

# IDENTITY, STRUCTURAL COUPLING AND FRACTAL ENTERPRISE MODEL

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[www.fractalmodel.org](http://www.fractalmodel.org)

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## IDENTITY VIA STRUCTURAL COUPLING

- Original idea “Defining identity by structural coupling in VSM practice” by Patrick Hoverstadt <http://bit.ly/2mTsN9D>
- Defining organizational identity via structural coupling is similar to defining identity of a person according to the following sayings:
  - “Tell me who your friends are and I’ll tell who you are”
  - “Tell me who your enemy is, and I will tell you who you are”
- We just need to find friends and enemies of an organization, like:
  - Friends – customers, suppliers, ...
  - Enemies – competitors, ...
- For this we will be using Fractal Enterprise Model (FEM) as a tool

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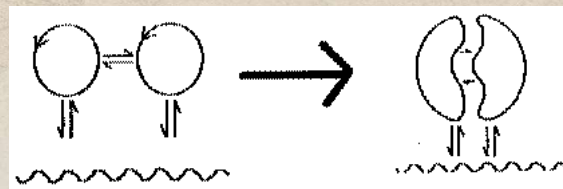
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## PLAN

1. Identity and identity management from the structural coupling perspective
2. Applying FEM for defining organizational identity in a business case. Introducing FEM during presentation
3. Applying the results of the previous exercise: analyzing history of decision making from the identity perspective in a business case
4. Generalization – a preliminary set of rules for defining organizational identity

## STRUCTURAL COUPLING

- The concept comes from biological cybernetics, more specifically, from the works of Maturana and Varela
- During evolution a (biological) system adjust its structure to the environment through constant iteration
- Some elements of environment becomes more important than others. Mutual adjustment.
- According to N. Luhmann a system deliberately chooses few other systems to adjust to. They serve as information channels to the rest of the environment



L. Fell, D. Russell. An introduction to 'Maturana's' biology. L. Fell, D. Russell, A. Stewart (Eds.), Seized by agreement, swamped by understanding, Hawkesbury, Sydney (1994).



## ORGANIZATIONAL IDENTITY & IDENTITY MANAGEMENT

- Identity = set of structural couplings the organizational system has in its environment
- Identity Management = Maintaining (and, may be, strengthening) the structural couplings
- Maintaining can be passive/active or both

## HOW TO FIND STRUCTURAL COUPLING?

### Potential structural couplings

- Competitors
- Customers/suppliers
- Market/Industry sector
- Regulators

From "Patterns of Strategy" by Patrick Hoverstadt, and Lucy Loh

- Might be good enough for experienced management consultant
- Might not be enough for everybody else

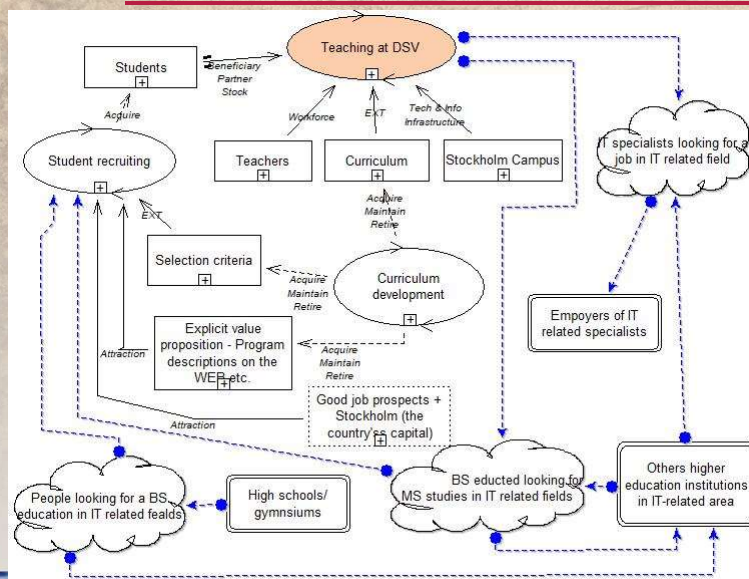
Is there any more systematic way?

