

Relevance of System Theory to Open and Close Systems in Organisational Management

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Abstract

This study explored the system theory and its relevance to open and closed systems in organizational management. The research provided an overview of the system theory, its historical development, and application in modern organizations. The paper analyzed the characteristics of open and closed systems, and discussed the advantages and disadvantages of each system. Additionally, the paper evaluated the effectiveness of open and closed systems in a real-world case study and highlighted the challenges and limitations of their implementation. The study utilized secondary data gathered from existing literature, scholarly articles, case studies, and relevant industry reports, to provide insight in to the relevance of open and close system in organizational management. The implications and significance of the system theory for managing open and closed systems in modern organizations are also discussed. Overall, the paper highlighted the importance of the system theory in organizational management and provided insights for future research and practice. The key findings of the paper revealed that the system theory is essential in understanding the behavior of open and closed systems in organizations. Thus, the study recommends further research and application of the system theory in organizations, particularly in managing open and closed systems effectively.

Keywords: System Theory, Open and Close System, Organizational Management

Introduction

Effective management of an organization requires understanding how organizations interact within and outside its environment efficiently to achieve their goals (Grant, Shani & Krishnan, 2014). One area that gained increasing attention in recent years is the study of open and closed systems. In the context of organizational management, an

open system is one that interacts with its environment, while a closed system is one that does not interact with its environment. An open system is dynamic and responsive, while a closed system is static and rigid (Barile & Polese, 2021)

Understanding the difference between open and closed systems is important because it affects the way an organization operates and how it interacts with its environment. For example, an organization that operates as an open system is more likely to be flexible, adaptable, and responsive to changes in the environment. However, an organization that operates as a closed system is more likely to be resistant to change and less innovative (Barile & Polese, 2021). The system theory is a theoretical framework that views an organization as a complex and interconnected system made up of different parts that work together to achieve common goals (Foerster, 1981).

The system theory explains that an organization is not an isolated entity, but rather is constantly interacting with its environment (Barile & Polese, 2021). This interaction can be either open or closed. An open system is one that is permeable and interacts with its environment, while a closed system is one that is impermeable and does not interact with its environment. The theory is relevant to modern organizations because it provides a framework for understanding how organizations can be managed effectively in the face of complexity and change (Grant, Shani & Krishnan, 2014). The theory highlights the importance of understanding

the interactions between an organization and its environment, and how these interactions affect organizational performance and success.

In conclusion, the study of open and closed systems is an important aspect of management theory and philosophy. Understanding the difference between open and closed systems and how they relate to the system theory is crucial for effective organizational management (Barile & Polese, 2021). By applying system theory to the study of open and closed systems, organizations can improve their performance, adapt to changes in the environment, and achieve their goals (Foerster, 1981).

According to Cameron and Quinn (2011), management of organizations vary in approach, style and content from one organization to another. Each organization decides on a particular line of management to implement what it finds suitable to its objectives. Sometimes, management styles not easily discernable and definable are seen operational in some organizations. This is mostly prevalent in organizations owned by individuals or family members. However, the emphasis of this research is on the management of modern day organizations through the application of the systems theory of management (Von Bertalanffy, 1956).

There is a general tendency for concepts and management approaches to change with time. It is however observed that while some are moving the shore of the business world with growth and success, others are finding survivability, a huge mirage. The reasons for these differences are not farfetched. Wrong business decisions manifesting in the inability to forecast appropriately, adoption of an inappropriate management style, investing wrongly and the application of weak cost and internal control measures are some of the factors responsible for business stagnation and non survivability.

Indigenous organizations are subjects of a variety of management models which sometimes, are not premised on any professional and categorically established study. It is however observed that while some are moving the shore of the business world with growth and success, others are finding survivability, a huge mirage (Golinelli, 2010). The reasons for these differences are not farfetched. Wrong business decisions manifesting in the inability to forecast appropriately, adoption of an inappropriate management style, investing wrongly and the application of weak cost and internal control measures are some of the factors responsible for business stagnation and non survivability (Chesbrough, 2003).

