



Can people really be managed?

Charles Ehin

*Gore School of Business, Westminster College,
Salt Lake City, Utah, USA*

184

Abstract

Purpose – The purpose of this paper is to present a general framework for the comprehension and advancement of sociocultural homeostasis (not to be confused with a steady state, but a dynamic constantly evolving process) in order to increase worker engagement, productivity and innovation within the enterprises.

Design/methodology/approach – The latest research findings in neuroscience, social neuroscience and social network analyses are used to determine what types of organizational dynamics best support voluntary worker engagement.

Findings – The paper offers convincing evidence why certain organizations prosper while others falter depending on their knowledge and advancement of sociocultural homeostasis principles.

Practical implications – The paper provides practical suggestions in how to move an organization from an environment of structure and compliance to one reliant on emergence and individual commitment.

Social implications – The general framework/models presented in the paper can be applied to any social institution (for profit or non-profit) interested in boosting member voluntary engagement.

Originality/value – It is a unique work suggesting how to apply the latest research findings in the rapidly advancing fields of neuroscience and social neuroscience to business management in order to increase productivity and innovation. It also shows how to identify and expand the organizational sweet spots (emergent innovative/productive organizational domains defined by the author) and their vital importance to the success of every venture.

Keywords Complex adaptive systems, Emergence, Organizational sweet spot, Self-organization, Social neuroscience, Sociocultural homeostasis, Organizational culture, Organizational change

Paper type Conceptual paper

Emergent mutually supportive relationships

Increasing rates of technological advancements have made societies progressively more dependent on artificially created entities, both visible and virtual. In the process, we tend to ignore the biological basis of our existence and how we innately relate to one another. Therefore, it is to our advantage that we grasp the fact that the physiological process of homeostasis extends far beyond our bodies. That is, we also constantly seek to maintain dynamic equilibrium within our immediate social environments.

Think for a moment about your most memorable work and life experiences. What aspects of those events ultimately surface as most meaningful? My guess is that the episodes are closely linked to mutually rewarding relationships. “Things” seldom enter the picture.

However, nearly all business schools, at least at the introductory levels, are still focused on the four functions of management – planning, organizing, leading and controlling. These functions were originally introduced by the two most prominent management gurus at the beginning of the twentieth century – Frederick Taylor and Henri Fayol. The functions of management are artificial constructs providing little help with the underlying invisible social dynamics of management and its emergent systems.



We are now firmly anchored in the knowledge age (Ehin, 2000). So, why is there seldom mention in the classroom and boardroom of the importance of mutually supportive relationships based on the latest findings in social neuroscience and evolutionary psychology? After all, relationships are such an important part of human nature and one of the most critical components of increased productivity and innovation (Cacioppo and Patrick, 2008).

Why? Maybe because it is hard to stop a charging rhino. That is, old habits and beliefs are hard to break. It may also be that relationships are intangible and, therefore, are seldom, if ever, included in financial statements and other business reports.

More specifically, Shermer (2011) in his latest work, *The Believing Brain*, concludes that:

On one edge, our brains are the most complex and sophisticated information processing machines in the universe, capable of understanding not only the universe itself but also the process of understanding. On the other edge, by the very same process of forming beliefs about the universe and ourselves, we are also more capable than any other species of self-deception and illusion, of fooling ourselves even while we are trying to avoid being fooled by nature.

Also, in *Everything is Obvious*, Watts (2011) illustrates how common sense reasoning and history often mislead us to believe that we understand more about human behavior than we actually do. This, of course, is why efforts to predict, manage or manipulate social systems so often fail.

Consequently, it is extremely important to keep in mind that organizations are composed of emergent social networks, rather than artificial structures as visualized and arranged by management. These networks are organic self-organizing entities, not machines. They can be influenced but not controlled.

Thus, human nature should receive the utmost attention instead of machine metaphors like the industrial age functions of management. What is most disturbing about the lack of focus on our evolved predispositions is the fact that most work in any enterprise is accomplished within informal networks with scant management oversight.

People are constantly looking for places where the focus of each individual's frame of mind shifts from avoiding the "dreaded power of the boss" to "engaging and enjoying the power of the surrounding, and continually evolving, mutually supportive relationships". Therefore, what is essential is the development of organizational context that facilitates the emergent use of unique individual skills and talents in concert with other individuals. It is a case of compliance versus commitment.

The major factors in this churning process are the sharing of tacit knowledge (un-codified knowledge grounded in personal experiences), the expansion of social capital (goodwill provided to informal network members through valuable information, influence and cohesion) and human nature (fundamental evolved predispositions constantly differentiating between hostile and hospitable stimuli). These factors will be explained in more detail later in the paper.

Further, we seem to consciously and unconsciously reflect on the here and now and the future almost simultaneously. In effect, we try to constantly balance the current with what lies ahead on the horizon. At the same time, as Wilson (2002) points out in *Strangers to Ourselves*, at any given point in time our minds can take in about 11 million bits of information. What's most significant about this statistic is that we are only consciously aware of not more than 40 of these pieces of information. What this

means is that each person must first interpret a given situation (process, problem, opportunity or work environment) in their own particular way before they can or will take some meaningful action. So, how can all this be managed?

We can safely conclude that traditional management concepts seldom work any longer, especially when it comes to knowledge workers. That is mainly due to the continued use of cause-and-affect theoretical paradigms. People are not machines. Rather, we are all self-organizing entities from our DNA molecules to our interactions with the external world.

More specifically, studies of breakthroughs in neuroscience by Rock and Schwartz (2006) lead them to the following conclusion related to organizational transformations:

- *Change is pain.* Organizational change is unexpectedly difficult because it provokes sensations of physiological discomfort.
- *Behaviorism does not work.* Change efforts based on incentive and threat (the carrot and the stick) rarely succeed in the long run.
- *Humanism is overrated.* In practice, the conventional empathic approach of connection and persuasion does not sufficiently engage people.
- *Focus is power.* The act of paying attention creates chemical and physical changes in the brain.
- *Expectation shapes reality.* People's preconceptions have a significant impact on what they perceive.
- *Attention density shapes identity.* Repeated, purposeful and focused attention can lead to long-lasting personal evolution.