## BUSINESS CASE

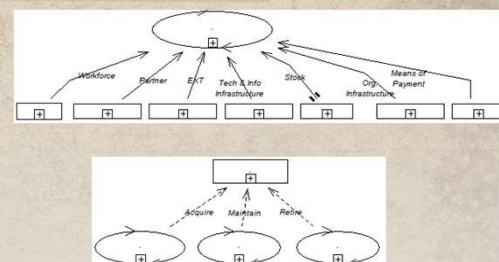
- Department of Computer and System Sciences, abbreviated to DSV, at Stockholm University
- Bachelor, master, and doctoral programs in the fields of Computer Science and Information Systems.
- About 5000 students in undergraduate and graduate studies
- About 180 staff members including teachers and administrative staff

Only educational activities are considered in this study

## SIMPLIFIED FEM FOR DSV

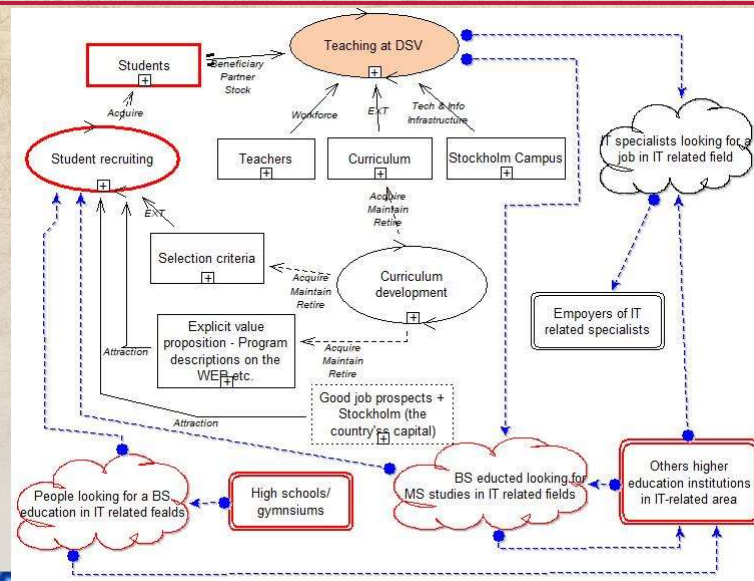


## Archetypes





## STRUCTURAL COUPLING VIA INBOUND POOLS



## STRUCTURAL COUPLING VIA INBOUND POOLS

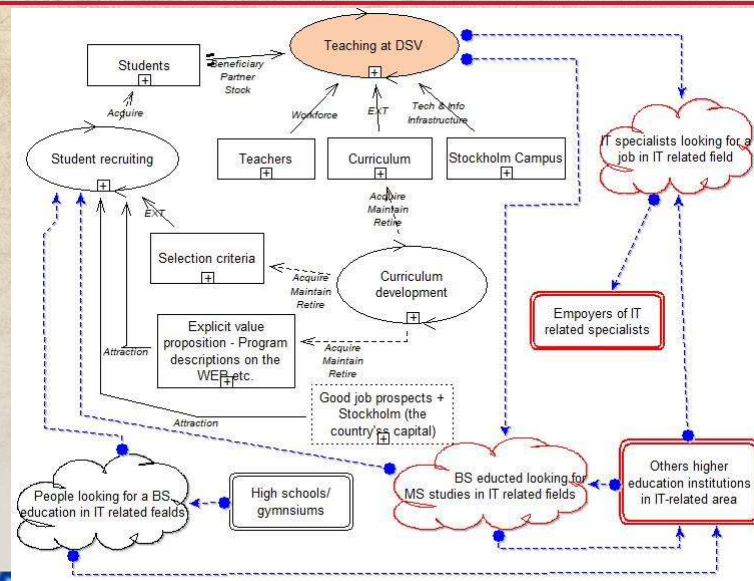
If in a FEM of an organization:

