

Chapter 2

Mainstays of Social Engagements

Let's take a closer look at Searls' interdependent market features: transactions, conversations, and relationships. These market features are the mainstays of social engagement and are present in individual and group identity dynamics. Figure 2.1 depicts the interdependence of the three factors.

This model can also be a tool for observing social engagement at any level. It's appropriate for not only the interactions of two individuals, but also working teams, entire organizations, and extended worldwide networks. You can even apply this model to how individual identities develop and are maintained.

Searls' conceptual framework is an ingenious means for assessing the extent of engagement in any collaborative effort. Throughout the book the focus will be on the relationship aspect of the model, the most ignored market or engagement component in nearly all management systems.

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 the three factors.

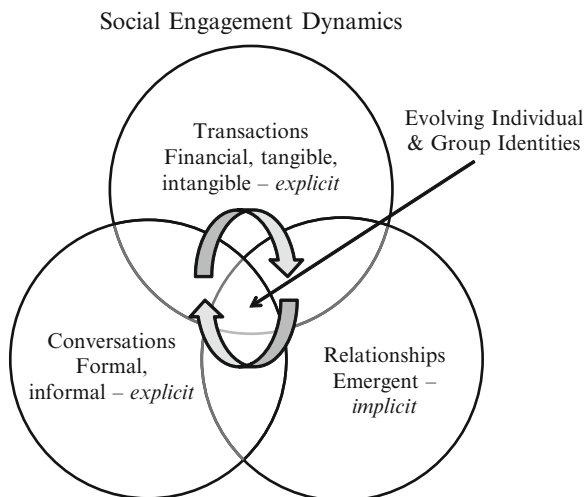
The point to remember is that no matter what a transaction includes, it's always explicit whether there's a signed agreement or not. The process is easily traced because an event or several events must take place before a transaction is completed.

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 *relationship*. 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 relationship 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.

Fig. 2.1 Social engagement dynamics



Relationships and individual identities are constantly evolving for better or for worse, depending on the biophysical and social contexts. It's 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*.

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.

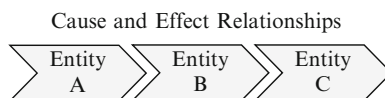
Circular Causality

Since individuals are rarely truly isolated, it is useful to look at an explanation of circular causality. In this model, you can come to see the importance of relationships on an individual's as well as a group's development.

In the old linear model, person A does something to person B who then causes something else to happen to person C – all in a straight, predictable fashion. This busy manager's dream team is illustrated in Fig. 2.2.

When it comes to people and relationships, however, this tidy arrangement rarely happens. In reality, the linear model of cause and effect is not particularly useful when it comes to people.

Individuals are seldom in total isolation. It makes sense that to observe or understand someone, you must also look at the interrelationships within their social world.

Fig. 2.2 Cause and effect relationships

What you find is that rather than being linear and static, cause and effect in relationships is circular and changes constantly as relationships change and reorganize of their own accord.

The concept of circular causality, or self-organization, is much more accurate when it comes to analyzing relationships (see Fig. 3.1).

In this case, when person A affects person B in some fashion, B is also a cause, and can turn around and affect or change the behavior in person A, and so on. The more persons A and B interact, the more opportunity they have to affect or change each other. They naturally evolve as a result of the interactions they have with each other. Add persons C and D, and the opportunities for mutually influencing and changing each other increase even more.

We instinctively know that a person or group has an intrinsic, naturally evolving ability to modify itself as situations shift or the group's membership changes. The dynamics of relationships are founded on circular causality or self-organization, which we'll discuss more fully Chap 3.

Individual Identities

The first logical step in exploring the nature of relationships is to look at individual identities – the vital centerpiece of coevolving relationships.

Harrison White and Frederic Godart (2003, p. 1) have contributed significantly to the understanding of social relationships from both social science and management perspectives. They enlarge on the idea that relationships are formed by a combination of self-organization, and the emergence and maintenance of individual personal identities.