Additionally, evolutionary psychology and social neuroscience are converging (Cacioppo and Patrick, 2008). Thus, if we want to expand the innovative capacities of our organizations we need to pay much closer attention to our biological foundations. Reinventing traditional methodologies will not help us advance any further, even if they may have given us some success in the past. New research of the brain and DNA is helping to rewrite not only the origins, but also the innate behavior of our kind. That is where our attention should also be from a business perspective.

So, can people really be managed since every individual and group sees the world a little differently? I will attempt to answer that question by the end of this paper. In the final analysis, what I suggest is that we start paying much closer attention to Mother Nature and leave the functions of management where they belong, on the pages of history books. Accordingly, the intent of this paper is to help advance a comprehensive framework for the understanding and advancement of "sociocultural homeostasis" (a term coined by Damasio, 2010) within our enterprises and extended business networks.

Sociocultural homeostasis

Life is a constant, dynamic, balancing act both at the individual and group level. Therefore, for an enterprise to succeed its systems and practices need to have the flexible capacity not only to support its business goals but also the physiological and mental needs of its members.

Accomplishing that feat effectively requires us to take a step back into our evolutionary past. In essence, it is high time that we become much more familiar with our biological/neurological make-up and how it has advanced our wellbeing over time.

This is especially fitting considering the tremendous progress that has been made in neuroscience in the past ten years or so. The best way to get started is to understand the multiple dimensions of homeostasis and how it relates to business success.

Can people really
be managed?

Homeostasis

The term homeostasis is generally understood to signify the tendency of a biological entity to maintain its internal stability (such as body temperature and blood pressure), based on the coordinated responses of its components, to any situation or stimulus tending to disturb its normal condition or function. For higher level animals, such as humans, this also includes maintaining a state of psychological equilibrium attained when a tension or a drive has been reduced or satisfied.

Homeostasis, however, is a much more complex process than the definition above might suggest and involves not only every component of our physiological makeup, but also extends beyond our bodies. Hence, from a management perspective we need to be cognizant that every individual in an organization is constantly “innately” seeking to maintain his/her homeostasis far beyond pure biological needs. That is, we are also constantly trying to maintain dynamic equilibrium within the social contexts we happen to be immersed in.

Integrated brain functions

Weighing only three pounds and containing up to 100 billion neurons, each connected to several hundred thousand other nerve cells, our brains are composed of incredibly complex networks with a billion connections. This extraordinary self-organizing web gives each of us tremendous power not only for our survival, but also invention, exploration and art.

To get a real sense of the superb capabilities of our three pound marvel and its dynamic extended abilities beyond our bodies, we need to get better acquainted with its three evolved levels. The triad, in ascending order, consists of the hindbrain or the brainstem, the midbrain or the thalamus and the forebrain or cerebral cortex.

The hindbrain is the earliest major component of our brains, dating back about 500 million years. That is why it is also referred to as the reptilian brain. The brainstem has changed very little over time and we share it with all living entities that have a backbone. At this level behavioral responses are governed by instincts and include regulation of wakefulness, breathing, heartbeat, temperature regulation and body movements. The focus is also on self-preservation and the preservation of kin. Accordingly, the emphasis of behavior is on domination, territoriality, threat displays and mating.

A note of caution is in order at this point. As the well-known neuroscientist, Damasio (2010), stipulates:

[...] the idea that the work of these nuclei is confined to the regulation of viscera, metabolism, and wakefulness does not do justice to the results they achieve. They manage life in far broader ways. This is the neural home of the biological value, and biological value has pervasive influence throughout the brain, in terms of structure and operation. In likelihood, this is the place where the process of making mind begins [...].

This clearly means that conscious thought, or cognition, is not primarily confined to the cerebral cortex, but involves all three levels of our brain, including the hindbrain.

The world renowned sociobiologist Wilson (1998) refers to the midbrain or thalamus as “the master traffic-control complex that regulates emotional responses as well as the integration and transfer of sensory information”. This portion of the brain also maintains such functions as the regulation of hormone levels, thirst, sexual desire, hunger, sleep and play.

In addition, the thalamus plays an important role in memory storage as well as major emotions of fear and anger. Further, according to Damasio (2010), the midbrain:

[...] both relays critical information to the cerebral cortex and massively interassociates cortical information. The cerebral cortex cannot operate without the thalamus, the two having coevolved and been inseparably joined from early development.

The cerebral cortex has given us our most human qualities. As Nobel laureate Edelman (1992) explains:

The fundamental triad of higher brain functions is composed of perceptual categorizations, memory, and learning [...] Perceptual categorization is generally necessary for memory, which is, after all, about previous categorization.

Of course, the forebrain is also involved in voluntary motor activity and the integration of other higher functions such as motivation and speech.

As Damasio (2010) succinctly concludes:

In interplay with the brain stem and thalamus, the cortex constructs the maps that become mind. In interplay with the brain stem and thalamus, the cortex helps generate the core self. Last, using the records of past activity stored in the memory banks, the cerebral cortex constructs our biography, replete with experience of physical and social environments we have inhabited. The cortex provides us with an identity and places us in the center of the wondrous, forward-moving spectacle that is our conscious mind.

What is even more significant about the cerebral cortex is that it allows us to extend our homeostatic impulse far beyond the single individual through the development of culture (Damasio, 2010). Our closest biological cousins, the primates, have limited cultures that help them restore equilibrium in response to imbalances occasionally created by individuals that may compromise the overall wellbeing of a social group. Human cultures have, however, developed far beyond that by including economic, political and medical systems in order to help with the dynamic, homeostatic equilibrium needs of their members (Ehin, 2011).

Having looked at the three general levels of our brain it should now be intuitively apparent that the whole structure operates without a controller and, therefore, is a self-organizing system. The triad's activities are not only fully integrated, but also actively related to the entire body.

For instance, the cerebral cortex is not the boss. That can hardly be the case since, according to Edelman (1992), we are only aware of less than one million of the information that is processed by our brains. Instead, the cerebral cortex acts like a screen helping other parts of the brain make better decisions, especially in anticipating future events. There are times, however, when the brainstem processes override the cortex's helpful signals and we find ourselves fully enmeshed in a violent confrontation. We are, of course, still responsible for all our actions, good or bad.

