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The Systemic Mind and a Conceptual Framework for the Psychosocial Environment of Business Enterprises: Practical Implications for Systemic Leadership Training

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Introduction

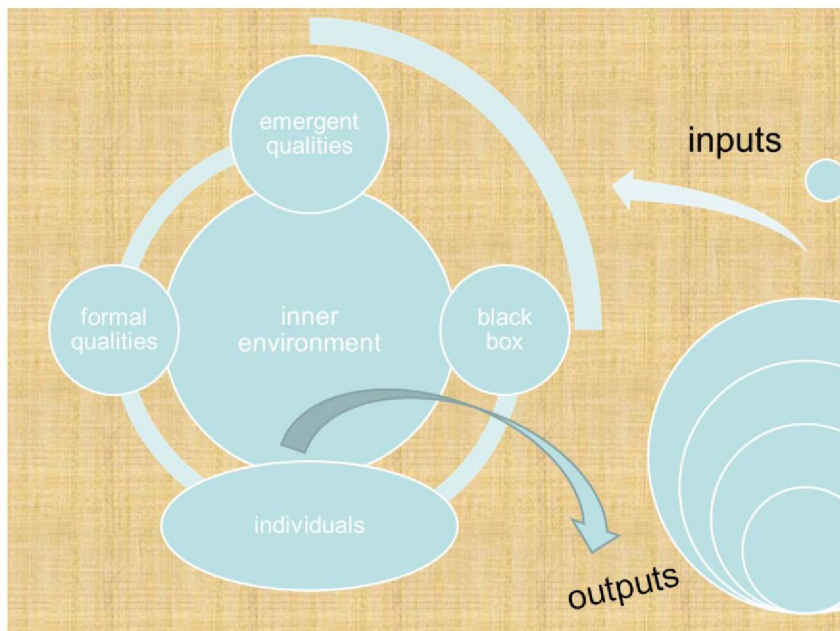
This chapter introduces a research-based conceptual framework for the study of the inner psychosocial reality of business enterprises. It is called the Inner Organizational Ecosystem Approach (IOEA). This model is systemic in nature, and it defines the basic features of small and medium-size enterprises, such as elements, structures, borders, social actors, organizational climate, processes and resources. Further, it also covers the dynamics of psychosocial reality, processes, emergent qualities and the higher-order subsystems of the overall organizational ecosystem, including the global business environment, which is understood as a macro-system where all the individual organizational ecosystems co-exist. In the applied part of the chapter, cognitive changes emerging within systemic leadership training are defined. Participation in systemic training causes changes in the cognitive processing of reality, more specifically improvements in layer-based framing, relativistic contextual orientation, temporality drift and meaning generation. All of these changes are components of the systemic mind, which is a concept newly proposed and defined by the present study. The systemic mind is a living matrix that is extremely open to acquiring new skills and new patterns of thinking, analyzing and meaning generation. It is processual and it can be considered as an ongoing process of continuous absorption of new cognitive patterns. Both the Inner Organizational Ecosystem Approach and the concept of the systemic mind provide a new theoretical background for empirical investigation in the fields of systemic and systems psychology, complexity psychology, organizational psychology, economic anthropology and the social anthropology of work.

Situation

Current empirical psychosocial research on business enterprises covers plenty of areas and issues. However, particular data and findings often remain in their own field of research and are not interlinked. We can consider them as islands of knowledge. The main goal of the present study is to provide a new, integrative analytical tool for understanding internal psychosocial environments of business enterprises in a holistic manner. The proposed methodology has been inspired especially by a systemic approach and general systems theory (Luhmann, 2006).