They state that:

An identity is triggered only out of efforts at control amid contingencies and contentions in interaction. Identities emerge from efforts at control in turbulent context. These control efforts need not have anything to do with coercion or domination over other identities. The root of control is finding footing in the biophysical and social environments. Such footing is a position that entails a stance, which brings orientation in relation to other identities. The control efforts by one identity are social realities for other identities. So an identity can be perceived by others as having an unproblematic continuity in social footing, even though it is adding through its contentions with others to the contingencies they face.

Social systems spontaneously self-organize into groups through the interactions individuals have with each other. These interactions create opportunities for each person to gain a stronger sense of their identity as individuals and in relation to

other individuals, who are in turn also involved with gaining their own identity. Each person has an effect on others and is in return affected by others.

Thus, people need the freedom to explore and interact within their immediate environments to find their specific footing. Discovering what roles they can meaningfully assume in varying social settings, based on their talents and experiences, is another important effort.

With this in mind, you can begin to understand why so many people are disengaged at work. The rigid structures imposed on workplaces by top-down hierarchies and organizational charts restrict the free flow of emergent relationships. Many potentially beneficial relationships won't form because the barriers prevent opportunity. A person might never have the chance to discover strengths or overcome challenges if strict management parameters won't allow individual exploration. The natural networks that inevitably do come together do so only after overcoming the artificial barriers of authority and management.

Is it fair to ask how can a person be engaged when the work environment in many organizations seldom allows them to find their niche or maintain their personal identity? They most likely will find their niche external to the formal organization and thus remain relatively disengaged while at work.

To move toward an answer to that question let's take a closer look at relationships and identities from a complexity theory perspective.

Stacey, Griffin, and Shaw (2000, p. 123, 125) in *Complexity and Management* do a superb job of explaining how complexity theory needs to be used in managing our social institutions. They assert that:

...an organization becomes what it is because of the intrinsic need human beings have, individually and collectively, to express their identities and thereby their differences. Identities and differences emerge, becoming what they are through the transformative cause of self-organization, that is, relationships. What an organization becomes emerges from the relationships of its members rather than being determined by the choices of individuals... Goals to do with competitive survival and profit are then seen to be subservient to this overriding need. This departs from dominant management views understanding performance as an all-important motivating force.

Notice the difference from the norm here: competitive survival and goals are subservient to the intrinsic human need to form relationships and express identities.

We can now begin to fully appreciate the power of relationships within organizations and extended networks. Stacey, Griffin, and Shaw make it quite clear why the need to express our identities overrides all other considerations including the profitability of an enterprise.

Sadly, as affirmed in *The Cluetrain Manifesto*, "Just about all the concessions we make to work in well-run, non-disturbing, secure, predictably successful, managed environments have to do with giving up our voice." Ironically, our voices and stories are the very underpinnings of our personal identities.

Another way of looking at the identity problem is that organizations and their functions are designed for the "average worker." This means an attempt to define everything from average intelligence, motivation, and skills to average personal goals, wages, and benefits.

Unfortunately, there is no such creature as an average person. So, until we find ways to provide workers the necessary personal freedom for identity expression and maintenance, even in relatively well-run organizations, the engagement gap will surely persist and most likely grow even wider.

Two Sides of Organizations

Now let's see how we can put to practical use what has been covered so far by exploring the duality of organizational constructs. Organizational life can typically be separated into two realms, or spheres of influence, as portrayed in Fig. 2.3: *management* and *unmanagement*.

The realm of management, depicted on the left, is an artificial entity usually devised by one or a handful of top executives of an enterprise. Management's aim is to control and "explicitly coordinate" the activities of people in the pursuit of organizational goals and objectives.

However, all life forms from amoebas to humans are self-organizing systems by design. That should immediately send up a red flag. Remember that organizational parameters can be adjusted, but that the behavior of people within those parameters can't be precisely predicted. The point of conflict is that people can be *influenced*, but not fully *controlled*.