As mentioned earlier, all life forms are not only self-organizing systems by design, but self-organization also constitutes the primary process by which all organic entities

interact with one another. Typical examples of this dynamic, from a relationship perspective, are the informal social connections we develop over time that are vital aspects of our lives within, and external to, our places of work.

Can people really
be managed?

Key factors impacting sociocultural homeostasis

There are four core dynamic organizational factors impacting sociocultural homeostasis in our business enterprises: self-organization, group size, social dynamics and the organizational sweet spot.

189

Self-organization

It is physiologically impossible for any organic entity (person or group) to respond to external demands (such as a directive or formal reporting structures) exactly as intended. The reason for that is quite simple. There are no two people who are genetically and experientially exactly identical. Even identical twins are not completely identical. Therefore, no individual or group can look at something and see it exactly the same way as another individual or group. Hence, no matter how determined some managers are in trying to fully control people it is, in reality, an impossible task.

As suggested previously, all life forms are not only self-organizing systems by design, but self-organization also constitutes the primary process by which all organic entities interact with one another. Typical examples of this dynamic, from a relationship perspective, are the informal social connections we develop over time that are vital aspects of our lives, within and external to, our places of work. In general, self-organization includes the following features:

- An entity's intrinsic ability to change itself as it interacts with its environment and strives to maintain its identity.
- Interactions that produce self-referential patterns without the need to be designed or managed.
- Evolving patterns that are both sustained and transformed by spontaneous interactions.
- Creativity and destruction are part of the emergent process, as are attraction and repulsion.

The concept of self-organization, or emergence, will become more apparent as we review some of the major social dynamics that are part of every organized endeavor.

Group size

People seem to function best in well-balanced social settings. Such contexts consist of individuals who express a mix of both moderate self-interest and outward-reaching altruism. These types of social environments seem to promote vigorous voluntary coordination leading to mutually shared benefits.

Research by anthropologist and evolutionary psychologist Dunbar (1996) and others has provided ample evidence that humans are physiologically limited in developing and maintaining mutually beneficial voluntary, collaborative relationships in groups of more than 150 people. In larger collectives, relationships become fragmented, ties of common interest cannot be properly sustained, and hierarchical structures begin to creep in. Thus, from a sociocultural homeostatic perspective, small size is vital for the

development of supportive environmental contexts where emergent positive relationships can flourish most effectively.

That, however, does not exclude meaningful collaborative relationships being able to be nurtured within large enterprises and extended virtual networks. Enterprises consisting of more than 150 people can be segmented into small mutually interdependent groups that are also well connected to other relatively autonomous parts of an organization.

Within virtual networks there is a key factor that enhances collaborative relationships – ample opportunities for periodic face-to-face gatherings among the members. Such occasions provide a constructive social context where relationships become more intimate and high levels of mutual trust can be developed. As neuroscientist John Cacioppo and founding editor of *The Journal of Life Science* William Patrick stipulate:

[...] most face-to-face encounters in real life allow us to communicate through even more subliminal cues – body chemistry, body language, action semantics, mimicry – in addition to words and gestures. Once again, the mind that seeks to connect is first about the body, and leaving the body behind can make human connections less satisfying (Cacioppo and Patrick, 2008).

Social dynamics

Below are brief summaries of some of the key components of social dynamics. They will help to clarify the forces at work of the models the author will introduce shortly.

Engagement dynamics. Searls (2008) has suggested that transactions, conversations and relationships are the primary factors in social engagement. In Figure 1, the author illustrates the close dynamic relationships of the three engagement components and

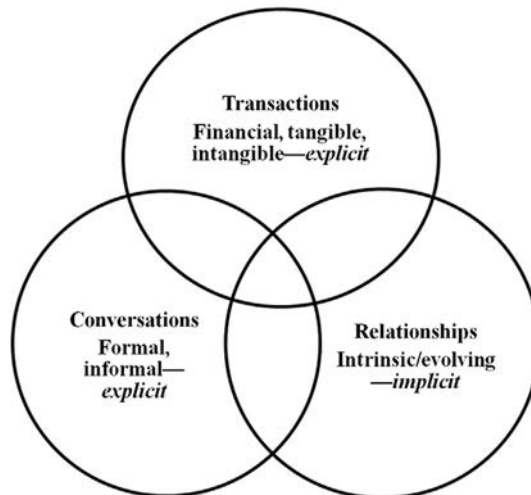


Figure 1.
Social engagement
dynamics

Source: Ehin (2009, p. 10), with kind permission from Springer Science + Business Media B.V.

suggests that the model can be used to analyze social engagement dynamics at any level. That is, the model is appropriate for not only examining the interactions of two individuals, but also small teams, entire organizations and extended worldwide networks. You can even apply this model to show how individual identities develop and are maintained.

Can people really
be managed?

Transactions are exchanges of tangible or intangible items between two or more parties. They can include monetary attributes such as stocks, tangibles such as machinery, intangibles such as patents, or all three factors.

The point to remember is that no matter what a transaction includes, it is always explicit whether there is a signed agreement or not. The process is easily traced because an event or several events must take place before a transaction is completed.

The same is true for conversations. At least two people, by whatever means, have to exchange ideas or stories for a conversation to take place. Transactions and conversations are both *explicit*, even under highly informal circumstances. In other words, they are specific, definable and fully developed. They also have an explicit value whether economic, intellectual, emotional or spiritual.

Not so with relationships. Because relationships are based on spontaneity and intimacy, two commodities that cannot be traced, relationships are *implicit*. Unlike transactions and conversations, they are not solid or definable. By their very nature they exist because of unexpressed agreement or affinity which is difficult, if not impossible, to define. This implicit nature is a major difference between relationships and the other two features.

Relationships also can have intrinsic value in the same ways as transactions and conversations. However, since relationships are implicit, the values derived from them develop over time and are not necessarily the initial foundations for the associations.

Individual and group identity dynamics. Relationships and individual identities are constantly evolving depending on the biophysical and social contexts. It is an unplanned, self-organizing process between two or more parties where the outcomes are unpredictable. Given their implicit, unpredictable nature, relationships can be influenced, but not controlled, by third parties or varying environmental contexts.

