# THE PERCEPTUAL ENTERPRISE

*A Unified Systems Architecture of the Business Enterprise*

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Working Paper

*A Theoretical Monograph*

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*This revision adds Section IX, which derives six testable propositions from the architecture, specifies observable indicators for its central constructs, and states the conditions under which each proposition would be disconfirmed.*

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## Abstract

Organizational theory has produced powerful accounts of resources, capabilities, learning, culture, and strategy, but no account of what kind of thing the enterprise is such that all of them describe it. This monograph proposes that answer. The business enterprise is a perceptual entity: a meaning system that engages its environments through governing premises so foundational they appear not as premises but as reality itself. The claim is intended literally. It explains why enterprises build the resources they build, learn what they learn, and fail as they fail — often at the height of their success.

From that foundation the monograph develops a full systems architecture: six subsystems, including a meaning subsystem that operates on governing premises rather than through them; three feedback loops; and the value event, a new construct specifying the exchange through which viability is constituted. Within this architecture, the success syndrome is a positive feedback loop that converts confirming results into progressively narrower perception, while structural gravity masks the erosion it produces until the enterprise approaches its coherence horizon — the threshold

beyond which its premises can no longer generate value the environment recognizes. These constructs are grounded in formal systems science and physics rather than offered as metaphor.

The architecture locates resource theory, dynamic capabilities, organizational learning, and the other major traditions as partial specifications of a single operating system, and explains why strength in each can coexist with vulnerability in the whole. A final section derives six testable propositions, specifies observable indicators, and states the conditions under which each would be disconfirmed — converting the architecture from a framework that explains failure after the fact into a research program capable of testing it.

**Keywords:** organizational theory, perceptual entity, interpretive architecture, open systems, resource-based view, dynamic capabilities, value event, meaning systems, success syndrome, coherence horizon, ISLE framework

## AI Disclosure Statement

This monograph was developed in collaboration with two AI assistants, Claude (Anthropic) and ChatGPT (OpenAI). The theoretical architecture, core constructs, and all claims are the author's, developed over an extended independent research program. AI assistance was used for literature research and mapping across the theoretical traditions engaged in the monograph, and for drafting support under the author's direction. All AI-assisted material was reviewed, verified, and substantially revised by the author, who takes full responsibility for the content. A fuller account of this collaboration appears below in A Note on AI-Assisted Research.

## Scope and Purpose

Organizational theory is a fragmented discipline. Resource theory, dynamic capabilities, open systems theory, organizational learning, institutional theory, competitive strategy, behavioral

organization theory — each has matured into a substantial literature with its own questions, its own methods, and its own internal standards of rigor. But each operates largely within its own boundary, and little connects them. A finding in the resource-based literature carries no specified relationship to a finding in organizational learning; a firm diagnosed as strong by one tradition's criteria can be diagnosed as fragile by another's, with no framework explaining how both diagnoses can be correct of the same enterprise at the same time.

What the field has not yet produced is a consolidating architecture. No framework has answered the prior question — what kind of thing is the enterprise, constitutively, such that all of these traditions describe aspects of it? Without that answer, the traditions cannot be integrated. Each examines its own domain with precision and stops at the boundary where another tradition begins. The result is a field that knows an enormous amount about organizational life while lacking the unified architecture that would show how what it knows fits together — why strength in one domain can coexist with catastrophic vulnerability in another, why the same processes that build competitive capability generate the conditions that eventually destroy it, and what the full operating system of the enterprise actually looks like when all of its components are specified in their relationships to each other and to the purpose the enterprise exists to serve.

This is not a failure of the traditions. It is the structural consequence of each being built to answer a specific question without the prior ontological grounding that would have made integration possible. A century of productive partial specification has, however, created exactly the conditions under which a consolidating architecture becomes both possible and necessary. The traditions are mature enough that their contributions can be precisely located within a unified framework. Their stopping points are clear enough that the structure they were converging toward can be named. And the practical stakes — enterprises navigating accelerating technological disruption with

theoretical tools that examine one domain at a time — are high enough that the integration matters beyond theoretical completeness.

Each of those traditions begins somewhere inside the enterprise — with resources already in place, capabilities already formed, learning already occurring, environmental pressures already bearing on a going concern. None asks the prior question: what kind of thing is the enterprise, constitutively, before it has resources, capabilities, routines, or institutional pressures? Without an answer to that question, the traditions that describe the enterprise's subsystems and processes cannot be integrated into a coherent whole. The result is a literature that explains individual components of organizational life with considerable precision but lacks the architectural framework that shows how those components interact, reinforce each other, undermine each other, and together determine whether an enterprise remains viable as its competitive environment evolves.