As a result, unless the system is fully automated and people are completely eliminated from an organization, its members will seldom interact with one another exactly as management intends or prescribes.

The "unmanagement" realm depicted on the right is quite the opposite. Here emergent order and "implicit coordination" rule, since this side of the organization has no bosses or formal rules. What this means is that each member of the organization will

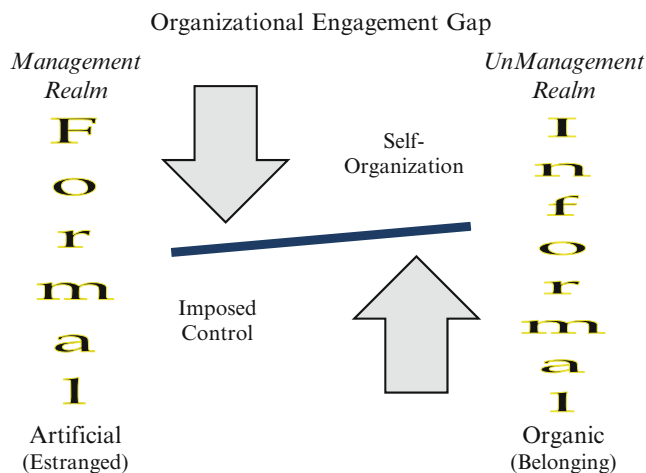


Fig. 2.3 Organizational engagement gap

interpret from his or her single perspective how best to work and survive within the parameters of their prescribed structure while keeping their identities intact.

If management attempts to meddle with an informal network in any way, the network will immediately morph into a different configuration to meet the challenge. Think of an amoeba changing shape to absorb food or to surround an intruding substance in its own defense.

In just about any organization, people will discuss their options with others and link up with members they believe have the same general ideas about how to prosper in their organization. They will take coping actions on their own if an unfamiliar or unexpected situation arises, and they'll do this with or without authorization from management. These "unauthorized" activities encompass both material and supervisory problems. You can count on them to happen since no artificially designed system can cover every contingency.

Simply put, that's how most of the work in organizations gets accomplished despite unforeseen events and management interventions. This also answers the question asked in Chap. 1: "How does any work get done at all?" It gets done by workers answering both the unofficial and the authorized calls to action through their own informal networks.

You also can begin to discern the primary "bonding factors" on each side of the organizational coin as seen in Fig. 2.3. On the management side, the emphasis is primarily on explicit coordination via official directives and policies. Transactions and conversations are generally formal, especially among administrators and employees. Acknowledged relationships are primarily confined to the circle of managers within the enterprise.

Conversely, on the side of "unmanagement," self-organization is the catalyst bringing about implicit coordination among the emergent networks situated both within and external to the organization. Transactions and conversations are mostly informal.

But notice that what really stands out on this side of the organization are the intimate and constantly evolving relationships. These relationships are the hidden assets that can make or break an enterprise. They are, of course, also affected by the organizational context within which people have to work. We will explore context in depth in Chap. 4.

The result on the formal "management" side of the organization is that "compliance" and "efficiency" receive primary attention in the pursuit of formal goals and objectives. Developing a sense of community is seldom addressed. Relationship is ignored.

On the contrary, members of the unmanagement realm thoroughly honor commitments made to fellow members of their own informal networks. A feeling of belonging and solidarity among the group members grows over time in varying degrees. People are committed to developing and maintaining their own and their compatriots' identities as best as possible.

Remember that "imposed control" does not trump "dynamic order." If management imposes more stringent, unwanted rules to try to control the members of an organization, then the informal networks will not disappear. Instead, they will become more fragmented and more clandestine in their activities. This, of course, can have

some significantly detrimental effects for the enterprise if the emergent networks decide to undermine formal goals and activities.