Most significantly, people, either individually or in groups, are constantly striving to both uphold and maintain their identities in every social setting. Let's first take a closer look at the constant struggle for identity at the individual level. The most well-known authority on this subject, White (2008), suggests that we pay close attention to the following aspects of identity dynamics:

- Humans have an intrinsic need to express our identities and differences in social settings.
- Interactions trigger identity control efforts.
- Identity control is seldom about domination.
- Finding a footing in social situations is the aim of our identity control efforts.
- Established footings bring orientation among people's identities.

What this means is that in any social situation we are usually most concerned about our individual identities above everything else. Also, our actions and reactions are not always made consciously. They are emergent and serendipitous depending on the circumstances. For example, our efforts to maintain our identities are quite different in a family or work setting.

Similar dynamics come into play at a group or organizational level. Extensive research by Stacey *et al.* (2000) indicates the following about group identity dynamics:

- We have an inherent need to express our identities and differences as a group.
- A group's identity emerges from the relationships of its members, not an edict from management.
- Identities and differences emerge through self-organization or reciprocal interactions.

Group identities emerge like individual identities. This process cannot be controlled by managers or third parties. In addition, group members are usually more concerned about their own and the group's identity than formal organizational goals and objectives. What that tells us very clearly is that if people are not given sufficient opportunity by an organization to develop a firm footing for their identities they will become disengaged and find support elsewhere. Therefore, it is very critical that people are immersed in a supportive environment.

The key point to remember is that because relationships and identities arise naturally, they are emergent. Since organizations are generally populated by at least two or more individuals, relationships will arise with all their delightful volatility and variations, no matter what type of organization you consider.

Relationships are the informal social fabric of every organization and network whether we are dealing with a neighborhood book club, the office grapevine or the United Nations. Thus, creative enterprises should learn how to openly support the development of these constantly evolving emergent systems rather than ignore them or, worse, push them underground.

Innovation dynamics. Human nature is the first key element of the unpredictable process of innovation. It is important from the standpoint of our evolved predispositions or innate behavioral tendencies. Humans are not born with a blank slate for a mind (Pinker, 2002). Instead, we arrive with all the basic rudiments of our mental circuitry in place ready to act in response to our immediate environment.

At the same time, we are able to learn from our experiences. Hence, humans are equipped not only with instincts, but also with much broader innate drives or predisposed genetic tendencies such as concern for status and for affiliation. This means that our behavior is "influenced" by our genes rather than genetically determined and that we do have free will.

Innate drives fall into two fundamental categories (Stevens and Price, 1996; Ehin, 2000): a set of self-centered drives (e.g. concern for control, rank, status, territory, possessions, savagery and bloodlust) and a set of other-centered drives (e.g. concern for attachments, affiliation, altruism, care giving, care receiving, morality and empathy).

People seem to function best in a relatively small beneficial social context where both categories of drives can be expressed in a balanced manner. As mentioned earlier, such an environment consists of individuals who express a mix of moderate self-interest and outward-reaching altruism. This context promotes implicit coordination and is vital for overt sharing of tacit knowledge.

Tacit knowledge is the second key factor of innovation dynamics. Polanyi (1958) is credited with originating the concept. Essentially, tacit knowledge encompasses ideas and abstractions at the individual level. More specifically, it is implicit knowledge that is:

- Grounded in personal experience and innate predispositions.
- Carried by people in their minds that is difficult to access or share.
- Difficult to transfer to others without extensive personal contact and trust.
- Based on habits and culture that we do not recognize in ourselves.
- Stored in a different area of the brain than explicit knowledge.
- The wellspring of new codified or explicit knowledge.

Tacit or unrelated knowledge comes to the fore serendipitously and becomes explicit as individuals or small groups confront new or unanticipated situations. Consequently, tacit knowledge is a dynamic resource. Hence, although relatively stable, implicit knowledge continues to be shaped by our interactions with our immediate surroundings and other people.

Further, tacit knowledge must be allowed to “emerge” through voluntary collaboration or self-organization. People are seldom aware of exactly what unrelated knowledge they possess until confronted with a problem or an opportunity. Therefore, in order for tacit knowledge to emerge, people must first be surrounded by a supportive environment.

Threats, for example, create negative emotions that, by necessity, narrow thought patterns. People threatened by the loss of their jobs, a bullying boss, unreasonable deadlines and so on, innately narrow their thought patterns to avoid or eliminate these negative emotions. As a result, such individuals devote little or no time to engage their minds more expansively and resourcefully in search of new ideas or opportunities.

Social capital is the third major component in the idea generation process. Putnam (2000) the author of the book, *Bowling Alone: The Collapse and Revival of American Community*, is credited with popularizing the concept. More recently published research has further refined the theory (Adler and Seok-Woo, 2002).

Without high levels of social capital, not much in the way of productive work, and especially new knowledge creation, can take place in an organization. Social capital has the following general attributes:

- It is a self-initiated drive by people to promote collective social interests.
- It is the goodwill available to individuals and groups within informal social networks.
- It provides valuable information, influence and cohesion to the emergent network members.
- It increases in value with use.
- It cannot be bought, sold, traded or managed.

A social entity, if it is to function as a closely-knit group, should support the development of an array of positive personal relationships among its members. Therefore, an organization should first cultivate a distinctive work environment wherein its constituents are able to interact comfortably with each other with minimal personal reservations. We should bear in mind that few things in organizations are accomplished by strictly following formal directives. Therefore, without sufficient social capital, an enterprise is, for all intents and purposes, merely a collection of hired hands waiting for instructions from the bosses.

In essence, social capital is based on altruistic and interdependent relationships formed by people over time. It is the lifeblood of tightly knit informal networks, which are a key source for information, influential connections and friendships needed by all of us for meaningful existence. That is why limiting group size is so important as specified above.

Organizational sweet spot

Business ventures need to place major emphasis on identifying and expanding what the author has labeled as the organizational sweet spot where the formal and the informal systems overlap, as shown in Figure 2. That is, under the right conditions, the informal components will begin to overlap more and more with the formal elements of an organization's systems, processes, applied technologies and management structure.

This overlapping spot represents the area where the formal and informal systems of an organization have reached "a meeting of the minds" over the fundamental goals, policies and processes. What is particularly noteworthy about this agreement is that it is not reached through any sort of formal negotiation. Rather, it is emergent. Consequently, it is in the sweet spot where most of the productive work and innovation takes place in every enterprise.

