
Focus and strategic action in management: using a systemic model of organizational culture to inform managerial actions

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Abstract

Aims to assist in improving managerial effectiveness by presenting a view of six different levels of functioning in organizations, together with a means of assessing how well an organization is functioning at each level. This assessment should enable managerial energy to be clearly focused on the most important aspects of an organization's functioning. The model presented – the "layered systems model" – is intended to support and reinforce models and theories already subscribed to, and to provide an improved means of transforming managerial theory into practice. The model helps make sense of the complexity, ambiguity and contradictions involved in managing the everyday workings of an organization and in managing the processes of organizational change.

Introduction

How do you decide where to put your managerial energy? How do you assess the health of your organization? Do you focus on change and adaptation or do you focus on the less fashionable but equally important quality of continuity in your organization[1]? Whatever your way of deciding where to focus your managerial energy, you will be basing your decisions on a set of principles and models about how organizations work. For an increasing number of managers these models and principles are provided by the management gurus like Peters and Waterman, Senge, Hammer, Covey, Argyris, or the other major players in the development of current theories of management and organizational change. In this paper we argue that modern managers do need management theory to provide coherence and focus to their work but we issue two challenges as well.

The first challenge we issue is that most modern management publications focus on one or only a few of the major levels that exist in organizations or in change processes[2-4]. Our second challenge is that many such publications lack the means for the reader to determine priority areas of action in their organizations. For example, Senge's excellent book *The Fifth Discipline*[5] and subsequent *Fieldbook*[6] provide the reader with a wonderful array of models, theories and perspectives on developing sustainable learning in organizations. However, many readers who find these books informative and stimulating still have difficulty in deciding where, when and how to apply the knowledge. We hope to provide a wider view of organizations that offers immediate practical assistance to managers. This "layered systems view" of organizations should enable you to retain your existing understanding of organizational behaviour, to integrate previously unrelated models and theories, and to expand your understanding of the how organizations work.

We invite you to think of the model that follows as a set of filters through which you view your organization. With the aid of the filters you can focus clearly on one aspect at a time and not be distracted by the daunting complexity of the organization. Let us liken an organization to the complex ecology of a garden with edible, ornamental plants and weeds, all at different stages of growth and decay, health and disease. One Sunday you go out into your garden to do some work, but the

sheer size and complexity overwhelms you. But imagine if you could view your garden through filters so that you could focus, say, just on finding diseased plants. If you view the garden through a red filter you will only see the red colour so all of the plants and flowers with red in them will show clearly. All of the plants with very little red colour in their leaves will appear dark through the filter and the detail in these dark plants will not be visible. The red filter emphasizes plants – or weeds – that you may never notice with the naked eye. Maybe all plants with rust or aphids will show up so that you can treat them. Changing to a blue filter enables you to pick out other plants. Maybe the blue filter will show plants that are short of water, and so on. A clear filter enables you to see the whole garden but lacks the emphasis or discernment that each of the coloured filters gives.

The conceptual filters for organizational life that we are offering below are intended to help you focus one at a time on six major aspects of the functioning of your organization. The filters help you to assess how well each level of the organization is working. Once you have made your assessment you can then act to improve the area where you find the most urgent or most important issues for attention.

We have coined the term “The layered systems model” to describe this set of filters. Each filter is most suitable for viewing one layer of the life of your organization. In some ways the sum of the six levels comprises the whole of the “culture” of the organization[7]. There are six perspectives to choose from, ranging from structural and organizational levels[8] to levels involving the more personal “informal” relationships and through to the more psychological aspects of how people make meaning and derive satisfaction from their involvement in their work and in the organization[4,9]. This assessment can be applied across the whole organization or just to a small workplace team. In other words the assessment method is “scalable”. The “layered systems” view of organizations can also be used to identify interventions. The strategy chosen for change or development will be different depending on which levels of functioning need the most attention. We say more about this tailoring process later in this paper, but first we need to introduce and discuss the model. Table I shows the layers as they appear if they are arranged in a vertical hierarchy.