The model introduced here is called the Inner Organizational Ecosystem Approach (IOEA), and it is a methodological tool that can generate new knowledge via the integration of findings from particular disciplines, for example, from systemic and systems psychology, complexity psychology, cognitive psychology, applied psychology (e.g., organizational psychology, occupational psychology), systems sociology, sociology of work, organizational sociology, economic anthropology and the social anthropology of work. The Inner Organizational Ecosystem Approach is mostly applicable to small and medium-size enterprises, either virtual or physical. It helps to determine emergent qualities within an organizational ecosystem, new interactions and also non-linear relationships between the different domains of internal psychosocial environments of business enterprises. This tool could generate meaning for a broader pool of empirical studies in the field as well for practical purposes in systemic leadership training. The generated knowledge is organic, derived and interpretative in nature and goes further, to a more in-depth understanding of phenomena. Practical implications for systemic leadership training and leading transformations of business enterprises are provided in the second part of this chapter.

Figure 1. The Inner Organizational Ecosystem Approach (IOEA).



Theoretical background

The systemic approach can be defined in various ways. Generally, we understand it as a way of thinking and acting based on the philosophical and theoretical concepts which work with complexity without their entire reduction (Parma, 2002). The systemic approach was inspired mostly by constructivism, complexity theory, cybernetics and general systems theory (Luhmann, 2006).

The Inner Organizational Ecosystem Approach proposed in the present study was inspired by systemic theoretical models, which approach a city as a specific type of ecosystem (Pickett, Burch, Dalton, Foresman, Grove, & Rowntree, 1997; Jabareen, 2006). These scholars analyzed the biopsychosocial reality of a city in a systemic manner, and such models have brought many inspiring ideas towards the current Inner Organizational Ecosystem Approach.

Various types of business enterprises do not only work in the market environment but also have their own, inner psychosocial environments, and such environments may be approached as inner organizational ecosystems. The organizational ecosystem of the inner psychosocial reality of business enterprises consists of elements, structures, borders, social actors, organizational climate, processes and

resources (Trnka, 2014). Individuals with their status, power, personalities, skills, knowledge, attitudes, cognitions, motivations and emotions represent the fundamental building blocks of an organizational ecosystem. We can understand the minds of individuals as functions of the whole system itself, since the system creates them in the process of autopoietical production. The individuals create and maintain various social networks, either formal or informal. Social networks are considered to be higher-order subsystems of the overall organizational ecosystem.

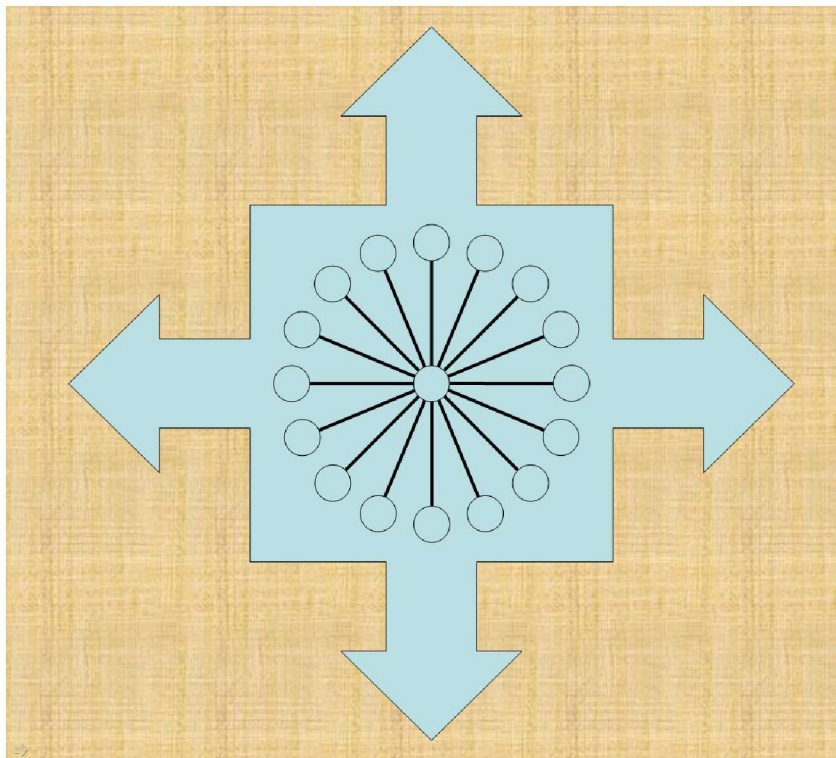
However, not all qualities of organizational ecosystem can be derived from the behavior of its elements (Trnka, 2014). There are also emergent qualities, like the inner emotional climate, commonly shared beliefs, myths or informal norms (Figure 1). We can approach them as emergent subsystems of the overall organizational ecosystem. Further, there are also subsystems that emerge as a product of organizational leadership, for example, formal institutional culture. Such subsystems are much more top-down driven.