1. there is an essential process, which is not easy to remove, and
2. this process has an essential asset with high rate of depletion, which needs to be constantly filled, and which is not possible or not easy to remove or substitute, and
3. an Acquire process for this asset is connected to an external pool from which it is getting new elements to fill the asset

then the organization is structurally coupled to the pool

*If an organization is structurally coupled to an external pool, it may also be structurally coupled to the actors that fill this pool, (providers) or draw from the pool (e.g. competitors).*

## STRUCTURAL COUPLING VIA OUTBOUND POOLS



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## STRUCTURAL COUPLING VIA OUTBOUND POOLS

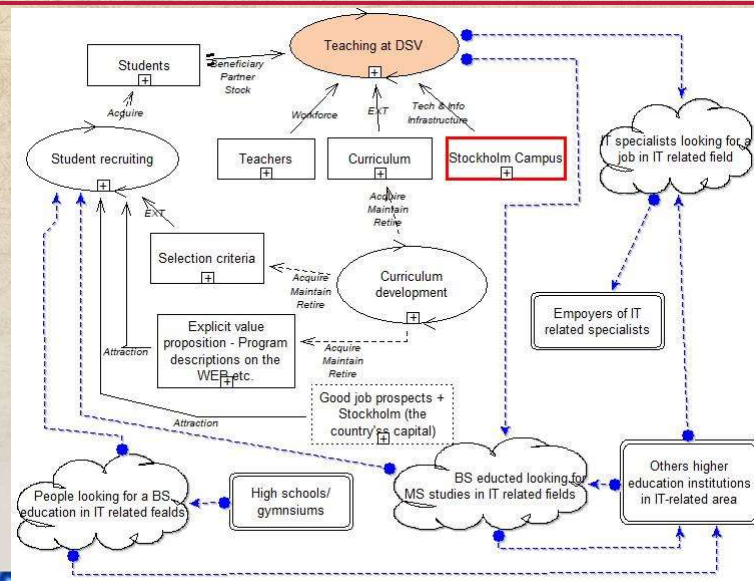
*If in a FEM of an organization, there is a process that constantly adds elements to an external pool then the organization could be structurally coupled to **external agents** that draw from this pool, and also to the external agents that add to the pool.*

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## STRUCTURAL COUPLING TO GEOGRAPHICAL LOCATION



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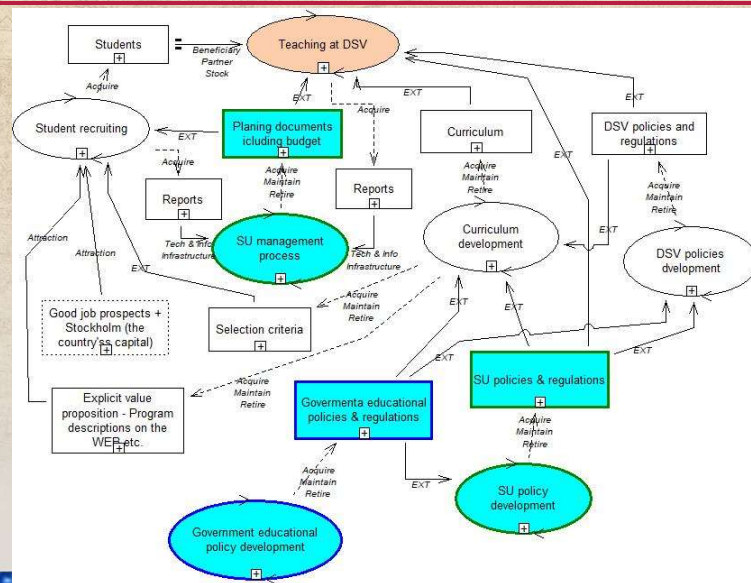
## STRUCTURAL COUPLING TO GEOGRAPHICAL LOCATION

*If the major activities in an essential process for the organization are carried out in a geographical location and cannot be moved to another location without substantial disturbance of the organization functioning, then the organization is structurally coupled to this geographical location*

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## STRUCTURAL COUPLING TO REGULATORS



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## STRUCTURAL COUPLING TO REGULATORS