This paper is objectively geared to showing an understanding of what the systems theory is all about, its application in management, especially with modern day organizations. The importance of organizational management with the systems theory and practises are examined. Its relevance in modern day organizations vis-a-vis other contemporary management theories are also discussed.

The work of Ludwing and Von Bertalanffy (1973) recognized the need of any organization to interact with its external environment, unlike what was proposed by classical school theorists like Max Weber, Tailor and Fayol who viewed organization as closed system. To Ludwing and Von Bertalanffy, for an organization to survival the way living organism survives, it should operate in open system and not closed system. This makes the concept become recognized world- wide as approach adapted by organization for their efficiency and effectiveness in the dynamic and changing environments. They were against reductionism, arguing that, real system are open and do interact with external environment, and emphasized on holism while solving organization problems. Therefore, open system changed the way of thinking about organizational management

from mechanical view of organization to an open-ended process which emphasized detachment, objectivity and control. Today organizations are perceived as an open ended process of coordinating purposeful individuals whose actions stem from applying their unique interpretations to the particular situations confronting them. For instance, in current situation, an organization which will not be sensitive to its environment will hardly survive. Things like technology, social and economic phenomena are not static but are always changing, hence organizations need to be dynamic in order to survive. It is also through interaction with its external environment an organization gets its inputs in terms of raw material, labour and process and lastly emits as output to its environment for selling or capital investment. Take example of Aldgate Congress Resort Ltd., that gets its raw materials from environment and also sells its products to the same environment, and through feedback it adjusts itself in order to meet the requirement of its customers, and hence, it survives. In today's rapidly changing and complex business environment, organizations need to adapt and respond quickly to changes in their external environment (Von Foerster, 1981). Understanding the difference between open

and closed systems is critical in achieving this level of agility and flexibility.

According to Mele (2003), an open system refers to an organization that is open to its environment and actively engages with it. This includes interacting with customers, suppliers, partners, competitors, and other stakeholders in the external environment. By doing so, the organization is better able to sense changes in the external environment and respond to them in a timely and effective manner. An open system is characterized by flexibility, adaptability, innovation, and continuous learning.

Nevertheless, a closed system is an organization that is closed off from its environment and does not engage with it (Grant, Shani & Krishnan, 2014). This type of organization is often characterized by rigidity, resistance to change, and a lack of innovation. Closed systems are not able to adapt quickly to changes in the external environment, which can lead to missed opportunities, decreased competitiveness, and ultimately, failure (Mele, 2022)

In organizational management, understanding the importance of open and closed systems is critical for a number of reasons. First, it allows managers to understand the impact of the external environment on their organization. By being aware of changes in

the environment, managers can develop strategies to respond to them effectively (Grant, Shani &, Krishnan, 2014).

Second, understanding open and closed systems enables managers to design and implement organizational structures and processes that support the organization's ability to be agile and flexible (Barile & Polese, 2021). This includes developing processes for gathering and analyzing external information, creating teams that are cross-functional and multidisciplinary and establishing a culture of continuous learning and improvement.

Third, understanding open and closed systems is important for developing effective leadership skills. Leaders who understand the importance of open and closed systems are better able to motivate and inspire their teams, foster a culture of innovation and creativity and develop a strategic vision that is aligned with the external environment.

In conclusion, the importance of open and closed systems in organizational management cannot be overstated. By understanding the difference between these two systems types and their impact on organizational performance, managers can develop strategies that enable their organizations to adapt and thrive in today's complex and rapidly changing business environment.

Thus, the purpose of this paper is to provide a comprehensive analysis of the role of open and closed systems in organizational management. The objective is to explore the theoretical foundations of open and closed systems, examine their practical applications in organizational management, and evaluate their impact on organizational performance.

The specific objectives of the term paper include:

- i. to provide an overview of the system theory and its relevance to organizational management,
- ii. to define open and closed systems in the context of organizational management,
- iii. to examine the theoretical foundations of open and closed systems and their relationship to the system theory,
- iv. to explore the practical applications of open and closed systems in organizational management, including their impact on organizational structure, processes, and culture,
- v. to evaluate the impact of open and closed systems on organizational performance, including their role in enhancing or hindering organizational agility, flexibility, and innovation, and
- vi. to identify the best practices for managing open and closed systems in organizational management, including strategies for

fostering a culture of continuous learning and improvement.