Of course, the life of an organizational ecosystem is neither static, nor closed in its surroundings. There are many processes, like communication, conflicts, negotiations, sanctions, rewards, etc. Inner processes especially influence the effective performance of various functions of the enterprises, and these functions are partly interconnected with organizational success in the global business environment. The global business environment is a macro-system, where all individual organizational ecosystems co-exist (Figure 2). Therefore, we can distinguish various inputs entering organizational ecosystems from the macro-business environment, as well as outputs going from organizational ecosystems back to the macro-business environment. This does not mean only material production, such as goods, but also inputs and outputs of a virtual or psychosocial nature, for example, talks, warnings, tips, gossips, etc. These interactional products constitute the global psychosocial business climate and specific business cultures in individual commercial sectors.

The global business environment is highly chaotic and turbulent, which also causes strategic uncertainty for executives (Xu, Kaye, & Duan, 2003). Complexity and the rate of change are gradually increasing in such a macro-system. The high speed of differentiation and gradually increasing complexity cause the global business

environment to expand similarly to the observed accelerated expansion of the Universe. We may think about some kind of intrinsic expansion, where the scale of space itself changes with time. The permanent increase in distances between different units of the global business environment itself may be a trigger for the emergence of turbulencies and disturbances. It is necessary to say that this analogy is highly speculative, but we present it here still, because both systems are macro-structures accessible only on the highest analytical level, and therefore their properties should be equivalent and comparable. Nevertheless, the global business environment and its expansion need a more detailed analysis, which is, however, beyond the scope of the present study.

Figure 2. Co-existence of business enterprises in the macro-system of the global business environment. Please note that particular enterprises may or may not have mutual bonds.



Cognitive and analytical changes during systemic leadership training

The above-mentioned ideas represent a background for executives, top managers or consultants guiding the progress of significant changes in enterprises. A change in

the thinking styles of leading managers is one of the crucial substances needed for a successful leadership of change, as the complexity of a medium (or smaller) business enterprise is already so high that various re-constructions of an existing organizational structure, positions, or changes in human resources on a medium or operational management level are in most cases not very effective (Parma, 2002). Hence, eliciting a change in the thinking styles of executives and top managers is very desirable. During our practice of systemic training of managers and students, many important shifts in thinking styles occurred. In the following text, we describe the main areas of these changes. It is not easy to define the borders of these newly-acquired reasoning skills, because the change in thinking is complex and should be rather understood in a holistic manner. The more the trainee is skilled in systemic training, the more interconnected the newly acquired analytical skills are, and the borders between these skills are going to be rather blurred. For this reason, the following categorization is mostly indicative, and the proposed categories should not be understood as unrelated phenomena. The reader should think about these cognitive fields more as various locations in a complex continuum, rather than as clearly defined cognitive processes with strictly defined borders.

The systemic framework for a complex understanding of the inner psychosocial reality of business enterprises, such as the theoretical concept Inner Organizational Ecosystem Approach, has a strong potential to elicit long-term and permanent changes in the cognitive processing of the trainees. Generally, most of the changes are settled within the cognitive areas of deductive analytical judgment and the use of logical systems in reasoning (Eysenck & Keane, 2000).