Table I The layered systems model in hierarchical form

Level	Components
Process	Mission, tasks, key processes and information
Formal structure	Hierarchy, organizational charts, job descriptions, etc.
Informal structure	Relationships, friendships, subgroups and powerblocks
Interacting self	Personal ability, interaction and fit with the work
Inner self	Feelings, dreams, sense of identity and fit with workplace
Archetypal role	Actual “vision”, stories, myths, rituals and traditions

A synopsis of the levels

The process level involves the organization’s mission or “primary task”[10] and the core activities that are carried out by the organization to achieve its primary task. These core activities are supported by the formal structure which includes budgets, organizational charts, and strategies[8]. However, the informal structure – which represents how members of the organization actually relate to each other – may or may not support the formal structure[11]. The level of the interacting self describes the capacity of each member of the organization to perform effectively. The theme at this level is personal competence[5,12]. The inner self is rarely discussed or worked with in organizations, but a mismatch between any person’s (internal) sense of self and their role in the organization can cause irreparable difficulties, both for the organization and for the individual[13]. Each person must also have some affiliation with the corporate identity of their organization or else there will be a mismatch between themselves and the organization’s archetypal role. Most organizations attempt to capture their archetypal role in their vision statements, although many fail[9]. Let us now look more closely at each of the levels and at the type of issue that arises when an organization is not functioning well at each level.

The levels in more detail

When you are faced with the knowledge that something is amiss or needs changing in your organization it can be difficult to know what is the symptom and what is the problem. Table II is intended to provide a very brief overview of the type of symptom that occurs when a

Table II Symptoms of problems and potential remedies at each level

Level	Core issues	Problems encountered if the level is not functioning well ^a	Tools used for interventions ^b
Process	A clear understanding of the reasons for the organization's existence and conscious design of appropriate activities to achieve the organization's mission	Aimlessness, lack of purpose. It takes too long to achieve objectives, excessive resources are used in achieving objectives and the quality of the outcomes is poor	Identify and model the essential activities Identify and model the value-adding steps in the workflows Identify key performance indicators (KPIs) Relate KPIs to the essential activities Raise managers' awareness of the importance of process analysis and design
Formal structures	The adequacy of the official structures and tools that have been put in place to carry out the essential activities of the organization	Decisions get made through personal influence and are not made by people who are meant to make them. People argue about who should be doing what and some things do not get done at all. The organization seems fragmented. Time and resources are wasted	Restructure Link processes with formal structure Ensure existence of adequate job descriptions and role statements Ensure existence of adequate structures for responsibility, accountability and reward Develop or improve means of appointment, promotion, staff development and termination of staff "Size" jobs and review staff numbers and capabilities Acquire suitable tools
Informal structures	The overall quality of interpersonal interaction in the team or organization	People fight or form power blocks. The organization is divided. There is a sense that who you know is more important than what you do. Industrial trouble is common	Identify problematic relationships with interviews Compare formal structure with informal structure Run remedial workshops Mediation and conflict resolution in serious cases Problem solving meetings between conflicting parties Training needs analysis Role training Interpersonal skills training Technical skills training Managerial skills training Coach managers to relate to staff at level of interacting self
Interacting self	"Fit" between self and allocated tasks as well as "fit" between self and all aspects of work environment, i.e. person's ability to relate in a satisfying way to tasks, other people in the workplace, physical space, work procedures, software, equipment	People withdraw into their own work areas. Co-operation across organizational boundaries is reduced. Blaming occurs, customer focus is lost. "Busy work" prevails, mistakes are made and people avoid key tasks	Reassessment of suitability for the job Workshops on "change management" Sometimes training in self-management, assertiveness and communication skills are appropriate Coach managers to relate to staff at this level Employee assistance counselling (or therapy)
Internal self	"Fit" between self and occupation or between self and role in the organization. Unconscious processes are very important	People leave, get sick, complain, undermine efforts for change. Self-esteem and sense of competence is reduced. Sense of control over environment is reduced. Sense of being liked is threatened	Workshops on "change management" including storytelling Workshops that include analysis of team culture Corporate rituals and ceremonies Time-line analysis of organizational life cycles: past, present and future
Archetypal role	"Fit" between self and organization-as-a-whole. Personal identity and ideology are at stake. Unconscious process dominate. Conscious change at this level is difficult to achieve	Inexplicable crises occur. The best laid plans do not work. People leave, get sick, tell destructive stories or jokes about the organization. People say things like "we used to care about people, now we're just in for the money". "Small" complaints become industrial disputes. The organization creates a constant stream of new initiatives	

Notes: ^a Problems also occur when one level is not supported by others. These are dealt with elsewhere in the set of diagnostic tools for the layered systems approach

^b Interventions may occur across the organization as whole, some with managers of teams, some with whole teams, some with relationships and some at an individual level. Interventions vary between proactive and remedial

problem occurs at each level. Some suggestions are offered in the right hand column as to potential remedies to problems at each level. This could be seen as a condensed diagnostic table for managers. Core issues at each level are summarized.