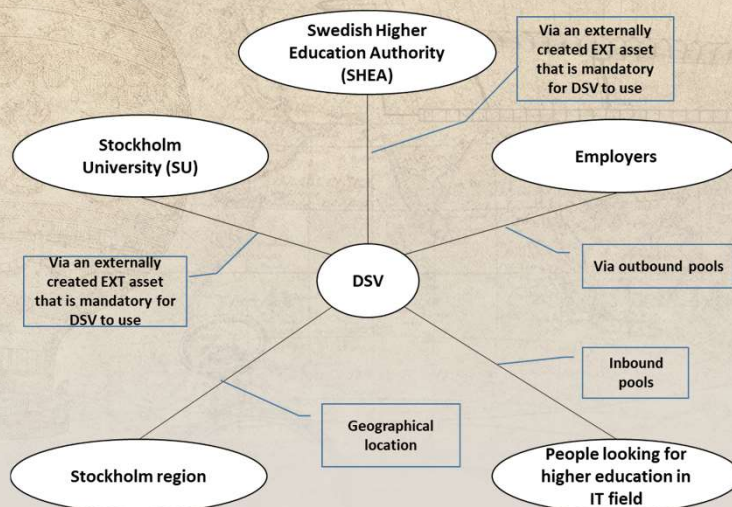
*If in a FEM of an organization there is an EXT asset that is created by a third party, and the organization needs to produce reports back to this party related to this asset, or/and can expect an inspection to check the compliance of respective processes to this asset, then the organization could be structurally coupled to the **third party** from which the asset originated.*

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## STRUCTURAL COUPLING OF DSV



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## STRUCTURAL COUPLING OF DSV

Structural coupling	1. FEM diagnose	2. Business term	3. Identity management goal	4. Role in coupling	5. Reaction/ influence type
<b>DSV – People looking for higher education in IT field</b>	Inbound pools	Buyers in the market of higher education	Attracting enough students to enroll who have a potential to finish.	Passive	Adjust itself to changes in quantity and quality of the pools
<b>DSV – Employers of IT-related staff</b>	Outbound pools	Buyers in the labor market of IT specialists	Providing employable graduates	Passive	Adjust itself to the changing demands
<b>DSV – Stockholm region</b>	Essential asset bounded to location	Geographical region	None	Neutral	Do nothing (until there is a crises)
<b>DSV – Stockholm University</b>	External producer of EXT assets	Management	Producing the quantitative and qualitative results in exchange to the resources obtained. Follow SU policies	Symmetrical, but more passive than active	Negotiate, adjust itself
<b>DSV – Swedish Higher Education Authority</b>	External producer of EXT assets	Regulator	Comply to policies defined by the state	Passive	Adjust itself to the policy demands

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## ANALYSIS OF PAST DECISIONS

Case name	Related to structural coupling to	Nature of change
<b>1. Introducing international MS programs</b>	People looking for higher education in IT field; SU	Changing teaching language to English in Master level education and developing new MS programs
<b>2. Introduction of a new process for BS and MS thesis projects</b>	SHEA - Swedish Higher Education Authority	A new process established with a set of responsibilities defined for different groups of academic staff. People trained to work differently. New technology introduced
<b>3. Dealing with decreasing levels of students' academic preparedness</b>	People looking for higher education in IT field	Changing teaching methods and utilizing new technology
<b>4. Introducing Bologna Process recommendations</b>	SU; SHEA; Employers of IT-related staff	Reducing the number of courses, while remaining relevant to ES
<b>5. Introducing distance MS programs</b>	People looking for higher education in IT field; Stockholm Region	Changing teaching methods and using new technology

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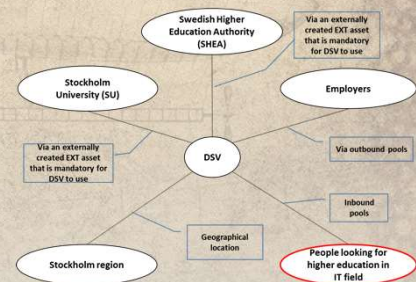
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## STRUCTURE OF EXAMPLES