Systemic training opens new ways of reasoning about the things and processes around us. It facilitates a deeper understanding of the complex dynamics of the individual psyche, the social environment, and also macro-structures on the highest analytical level. Simply by changing perspectives new ways of thinking are opened up in individuals, as cognitive effort is required to move between the different layers of reality. In scientific language, such moves between different layers are similar to moves between different levels of analysis within scientific research. We call these mental movements "layer-based framing". Adopting this layer-based framing of

reality can help a manager to better organize knowledge about the surrounding world, including the inner psychosocial reality of a business enterprise that the manager leads. It also helps to allocate various ongoing processes in an enterprise to the corresponding area where they optimally fit in order to achieve efficient decision-making. Further, layer-based framing enables better self-understanding and dynamic understanding of the interconnection of the self and the macro-reality.

The systemic understanding of reality is not static. All processes in a business enterprise are constituted in time. The terms "fluidity", "flux" or "temporality" (in Luhmann's sense) describe the finiteness of a system, its elements and processes, and in an applied manner, the finiteness of elements, structures, social actors, organizations, processes and resources of the psychosocial reality of business enterprises in terms of the Inner Organizational Ecosystem Approach. The process of "temporalization" means the constitution of time and genesis of events in time. Nothing exists eternally. Just the awareness of systemic finiteness enables managers to effectively analyze, decide, organize and implement changes in a complex and highly chaotic macro-business environment.

On the other hand, not all things in a system are temporal. The converse of temporality is omnitemporality. This means that omnitemporal things are timeless; they are a stable part of reality. An instance of an omnitemporal structure is the memory of a system, for example. The memory of a system includes information acquired through experiences of the system itself and these are stored for repeated use. Such high-order, contextual patterns are enduring and represent the omnitemporal structures of a system.

The improved ability to understand the temporality of a system's elements and processes is one of the fundamental results of systemic training, and we call it "temporality drift". Managers may utilize it when approaching the macro-business environment, because systemic training changes the trainees' minds to become more flexible, to adopt a more dynamic view of the world. Higher awareness of fluidity as a part of temporality drift primes managers' minds regarding the dynamic aspects of reality and helps them to reliably determine their positions within the time-space geometry of a business enterprise environment, as well as the macro-

business environment. Using the improved ability to understand temporality, managers may improve their abilities to seek and exploit opportunities, but also to reasonably evaluate the successfulness of their projects, decisions, efficient team leading, etc.

All of the above-mentioned changes in the cognitive processing of external information represent a fundamental basis for another change, which is the change in meaning generation. Systemic work with the minds of trainees radically influences the process of meaning-making in individuals. Managers' minds acquire an extended view of reality during systemic training. People are used to applying patterns of meaning-making shaped by their previous life experiences when ascribing meaning to specific life events. Systemic training teaches its participants to create different contexts for interpreting life events, as well as their own subjective emotional experience. We construct the general concept of a "systemic mind" in the following subsection of the chapter.

Systemic mind

The systemic mind is defined as a living matrix that is extremely open to acquiring new skills, new patterns of thinking, to analyzing and meaning-making. It is processual. It can be considered an ongoing process of continuous absorption of new cognitive patterns. The systemic mind is a chain of selections that are governed by the meaning of the system where the particular systemic mind operates. Newly acquired patterns of meaning-making interact, interfere or sometimes fuse through continuous mutual interactions. They are shaped and changed by everyday personal experience, both empirical and non-empirical. The systemic mind is a systemic matrix, metaphorically compared to a living organism that is prepared to approach its environment in an adaptive manner.

It would be confusing to understand the systemic mind as a static constellation of reasoning skills or acts of thinking. It is a process that never ends. The horizon of systemic understanding is infinite. We do not claim that we already understand everything (fortunately). Hence, each trainee reaches some degree of systemic

understanding of the world. The more skilled the trainee is, the more humility he/she usually has because of their deeper insight into the complex and chaotic nature of reality.

The systemic mind is a chain of selections made by an individual. The principles and purposes of one's selections are not obvious, given the complexity of the global business environment. It is important to grasp the underlying motivations for performance of selections by the systemic mind. The criteria of correctness of individual selections are not given by elements of the system, for example by the opinions of individual managers, but much more by the structure and the meaning of the whole organizational system. Such meanings may be the establishment of the enterprise in the market environment, acquiring new customers, or a change of the current business strategy. Individual selections and decisions are assessed and contrasted in the light of such meanings.