Thus, the sweet spot is a very desirable state for any institution. It is a natural outgrowth of day-to-day interactions or self-organization of goal directed behavior within the "un-management" realm of a venture. More precisely, the un-management sphere of influence of an enterprise encompasses two vital areas shown in Figure 2. They are the sweet spot and the rest of the informal networks. Consequently, organizational leaders should try to make every effort to design work contexts that encourage members to participate as frequently as possible in the sweet spot activities.

In many organizations today the sweet spot is still rather small. The reasons for this are twofold. First, many firms still adhere to traditional top-down, tightly controlled management models that worked relatively well in the industrial age but suppress informal communications. That is a death knell in today's knowledge age where we are so dependent on continuous sharing of ideas and information, since most of the work and innovation is generated by these emergent systems.

Second, few managers pay attention to the activities of informal networks present in every organization. That is regrettable since most of the work and innovation is

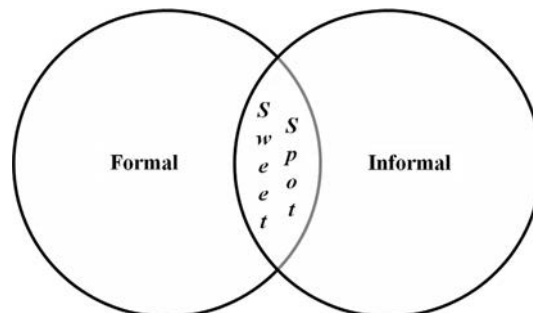


Figure 2.
Organizational sweet spot

Source: Ehin (2009, p. 15), with kind permission from Springer Science + Business Media B.V.

generated by these emergent systems. The lack of attention that the informal side of an enterprise gets can be mostly blamed on the absence of such “invisible items” being tracked on formal financial statements, and the fact that the informal networks cannot be managed in the traditional sense.

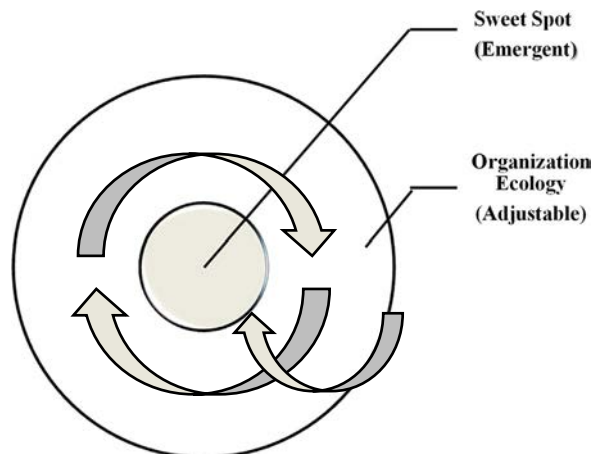
We need to keep in mind that at the sweet spot most activities are based on reciprocal relationships, valued differences and respected individual identities. Emphasis is placed on constant examination and experimentation that may lead to more challenging and rewarding networked processes.

Inherently, leaders should learn how to “unmanage” (Ehin, 2000) more and place less and less emphasis on traditional management founded on control and compliance. Unmanagement is based on the proven theory that human productivity is at its peak in “naturally” occurring networks and relationships, as opposed to within formal systems where people are stifled by bureaucracy and not allowed to work openly with their counterparts and peers.

Most people will support formal organizational goals if they understand how the goals benefit the business, its customers, society as a whole, their fellow workers, and themselves. It is surprising how many employees in general are clueless of such outcomes. Therefore, one can have a very productive and engaged workforce when you treat people humanely and when they grasp the benefits cited above.

The key to success is to fully understand what can and cannot be controlled within social systems. What we need to fully grasp is that, as shown in Figure 3, organizational contexts can be managed or adjusted but not the people who work and function within those work environments, especially when it comes to the sweet spot (Ehin, 2010b).

The reason for that is straightforward. People’s mindsets and relationships are emergent and thus cannot be managed. That is, they can be influenced but not controlled. Unfortunately, that subtlety as to what can and cannot be controlled in a work environment is still hard to grasp for a lot of people. Accordingly, two contrasting organizational contexts or ecologies are examined next.



Source: Ehin (2009, p. 15), with kind permission from Springer Science + Business Media B.V.

Figure 3. Sweet spot expansion

Two general organizational ecologies

As specified earlier, at the sweet spot most activities are based on reciprocal relationships, valued differences and respected individual identities. The pursuit of creativity and innovation is enhanced through the persistent encouragement of constructive dissent in an atmosphere of mutual trust. One of the great attractions and positives of working in a sweet spot is that everyone is actively engaged in assuring that all activities, resources and rewards are “equitably” managed by all participants.

So what are the primary choices we have when it comes to organizational ecologies or contexts? The author places organizational structures into just two very broad general categories: controlled- and shared-access systems (Ehin, 2000). In this classification scheme, a controlled-access system, whether tall or flat, is an organizational framework wherein one individual, or a very limited number of people, exclusively controls access to all major resources including the workforce. All other members of the organization must first get approval from these top people before any of the assets can be used or invested.

In a controlled-access system position power is the predominant force behind all key decisions; thus, open self-organizing arrangements are not encouraged or valued, limiting the development of high levels of voluntary goal directed social connections. In other words, compliance, instead of commitment, is prized in such organizations. Clearly, in such a context a considerable segment of the workforce can become disengaged from their designated tasks.

In contrast, in a shared-access system all organizational members have considerable autonomy in decision making and in resource allocations including hiring and firing of people. In a shared-access system, expertise and value-added facilitation are the dominant dynamics instead of position power. Thus, major emphasis is placed on situational leadership or catalytic leadership (Ehin, 2009), open-book management and self-organization in solving problems or in pursuing opportunities. Here, personal commitment, rather than compliance, is the key success factor.

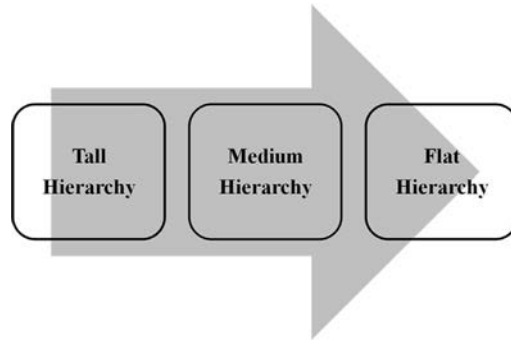
The message for today’s organizations is that since they must interact with a constantly changing, information-rich and complex environment, they must be equally multifaceted and flexible in order to survive. Thus, the long-range goal of any organization should be to function in a shared-access, rather than a controlled-access, mode.