The process level and the level of formal structure are based almost entirely on rational and logical principles that can be dealt with by focusing on conscious processes. The levels of informal structure and interacting self have both strong emotional, intuitive, arational aspects (without rationality) and strong logical and rational components. The lower two levels in Table II – those of the inner self and archetypal role – involve almost entirely arational aspects of functioning that normally operate beyond our conscious awareness until we pause to focus on them.

As the levels change from primarily rational to primarily arational, our tools and techniques need also to change. Analysis of the processes and formal structures calls for clear, systematic rational techniques that may involve data modelling and the use of computer assisted analytical systems. This is the domain of business process re-engineering. However as soon as arational aspects such as the forces of attraction and repulsion in human relationships are encountered – in the informal structure level and the interacting self level – there is a need to mix rationality with more holistic views of management. At the level of the internal self each person's internal world becomes the focus and so here rationality is least useful. Instead, the construction of meaning and the more individual philosophical and psychological models become more useful [14, 15]. Many managers avoid the area of feelings, self-concept and the personal construction of meaning. However, there is increasing evidence supporting the idea that these messy and illogical areas are just as important sources of organizational change as are the more rational and logical areas described above. The challenge is to know what to deal with and when to refer a person on for counselling or therapy [16]. The level of the archetypal role is influenced by the collective actions of all members of the organization and does lend itself to attempts for direct influence. One of the most powerful indirect influences on the archetypal role is the behaviour of leaders who are in visible positions. Managers who act in accordance or congruence with the archetypal role are likely

to influence those who witness and hear about exemplary managerial actions. Managers can also offer covert and overt rewards to others in the organization whose actions reinforce the archetypal role. Managers need to value the deep and powerful aspect that we call "archetypal role" and hence to shape their behaviour in ways that influence the organization at this level. Our own experience suggests that few managers operate well at the level of the archetypal role and those who do seldom have the language to describe what they do. We hope this paper will assist you to act and communicate about your actions in these less well known arational levels.

Although Table II gives an overview of the levels, a fuller understanding of each level is necessary for managers who want to use the Layered Systems Model as a guide for diagnosis of and intervention in their own areas of influence. This closer examination is provided below.

Level one: process

Process involves:

- the system's "mission" or primary task;
- the work that needs to be done to support the mission;
- the customers, suppliers, products, and services involved;
- the information required to accomplish the work;
- the logical work flow within the system;
- resources required and their life cycles; and
- the events that the system must respond to.

The process level is dominated by the primary task. A description of the primary task is also a description of the core group of activities that, if carried out, will ensure the survival (and hopefully prospering) of the organization [17]. No amount of good management will save an organization that is not clear about its primary task. Everybody may be busy, happy, and productive, but if the organization is moving in a number of different directions at the same time it will not be efficient. Clarity about the primary task gives purpose and direction to the organization.

The process level includes all of the essential activities carried out in the organization that contribute to it achieving its primary task. In a healthy organization all of the activity (processes) taking place should directly achieve the primary task or provide functions that support others to achieve the primary task. The activities carried out to further the

primary task should also support effective functioning at the other five levels. Analysis of the process level involves a detailed assessment of the work tasks carried out [18,19]. If we view an organization (or a part of an organization) as a system, then the activity taking place inside the system is what we call work. If we then analyse the work that is being performed, it is common to find that only a small percentage of it actually supports the achievement of the mission. There are many reasons for this – division of labour, functional hierarchies, specialization of skills, and politics, to name a few.

Often, to discover the true mission of an organization, it is necessary to work backwards from what is currently happening [20]. Interactions between people and departments need to be identified and the value they contribute to the overall mission identified. Some activities will provide a useful contribution to the achievement of the mission. Other activities will simply meet the needs of internal system interactions. Analysis at the process level develops clarity about what the organization does and how much of the current activity (work) carried out by members of the organization is useful. This leads to a process model for the organization which maps the essential functions which must be performed to achieve the organization's primary task. Frequently the process model is far from ideal and will need some "re-engineering". At other times the process model needs no changes but problems are still being experienced by the organization. In this case the root of the problems may lie in the formal structure which is described next.