By achieving these objectives, the paper aims to contribute to the body of knowledge on open and closed systems in organizational management, provide insights into their practical applications, and identify best practices for managing these systems to enhance organizational performance.

Review of Literature

Overview of Open and Close System and their Characteristics

Von Bertalanffy (1956) defined a system as a complex of interacting elements. Von Bertalanffy fostered systems thinking in all disciplines in order to find general principles valid to all systems. To him, “system” is a new scientific paradigm contrasting the analytical, mechanical paradigm, characterizing classical science (von Bertalanffy, 1950). A fundamental notion of general systems theory is its focus on interactions. The center in relationships leads to **sustain** that the behavior of a single autonomous element is different from its behavior when the element interacts with other elements. Another core tenet is the distinction between open, closed and isolated systems. In open systems, there are exchanges of energy, matter, people, and information with the external environment. In

closed systems, there are no exchanges of information and matter, just exchanges of energy. In isolated system, there is no exchange of elements. Building on general systems theory many approaches were developed which include among others, open system theory, viable system model and viable system approach.

Open system theory (OST) looks at the relationships between the organizations and the environment in which they are involved. This focus reflects on organizations’ ability to adapt to changes in environmental conditions (with or without the need for information processing) (Boulding, 1956; Katz & Kahn, 1978). This theory assumes that entities that are able to process information about own specific environment show more adaptation skills to shifts in contextual conditions. Two orders of adaptive levels are identified, both referring to the informative deviation: i) counteraction – first level (to process information from an organism’s environment), related to the ability of steering through a personal purposive behavior (Ashby, 1958); ii) amplification – second level, related to constructivism theory (as opposed to realism) leading to work on self-organization (von Foerster, 1981).

Katz and Kahn (1978) applied the concept of open system to the organization. The organization was seen as a system built by energetic input-output where the energy coming from the output reactivates the system. Emery and Trist (1960) addressed organizations as socio-technical systems, underlining the two main components of the firm seen as a system: a social component (people), and a technical component (technology and machines).

Viable System Model (VSM), however, outlines a system as an entity that is adaptable for the purpose of surviving in its changing environment (Beer, 1972). The viable system is an abstracted cybernetic description that is applicable to autonomous organizations. Since cybernetics represents an interdisciplinary study of the structure of regulatory systems, it refers to the study of how actions by a system cause changes in the environment that are understood by the system itself in terms of feedback, allowing the adaptation of the system to new conditions. In other words, the system can change its behavior.

In cybernetics, the system and the environment present different levels of complexity, as the environment has degrees of complexity that are not perceptible to the system (Golinelli et al, 2002; Barile, 2005).

When applied to organizations, viable system model focuses on conceptual tools for understanding the organization of systems in order to redesign them through: i) change management; ii) understanding the organization as an integrated whole; iii) evaluating the essential functions of implementation, coordination, control, intelligence and policy (Beer, 1972; Espejo and Harnden, 1989; Espejo, 1999; Christopher, 2007). Finally viable system approach (VSA) suggests a new interpretation of consolidated strategic organizational and managerial models: sub-systems and supra-systems. Sub-systems focuses on the analysis of relationships among enterprises' internal components while supra-systems focus on the connections between enterprises and other influencing systemic entities in their context (Golinelli, 2000; Golinelli, 2005; Barile, 2006; Barile, 2008). Open and closed systems are two types of systems that are commonly used to describe organizations and other complex entities (Von Foerster, 1981). While both systems types have their advantages and disadvantages, understanding their characteristics is critical in developing effective strategies for organizational management (Barile, Polese, 2021)

Open systems are organizations that are open to their external environment and actively

engage with it (Grant, Shani & Krishnan, 2014). Open systems are characterized by a continuous flow of information, resources, and energy between the organization and its external environment. This interaction allows an organization to respond quickly and effectively to changes in the environment, adapt to new opportunities and challenges, and innovate to stay ahead of the competition. Open systems also tend to have a flatter organizational structure, with more decentralized decision-making processes and a focus on collaboration and teamwork (Von Foerster, 1981).