That fragmentation has practical consequences. Organizations are diagnosed through whichever theoretical lens their advisors apply — strategic positioning, capability development, organizational learning, cultural change — without a framework that shows how each domain connects to the others or why strength in one can coexist with serious vulnerability in another. A firm can possess strong resources, sophisticated dynamic capabilities, and deep organizational learning capacity and still face existential competitive pressure — because the architecture through which all three operate has consolidated around premises that are being displaced. No individual theoretical tradition can see that pattern clearly because each examines only its own domain. An integrating architecture can.

This theoretical monograph develops that architecture from a systems perspective. Its central claim is that the business enterprise, properly understood, is a perceptual entity embedded in an open

system (Katz & Kahn, 1978; von Bertalanffy, 1968). That is intended as a literal claim, not a metaphor. It is the constitutive feature of organizational life that prior theoretical traditions have each partially illuminated without naming directly — the reason enterprises develop the resources they develop, form the capabilities they form, learn what they learn, and respond to competitive pressure as they do. Establishing the enterprise as a perceptual entity makes an integrating architecture possible, because it identifies the cross-cutting mechanism — the interpretive architecture (Sloan, 2026a) — through which every subsystem of the enterprise operates (Weick, 1995; March & Simon, 1958; Gavetti, 2012).

Prior open systems models treated the enterprise as an objective system — describable in terms of its structures, processes, and resource flows (Katz & Kahn, 1978). This monograph establishes it as a perceptual system — one whose engagement with every element of that model is mediated by an interpretive architecture that determines what the enterprise recognizes, how it responds, and whether it can revise the premises through which it acts. That shift from objective to perceptual is not a refinement of prior systems theory. It is a different foundational claim about what the enterprise is. Once the enterprise is established as a perceptual entity, the theoretical fragmentation that has characterized organizational theory for decades becomes explicable rather than puzzling. Each tradition has been appropriate within its domain because each has been describing a subsystem of a perceptual system without the architectural framework that shows how the subsystems interact and why the whole can fail even when the parts appear strong.

This theoretical monograph is not a derivative of any single research program. It draws on open systems theory, organizational cognition, and the broader literature on how meaning systems govern organizational behavior to develop a systems-level model of the enterprise that stands independently. The ISLE framework — a developmental theory of meaning systems (Sloan,

2026a) — is introduced not as a prerequisite but as a highly compatible mechanism for addressing the model's central developmental question: how does the interpretive architecture through which an enterprise operates form, consolidate over time, and either reconstruct or fail? ISLE provides a precise and well-specified answer to that question, and the two frameworks are therefore deeply interrelated. But the systems model developed here is broader in scope than any single theoretical program. It aims to provide the integrating architecture within which the contributions of multiple traditions — resource-based view, dynamic capabilities, organizational learning, institutional theory, and others — can be precisely located and understood in relation to each other.

One of this monograph's most distinctive contributions is the grounding of its core constructs in formal systems science. The coherence horizon (Sloan, 2026a; 2026b), the success syndrome (Sloan, 2026a; 2026b), structural gravity (Section III), and reconstruction potential (Sloan, 2026a; 2026b) are not organizational metaphors for systems phenomena. They are genuine instantiations of formal concepts from physics and cybernetics — bifurcation points in far-from-equilibrium systems (Prigogine & Stengers, 1984), positive feedback loops in the precise cybernetic sense (Wiener, 1948; Ashby, 1956), homeostatic buffers, and requisite variety constraints — operating at the organizational level. That grounding is not decorative. It reveals why the constructs have the properties they do and why the dynamics the model predicts follow from the underlying systems science rather than from theoretical assertion alone.

The monograph develops the architecture in nine stages. Section I establishes the perceptual entity as the enterprise's constitutive nature — the foundational claim from which the architecture derives. Section II presents the full systems architecture, grounds its core constructs in formal systems science and physics, compares the architecture systematically with Katz and Kahn (1978), and identifies the five extensions the perceptual orientation requires. Section III develops the

