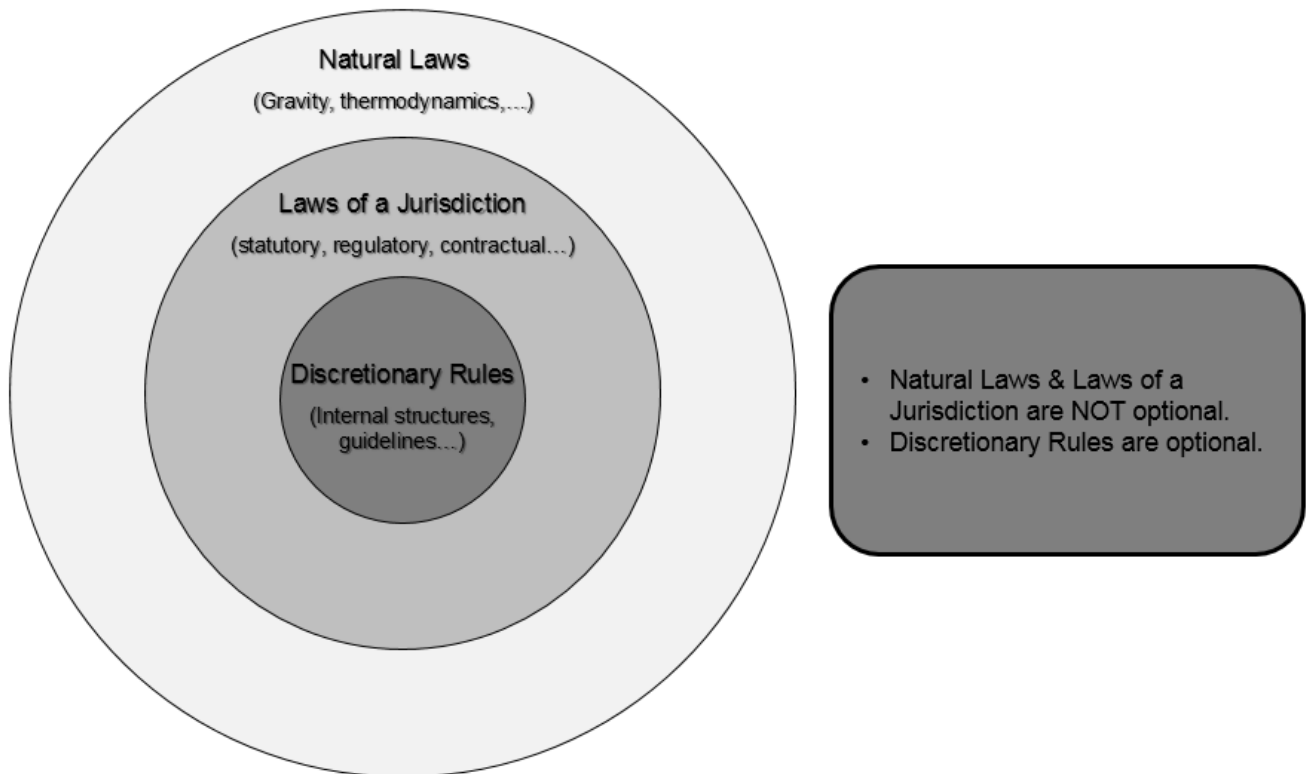Author: Andrew Holm

Accommodating Self-expression in Organisational Designs

More often than not, organisational designers ignore the hard constraints that Natural Laws & Laws of a Jurisdiction place upon their Models. These Laws are not optional; gravity cannot be avoided and the fiduciary duties of a director are not discretionary.

Constraints

Natural Laws
(Gravity, thermodynamics,...)

Laws of a Jurisdiction
(statutory, regulatory, contractual...)

Discretionary Rules
(Internal structures, guidelines...)

- Natural Laws & Laws of a Jurisdiction are NOT optional.
- Discretionary Rules are optional.