However, closed systems are organizations that are closed off from their external environment and do not engage with it. Closed systems are characterized by a lack of interaction with the external environment, rigid structures, and centralized decision-making processes. This lack of interaction can make it difficult for the organization to respond quickly and effectively to changes in the environment, adapt to new opportunities and challenges, and innovate to stay ahead of the competition (Grant, Shani & Krishnan, 2014). Closed systems also tend to be hierarchical in structure, with a focus on control and compliance rather than collaboration and teamwork (Barile & Polese, 2021)

Research has shown that open systems tend to perform better than closed systems in the long run, particularly in dynamic and complex environments. For example, a study by Senge (1990) found that organizations that embrace an open systems approach are better able to learn and adapt to changes in their environment, resulting in increased competitiveness and profitability. Similarly, a study by Cameron and Quinn (2011) discovered that organizations which embrace an open systems approach are more likely to be innovative and agile, and are better able to respond to changes in the external environment.

In conclusion, open and closed systems are two systems types commonly used to describe organizations and other complex entities. While both types of systems have their advantages and disadvantages, research has shown that open systems tend to perform better in dynamic and complex environments. Understanding the characteristics of open and closed systems is critical in developing effective strategies for organizational management, and can help organizations to adapt and thrive in today's rapidly changing business environment.

Theoretical Foundation of System Theory

The system theory is a theoretical framework used to describe complex systems and their

interactions with their environment (Von Foerster, 1981). It is a useful tool in understanding how different components of a system interact with one another, and how they are influenced by external factors. System theory has been used to explain a wide range of phenomena in different fields, including biology, engineering, and organizational management (Barile & Polese, 2021)

In the context of organizational management, system theory is relevant to the understanding of open and closed systems. According to Mele (2003), an organization can be seen as a complex system consisting different components such as people, processes, and technology. These components interact with each other to achieve the set organizational goals. Also, the environment in which an organization operates plays a critical role in influencing its performance.

Open systems in organizations refers organizations that are open to their external environment and actively engage with it (Barile & Polese, 2021) They are characterized by a continuous flow of information, resources, and energy between the organization and its external environment. The system theory helps to explain the characteristics of open systems by emphasizing the importance of interactions

between the organization and its environment. Open system organizations adapt simply to changes in the environment, learn from their experiences, and continuously improve their performance (Barile & Polese, 2021)

However, Mele (2003) referred closed system organizations as those that are closed off from their external environment and do not engage with it. They are characterized by a lack of interaction with the external environment, rigid structures, and centralized decision-making processes (Barile & Polese, 2021). In this perspective, system theory helps to explain the characteristics of closed systems by emphasizing the importance of internal interactions between the components of such organizations. Closed systems tend to be hierarchical in structure, with a focus on control and compliance rather than collaboration and teamwork.

In fact, system theory also helps to explain how open and closed systems can influence each other. For example, an open system can influence a closed system by introducing new ideas and approaches to the organization (Stermann, 2000) which can lead to increased innovation and agility in the closed system. Conversely, a closed system can influence an open system by imposing rigid structures and centralized decision-making processes which

can also lead to decreased agility and responsiveness in the open system.

In conclusion, system theory is a useful framework for understanding the characteristics of open and closed systems in organizational management. It emphasizes the importance of interactions between the organization and its environment, as well as the internal interactions between the components of the organization. By understanding the system theory, managers can develop strategies that enable their organizations to adapt and thrive in today's rapidly changing business environment (Stermann, 2000).