resource architecture — the two classes of inputs, the recognition mechanism, and structural gravity as the accumulated resource position that governs the displacement interval. Section IV locates the resource architecture within prior resource theory, mapping each tradition's contribution and specifying what each presupposes that the integrated architecture makes explicit. Section V introduces the value event as the original theoretical construct that operationalizes the enterprise as a purposeful energetic system — the discrete purposeful exchange through which every other architectural construct acquires its empirical referent. Section VI develops the six-subsystem architecture in full, specifying each subsystem's components, inputs, outputs, regulatory functions, and relationship to value event flow, and mapping the prior theoretical traditions that have addressed each subsystem's domain. Section VII specifies the feedback architecture — the formal specification of the success syndrome as a positive feedback loop that systematically degrades its own balancing mechanisms, the renewal loop as a designed balancing feedback mechanism with three formal requirements, and the integration of Bateson's Learning III with the meaning subsystem's renewal function. Section VIII presents the unified theoretical map at three levels: the structural level showing the six subsystems as a living operating system organized around the value event; the theoretical integration level showing how seven theoretical regions developed independently can be understood as partial specifications of a single architectural reality; and the developmental level showing the architecture in motion through five phases, each with its distinct subsystem activity pattern and its theoretical grounding in formal systems science. The section closes with a statement of what the architecture provides and why it is consequential — including its formal specification of the internal mechanism that produces the S curve as the external market expression of the enterprise's internal developmental cycle. Section IX derives six propositions from the architecture, specifies observable indicators for the constructs

on which they depend, states the conditions under which each would be disconfirmed, and outlines research designs capable of examining them.

The monograph's purpose is to provide what organizational theory has approached from multiple directions without yet achieving: a unified architecture of the enterprise that shows why its components behave as they do, how they interact, and what determines whether the enterprise as a whole retains the capacity to remain viable as the logic of competition evolves. That architecture does not replace what prior traditions have produced. It reveals what those contributions collectively imply — and why no single tradition, however refined, could have produced that understanding alone.

A note on theoretical selection is warranted before the architecture is developed. The traditions engaged in this monograph are not a comprehensive survey of organizational theory. They are selected because each illuminates a specific component of the perceptual enterprise architecture, specifies a relationship the model depends on, or has been sufficiently influential that its absence would raise legitimate questions about theoretical grounding. The criterion for inclusion is not completeness but architectural relevance — does this tradition contribute a building block to the architecture, specify a relationship it depends on, or represent a prior treatment the architecture explicitly extends? Traditions that do not meet this criterion are not addressed, not because they lack value but because this monograph is not a literature review. It is a theoretical architecture, and the theories it engages are precisely those that either contributed to building it or that it extends in ways that require explicit acknowledgment. Readers familiar with traditions not addressed here should understand their absence as a reflection of scope rather than oversight.

**A Note on AI-Assisted Research**

This monograph was developed in extended collaboration with two AI assistants, Claude (Anthropic) and ChatGPT (OpenAI). The theoretical architecture, all core constructs, and the intellectual framework are the product of the author's ISLE research program — a body of work spanning organizational behavior, systems theory, and the developmental dynamics of meaning systems that provides the foundational architecture within which this monograph is situated.

What the AI collaboration provided was systematic literature research and mapping across the theoretical traditions engaged in this monograph — identifying the relevant scholars, specifying each tradition's contributions and stopping points, grounding those specifications in the primary literature, and assembling the comparative analysis that runs through the subsystem sections. That comparative scope is not incidental to the paper's argument. It is the evidentiary basis for the central claim that organizational theory's fragmentation into competing traditions reflects not the actual structure of organizational reality but the limits of what any single tradition could see from within its own domain. Demonstrating that claim required engaging each tradition at sufficient depth to show precisely what it contributed and precisely where it stopped — a scope of coverage that the AI collaboration made possible.

The author has reviewed, verified, and in many cases substantially revised the resulting material. The theoretical claims, the integrative architecture, and the argument that the traditions reviewed are partial specifications of a single underlying reality are entirely the author's.

## Section I: The Perceptual Entity

The study of organizational failure under apparent success has produced a persistent puzzle. Enterprises with strong resources, sophisticated capabilities, and deep organizational learning capacity nonetheless approach systemic failure — not because those assets eroded, but because the architecture through which they operated consolidated around premises the competitive environment had moved beyond. No single prior tradition can explain that pattern clearly, because each examines its own domain without the cross-cutting mechanism that connects them. The resource-based view sees the asset position. Dynamic capabilities see the sensing and reconfiguring processes. Organizational learning sees the knowledge flows. Behavioral strategy sees the cognitive representations. What none of them sees is the prior question: what kind of thing is the enterprise, constitutively, such that all of these domains operate as they do — and fail as they do — together?

This monograph's answer is that the enterprise is a perceptual entity. That is not a metaphor. A perceptual entity is anything that engages its environment through interpretation before it acts, and that cannot engage its environment in any other way — for which interpretation is not a preliminary stage that precedes engagement with the world but the condition of engagement itself. The enterprise is such an entity: a meaning system that sustains itself by engaging its environment through governing premises so foundational they do not appear as premises. They appear as reality itself. The enterprise does not decide what counts as a competitive signal, a valuable resource, or a legitimate output. Its interpretive architecture determines these things, and that architecture is a structural property of the organization itself — not an aggregate of individual cognition, not a strategic overlay on an otherwise objective structure, but the foundational property from which resources, capabilities, learning, and competitive behavior all derive.