Level two: formal structure

The formal structure involves:

- the way in which the work to be done is formally allocated to units of an organization;
- the positions in an organization occupied by individuals;
- the hierarchy of authority, responsibility and power;
- career paths and lines of succession;
- level of financial and other reward;
- the place where the work is done;
- the physical workflow within an organization; and
- officially sanctioned software and databases.

Processes need to be broken down and allocated to individuals and departments so that they can share the workload or employ specialist skills. Because the work of many individuals needs to be co-ordinated towards the common mission, specialist management roles and an organizational structure are required.

The formal structure is the organization's plan for "executing its processes". In other words the formal structure defines how it will apply resources to carry out what it needs to do [8,21]. The formal structure also reflects the authority and responsibility that individuals have for applying the organizational resources. It is common for individuals towards the top of the hierarchy to be responsible for large quantities of resources having considerable financial value. This responsibility is usually reflected in the financial reward they receive. The formal structure in large organizations is created by executives, managers, human resources staff, finance staff, information technology staff among others.

In the modern business world, it should not be overlooked that many of the processes (i.e. work that needs to be done) are now performed by software functions. In this way software has become a significant part of the formal structure of many organizations, e.g. banks, airlines, insurance companies, etc.

An analysis at the level of formal structure enables organizations to ensure that all of the essential work is supported with resources and adequate authority systems. Managers who identify a shortcoming in the formal structure need to be aware that many of the other senior staff of an organization may have a proprietary interest in "their" structure remaining untouched. You may experience "resistance" to change.

Some organizations seem to have very well-thought-out formal structures and yet they do not function well. When this is the case we need to look at the network of relationships and influences that underlie the formal structure; that is, the informal structure.

Level three: informal structure

The informal structure involves:

- the unspoken unofficial power structure of the organization;
- the networks of persons who subscribe to particular models, theories, ideas and ideologies;
- social groups and relationships;

- subgroups that form unofficial power blocs;
- semi-structured “secret societies” within the organization;
- relationships that unofficially carry influence in the organization;
- covert alliances;
- subgroups based on culture, gender, religion, age, hobbies, etc.; and
- informal use of software functions and databases.

Here we begin our descent into aspects of organizational life that are sometimes forbidden as topics of conversation [11,22]. The informal structure is the network of relationships in the workplace that are not described in formal job descriptions, role statements, organizational charts, etc. The informal structure is the “unofficial organization” that is implied by the saying “It’s not what you know, but who you know...” We all know that this exists and most people in organizations use the informal structure without realizing that is what they are doing. Whenever you hear statements like “It’s Bill’s job but he’s useless. Go to Jane...” you know that the formal structure is being bypassed because of a perception that it does not work. As an employee of the organization you are fully enmeshed in the informal structure. You have friendships and “enemy-ships” in the organization. You mix with other managers and others of whose influence you may have little awareness. You cannot escape that enmeshment and you ignore it at your peril. Your best means of working effectively (despite your enmeshment) is to know as much as you can about the informal structure and where you fit into it.

The informal structure is a complex, usually hidden, web of relationships and subgroups of people that interacts with but is different from the formal structure. In the informal structure strong relationships may exist across horizontal and vertical boundaries, for example the Divisional Manager Finance may be close friends with and strongly influenced by the Files Clerk in Operations Division. Informal structures are seen in action when one person tries to influence another person’s work-related behaviour by approaching that person in a non-work setting. The informal structure is alive and well in most corporate tea rooms. Usually the informal approach is made to a person with whom the influencer has no formal relation-

ship. The informal structure is often used to influence people in senior positions to make work-related decisions. As a manager you may also use the informal structure indirectly. If you want to influence someone you could not normally reach you may approach them indirectly through someone else who is close to your “target” person. The informal structure is not inherently positive or negative. The power of the informal structure can be harnessed by astute practices for positive means.

In some organizations the informal structure enables the organization to survive in the face of a woefully inadequate formal structure or inadequate clarity about the process level. In other organizations the informal structure undermines the formal structure. The challenge for you is to decide when to work with the process or formal structure levels and when to work with the level of informal structures.