Historical Development of the System Theory

System theory was developed over several decades, drawing on contributions from various fields of study (Ashby, 1958). The origins of the system theory can be traced back to the early 20th century, with the work of scientists such as Ludwig von Bertalanffy and Norbert Wiener. Ludwig von Bertalanffy, an Austrian biologist, first introduced the concept of general systems theory in the 1920s. He proposed that complex systems could be understood as a series of interrelated components, and that these components could be studied independently of their specific contexts. His ideas were based on the notion that complex

systems, such as biological organisms, could not be understood by studying their individual components in isolation.

Norbert Wiener, an American mathematician, introduced the concept of cybernetics in the 1940s. Cybernetics was a discipline that focused on the control and communication processes in both natural and artificial systems. Wiener's work contributed significantly to the development of the system theory by emphasizing the importance of feedback loops in the control and regulation of complex systems (Ashby, 1958).

System theory gained further momentum in the 1950s and 1960s, with the contributions of scholars such as Talcott Parsons and Peter Senge. Talcott Parsons, an American sociologist, developed a comprehensive theory of social systems, which emphasized the importance of understanding the interrelationships between different components of a social system (Vicari, 1992). Peter Senge, an American scientist, developed the concept of the learning organization, which emphasized the importance of continuous learning and adaptation in complex organizations (Barile & Polese, 2021)

In the 1970s and 1980s, system theory became more widely applied in the field of

management. Scholars such as James, March, Karl Weick and Edgar Schein contributed significantly to the development of system theory in organizational management (Ashby, 1958). They emphasized the importance of understanding organizations as complex systems, and the need to develop new management practices that could better account for the complexity and interdependence of organizational components.

Today, system theory remains a fundamental framework for understanding complex systems in a wide range of fields, including biology, engineering, and management (Barile & Polese, 2021). Its historical development reflects the contributions of many scholars and practitioners from different disciplines, who have worked to refine and apply the theory to a range of real-world problems (Vicari, 1992).

Application of the System Theory in Modern Organizations

System theory has found widespread application in modern organizations because it provides a comprehensive framework for understanding the complex interrelationships between various components of an organization, and for identifying ways to optimize organizational performance (Serman, 2000). One of the key applications of system theory in modern organizations is

in the design and management of complex systems. The theory provides a structured approach for identifying the key components of a system, and for understanding how these components interact with each other (Aldrich, 1979). By applying this theory, organizations can design systems that are more efficient, more reliable, and more resilient.

Another important application of system theory in modern organizations is in the area of strategic management (Barile & Polese, 2021) as it provides a way of understanding how an organization's internal components interact with the external environment, and how changes in the external environment can impact the organization's performance. By applying system theory, organizations can develop strategies that are more adaptive and responsive to changes in the external environment (Vicari, 1992). Mele (2003) posited that system theory is also widely applied in the area of organizational learning and innovation and there, it emphasizes the importance of continuous learning and adaptation in complex systems, and provides a framework for identifying opportunities for innovation and improvement (Aldrich, 1979). By applying this theory, organizations can develop new products and services, and can

identify ways to improve their operational efficiency and effectiveness.

Finally, system theory is widely used in the area of organizational development and change management. There, it provides a way of understanding how changes in one component of an organization can impact the performance of other components, and how these changes can be managed to achieve desired outcomes (Ashby, 1958). With the system theory, organizations can manage change more effectively, and can achieve better outcomes in terms of employee engagement, productivity and performance. Therefore, system theory is a powerful framework for understanding and optimizing the performance of modern organizations because its wide range of applications reflects its versatility and adaptability to a wide range of organizational contexts, and its continued relevance in the face of ongoing changes in the business environment.

Analysis of Open and Closed Systems

System theory underpins both open and closed systems in organizational management because it emphasizes that any system is a set of interconnected and interdependent components that interact with one another to achieve common goals. These components are inputs, processes, and outputs (Aldrich, 1979). Inputs refer to the resources needed

for the system to function, the processes are the activities that transform the inputs into outputs, and the outputs are the results or outcomes of the system (Stermann, 2000).

In open systems, system theory emphasizes that an organization is influenced by the external environment, and it interacts with it in a continuous and dynamic way (Ashby, 1958). Therefore, open systems are more flexible and adaptive to changes, and can take advantage of new opportunities in the environment. System theory emphasizes that open systems need to be able to sense and respond to changes in the environment, and to adapt their inputs, processes, and outputs accordingly (Stermann, 2000).