It is worth being precise about what distinguishes this claim from constructs already established in organizational theory, because the affinities are real and the difference is easy to understate. Schemas and frames (Walsh, 1995) describe cognitive structures that guide interpretation in specific situations. Dominant logic (Prahalad & Bettis, 1986) describes a prevailing managerial mental model shaped by prior success. Institutional logics (Thornton, Ocasio, & Lounsbury, 2012) describe field-level cultural frameworks that organize legitimacy and action. Each captures something real about how interpretation is organized, and each is consistent with the perceptual entity construct rather than contradicted by it. What none of them specifies is a developmental trajectory: a mechanism by which the interpretive structure itself forms, deepens through validated success, progressively compresses its own capacity to accommodate variation, and either reconstructs or fails — with the timing of that trajectory, not merely its content, determining viability. A dominant logic can be described at a point in time; an institutional logic can be mapped

across a field at a point in time. A perceptual entity's interpretive architecture has a history that explains its present configuration and a trajectory that constrains its future one. That is the difference between a snapshot and a mechanism, and it is the difference that makes reconstruction a coherent theoretical category rather than another word for change. The institutional logics perspective deserves more precise treatment than the standard stopping-point observation, because its most sophisticated work has directly addressed institutional change — and it is precisely in that treatment that the gap the perceptual entity construct fills becomes visible. Seo and Creed (2002) specified the endogenous contradictions through which institutional logics generate the conditions of their own transformation: actors embedded in a logic experience its internal contradictions and, under specified conditions, mount praxis that contests the existing logic and enables transition to a new one. Battilana and Dorado (2010) showed how organizations with hybrid institutional logics navigate the tensions between competing frameworks in real time. These contributions are genuine — they demonstrate that the institutional logics perspective is not static, and that change is theorizable from within the tradition. But what they produce is a theory of the conditions under which institutional change occurs, not a mechanism governing how a given interpretive architecture — at the enterprise level or the field level — consolidates, approaches the point at which its own premises generate contradictions, and either reconstructs or fails. Seo and Creed specify the structural contradictions that generate change pressure; the perceptual entity construct specifies the developmental mechanism that determines whether any given architecture — individual, organizational, or institutional — can respond to that pressure before the coherence horizon forecloses reconstruction. The institutional logics tradition operates at the field level and treats the enterprise as a recipient of institutional influence. The perceptual entity construct operates at the mechanism level and treats the enterprise as a meaning system with its own

developmental trajectory that both shapes and is shaped by the field. The two are compatible — institutional logics specify the external governing premises the enterprise operates within; the perceptual entity construct specifies the internal developmental dynamic through which those premises are absorbed, consolidated, contested, and either revised or calcified. Neither can do what the other does. Together they describe the full architecture of interpretive dynamics at multiple levels simultaneously.

The perceptual entity construct operates at multiple levels of abstraction, each with its own architecture but governed by the same underlying developmental mechanism. At the individual level, the perceptual entity is a human being whose meaning system forms through experience, consolidates through the validation of governing premises, and either reconstructs through deliberate premise examination or becomes progressively less capable of engaging a changing environment. At the organizational level, the perceptual entity is the enterprise — whose interpretive architecture forms through founding premises, consolidates through the success syndrome, and either reconstructs through deliberately maintained reconstruction potential or approaches the coherence horizon (Sloan, 2026a; 2026b; 2026c). At the social system level, the perceptual entity is the field, the industry, the institution, or the society — whose governing premises organize collective meaning, constrain individual and organizational behavior, and either evolve through contested premise revision or calcify into institutional logics that resist the encroachment of new value architectures. The social system as a perceptual entity is developed in the companion paper on social systems and institutional change (Sloan, 2026e). The perceptual entity construct across all three levels is summarized in Table 1.