The systemic mind is typical for its high degree of the cognitive skill called "relativistic contextual orientation". Relativistic contextual orientation is an analytical skill, and it relates with people's ability to reflect an actual piece of reality in an adaptive manner.

People sometimes adhere too much to their own expectations, goals or subjectively-ideal view of the world. However, such perseverance may be sometimes maladaptive. On the other hand, people with highly relativistic contextual orientation avoid being too fixated on their own goals and expectations. They are fully aware of them, but they are also ready to re-conceptualise them operatively when needed. Such re-conceptualisation means radically changing one's life values or attitudes in an opportunistic manner, although they may be flexibly modified under some circumstances.

The relativistic contextual orientation means that the mind is as open as possible to any culmination of a situation. It is flexible. It is not fixed by goal-dependency or by context-dependency (in other words, by the expectation that a situation should happen just like this under given conditions). It avoids rigid perseverance on one's own subjective goals and expectations. The outcomes of one's life episodes are accepted as they are. Follow-up strategic information scanning analyzes the situation

and reveals new potential opportunities, threats or possible scenarios for the future. Based on this, new activities are planned and performed. The systemic mind is reflective and prepared to react adaptively based on the actual internal and external conditions.

The above-described style of thinking is a little bit similar to the theory of relativity introduced by Albert Einstein (2005). No absolute truth or validity exists. Truth is always relative, and it depends on the particular frame of reference. Life events have only relative, subjective value according to the differences in perception and consideration of people.

When applied to business conditions, the relativistic contextual orientation is one of the crucial factors for progressive decision-making in top management. Managers and executives with highly relativistic contextual orientation are more prone to effectively navigate the enterprise by effective strategic actions within the macro-system of a highly chaotic global business environment, which is typical by frequent waves and fluctuations in its structure and elements.

An example of a concrete training technique, commonly used to undermine subjectivity and common meaning-making, is the reflexive technique called re-framing or positioning (Parma, 2006). It enables reflexive interplay among messages and information that are available for reasoning. Systemic training makes trainees more apt to adopt the positions and interests of other people, with the aim of exploring a problem from a different point of view. Re-framing or positioning enriches managers' organizational experience, which could help them to orientate more efficiently on human resources, understand conflicts in changing systems or transform conflicts into resources.

Conclusion

This study interconnected the research-based theoretical model of inner psychosocial reality of business enterprises with implications for systemic leadership training. It defined the general areas of cognitive changes that participation in systemic training provides to its trainees, such as layer-based framing, relativistic

contextual orientation, temporality drift or a shift in meaning-generation in the sense of the systemic mind.

Of course, there are many issues that remain unresolved. For example, the question of intuitive solution-seeking was not adequately discussed in the present study. The above-mentioned outline mainly described structured cognitive efforts, but not all decisions may be derived from let's say "rational" reasoning. The biggest discoveries of the past were frequently governed by intuitive action, random occurrence or an unbelievable "chance event". Constituting the interrelations between systemic reasoning and intuitive processes is an indispensable requirement for future building of a comprehensive framework for systemic understanding of the psychosocial reality of business enterprises.

Further, it is not clear how the systemic mind works in terms of conscious and unconscious cognitive processes. We do not know exactly when skills newly acquired by participation in systemic training are employed consciously and when unconsciously. Some reasoning may work consciously, but some also automatically, beyond awareness. The interiorization of acquired ways of thinking may have some connection with the process of habituation as a consequence of repeated use. The level of automatization of the systemic style of thinking needs further detailed exploration in the future.

If the reader has the feeling that this chapter has only named quite common things in more complicated terms, then he/she is actually correct. The systemic approach is nothing more than one of the scientific ways of getting back to "rural" common sense. However, we believe that such way might be essential for a better understanding of the chaos and complexity of the contemporary world.

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