In contrast, closed systems are more rigid and less adaptable. In this perspective, system theory emphasizes that closed systems are self-contained and do not interact with the external environment. Closed systems rely on internal feedback mechanisms to maintain stability and predictability. The theory further emphasizes that closed systems need to be able to regulate their internal processes to maintain stability and predictability (Vicari, 1992).

Comparison and Contrast of Open and Closed Systems

Mele (2003) asserted that open systems and closed systems have some similarities and

differences. One of the similarities is that both systems are made up of interdependent components that interact with one another to achieve common goals (Ashby, 1958). In addition, both systems can use feedback mechanisms to maintain stability and predictability.

However, there are also some significant differences between the two systems as open systems are more flexible and adaptable to changes in the external environment, while closed systems are more rigid and less adaptable (Aldrich, 1979). Also, open systems are influenced by external environment and interact with it in a dynamic way, while closed systems are self-contained and do not interact with the external environment (Ashby, 1958).

Regarding their advantages and disadvantages, it is observed that open systems have some advantages over closed systems. One of the advantages of open systems is that they are more flexible and adaptable to changes in the external environment. This means that open systems are better equipped to take advantage of new opportunities and to respond to threats in the environment. In addition, open systems are better at learning from experience and can continuously improve their performance (Stermann, 2000). However, open systems can

be more complex and difficult to manage (Von Foerster, 1981) because they often require a greater level of coordination and communication between different parts of the organization, and this can sometimes lead to conflicts and inefficiencies. In addition, open systems are more susceptible to external disruptions, which can sometimes be difficult to predict and manage (Vicari, 1992).

Closed systems also have some advantages and disadvantages. One of the advantages of closed systems is that they are more stable and predictable (Aldrich, 1979). Closed systems rely on internal feedback mechanisms to maintain stability, and this can make them more resistant to external disruptions. In addition, closed systems can sometimes be easier to manage, since there is less need for coordination and communication between different parts of the organization (Stermann, 2000). However, closed systems are less flexible and less adaptable to changes in the external environment. This means that closed systems can sometimes miss out on new opportunities and can be slow to respond to threats in the environment (Vicari, 1992). In addition, closed systems can sometimes become stagnant and resistant to change, which can lead to a decline in performance over time (Ashby, 1958).

In conclusion, system theory provides a framework for understanding and optimizing the performance of both open and closed systems in organizational management. While open systems are more flexible and adaptable, they can also be more complex and difficult to manage. Conversely, while closed systems are more stable and predictable, they can also be less adaptable (Stermann, 2000).

Methodology

The study utilized secondary data gathered from existing literature, scholarly articles, case studies, and relevant industry reports, to provide insight in to the relevance of open and close system in organizational management.

Case Study Analysis

One real-world case study where open and closed systems have been applied is the famous McDonald's Corporation. McDonald's is known for its efficient and standardized operations, which contributed to its success as a fast-food chain. McDonald's operates with a closed system approach, where the focus is on maintaining tight control over its operations, supply chain, and franchisees. McDonald's has a set of standard operating procedures that are followed strictly by its employees and franchisees. These procedures ensure consistency in food

quality, service, and customer experience across all outlets. The company's closed system approach has helped it to control costs, minimize errors, and increase efficiency.

Evaluation of the Effectiveness of Open and Closed Systems in the Case Study

The effectiveness of the closed system approach in McDonald's can be seen in its success as a global fast-food chain. The company's standardization of operations, supply chain, and franchisees has ensured that customers get the same quality of food and service regardless of the location. This has helped to build a strong brand image and customer loyalty. However, the closed system approach also has some limitations. For example, it can stifle creativity and innovation among employees and franchisees who may feel constrained by the rigid standard operating procedures. This can lead to a lack of motivation and employee burnout. Moreover, closed system approach may not be suitable for all types of businesses, especially those that operate in dynamic and uncertain environments (Von Foerster, 1981).