***Table 1. Perceptual Entities Across Levels***

| Level | Constituent Unit | Interpretive Architecture | Developmental Mechanism | Viability Condition | Companion Paper |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Individual | Cognitive and emotional self | Personal meaning system formed through experience and identity | ISLE at the individual level: consolidation through validated experience (Sloan, 2026a) | Capacity to revise governing premises before psychological coherence fails | Individuals as Perceptual Entities (Sloan, 2026f) |
| Organizational | Individual perceptual entities within governance structures | Enterprise interpretive architecture formed through founding premises, history, and cultural formation (Sloan, 2026a; 2026b) | Success syndrome, coherence horizon, reconstruction potential (Sloan, 2026a; 2026b) | Capacity to revise governing premises before the coherence horizon is breached | This monograph |
| Social System | Organizations and institutions within a field | Field-level governing premises organizing collective meaning (Friedland & Alford, 1991; Thornton et al., 2012) | ISLE at the social system level: institutional logic consolidation and premise contestation | Capacity of the field to reorganize around new value premises before institutional calcification | Social Systems (Sloan, 2026e) |

Three properties distinguish a perceptual entity from a standard open system at every level of this architecture. The first is selective recognition — a property with deep roots in psychological research on perception (Bruner & Postman, 1949; Hastorf & Cantril, 1954) and extended to organizational decision making through the concept of bounded rationality (Simon, 1947; March & Simon, 1958; Dearborn & Simon, 1958). The perceptual entity does not process all available information but only what its interpretive architecture classifies as relevant. This is not a limitation to be overcome. It is the necessary condition for coherent action — without selective recognition, the perceptual entity would be paralyzed by the undifferentiated complexity of its environment. The selection criteria are structural, not deliberate. The individual does not choose what to notice;

their meaning system determines it. The enterprise does not decide what counts as a competitive signal; its governing premises determine it.

The second property is premise-governed action: the perceptual entity responds to recognized events through governing premises that define what constitutes a valid response and a successful outcome. Those premises are not policies that can be changed by decision. They are structural properties of the interpretive architecture, embedded in routines, metrics, governance systems, and identity narratives. An enterprise cannot simply decide to evaluate a competitive threat differently; it must revise the premises through which evaluation occurs, which is a structural change, not a strategic choice.

The third property is consolidation: through the process by which successful engagement validates governing premises, the perceptual entity progressively deepens its commitment to those premises and narrows the range of events it can recognize and the range of responses it can generate. This dynamic — the success syndrome (Sloan, 2026a; 2026b) — is the mechanism through which interpretive elasticity compresses as governing premises are validated through repeated success, reducing the architecture's capacity to accommodate variation outside its established categories. Consolidation is not imposed from outside. It is the structural consequence of the system doing what it is designed to do — sustaining viability through coherent, premise-governed action — and it proceeds not through failure but through success. At every level, this is the mechanism through which the perceptual entity's greatest strength becomes its most consequential vulnerability. What distinguishes the consolidation dynamic from the limitations of bounded rationality or the cognitive biases that behavioral strategy has specified is its formal character. It is not a limitation to be managed or a bias to be corrected. It is a deviation-amplifying process in the precise cybernetic sense Wiener (1948) specified: successful engagement amplifies commitment to the

premises that generated it, which amplifies the success those premises produce, which amplifies commitment further, compressing interpretive elasticity with each cycle. The process has no internal limit, and where it leads is the coherence horizon — the threshold beyond which the premises that generated success can no longer sustain viable engagement with an environment that has moved on. What organizational theory has described as competency traps (Levinthal & March, 1993), dominant logic consolidation (Prahalad & Bettis, 1986), and structural inertia (Hannan & Freeman, 1984) are all organizational expressions of the same formal property: the positive feedback dynamic through which a perceptual entity that works generates the conditions that will eventually prevent it from working. A note on terminology: consolidation is ISLE's term (Sloan, 2026a) for the process through which validated premises deepen and compress interpretive elasticity. The success syndrome names its reinforcing, feedback form at the enterprise level, and reconstruction potential names the enterprise's maintained capacity to redistribute life energy toward reconstruction (Sloan, 2026b).

Consolidation has a further consequence that operates on awareness rather than on behavior, and is for that reason harder to detect from within. As an interpretive architecture structures more of its environment — converting what was previously unrecognized into governing premises that organize recognition, response, and evaluation — it does not thereby approach a state of having accounted for that environment. Each act of structuring generates new distinctions and new questions that could not have been posed before the structuring occurred, so the range of what the architecture can recognize as unstructured expands along with the range of what it has structured. A highly consolidated perceptual entity is therefore not closer to having mapped its environment in full; it is standing at the edge of a larger unstructured region than it could have perceived at an earlier, less consolidated stage — and it has a narrower range of response available for engaging

it. This is part of why consolidation's costs generate no internal signal: the boundary of what the entity is aware it does not know recedes in step with the boundary of what it has structured, so the misalignment accumulating between the two produces no experience of loss from inside the architecture undergoing it.