<b>When</b>	
<b>Cause</b>	
<b>Conditions</b>	
<b>Changes</b>	

### Synopsis

**School (LLES)** - Affected structural coupling



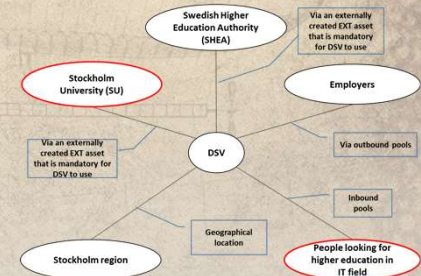
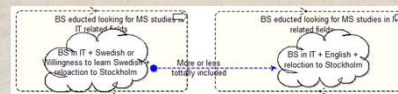
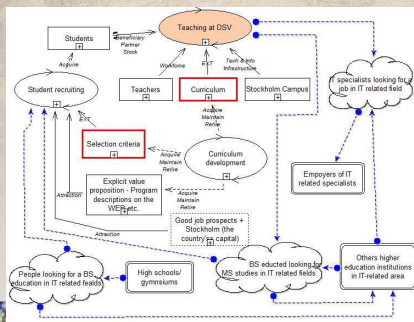
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## #1 - INTRODUCING INTERNATIONAL MS PROGRAMS

<b>When</b>	End of 1990th
<b>Cause</b>	<ul style="list-style-type: none"> <li>Demographic deep</li> <li>IT boom</li> </ul>
<b>Conditions</b>	All programs taught in Swedish (hinders for international students)
<b>Changes</b>	International MS programs taught in English

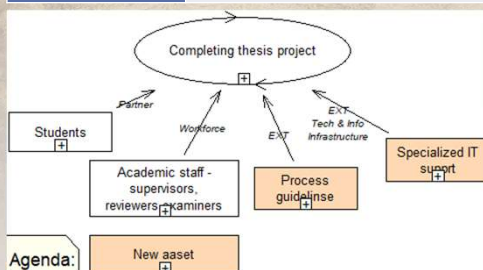


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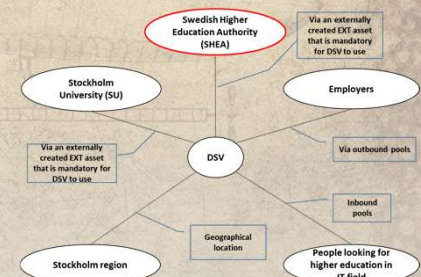
## #2 - INTRODUCTION OF A NEW PROCESS FOR THESES COURSES

<b>When</b>	2011
<b>Cause</b>	Inspection from SHEA found the quality of thesis reports low. Threat of closing some programs
<b>Conditions</b>	Despite high employability of graduates. Forgetting importance of the structural coupling.
<b>Changes</b>	Thesis course redesign, new set of responsibilities, new management system



Agenda:

New asset

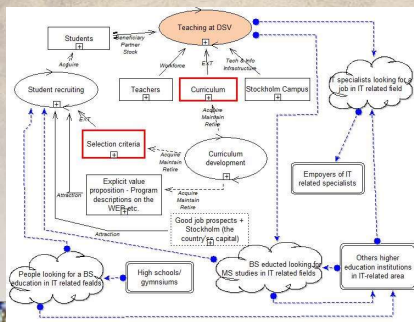


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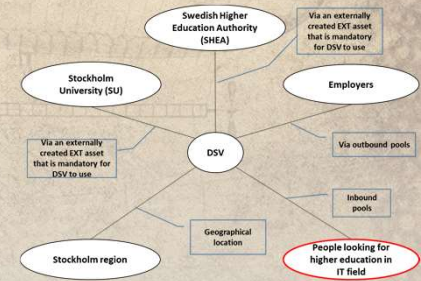
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### #3 - DECREASING LEVELS OF ACADEMIC PREPAREDNESS