Controlled- and shared-access continuums

Does that mean that all controlled-access organizational ecologies should be abandoned? Of course not. Enterprises can continue to operate relatively successfully in a controlled-access mode. However, what the leaders of such ventures need to understand is that, if they want to function in an even more productive and innovative manner, they need to eventually develop a shared-access organizational ecology which is not an extension of the controlled-access continuum.

The author will attempt to explain this very important consideration in more detail with the help of several models. First, in very general terms, Figure 4 shows how the sweet spot of a controlled-access organizational ecology can be expanded. Essentially, it is accomplished by gradually flattening a hierarchical organization. Many approaches have been used to accomplish that primarily in the industrialized countries.

Some of these interventions undertaken fall under such labels as total quality management, team building, workplace democracy and communities of learning just to



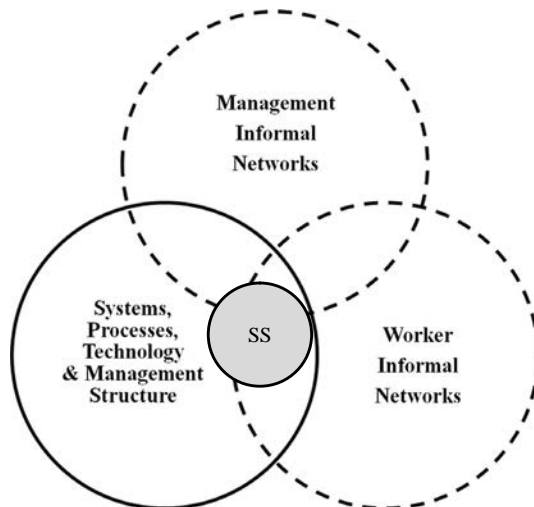
Source: Ehin (2010b)

Figure 4. Controlled-access continuum

name a few. They have been, and continue to be, used to make a workplace more productive and engaging. They also provide some of the benefits attributed to shared-access organizational contexts. However, the main point to consider from Figure 4 is that as long as a business has some sort of a hierarchy in place, no matter how flat it may be, it is still a controlled-access system.

Figure 5 should help to clarify this point further in addition to illustrating why an enterprise would want to make additional efforts in developing into a fully functioning shared-access system. Note that this model has an extra component not shown in Figure 2. Looking at a controlled-access ecology in more detail sheds light on the fact that there are two informal networks at work in the system, not just one.

That is, you have both a management and a worker informal network trying to separately interpret the formal system's requirements as to what actions need to be taken in order to satisfy organizational goals and objectives. Also, the management



Source: Ehin (2010b)

Figure 5. Controlled-access system sweet spot

informal network members have more “assigned” power, not only in the interpretation of the requirements, but also in how those requirements should be carried out. In a controlled-access system the upshot, from a human nature perspective, is that workers usually are more concerned with their own welfare instead of their co-workers or the organization as a whole.

Is it any wonder that in these sorts of dynamics much of the possible efficiencies, more innovative processes and worker engagement, suffer considerably? The good news is that things do not necessarily have to turn out that way. First, in flattening the hierarchy in a controlled-access ecology, more and more of the management and worker informal networks overlap. This process expands the sweet spot and increases an organization’s productive and innovative capacities. There is, however, a limit as to how much the two informal networks can overlap in a controlled-access environment.

Only in a shared-access organizational context can the management and worker emergent networks fully overlap, bringing with it an additional enhancement of the sweet spot. In order to gain the additional advantages of an all-inclusive shared-access workplace ecology, an organization needs to abandon the top-down management principles of a controlled-access system completely. Such a system now becomes part of a totally different continuum, as shown in Figure 6, where management control is replaced by “dynamic order” generated by the interactive principles of self-organization or self-management.

Looking at Figure 6 it is quite apparent that the shared-access continuum is different and completely separate from the controlled-access continuum. This measure starts with chaos and progresses to dynamic order. More importantly there is no static or prearranged management structure governed by assigned leadership positions. Instead, leadership in a shared-access system is emergent, or situational, and does not come with position power. Rather, it is based on value-added knowledge facilitation. A couple of examples should help clarify this point.

Let us start with the box labeled, No Order. An example of that would be what the author calls a country-club situation. People come together to associate and have a good time but there is no specific purpose for the gathering. The next box, Sense of Purpose, is when someone or several people come together in order to pursue a specific goal, such as starting a new business based on some unique idea.

Clearly, here there is a sense of direction as to what needs to be done but specific details and responsibilities have yet to be agreed upon. Finally, in the Dynamic Order

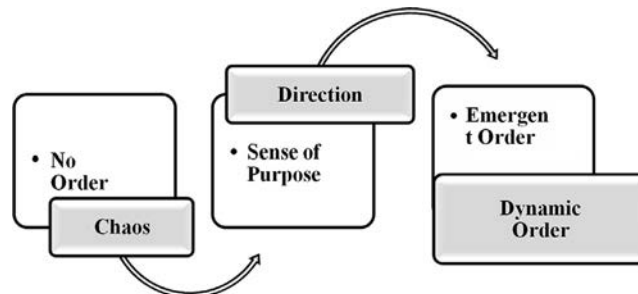


Figure 6.
Shared-access continuum

Source: Ehin (2010b)

box people and their ideas have jelled. Systems and processes have been set in motion and a team of people is working together based on self-imposed commitments, not management directives.

Basically, a shared-access system minimizes or avoids many of the knowledge sharing “killers” that are prevalent in many top-down organizations. For example, knowledge workers in a controlled-access setting are continuously faced with some of the following or similar problems (Ehin, 2009):

- I would like to download a free web resource which will help me perform my job better, but the IT department will not allow me to do that.
- I would like to work cross-domain, in an interdisciplinary way, with colleagues in another department, but my manager refuses to give me permission to do so.
- I would like to have access to cost information that pertains to the resources that I am currently using so that I can make more judicious use of them. The accounting department, however, has informed me that such information is available on a need-to-know basis only to managers and I am not a manager.