The physical laws of nature are immutable and apply to all organisations, big or small; the design of an organisation must accommodate these laws or failure will inevitably ensue. There are many other rules that apply to organisations and are non-discretionary in nature; these human constructs must shape our organisational designs if we are to meet the legal, regulatory and contractual requirements that an organisation signed up to when it became incorporated or similar.

In this article I wish to focus on the 2nd law of thermodynamics; how is that relevant to organisational design I hear you ask? Before moving on to further explain, I need to introduce the '2nd Law' in a way that it can be readily understood:

"The second law of thermodynamics, in its most simple form, states that, in an isolated system, there is a natural tendency for the system to become more disordered over time. There is a natural direction of 'flow' from Order to Disorder."

This can been seen in our everyday lives. If vehicles are not maintained they eventually rust & decay away, if buildings are not maintained they soon become ruins.

Human senses are finely tuned to sense order and disorder. Order looks, feels, smells and listens beautifully, whether it be a ripe fruit, fresh flowers or a new vehicle; our mind, through

our senses, interpret this order as a beautiful thing. Disorder, however, looks, smells, feels and listens offensively, whether it be a rotting fruit, a wilted flour or a dilapidated building our mind, through our senses, interprets this disorder as an offensive thing. We have a powerful and visceral reaction to disorder, we can smell it like rotting vegetation, we can feel it like slime, we can see it like the mess it is and we can hear it as a cacophony of sound. We are highly tuned to sense order and disorder and this is built into every human being.

Entropy is a word that means a 'state of disorder'. High entropy is a high levels of disorder, whilst low entropy represent lower levels of disorder i.e. order.

How does the 2nd law apply to organisational design? Organisations are set up to create order out of disorder i.e. to make a useful vehicle from raw materials; to make a beautiful ring from a rough diamond, to create a book out of paper, pencil and thought. At the heart of an Organisation is an 'Order Making Machine'.

At the heart of this order making machine are human beings; they are motivated to create order out of disorder they can't help it, this is in their very nature. An organisation has to be designed so that this natural 'motivation' can be accommodated for the benefit of all those involved.

Whilst human beings are motivated to strive for more order they are anxious about being overwhelmed by disorder. These Anxieties are described in Existential Model (Soren Kierkegaard…etc) as four fundamental anxieties of Death, Meaninglessness, Freedom and Isolation.