An analysis of the informal relationships in organizations usually identifies patterns and areas of influence that should be incorporated into the formal structure, although attempts to formalize all informal structures are likely to be disastrous [13]. The informal structure should only be tampered with when there are clear pointers that it is having a negative impact. For instance, a major disjunction between formal and informal systems is seldom helpful for the long-term functioning of the organization.

Major differences between the formal and informal structures arise for many reasons. There may not be enough clarity about the primary task of the organization and so people’s different agendas may be promoted through the informal structure. There may be inadequate formal structure and so the informal structure may become strong simply to keep the organization functioning. A major change may have been implemented to the structure of the organization but the “old” organization may survive in the informal structure. The process and formal structure layers may be fine, but managers may not be adequately skilled to do their job, leaving an “authority vacuum” that is filled by informal power structures. Sometimes all three of the above levels seem to be fine, but parts of the organization still do not function adequately. The problem might be as simple as having one or more people in the wrong jobs. This leads us to focus on individual performance and

personal “fit” in the organization, which is at the level of the interacting self.

Level four: interacting self

The interacting self involves:

- how the individual deals with combined formal and informal structures;
- visible interactions between one person and others in the organization;
- verbal interactions between one person and others;
- physical actions that are visible to others;
- the observable competence of the person in the workplace;
- the means by which the “inner self” is translated into action; and
- the means by which the “inner self” acts to maintain self-esteem, control and positive relationships in the workplace.

The core measure of a person at the level of the interacting self is whether or not they demonstrate the competences required to carry out their core tasks and to interact positively with other people and with their work environment[1,11,23]. For this reason, skills training is the most common intervention chosen for solving problems at this level. However skills training does not remedy the less rational issues of mismatch between a person and their physical, social and emotional environment. As with the informal structures, when exploring the interacting self we need to get take into account the arational aspects of the person’s behaviour as well as the rational aspects. At this level too, we see visible evidence when our subject is acting out issues beyond their awareness. In other words, the unconscious processes become more important.

When looking at the interacting self we narrow the focus to each individual in the system, so a full analysis of the “interacting self” level involves looking the way each person in a work team manages his/her actions and interactions in the workplace. The interacting self is the person we see taking actions, the person we see listening to others and the person we hear talking to others in the workplace. The interacting self is also the person who interacts with machines, furniture, software and documents.

The interacting self provides a link at an observable level between the two levels above (formal structures and informal structures) and the next level down (the inner self). Focusing on the interacting self enables us to

find out how the person adapts to the formal and informal structures; that is to what extent the person does the work allocated in the formal system, how much he/she uses the informal system. Analysis of the interacting self level also enables the person to find out how he/she manages the conflicts involved in adapting the inner self to the workplace.

Aspects of the interacting self are quite sensitive and so this exploration needs to be conducted partly in private. When analysis at the level of the informal structure and the interacting self identifies puzzling interactions, we need to look further towards the closely held personal motivations and sense of self carried by each person in the system. The inner self is even more private and so analysis of the inner self needs to be done very carefully, respectfully and with a clear focus on improving workplace performance. Although work at this level offers enormously powerful potential for change, focus on inappropriate aspects of the inner self can lead to carrying out psychotherapy in the workplace, which is not normally done without a clear mandate on the part of the individual(s) involved and your client[16].

Level five: the inner self

The inner self involves:

- the part of the person that is experienced but not necessarily shown to others, i.e. the inner experience of the person at work;
- feelings, dreams, fantasies and fears;
- deeply held sense of identity or “self”;
- attraction and repulsion;
- assumptions and deeply held values and beliefs; and
- personal vision and ambitions.

The core of the inner self represents people’s sense of identity that results in their enjoying, tolerating or despising their work and the organization for which they work[4,24-26]. The inner self is the private and confidential aspect of the person at work that can only be guessed at by managers or other observers unless the person chooses to disclose honestly to you. We include in this level the strong influence of the unconscious on the person’s behaviour even though it remains below the person’s awareness[28,29]. Organizations need to negotiate with employees before probing into this area of their lives, but some respectful exploration that is focused on work issues may create powerful changes in work teams[4,30]. In fact some authors claim that

organizations have a responsibility to focus on the development of their employees – at the levels of the interacting self and the inner self – as a major goal of the organization[31].