What should be kept in mind is that a new or an existing business wanting to develop a comprehensive shared-access work environment seldom, if ever, starts in the first box. New ventures usually start in the second box and then move into the third. Existing enterprises usually take the same route. That is, they first make up their minds to develop themselves into a shared-access framework and then get on with the job.

Transitioning from a controlled- to shared-access system

First, it is important to keep in mind that every organization, whether functioning in a controlled- or shared-access mode, has to have certain specified systems, processes and technology in place in order to be able to provide a meaningful service(s) or produce a product(s). Figure 7 shows these inanimate organizational components with an arrow. The arrow is upward sloping because in most organizations systems, processes and technology are continuously improved or replaced over time.

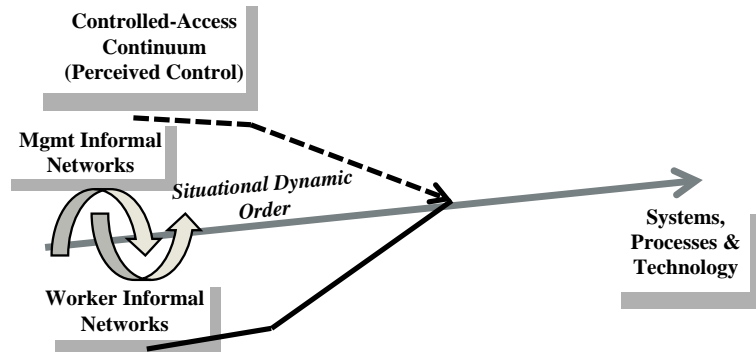
Figure 8 shows how animate elements of a controlled-access organizational configuration fit into the model. It also demonstrates the maximum extent to which the sweet spot(s) of a controlled-access work context can be expanded. Further, when an organization is governed by a hierarchical structure, the overall perception may be that management is in control of all the operations. That, of course, is an invalid perspective frequently held not only internally by both management and the worker force, but also by external constituencies.

The situation is much more complex. Yes, management can design all sorts of “artificial structures” and adjust them as they see fit. However, once people are inserted into the arrangement, the system immediately develops an informal “organic side” governed by natural laws whose dynamics are neither fully predictive nor manageable.



Figure 7.
Inanimate organizational components

Figure 8.
Maximum
controlled-access sweet
spot expansion



In effect, once people enter the equation the venture becomes a complex adaptive system. University of Texas Professor of Psychology, David L. Gilden (Angier, 2010), stipulates that complex adaptive systems (like people and social groups) are characterized by something called self-organized criticality. “They tend to migrate to the point where they are partially ordered, partially disordered. They’re at the melting point between order and disorder”. As mentioned before, such emergent dynamics can be influenced by management, but not controlled outright.

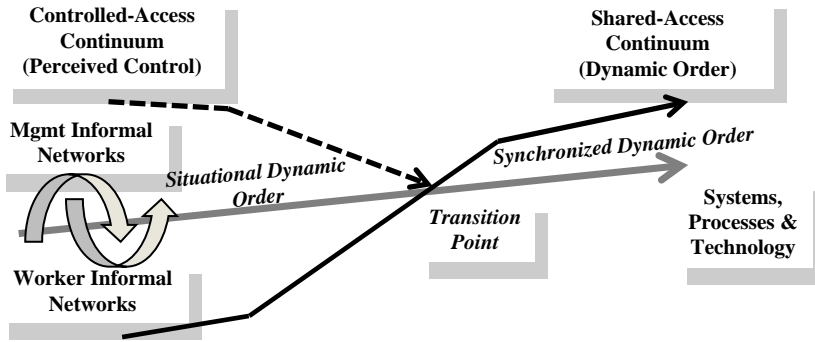
Looking at the left side of Figure 8, we can now begin to visualize how work in a Controlled-access Continuum is actually accomplished. It takes place through the continuous interactions between the management and worker informal networks. Essentially, where these networks overlap is an emergent sweet spot where the meeting of the minds between the two constituencies takes place, as depicted by the curved arrows. At these sweet spots work and innovation is achieved through dynamic order or self-organized criticality and not top-down control. In fact, the more control that is applied by management, the smaller a sweet spot becomes.

Further, as portrayed by the heavy dotted line approaching the transition point, the sweet spots within the organization expand as the organizational structure is flattened. As suggested before, a business cannot expand its sweet spots indefinitely by just limiting more and more management layers. It eventually needs to determine if or when to switch completely over to a self-organizing mode.

Another key element on the Controlled-access Continuum side of the diagram is labeled *Situational Dynamic Order*. It suggests that self-organized criticality is achieved from situation to situation. It is not continuous, although reaching dynamic order becomes easier as personal relationships expand and there is less pressure to comply with formal management directives (Ehin, 2010a).

Conversely, the Shared-access Continuum on the right side of Figure 9 is the expression *Synchronized Dynamic Order*. It implies that once an organization completes its transition from a controlled- to shared-access system, two specific changes take place in the overall organizational social dynamics. First, the top-down structure, and with it leadership via position power, fades away. It is replaced by situational leadership or what the author has termed “catalytic leadership” which is based on value added knowledge facilitation, rather than position power.

Second, *Synchronized Dynamic Order* takes a leading role rather than *Situational Dynamic Order*. Clearly, certain opportunities and problems require more individual



Source: Ehin (2010a)

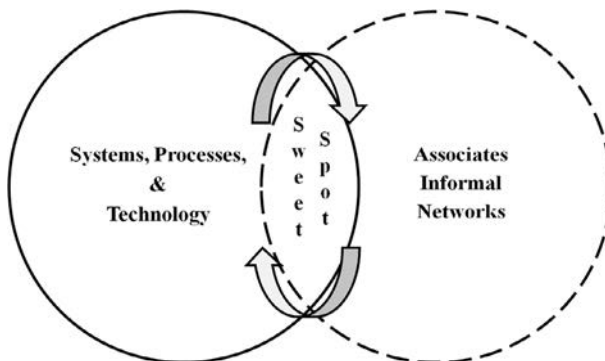
Figure 9. Shared-access configuration transition

attention than others. However, in a well-functioning self-organizing enterprise, members are naturally attuned to continuously assuring that all activities are competently synchronized throughout the organization. Their reputations and earnings depend on it.