This generates a prediction that diverges sharply from accounts of organizational failure grounded in resource decline, capability erosion, or execution quality. Those accounts predict that failure correlates with weakness: the firms most exposed to displacement are the ones whose resources, capabilities, or execution have already deteriorated relative to competitors. The perceptual entity construct predicts the opposite correlation among firms approaching a coherence horizon — that the enterprises most exposed to breakdown are not the weakest in their domain but the most successfully consolidated, precisely because consolidation is the mechanism that both produced their dominance and compressed their capacity to recognize its expiration. This is not a prediction that could be read off resource-based, capability-based, or execution-based accounts after the fact and relabeled; it is a prediction those accounts would not generate, because each locates the cause of failure in a deficit the perceptual entity construct does not require. Where the construct is correct, the firms best positioned by every conventional measure at a given moment are, for that same reason, the firms least positioned to recognize when that moment has ended.

Three prior traditions come closest to this prediction, and each stops short of the mechanism. Miller's (1990) Icarus paradox holds that the orientations responsible for an enterprise's early success are carried by their own momentum into exaggeration and become the cause of its downfall. It identifies success itself, rather than deficit, as the driver, which places it nearer to this monograph than most of the failure literature. But it describes a recurring outcome and catalogs its typical forms without specifying the structural mechanism by which ordinary

consolidation, not excess, compresses interpretive elasticity. Read through the perceptual entity construct, the excess Miller describes is not a departure from successful practice but its structural endpoint, and the paradox dissolves once success and failure are treated as sequential phases of one developmental mechanism. Threat-rigidity theory (Staw, Sandelands, & Dutton, 1981) documents that organizations under perceived threat constrict information processing and intensify dominant responses. That is a behavioral reaction to a recognized condition. Misalignment in the perceptual enterprise model is a structural condition that develops without any recognition of threat and without visible deterioration, and it generates the circumstances in which threat eventually becomes unavoidable. Organizational ecology (Hannan & Freeman, 1977, 1984) explains persistence and failure through selection among organizational forms and treats structural inertia as the property that exposes forms to selection. It selects among forms without theorizing the interpretive architecture that defines them, and it attributes inertia to selection for reliability and accountability rather than to the developmental trajectory of the meaning system that consolidation produces.

Polaroid is the paradigm case of the prediction just stated, and prior theory approached its explanation without fully achieving it. Behavioral strategy (Gavetti, 2012) established that organizations act through cognitive representations that shape what they can see and do — but located those representations in the cognitive architectures of individual managers rather than in an emergent organizational architecture with its own developmental trajectory. Tripsas and Gavetti's (2000) landmark study of Polaroid showed that interpretive frames constrain competitive response independently of capability — Polaroid possessed the technical capability for digital imaging for years before competitive displacement, while its interpretive architecture systematically prevented recognition of digital photography as its business — but specified that

frame at the cognitive level of top management rather than as a structural property of the enterprise itself. Gavetti's (2012) behavioral theory of strategy moved furthest, specifying that cognitive distance from existing representations determines what strategic moves are available — but without the mechanism through which the enterprise's governing premises form, consolidate, and generate the conditions for their own revision. The perceptual entity construct completes that move: not that organizations use interpretive filters, but that the organizational perceptual entity is constitutively a meaning system whose interpretive architecture has its own developmental trajectory, its own consolidation dynamics, and its own conditions for reconstruction.

The same construct that explains Polaroid's failure specifies what a different outcome requires — and that outcome is not hypothetical. Netflix's DVD-by-mail business was, in the mid-2000s, profitable, growing, and dominant against the competitors it had been built to defeat. By the logic the success syndrome predicts, that position should have consolidated Netflix's governing premises around logistics and distribution as the source of its advantage. For a time, internally, it did. What distinguishes Netflix's trajectory from Polaroid's is not that its leadership was somehow exempt from consolidation's pull, but that the enterprise revised its governing premises — investing in streaming infrastructure that would cannibalize its own core business, and redefining its value proposition around convenience and selection rather than disc logistics — before subscriber losses or competitive pressure made the revision unavoidable. That is reconstruction under coherence: the interpretive architecture revised while the architecture it replaced was still generating success, rather than after it had stopped. Few would dispute that this happened, or that it required Netflix to treat its own most successful premises as objects of revision rather than as the foundation to be defended. The perceptual entity construct is what makes the two trajectories comparable in the first place. Without it, Polaroid's failure and Netflix's reconstruction are simply

two companies making two different decisions. With it, they are the same mechanism — selective recognition, premise-governed action, consolidation — producing opposite outcomes depending on whether consolidation was interrupted before or after the coherence horizon.