Challenges Encountered in the Implementation of Open and Closed Systems

One of the challenges encountered in the implementation of closed systems is the need for constant monitoring and control. This can

be time-consuming and requires significant resources to maintain (Aldrich, 1979). Additionally, the rigidity of the closed system approach may not be suitable for all businesses, especially those that require innovation and adaptability (Von Foerster, 1981).

Open systems, however, require a different set of skills and resources to implement effectively. For example, open systems require a higher level of communication, collaboration, and trust among employees and stakeholders (Stermann, 2000). This can be challenging to achieve in some organizational cultures where there is a lack of transparency and accountability. Moreover, open systems may also face the challenge of balancing autonomy and control. While open systems allow for more flexibility and creativity, this can also lead to inconsistencies in operations and quality (Stermann, 2000). Therefore, it is essential to strike a balance between autonomy and control to ensure that the organization's goals are met.

In conclusion, open and closed systems are two distinct approaches to organizational management that have their advantages and limitations. Thus, system theory underpins both open and closed systems, highlighting the importance of understanding how

organizations operate as a whole. The effectiveness of open and closed systems depends on the organizational context, goals, and environment. In practice, organizations may need to adopt a combination of open and closed systems to achieve the desired outcomes. The McDonald's case study is an example of the effectiveness of the closed system approach in ensuring consistency and efficiency in operations. However, the closed system approach may not be suitable for all organizations, and a balance between autonomy and control is essential for open systems.

Conclusion and Recommendations

Summary of Key Points and Findings from the Term Paper

In this paper, we explored the concept of open and closed systems in organizational management, the system theory, and how it underpins open and closed systems. We also compared and contrasted the two systems, analyzed their advantages and disadvantages, and evaluated their effectiveness through real-world case studies.

Based on the analysis, we found that open and closed systems differ in their approach to interactions and relationships with their environment. Open systems actively seek to interact with their environment to receive feedback and adjust their strategies

accordingly, while closed systems tend to operate in isolation and resist changes from the environment. However, there are advantages and disadvantages to both systems, and their effectiveness depends on the context in which they are implemented.

It was also discovered that system theory provides a framework for understanding how organizations interact with their environment, emphasizing the interdependence of different parts of the organization and the importance of feedback loops. The theory underpins both open and closed systems by highlighting the need for organizations to adapt to changes in the environment while maintaining a degree of stability and coherence.

Implications and Significance of the System Theory in Modern Organizations

System theory has significant implications for managing open and closed systems in modern organizations. By providing a holistic perspective on organizational functioning, it highlights the importance of considering the impact of external factors on the organization's performance. It also emphasizes the importance of flexibility and adaptation to changes in the environment while maintaining coherence within the organization. In today's complex and rapidly changing business environment, organizations must continuously adapt to stay

competitive. The system theory provides a useful framework for managing this complexity, by enabling organizations to better understand their interactions with the environment and adapt their strategies accordingly.

Recommendations for Future Research

Future research can explore the application of system theory in specific organizational contexts, such as healthcare or education, to determine its effectiveness in different domains. Research can also focus on developing more precise measures of system effectiveness and identifying the factors that contribute to successful implementation. In terms of application, organizations can use system theory to guide their strategic planning and decision-making processes. They can also use it to develop more effective feedback systems and enhance communication and collaboration within the organization.

Reflections and Personal Insights on the Topic

Overall, this paper reflects a valuable learning experience, providing insight into the complex and dynamic nature of organizational functioning. Also, it is discovered that system theory offers a useful lens for understanding these complexities and provides a framework for managing them.

One personal insight from this research is the importance of organizational learning and adaptation. Organizations must continually adapt to changes in the environment to remain competitive and achieve their goals. Another insight is the need for effective communication and collaboration within organizations to ensure coherence and alignment in the face of environmental

changes. In conclusion, system theory offers valuable insights into managing open and closed systems in modern organizations. By emphasizing the importance of adaptability and coherence, it provides a framework for understanding and managing the complexities of organizational functioning in a rapidly changing environment.

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