Now let us take a closer look at what makes a shared-access system more desirable than a controlled-access system, especially when it comes to responsiveness to constantly changing environmental conditions. The best way to do this is to compare Figures 5 and 9. What we observe is that once an organization has fully transitioned to a shared-access system it has not only abandoned its formal management structure (part of the left hand circle in Figure 5), but also its informal management network (top circle in Figure 5) as shown in Figure 10.

The key thing to remember is that the responsibility for appropriate organizational activities and actions has not gone away. It has shifted from management to the associates involved in the day-to-day operations. More precisely, explicit management coordination has shifted to implicit coordination carried out by all the associates involved.

In a shared-access system the “voluntary” interactive dynamics are more widespread because there are no bosses to give orders. Constantly evolving catalytic



Source: Ehin (2010b)

Figure 10. Shared-access system sweet spot

leadership facilitates these relationships. That is, expertise, rather than position power, is the dominant factor. Essentially, primacy is situated in people's commitment to the success of the venture, rather than compliance with management directives. Hence, the sweet spots are not only larger but also more widely interconnected throughout the organization.

Conclusion

The pursuit of organizational homeostasis is not only important for increased productivity and innovation capacity of an enterprise, but it is also critical for the physical and mental wellbeing of the workforce and society as a whole. More precisely, it is a necessity; not just a nice thing to do for people.

The key question we all need to answer is, "Can people really be managed?" We can only respond to this question affirmatively if we believe people are much like machines having evolved to be governed by "select" others. There, of course, is no scientific evidence to that effect.

The latest research in neuroscience and related fields firmly indicates that people's mindsets and relationships are emergent. Thus, we can be influenced, but not controlled or managed by others. In order to attain the full benefits from sociocultural homeostasis, individuals seek environmental contexts consisting of people who express a mix of both moderate self-interest and outward-reaching altruism. These types of social settings seem to promote voluntary coordination leading to emergent mutually shared benefits.

We need to remember that people and groups are complex adaptive systems governed by self-organized criticality, not position power. Such entities migrate to the point where they are partially ordered and partially disordered. Essentially, they are in constant pursuit of dynamic order, as is the case within an organizational sweet spot.

There is a duality to organizational effectiveness. Accordingly, ventures that continue to stay on the controlled-access continuum may not prosper as well as those that jump on board the shared-access continuum. Inherently, leaders should learn how to "unmanage" more and place less and less emphasis on traditional management founded on control, compliance and even fear. In the final analysis, organizational homeostasis is all about positively supporting the biological and psychological needs of people, rather than artificially restraining them.

References

- Adler, P.S. and Seok-Woo, K. (2002), "Social capital: prospects for a new concept", *The Academy of Management Review*, Vol. 27, pp. 17-40.
- Angier, N. (2010), "Bringing new understanding to the director's cut", *New York Times*, March 1.
- Cacioppo, J.T. and Patrick, W. (2008), *Loneliness*, W.W. Norton, New York, NY.
- Damasio, A. (2010), *Self Comes to Mind: Constructing the Conscious Brain*, Pantheon Books, New York, NY.
- Dunbar, R. (1996), *Grooming, Gossip, and the Evolution of Language*, Harvard University Press, Cambridge, MA.
- Edelman, G.M. (1992), *Bright Air, Brilliant Fire*, Basic Books, New York, NY.
- Ehin, C. (2000), *Unleashing Intellectual Capital*, Butterworth-Heinemann, Boston, MA.

-
- Ehin, C. (2009), *The Organizational Sweet Spot: Engaging the Innovative Dynamics of Your Social Networks*, Springer, New York, NY.
- Ehin, C. (2010a), "Muddling through: engaging our innate heuristics", *The Journal for Quality & Participation*, Vol. 33, October, pp. 32-36.
- Ehin, C. (2010b), "The duality of organizational effectiveness", *KnowledgeBoard.com*, February 3.
- Ehin, C. (2011), "Sociocultural homeostasis and business success", *KnowledgeBoard.com*, March 31.
- Pinker, S. (2002), *The Blank Slate*, Viking Penguin, New York, NY.
- Polanyi, M. (1958), *Personal Knowledge: Towards a Post-critical Philosophy*, University of Chicago Press, Chicago, IL.
- Putnam, R.D. (2000), *Bowling Alone: The Collapse and Revival of American Community*, Simon & Schuster, New York, NY.
- Rock, D. and Schwartz, J. (2006), "The neuroscience of leadership", *Strategy+Business*, No. 43, available at: www.strategy-business.com/article/06207?pg=0
- Searls, D. (2008), "It's the relationship, smarty", *Weblog*, December 26, available at: <http://blogs.law.harvard.edu/doc/2007/12/26/its-the-relationship-smarty/> (accessed January 3, 2008).
- Shermer, M. (2011), *The Believing Brain*, Times Books Henry Holt and Company, LLC, New York, NY.
- Stacey, R.D., Griffin, G. and Shaw, P. (2000), *Complexity and Management: Fad or Radical Challenge to Systems Thinking*, Routledge, New York, NY.
- Stevens, A. and Price, T. (1996), *Evolutionary Psychiatry: A New Beginning*, Routledge, New York, NY.
- Watts, D.J. (2011), *Everything is Obvious*, Crown Publishing Group, Random House, Inc, New York, NY.
- White, H.C. (2008), *Identity and Control*, Princeton University Press, Princeton, NJ.
- Wilson, E.O. (1998), *Consilience: The Unity of Knowledge*, Knopf, New York, NY.
- Wilson, T.D. (2002), *Strangers to Ourselves*, Harvard University Press, Cambridge, MA.

Further reading

- Brooks, D. (2011), *The Social Animal*, Random House, New York, NY.
- Ehin, C. (2005), *Hidden Assets: Harnessing the Power of Informal Networks*, Springer, Boston, MA.

About the author

Charles Ehin is an author and recognized innovation dynamics and management authority. He is emeritus professor of management at Westminster College in Salt Lake City, Utah, USA where he has also served as the Dean of the Gore School of Business. His latest book is *The Organizational Sweet Spot: Engaging the Innovative Dynamics of Your Social Networks* (Springer, 2009). Charles Ehin's web site is: www.UnManagement.com and can be contacted at: kalev1@msn.com