The reverse is also true. The more employees are given a voice and implicit control in the management realm, the more they will understand and respond positively to formal organizational goals and initiatives. Also in the process, the informal networks will begin to function more in the open and start making appropriate connections with other emergent groups. They will begin to overlap with other groups, as well as with management.

This overlap is a very desirable state where the formal system and the informal networks both agree with the overall organizational goals and processes. The agreement doesn't come through formal negotiations. It is a natural outgrowth of day-to-day interactions, or circular causality.

I have labeled this place of common agreement as the "shared-access domain," shown in Fig. 2.4. This overlapping area is the optimal organizational "sweet spot."

It's important to remember that the two systems don't merge and become one, even though members of both the formal and informal camps participate. Instead, in the shared-access domain, implicit coordination based on circular causality is the predominant operating mode.

Ideally, the two spheres should overlap completely making the entire organization the shared-access domain. In reality, a complete overlap is not possible, even in smaller organizations of fewer than 150 members for two reasons.

First, all organizations, large or small, need some type of a formally recognized framework for internal and especially external communications to effectively coordinate their overall activities.

These communication frameworks don't need to be hierarchical or linear. All that's needed is for everyone involved to understand and adhere to agreed-upon communications rules. The bottom line is that all ventures need uniformly recognized policies and procedures to facilitate effective transactions and conversations.

This is why the formal side of an organization can never be entirely abolished, and therefore because of its nature, never wholly incorporated into the shared-access domain.

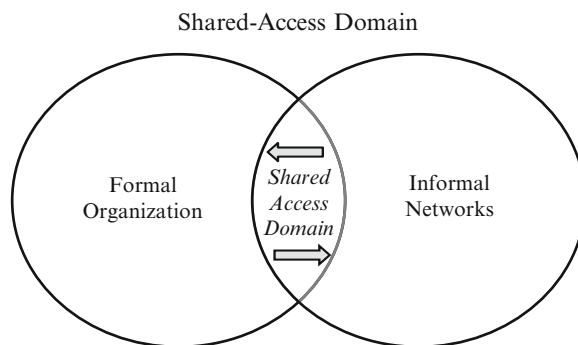


Fig. 2.4 Shared-access domain

Of course, when possible, it's best to encourage and facilitate face-to-face interactions since they better promote codependent long-term relationships. Organizations or subdivisions within organizations that have memberships of fewer than 150 command the advantage in this respect, since face-to-face interactions are more feasible in smaller groups. I'll elaborate on the implications of group size more extensively in Chap. 6.

Second, every organization, whether it's a book club or a city government, has an informal social system of various emergent networks. However, it is also true that not all informal network members will choose to participate in the shared-access domain activities all the time. This means that at any given moment there will always be some members on the informal side of a venture who are outside the sweet spot.

By taking another look at Fig. 2.4, we can now begin to visualize why the formal and informal circles can never fully overlap. The part of the formal organizational which holds all the operationally needed rules and procedures will always remain outside the shared-access domain (to the left in the figure). No matter how flexible or accommodating the organization may be, the formal framework simply can't be completely incorporated into the completely self-organizing shared-access domain.

Similarly, a part of the informal organizational will also linger outside and to the right of the shared-access domain as depicted in Fig. 2.4. That is, no matter how supportive a venture's social context may be in facilitating self-organization throughout an enterprise, not all emergent network members will choose to participate in the productive activities of the sweet spot.

A certain number of people will always be disengaged from work, busying themselves with such things as honing mutually supportive relationships, establishing a firm footing for their identities, or simply having a bad day. That, of course, prevents the entire informal side of an organization from being totally incorporated into the shared-access domain.

Another vital difference among the three domains is the underlying priorities. It's helpful to keep these points in mind when examining the dynamics surrounding the shared-access domain:

- On the formal side, strictly controlling all activities and increasing profitability reigns supreme.
- In the shared-access domain, self-organization that creates "dynamic order" in support of organizational goals reigns supreme.
- On the informal side, self-organization dominates the scene, but not necessarily in support of organizational goals. Considerable time and effort is also devoted to developing codependent relationships and maintaining individual identities.

