

## **Holon Organization Theory (HOT)**

### **A Brief Orientation**

HOT is a multidimensional, overlapping orientation to assist in the understanding of how human relationships evolve. When two or more are gathered together, they interact either by a set of informal or formalized rules. Usually, the larger the gathering of people the more likely that formalized rules are observed or if stringently enforced, then obeyed. Regardless of whether the relationship is just between two people, or multitudes of people, they are shaped by some form of governance, and that is what HOT illustrates: how governance is enacted and the types of behavioral activities that result. HOT is fractal, in the sense that it works on all scales: from informal to formal human relations – cliques, assemblies, cultures, societies, states, countries, etc.

The most inherent level of governance is the dimension of how information is structured within a set of informal or formal regulations, rules, or laws across a dichotomous relationship between democratic and authoritarian/totalitarian orientations. Again, the larger the gathering the more formalized activities become.

Consider two people, say a married couple, how do they go about making their decision(s) that explain their activities? For example, simply who does the housework? Have they discussed who does what? That is, was there any discussion (democratically) or did one person acquiesce to the other (authoritarian) without discussion but followed orders? An underlying characteristic of the democratic/authoritarian dichotomy is how a decision is decided. Democratic discussions tend to take longer to obtain an outcome and create effective solutions, while authoritarian activity is quicker, efficient and singularly controlled.

When an action is taken by any gathering of human establishing groups, those actions can be understood to be either in line with a particular set of governing rules, regulations or laws, or not aligned, which would be outlawed activity. When activities are undertaken, they can be considered to exist in a marketing dichotomy that ranges between a white-market (accepting) and black-market (not accepting), while the grey market lies between as an unsettled (not decided/ruled) activity. Your money is safe in a bank (general white-market rule) until an unlawful activity steals your funds.

Therefore, all activity results in the interplay of two parameters. First is the capacity of whatever governance of rules, regulations or laws that are in place, and second the market impact of whether or not the rules, regulations or laws are enforced either through one's morals/ethics or by an external coercion. If a person or entity does something contrary to the rules, they act in a secretive black-market activity with a possible reckoning when caught by the enforcers.

Once it is understood what sort of market (black/grey/white) exists based on what you (and/or others) want to do, will then be driven by a set of conditions under which the activity can operate. These markets conditions are formed by the interaction of six attributes (BICEPT): barriers, information, competition/collaboration, externalities, public/private, and transaction cost. The dependencies on how the BICEPT market attributes interact within the context of one's desired activity directs how one can proceed.

The procedure for conducting an activity involves acquiring resources (input supplies) and manipulating the resources (processes) that create a product/service (output) under the constraints of the BICEPT market, and in reference to the ability of governing rules, regulations and laws can be enforced, and the skill to operate in the resulting white-grey-black-market structure.

Clustering many procedures (input, process, output, feedback acronym IPOF) together develops formal operations leading to groups of people in labeled (proper noun) organizations with their own internal HOT governance. When multiple HOT organizations collaborate, they become a HOT lobby that in turn can impact HOT governance (i.e. ranging from local governments to federal government).

HOT is an encompassing nested model that can emulate people acting together in any type of assembled collaboration ranging from friends and married couples to small informal groups and rising to larger groups of nonprofits, for-profits and government organizations. HOT can be extended to conduct contrasts and comparisons among how I, we, and us view they and them.

### **BICEPT Market Parameters**

HOT is interpreted: there is no “free” market. All markets are a by-product of the overarching governance model under which a person, or an organization, operates. The closest a “free” market can exist is when the BICEPT attributes are rated as the following: (1) low barriers for entry, (2) freely available information, (3) competition, (4) low externalities and (5) low transaction costs.

**Barriers:** what is needed to begin. Starting a utility company? Well, there is a lot of infrastructure that is needed, which are considered barriers.

**Information:** If information is not readily available, then how do you start something without the appropriate information?

**Competition/collaboration:** Healthy competition keeps prices down. Collaboration prices are agreed and potentially cause prices to rise.

**Externalities:** Whatever you are accomplishing, there are side-effects, or by-products that occur.

**Public/Private:** Private organizations tend to be profit making and funds siphoned off to stakeholders, while public organizations tend to use funds more carelessly, and non-profits are oriented to return their profits back into their organization.

**Transaction Cost:** If financially doable, then do it; otherwise, do not. Externalities are often ignored when considering the cost of doing business.

### **IPOF Procedures**

IPOF is an acronym for doing business requiring resources (**inputs**) that are used to create a service or product (**process**) and the results (**output**). The “F” in IPOF is feedback. Feedback is critical for survival. The two types of feedback are (1) ratings of efficiency of the production processes and (2) rating product/services effectiveness among those who received the product or service.

IPOF inputs usually have several other HOT organizations providing supplies. While producing and distributing production there are HOT externalities. Buy a car from a HOT manufacturer (having externalities) that relies on many HOT supplier resources each having their externality issues. When you drive your car, you create your own exhaust externalities, and you buy gas from HOT production oil companies with their externalities. The interlinks among all HOT organizations and their externalities interact with the world’s eco-system.