archetype when there are environmental or ecological issues at hand which may affect the organization's legitimacy. Indifferent relations with the meta-system may be costly. Too much time and effort spent dealing with local pressure groups and lobbying groups may take the organization's eyes off the ball. When they put a planning application for a necessary development the local authority may deny it, even if a rational argument would have suggested that the planning application was beneficial to the local community (Espejo and Bowling 2002).

This chapter has offered a synthesis of our book. We have advocated recursive organizations as an effective strategy to manage complexity. The VSM offers a recursive heuristic to improve the management of complexity. We have argued the advantages of systemic thinking in our everyday activities. We need the joining up of multiple participants in particular problem situations. We are aware that fragmentation in the form of poor communications is at the root of many performative situations and argued for improving their organizational context. This context is not necessarily a particular enterprise or institution but could be the self-organizing of resources with some form of decisional and operational closure. A network of unrelated local enterprises and institutional parts may self-organize as an organizational system. These organizational systems, underpinned by political will, may provide purposeful contexts that, not only make meaningful the situations of concern, but make apparent the resources and relations necessary to produce desirable changes. Particularly for situations emerging in contexts with unclear organizational frameworks we have identified identity and structural weaknesses that may need attention to counter possible future challenges and enable desirable ones.

The intuitive management of organizational complexity is what we all do but it may be the source of more or less costly mistakes. By increasing our ability to observe and diagnose shortcomings in this management we improve our chances to overcome fragmentation and create desirable futures. This book provides concepts, methods and tools to visualise and manage complexity. In this chapter we have offered practical support not only to diagnose shortcomings in this management but also to visualise possible improvements for a better future. This last aspect is important; we have proposed a way to strengthen complexity management in organizations and society at large to overcome costly historic practices. Hierarchical relationships are responsible not only for wasted talents and reduced organizational capabilities but also for the misuse of natural resources as we fail to *visualise and manage* their systemicity and the implacable consequences of using them blindly. Unfortunately this is common practice.

Our aim has been to use the Viable System Model to think systemically. This model offers strategies to manage complexity at the least cost to people and organization and can be used to observe how organizations manage their complexity.

Everything we have said about managing complexity suggests that in the end constructing a systemic world is a *learning process* where the transformations we want to produce are adjusted and modified as we hit walls that make apparent that the cost and consequences of pursuing them are unacceptable. The Law of Requisite Variety asserts itself in all situations but systemic thinking can help us anticipate these walls or regulatory failures to avoid unnecessary pains. Behaving as if these walls did not exist is inviting backslashes of one kind or another.

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