Only some of the inner self is translated into action through the interacting self. When a person is very happy about most aspects of his or her work and working environment there is no need for him or her to pretend about much at all. In these circumstances that person's inner self does not need to be hidden. When the formal structures or the informal structures require a person to act in ways that are abhorrent or “not me,” the person will hide his or her inner self from others in the workplace. The interacting self that is visible to others will then usually be quite different from what is going on inside the person. Adaptive behaviours like this cost energy and can lead to strong dissatisfaction with work[25,32]. A benefit of working with people at the level of the inner self is that it enables them to get clear about what aspects of the organization and what aspects of their work matches their personality and style. Problem areas can be identified and worked with. At best, work at this level can result in a team or organization where each person's personal vision is quite closely aligned with the vision of the organization[4].

The danger of focusing too closely on the two more personal levels – those of the interacting self and the inner self – is that we lose sight of the bigger picture. A vital link between the inner world and the functioning of the whole organization is provided at the level of the archetypal role. Here, the personal dreams, vision and passion of individuals form a part of the archetypal identity of the overall organization.

Level six: archetypal role

The archetypal role applies both to the individual and the organization as a whole. It involves:

- the powerful, mythical, universal aspects of the self in the context of the organization;
- organizational myths and stories about “who we are”;
- the unspoken (often unconscious) collective feeling of organizational purpose;
- rituals, traditions and organization-wide “habits”;
- the set of principles, models, theories and ideologies that drive the organization;
- jokes about the organization and its leaders;

- tales of heroism and cowardice, loyalty and betrayal, hardship and plenty, selfishness and generosity, and tales about other archetypal themes; and
- the vision of the organization.

Here we are dealing with the unconscious of the organization as-a-whole[26]. Members of an organization may identify with the organization at an intensely personal level. The collective identification of all the individuals in an organization forms the real life “vision” of the organization[4] which often differs from the vision articulated in the corporate public statements[17]. There has to be a match between the personal sense of self and the way the person sees the organization's “sense of self”[33]. The level of the archetypal role can be viewed at an individual level or an organizational level. This can be a difficult concept to grasp, so an illustration should help. When a public sector utility was a monopoly, the theme in the workplace was “the public are a bit of a nuisance but we'll respond to them as well as we can”. This is the archetypal role of the “reluctant responder”. Since that utility has been privatized it now advertises on television about the convenience of its product, the cost savings it offers and how helpful and responsive its staff are. It is now publicly declaring its archetypal role as an aggressive seller of a competitive product. Some staff who stayed on through the privatization now complain that “...the damned public squeal and we're made to jump”. These employees have a personal affiliation with the “reluctant responder” archetype that used to characterize parts of the public sector. Other staff enjoy the challenge of selling and focusing on managing relationships with customers. These happier employees are comfortable with the archetypal role of “aggressive seller”. No amount of training of the “old school” in customer focus will change their deeply held preference for the old archetype. They would be better off working somewhere else or addressing their deeply held values and beliefs about themselves and about the organization (if that was possible).

The level of archetypal role is present when people say things like “I can't work for an organization that exists only to make money, people matter too.” Archetypes are universal aspects of human nature. Some managers capitalize on the archetype of the Hero or the King. Some organizations develop corporate slogans that draw on archetypes or universal

themes for inspiration. For example, the archetypal role of “helper” underlies the theme of customer service that has recently been the public focus of an Australian telecommunications company. Archetypes are also embedded in the way organizations treat their employees. Instant dismissals and Draconian disciplinarian measures are derived from archetypes of the Grim Reaper and similar related myths.