In the simplest terms, just remember these three primary factors and their specific attributes influencing the activities of the shared-access domain:

- The formal system equates to control and profits.
- The shared-access domain equates to productive dynamic order.
- The informal networks equate to relationships and identities.

What stands out above is that only the formal system can be “managed.” Neither the shared-access domain nor the informal networks can be managed because they are “emergent.” They can, however, be influenced. Hence, the formal system needs to be constantly “fine tuned” not just by management alone, but also with the involvement of all members of an organization to expand the shared-access domain.

Why? Because the sweet spot is where most of the productive work and innovation takes place in an enterprise. That will become progressively clearer in the chapters that follow.

Research by Scanlan has demonstrated that some individuals can work only at 20–30% of their ability and still retain their jobs. I suggest they retain their positions by making sure that they only follow official directives and policies as much as “visibility necessitates” yet ignore most everything else at work that may need their attention.

So, is there any question why most of the interest in every enterprise should be mainly focused on the organizational sweet spot? As one can see it’s precisely there where roughly 60–80% of the work and innovation takes place. Unfortunately, most organizations are still more concerned with saving money by streamlining transactions, keeping conversations to the bare minimum, and ignoring or even trying to eliminate relationships. How smart is that?

Main Considerations

As we have just seen, it is possible for management and unmanagement to merge extensively in the shared-access domain to the benefit of the entire enterprise. From this new perspective, we should leave behind the old mechanistic general systems theory and the automated control systems, or cybernetics, still widely used today. Instead we should turn a keen eye to the forward-looking theory of complex adaptive systems that describes self-organizing systems.

The reason is straight forward: general systems theory and cybernetics are deterministic while human actions are not. The complex adaptive systems theory framework, on the contrary, places emphasis on self-organization as the driving force in the emergent transformative interactions among individuals, within networks, and between multiple networks. As Stacey, Griffin, and Shaw (2000, p. 123–124) conclude:

This puts cooperative interaction, or relationship, and the conflicting constraints that relationship imposes, right at the center of the creative process of organizational development. Since power is constraint, this perspective places power, politics and conflict at the center of the cooperative social process through which joint action is taken. Novel organizational developments are caused by the political, social and psychological nature of human relations. This departs from the dominant discourse of management in which the role of the manager is one of removing ambiguity and conflict to secure consensus.

Ironically, this is precisely how we modern humans managed to survive quite nicely for the first 200,000 years of our existence.

We should also keep in mind several tenets as we try to develop more vibrant and creative transformative organizations and networks. Let's look at the six main tenets:

1. Unavoidability of unmanagement
2. Freedom of association (autonomy)
3. Individual and group responsibilities
4. Unpredictability and goal flexibility
5. Evolutionary psychology and neuroscience or human nature
6. Catalytic leadership

Unavoidability of Unmanagement

First, one should never forget that the unmanagement or informal side of an organization will always be present. The other cardinal rule is that these emergent networks can't be managed or controlled.

For dramatic proof, talk to a survivor of a gulag or concentration camp about how they stayed alive, or find a good book about it. Prisoners will tell you the same thing. You will quickly discover that their survival was mostly dependent on the ingenuity of the spontaneous networks that sprang up among the prisoners within those horrendous places. They conducted their survival operations right under the noses of guards manning machine guns in watch towers and patrolling the fence lines with attack dogs.

So, administrators of every organization must make a clear choice. Do they want to push the informal networks underground or allow them to function openly for the benefit of the entire organization?

The second option is obviously better because you will seldom know whether the underground folks are working with you or against you. It's pretty tough to run a successful enterprise when a bunch of folks are disengaged and are using their ingenuity to undermine day-to-day operations. That energy and resourcefulness can and should be put to much more productive use.