By 'combining' the 2nd Law of Thermodynamics and the Existential Model, it is not difficult to see that the four fundamental existential anxieties are correlated to a state of high entropy (disorder). So what is the corollary? i.e. the opposite state of low entropy. If meaninglessness is a high entropy state then its opposite low entropy state must be intent (meaning, purpose…). I pulled together the diagram below to capture my hypothesis.
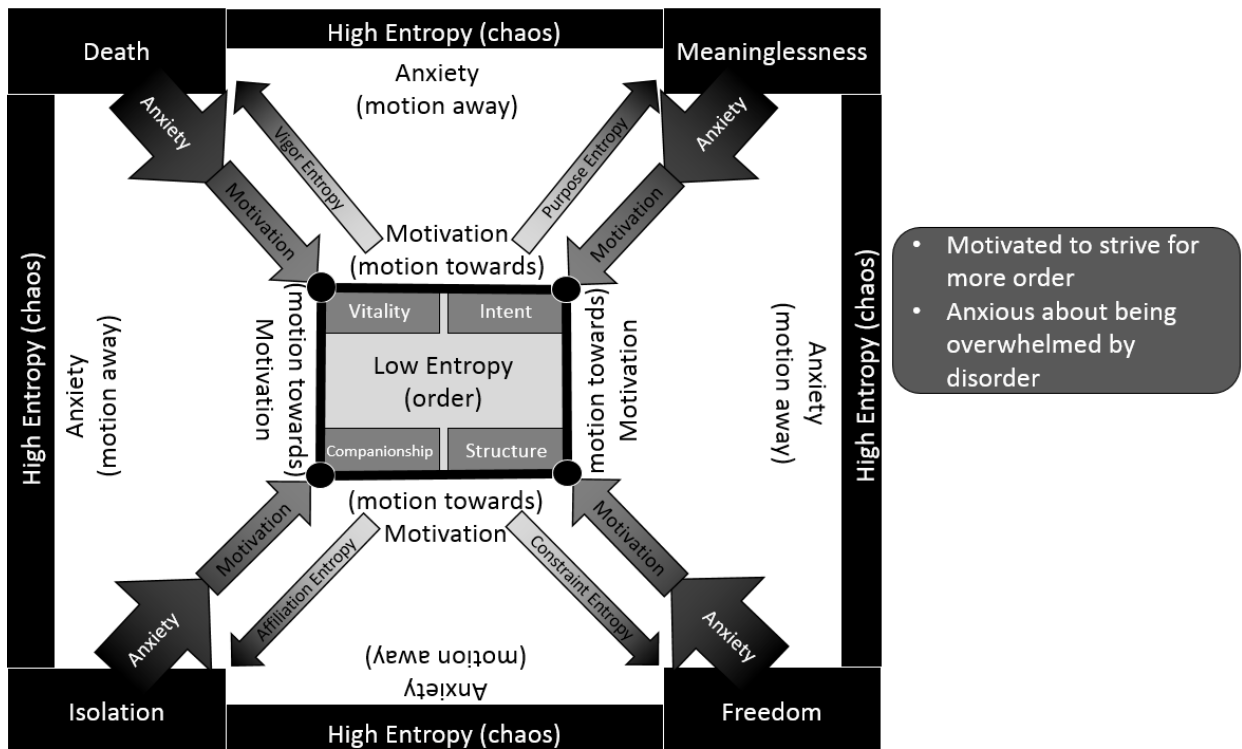
I use the term 'self-expression' to capture the human motivation towards order i.e. vitality, intent, companionship and structure. Self–expression, in my model, is a dynamic property which is either a motivation towards something ordered or an anxiety away from something disordered. Self-expression is not static. A painting or piece of art is a symbol of self-expression, but is not in itself self-expression. Self-expression is a force that exists in every human being; each human being has different motivations and anxieties and therefore, by deduction, their self-expression is different.

Free market based business models are much better at accommodating differences in human self-expression than traditional functional & hierarchical (command & control / conform & comply models). Traditional functional & hierarchical models tend only to accommodate the self-expression of a leader (s) whilst those conforming and complying must either willingly adopt / align to the self-expression of the leader (s) or, more likely, be compensated for the loss of their own 'self–expression' while they bring only their labour (and disengagement).

When designing a business model a compromise has to be struck between the necessity for compliance and the space for self-expression. The fractal or free market based business model achieves this by minimising the unnecessary constraints placed on a person by removing all the functional & hierarchical boundaries and most internal rules. The laws of nature and the laws of the jurisdiction are more than enough to constrain a person to functional behaviour.

The only bit that is missing are the simple rules that govern the trading between individuals (internal contracts) and measures that determine if an individual is adding more value that they are consuming. The fractal financial model and measures of "forming contracts (Value) and satisfying them (Quality, Delivery, Price & Control) successfully (profit)" does this job nicely.

The design of an organisation (whether formally designed or congealed over time) is constantly challenged by reality and it is reality that decides whether it wins through or not. The problem with reality is that it is not deterministic and as such structures that a designed & optimised for a particular set of conditions may fail when reality does not deliver against these conditions. It is best to design business models that accommodate human self-expression, as in this way leanness & agility demanded by reality will be a natural outcome.

In traditional business models leanness and agility is applied as an expensive process and is not a free outcome from a functional structure. We need new business models that accommodate self-expression as only in this way will leanness and agility be a free outcome of best adaption. Cures are better than treatments!

Andrew Holm 09/04/2018