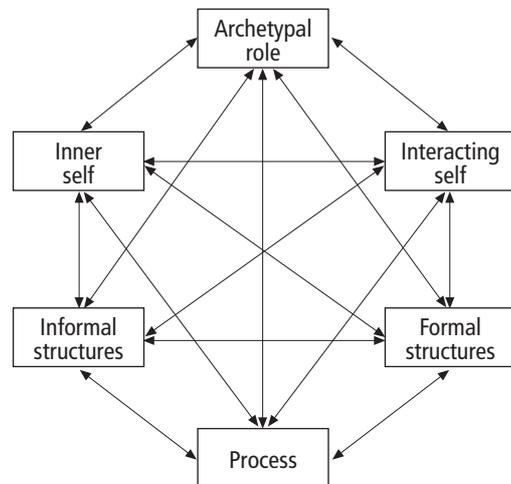
The archetypal level touches on the powerful, mythical universal aspects of the self in the context of the organization. Archetypes become apparent too, through organizational myths and stories about “Who we are”. The unspoken collective feeling of organizational purpose can be found in these stories, myths, rituals, traditions and organization-wide “habits” [34]. In the archetypal level we find tales of heroism and cowardice, loyalty and betrayal, hardship and selflessness, and tales about other archetypal themes [35]. Even jokes about the organization can be the visible manifestation of archetypal themes. Analysis of the organization at the archetypal level is a complex and hit-or-miss process that can arouse very strong feelings indeed. This is the tribal and spiritual level of functioning, but it can also be the level from which people in the organization draw their sense of collective identity and personal meaning. Organizations very seldom explore their reality at this level although work at this level can be very powerful and effective indeed. As a manager you may have extreme difficulty working effectively at this level because your own immersion in the unconsciously shared archetypes of the organization may make it hard to see the water you are swimming in.

Relationships between levels

As you will now understand, placing the layers in a hierarchical structure as in Table I does not do justice to the complexity of real life in organizations. We ignore the dynamic interdependence of any human or living system at our peril [36] and so it is important to acknowledge that there are important links between each level and each of the others. This makes 15 two-way relationships in all between levels (Figure 1).

In the interests of brevity we will not explore in this paper all 15 of these relationships, but they do become important when we examine the standard strategies for organizational

Figure 1 The 15 two-way relationships between levels in the layered systems model



change and why some strategies succeed and others fail. The example given in the case study will suffice. This is a composite of a number of different situations that we have encountered in our work as consultants. Details have been changed to protect the identity of the companies involved (although this scenario is probably being replicated by dozens of companies throughout Australia and New Zealand at this very moment.)

Case study – Extractor Mining Company

The Queensland-based Extractor Mining Company (EMC) had experienced numerous strikes of long duration that were timed to maximize disruption to shipping. Overseas customers had been clear that any further disruption would mean a loss of custom. EMC management had for a long time wished to eliminate the unions from having any influence in the company and statistics showed that union originated strikes had cost the company \$11 million in the last two years. New Federal industrial relations legislation enabled EMC to set up individual contracts of employment with employees. EMC offered an attractive package to employees and within three months 82 per cent of employees had signed up. The company invested significant money on launching the new culture, including teamwork training for the production crews and management training for superintendents and managers. Now the unions no longer had the power to disrupt shipping or production and the EMC senior managers and Board of Directors breathed easy.

But less than six months after this major change middle managers reported numerous serious disputes among team members, between team members and superintendents, and between superintendents and managers. This malaise seemed to exist throughout the work force at the company's mine site. The disputes all seemed to be based on trivial interpersonal issues that somehow got blown up and distorted. Productivity was dropping and morale was terrible. Accidents became more frequent and sick leave rose steadily. Nobody knew what to do.

Our analysis was that the managers had seriously underestimated the power of the levels that involved unconscious and arational functioning. They had instituted a change at the level of the formal structure without paying attention to informal structures, interacting self, inner self. They had seen the unions as the "bad" influence and had depersonalized the people involved in the union. Viewing unions as bad prevented them from looking for destructive influences in their own management system[29]. Unions were seen as "bad" and the company was seen as "good". Eliminating the external "bad" agent meant that there was no longer any external agent to carry that function and so quite quickly the same anti-establishment behaviours that the union used to carry were picked up unconsciously by the more reactive and disgruntled employees[10,35]. Now the production crews had no external "father figure" (the union) to align with and so they felt unprotected when they had a problem with the company management. This is a disjunction between the archetypal role and the formal structure. The employee needs some external "father" or "protector" archetype to save them from the transgressions of the all-powerful company. Removal of that union from the formal structure removes that archetype which in turn creates a vacuum and unless careful attention is paid to dealing with the vacuum trouble ensues.