What can fail — and what is properly a failure of management — is the transition. ISLE's developmental cycle is not one in which consolidation is to be avoided; structure consolidates, and reconstruction follows when consolidation has run its course. The risk lies in the interval between the two: a perceptual entity that should be moving from structure toward reconstruction may instead continue consolidating past the point where reconstruction was available, crossing the coherence horizon before the transition begins. Recognizing that the transition point has arrived — before it has been passed — is a matter of interpretive foresight (Sloan, 2026c), and interpretive foresight is a managerial capacity in the ordinary sense. The consolidation itself is not a management failure. Failing to see, and act on, the point at which consolidation should give way to reconstruction is.

Polaroid and Netflix are not exceptional cases. They are the same case at different points in the same developmental sequence — and that sequence operates at every level at which a perceptual entity exists. What unifies perceptual entities across all levels is not their structure but their purpose: maintaining viability in an environment that does not remain stable. Every perceptual entity faces the same fundamental challenge — its interpretive architecture must remain sufficiently aligned with its environment to generate the value events that sustain its operation, while the success syndrome generated by those very value events progressively narrows the architecture's range of viable response. That tension — between the consolidation that success requires and the elasticity that adaptation demands — is the central dynamic of every perceptual entity at every level. The consolidation of governing premises through success is not a failure of

management or a failure of will. It is the structural consequence of being a perceptual entity that works.

The organizational perceptual entity's irreducibility to the cognitive properties of its individual members is formally grounded in emergent properties theory (Kauffman, 1993). The enterprise's interpretive architecture arises from the interaction of individual meaning systems as shaped by founding premises, governance structures, accumulated value event history, incentive architectures, and cultural formation — and persists across the replacement of any individual member, including the CEO. This is what makes organizational change structurally difficult: it requires changing the conditions through which the architecture reproduces itself, not merely changing the cognitive frames of its leaders.

The perceptual entity construct resolves a tension that has run through organizational theory for decades. Scholars have historically oscillated between two views of what an organization is. The first treats it as an objective system — resources, structures, routines, processes, things that can be identified, measured, and configured. The second treats it as an interpretive system — meanings, identities, sensemaking, cognition, the constructed realities through which organizational actors understand and act on their world (Weick, 1995). These two views have generated separate literatures, different methodologies, and persistent disagreement about where organizational phenomena actually reside. The perceptual enterprise architecture resolves this tension not by choosing between the two views but by showing that both are correct at different levels of the same phenomenon. The enterprise is an objective system — with real resources, measurable outputs, and structural properties that exist independently of any individual's perception of them. And it is a perceptual system — whose engagement with every element of its objective architecture is mediated by an interpretive framework that determines what the enterprise recognizes, how it

responds, and whether it can revise the premises through which it acts. The interpretive architecture is not a description of the enterprise's subjectivity. It is the structural mechanism through which an objective system engages a complex environment — and the level at which the enterprise's most consequential dynamics operate.

A construct can serve as a field's integrating architecture only if it operates prior to the domains the field's fragmented traditions describe — not alongside them as one more domain-specific account, but beneath all of them as the condition of their operation. The priority claim made at the outset of this section is exactly that test: the enterprise does not decide what counts as a resource, a capability, a signal, or a legitimate output. Its interpretive architecture decides. Any construct proposed as the field's integrating architecture must meet that standard. Few do.

Dynamic capabilities specify how an enterprise senses, seizes, and transforms — but sensing operates through whatever the interpretive architecture has already been structured to recognize, and capabilities theory does not specify that architecture or how it develops. Sensemaking specifies how meaning is constructed from ambiguous events — but locates that construction in individual and group cognition, not in a structural property of the enterprise with its own developmental trajectory. Institutional logics specify the field-level frameworks organizations draw on — but not how a given enterprise's own interpretive architecture consolidates or reconstructs independently of field-level change. Open systems theory specifies the elements every organization possesses — boundary, environment, inputs, throughput, outputs, feedback — but, as Section II develops, treats those elements as objectively given rather than as themselves interpretively constituted. Each of these traditions, examined against the test just stated, turns out to presuppose the construct it might have been expected to compete with.

That is not a dismissal of these traditions, and none of them is displaced. Each reappears later in this monograph, relocated within the specification of one of the perceptual enterprise's six subsystems — resource theory within the resource architecture, dynamic capabilities within the adaptive subsystem, organizational learning within the maintenance, adaptive, and meaning subsystems, competitive strategy within boundary spanning. Each is shown to be describing one subsystem of a single architecture correctly, as far as its domain extends — and stopping exactly where the interpretive architecture that the perceptual entity construct specifies takes over.