<b>When</b>	During the last two decades
<b>Cause</b>	Policy changes
<b>Conditions</b>	Without formally changing requirements on the graduates
<b>Changes</b>	Teaching Methods. Utilizing technology



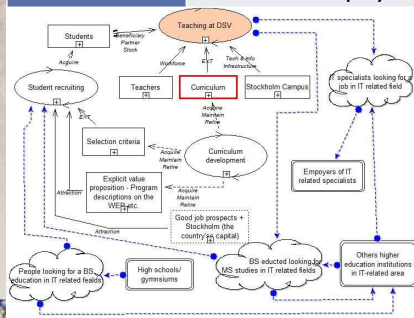
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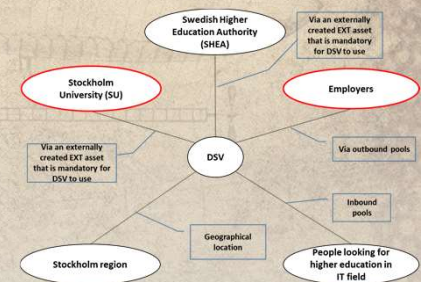
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### #4 - INTRODUCING BOLOGNA RECOMMENDATIONS

<b>When</b>	Around 2000
<b>Cause</b>	University accepting Bologna recommendation
<b>Conditions</b>	The undergraduate programs where 1 year longer, why post-graduate program was one year shorter
<b>Changes</b>	Cutting up the number of causes while remaining relevant to employees



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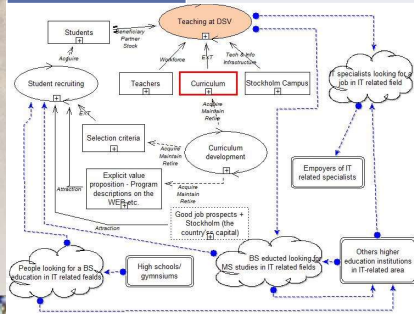


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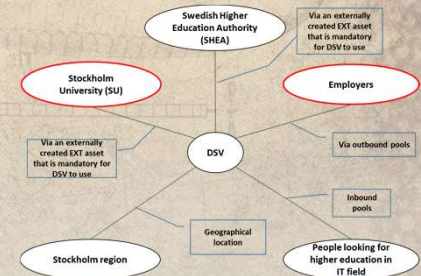


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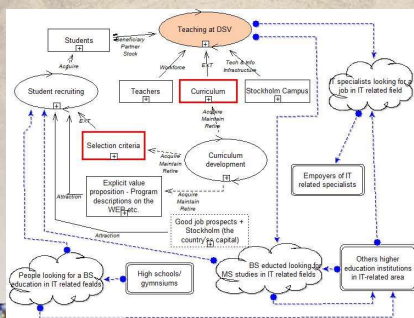
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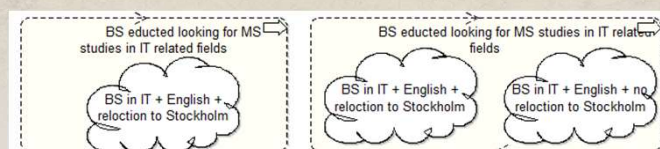
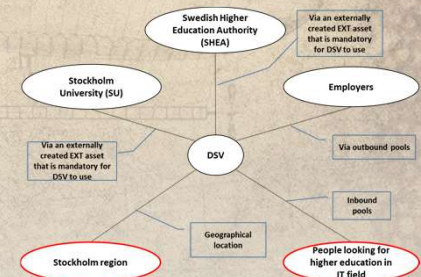
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## #5 - INTRODUCING DISTANCE MS PROGRAMS

<b>When</b>	2010th
<b>Cause</b>	Higher efficiency (perceived). Testing new technology
<b>Conditions</b>	Technology that supports distance education
<b>Changes</b>	Teaching methods, technology



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## GENERALIZED PROCEDURE

1. Build a FEM (essential assets that need refilling, pools, external EXT, external actors and processes)
2. Use rules to identify potential structural couplings
3. Investigate which of potential structural couplings are structural couplings. Make a diagram
4. Use the diagram and FEM as a tool for making decision that intentionally or nonintentional may affect structural couplings