Freedom of Association (Autonomy)

Personal freedom and autonomy are important factors in the pursuit and maintenance of one's identity. It is also vital for creativity. How else can a person or a team within an organization establish meaningful relationships or create a virtuous cycle of innovation in the quest for new processes, products, and services without autonomy?

For example, an individual should have the freedom to voluntarily join several teams as long as all the work commitments are satisfactorily honored. The old saying, "You should give up control to gain control," is a good maxim for management to follow.

The upshot is that it's impossible to fully control human behavior other than by physically restraining someone. There is no way to get into someone's head to foretell personal intentions, choices to be made, or the actions he or she will take. Hence, personal freedom and self-organization are the best options, especially when you have the right people assembled.

Individual and Group Responsibilities

As a general rule, temper freedom with responsibility. People who want to be members of a Transformational Organization must demonstrate their willingness to take full responsibility, not only for their own actions but also for the actions or inactions of the organization as a whole.

A free-flowing self-organizing institution or network has no traditional managers to give directives. Therefore, every network member takes responsibility for actively assuring that agreed-upon goals are met and potential problems and opportunities are brought to everyone's attention. Thus, part of the social responsibility includes assuming "catalytic" leadership (fully defined in Chap. 5) roles when an opportunity presents itself. Free riders have short life spans in an open self-organizing system.

Unpredictability and Goal Flexibility

As mentioned previously, no system can be designed to meet all possible contingencies. Standard statistical routines can only be realistically applied to known historical data (looking in the rear view mirror) and are of little value in predicting truly novel random events or "Black Swans," a term coined by Nassim Nicholas Taleb.

Our goals and associated plans should be focused on the short-range to mid-range time span (2–5 years out). Goals and plans are certainly an important part of running any organization, but they should be flexible and constantly updated to depict the current realistic environmental conditions. Given that the emergence of completely new relationship patterns creates novelty, developing a grand vision or detailed strategic plan for the next 10 to 20 years is comparable to writing a fairytale.

Prescriptive advice such as benchmarks to social systems should be applied carefully. Benchmarks are dated concepts that may have helped one or a handful of organizations to succeed in certain areas. That's fine as long as we remember that every social network has its own unique qualities and chemistry that is impossible to precisely duplicate.

For best results, a creative free flowing organization should function somewhere near the top of the complexity arc or the edge of chaos, as suggested by Jeffrey Kluger in *Simplexity*. That means working someplace between complete disorder and order. That, of course, is a judgment call.

Evolutionary Psychology or Human Nature

Our evolved predispositions are important from the standpoint of our innate behavioral tendencies. Humans are not born a blank slate. 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, molding our capabilities into practical capacities even as infants.

Thus, humans are equipped not only with instincts, but also with much broader innate drives or capabilities, such as concern for status and for affiliation. This means that our behavior is influenced by our genes and neural networks rather than genetically determined. We do have free will.

Human nature carries with it a number of implications about how we think, form relationships, behave in small and large groups, and about our preferences for particular organizational frameworks. We need to pay attention to these vital issues when dealing with relationship and emergent networks. Admittedly, having least a working knowledge of evolutionary psychology and social neuroscience helps.

Catalytic Leadership

Transformational Organizations should practice “catalytic” or nonbossing leadership. Chapter 5 is entirely devoted to leadership, so suffice it to say here that catalytic leadership has nothing in common with traditional hierarchical position power. Catalytic leadership, as I have defined it, is “encouraging others to participate in value-added activities that they are either not aware of or are hesitant to initiate on their own that would benefit everyone involved.” It’s essentially all about bringing people and ideas together and sorting out the most meaningful possibilities for mutually beneficial action.

The six main considerations briefly discussed above will, to one degree or another, receive further attention and clarification in the remainder of the chapters.

In the next chapter, we’ll identify and discuss the most important relationship factors and their impact on individual identity and creativity.

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Engaging the Innovative Dynamics of Your Social
Networks

Ehin, C.

2009, VII, 97 p.,

ISBN: 978-0-387-98194-9