Company management was blind to this issue because they thought that the individual employment contract with the company would mean that the employees would now see themselves as "staff" and hence as a part of the company rather than just an employee. In other words, EMC management thought that a change in the formal structure – to

contract employment – would create a change in the inner self of the production workers. However, a change at the level of inner self does not occur through the application of logic nor necessarily through a change in structure. The production workers had personal backgrounds and working histories that had resulted in complex sets of values, beliefs and unconscious expectations – all of which were congruent with being employees of an all-powerful company. Many of them simply did not have the "sense of self" that is congruent with being a responsive partner in the management of the company. Here we have a disjunction between the formal structure and the level of inner self.

We are not offering quick-fix strategies for this complex mess. The message we most want to convey is that the real life system of any organization is complex and involves a dynamic flux of all six levels that we describe in this model. Successful change at one level will always be accompanied by deliberate or inadvertent change at the other levels. The art of managing is to understand this and act in ways that deal effectively with the ever changing complexity in the organization.

Strategies for managers

Finally in this paper we offer some practical suggestions about how to apply the "layered systems" model to your work as a manager. The first step is to "diagnose" or to identify where your energy should be focused. The diagnosis provides pointers for action. In its simplest form this diagnosis can consist of six questions. Each questions corresponds to one of the layers. In our experience the concepts outlined in the layered systems model are quite complex and so the following questions are one relatively simple way of using the model. It is to be hoped that your employees will become interested in your way of seeing the culture of the organization and so will become more empowered to see and to act on problem areas themselves.

The six questions are:

- (1) Is the mission and are the main processes identified and articulated?
- (2) Are the structures in place to allocate the key tasks, resources and responsibilities?
- (3) Are the networks of relationships in the organization assisting the organization to achieve its primary task?

- (4) Is each key player competent to carry out their essential interactions and transactions?
- (5) Is there adequate fit between each key player and their workplace?
- (6) Is the organization driven by or supported by a widely shared and deeply held ethos, sense of inspiration and sense of identity, and are all of the key players linked with this inspiration at a personal level?

The questions above are only lead-in questions. Answers to these six questions will provide pointers to which level of the culture requires your most urgent attention. Each of the six questions would be followed by subsidiary questions that expand on the theme that was opened by your first question at each level. In practice it is unlikely that you would ask the questions in a tidy sequence as shown above. We suggest that you use the list of six questions above as a reminder of the themes that need to be explored. No part of any organization will honestly be able to provide unreserved positive responses to all of the questions you ask, but serious deficits in any level indicate a need for action.

For each level at which a problem is identified use tools that you already have at hand or go to the fourth column in Table II for ideas about the kind of managerial strategy that is most appropriate for working at that level. Before rushing in to fix the problem, do a thorough check to ensure that there is not a hidden problem at a different level that is appearing as a symptom in a different level. For example, an absence of clarity about the primary purpose of a team may lead to inadequate formal structures, but the dysfunction may be most apparent in the informal layer, with team members fighting over who should do which task. If you attempt to “solve” the problem by working at the level of informal structures you may achieve temporary relief but the problem will quickly reappear elsewhere.

As a general principle, a change at any level should be checked to identify the impact of that change on the organization at other levels. This applies regardless of whether you or someone else originated the change. A further guide to managers is that the levels at which emotion, story and irrationality are most important tend to be the ones that are least adequately managed in today’s environment of economic rationalism. Pay particular attention to these levels and if you feel out of

your depth then ask for help from your peers, others in your organization, external consultants or other professionals.

Conclusion

We start the conclusion with a word of caution. If you go around your garden holding coloured filters in front of your eyes and shouting “eureka” as you make each exciting discovery with the coloured filters, your neighbours and family will probably think that you are mad. You may end up with a healthier garden but you will have some explaining to do. Although the use of the “layered systems” model is not as visible as coloured filters, we advocate caution with its use. At first use it as a guide to your thinking and once you experience the benefits of the model then start introducing the model to peers, subordinates and managers. Understanding the less rational levels in this model requires some ability for “psychological thinking” and so some people may never be able to utilize the full power of the model. You may need to accept that while you find the model useful, persons around you may not.

Although an understanding of the dynamic complexity of organizations and organizational culture can lead managers to feel overwhelmed and underskilled, the layered systems model provides managers with a means of focusing their attention to diagnose and to act on organizational dysfunction. This clarity of focus enables managers to utilize their existing skills and knowledge without getting lost in the morass of complexity in organizational life or organizational change. The model encourages managers to retain and apply their existing skills in a more focused fashion than they would without the structure of the model.

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