## STRUCTURAL COUPLING TO A PARTNER

If in a FEM of an organization:

1. *there is an essential asset, which is impossible or difficult to substitute for some other (e.g. similar) asset, and*
2. *one or several processes that are used to manage this asset, i.e. Acquire, Maintain or Retire, have a Partner asset that is difficult or impossible to remove or substitute,*

then the organization is structurally coupled to the Partner asset



## STRUCTURAL COUPLING TO A CUSTOMER

If in a FEM of an organization:

1. there is a beneficiary asset in a main process
2. that also plays a partner role for acquire process for a stock asset that initiate instances of the main process (e.g. a stock of manufacturing orders)
3. and the beneficiary asset consist of one or very few elements, but as a partner contribute to the major part of the initiating stock

then the organization is structurally coupled to the beneficiary asset

## MANAGING STRUCTURAL COUPLINGS

FEM Diagnostic	Structural coupling variants	Explanation	Potential strategy for managing the coupling	Reaction/ influence type
<b>I. Inbound pool from which entities to refill an asset are drawn</b>	Pool itself (market)	Buyers (e.g. potential customers) in the marketplace	Appropriate explicit or implicit (e.g. via other structural coupling) value proposition and providing products and services accordingly	Adjust product/services to demand. Influence buyers to change the focus of their demands towards innovative product and services
		Sellers (Potential employees or vendors) in the marketplace		
	Competitors (drawing from the pool)	In case of hard competition and lack of established niche occupied by the organization	Differentiation, or be as good as your competitors	Maintain differentiation or follow the leader, or influence others to follow you.
	Providers (adding to the pool)	If there is a distinct group of providers that could be monitored and/or influenced	Early discovery of trends in what providers adds or are willing to add to the pool	Adjust to the trends and/or influence providers to add elements that are most suitable for you

## MANAGING STRUCTURAL COUPLINGS

FEM Diagnostic	Structural coupling variants	Explanation	Potential strategy for managing the coupling	Reaction/ influence type
<b>2. Outbound pool to which the company adds elements and which can be overflown</b>	Organizations drawing from the pool	Buyers in the market if pool is a market	Early discovery of changes in demands, finding ways of influencing the demand	Adjust to trends and needs of the buyers, influence their demand
		Cleaners if the pool is waste	Early discovery of changes in technology, finding ways of influencing the cleaner to clean the waste	Adjust to trends and needs of the cleaners, make it easier for them to clean
<b>3. Essential asset bounded to location</b>	Geographical region	Infrastructure, workforce, or something else is rely on being in the region	Looking for trends that may make the coupling dangerous for the organization	Try to decouple in time if there is a danger

## MANAGING STRUCTURAL COUPLINGS

FEM Diagnostic	Structural coupling variants	Explanation	Potential strategy for managing the coupling	Reaction/ influence type
<b>4. External producer of essential/ mandatory EXT assets</b>	Upper management	An upper management if the organization is part of a bigger one	Fulfill the obligations, negotiate resources, be ready for (surprise) inspections	Negotiate, adjust itself to the demand
	Regulator	A body that can force certain regulations, but do not provide resources	Complying with existing regulation, influencing changes, be prepared for (surprise inspections)	Complying with regulations, lobbying for changes



## MANAGING STRUCTURAL COUPLINGS

FEM Diagnostic	Structural coupling variants	Explanation	Potential strategy for managing the coupling	Reaction/ influence type
<b>5. Partner in one or more processes responsible for managing an essential asset</b>	Partner	An organization that manages an essential/critical asset	Influencing the partner to adapt the asset to better suit the needs of the organization	Discuss and argue for changes
<b>6. Beneficiary of a main process + a partner managing initiation of the process instances</b>	Customer	One or several essential customers on which existence of a main process depends	Discovering the changes in customers' needs, influencing changes in customers demand	Changing products and services, educating the customer

## Q & A

- Thank you for coming
- Questions
- Discussion
- Exercise