The perceptual entity is the integrating construct organizational theory has lacked, for a reason that can now be stated precisely. Every major tradition presupposes an interpretive architecture through which its domain operates, without specifying what that architecture is, how it forms, or what determines whether it can change. The perceptual entity construct specifies exactly that — and its own grounding lies outside organizational theory altogether, in the formal systems science Section II develops. It is the one construct in this field that does not need the others to be true in order to be true itself.

The construct's scope is not limited to the enterprises it describes. By its own logic, organizational theory is itself a perceptual entity — a meaning system that engages its subject matter through governing premises (its categories, methods, and standards of what counts as a contribution) that have consolidated through validated success within established traditions, and that progressively narrow, for the same structural reasons specified above, the range of new constructs the field can recognize as adding rather than merely renaming. A framework proposing a consolidating architecture for the field is therefore proposing exactly the kind of premise revision that a consolidated interpretive architecture is least equipped to recognize on first encounter — not because the proposal is mistaken, but because recognizing it as something other than redundant

requires the interpretive elasticity that consolidation compresses. The perceptual entity construct, applied to the field that will evaluate it, predicts its own reception difficulty as a structural consequence rather than as a failure of the argument's clarity.

The fragmentation this monograph opened with is what that consolidation looks like from outside. Each tradition has consolidated within its own domain — its categories refined, its methods standardized, its boundary with neighboring traditions clear enough that little crosses it. A field in this condition is not short of resources for integration; it is short of the interpretive elasticity that would let it recognize integration as a live question rather than as either redundancy or overreach. That condition is also why a consolidating architecture is unlikely to be proposed from deep within any one tradition — not because the capability is absent, but because the same consolidation that gives a tradition its precision is what makes its own boundary difficult to see as a boundary. This is the final instance of the construct's reflexive application, offered not as an excuse or a credential but as an observation the construct itself requires: the conditions under which a proposal of this kind could be written are a predictable consequence of the mechanism it describes.

ISLE specifies what successful reconstruction produces, and the specification matters here because it gives this section a constructive rather than merely diagnostic ending. The product of reconstruction is not an addition to the prior architecture — another tradition alongside the ones already established — but a new structural plane: fewer governing premises, organized at a level the prior architecture's categories could not reach, generating greater explanatory scope from a more economical foundation. A field moving from a fragmented condition toward an integrated one should not expect its integrating architecture to look like one more contribution added to what it already has. It should look like a reduction. That is the form of the proposal this monograph makes, and it is a claim a reader can check directly: six subsystems and one interpretive

architecture, organized around a single developmental mechanism, against a dozen traditions each with its own ontology, vocabulary, and boundary conditions. The traditions relocated within that architecture are not diminished by the relocation. They are what the simplification was for.

Establishing the enterprise as a perceptual entity is the foundational claim from which everything that follows derives — for the enterprise, and, in the sense just stated, for the field within which the enterprise is studied. With that ontological foundation in place, Section II develops the full architecture of the perceptual enterprise as an open system — grounding its core constructs in formal systems science, comparing that specification systematically with Katz and Kahn's foundational treatment, and showing what the five extensions the perceptual orientation requires reveal about how enterprises actually maintain viability and why they fail.

## Section II: The Perceptual Enterprise Architecture and Its Relationship to Prior Systems Theory

Section I established that the enterprise is constitutively a perceptual entity — that its interpretive architecture is not an overlay on an objective structure but the foundational property from which its resources, capabilities, and competitive behavior derive. That ontological claim requires an architecture. If the enterprise is a perceptual system, what is it made of? How are its elements organized? What properties does it have that a standard open system does not? One clarification must precede the architecture, because a misreading of the claim defeats everything that follows: the perceptual enterprise model is not arguing that organizational reality is subjective or that resources, competitors, and technologies exist only in the minds of organizational actors. It is arguing something more precise and more consequential — that organizational engagement with reality is interpretively mediated. Resources exist objectively; what counts as a resource, which resources matter, and how they are deployed depends on the governing premises through which

the enterprise recognizes and acts on its environment. That distinction — between the existence of reality and the interpretive mediation of engagement with it — is the foundational claim from which the entire architecture follows. The answer begins with a proposition that Section I established but that the full architecture makes unavoidable: every subsystem organizational theory has studied operates inside an interpretive architecture that organizational theory has largely treated as given. Section II makes that architecture explicit — specifying the perceptual enterprise as a fully developed open system in which every element — boundary, environment, inputs, throughput, outputs, feedback loops, subsystems — is interpretively mediated. What differs from prior systems treatments is not the presence of these elements but their character. The section then compares that specification systematically with Katz and Kahn (1978), the most rigorous prior treatment, to establish precisely what the perceptual orientation adds and why it is not a refinement but a different foundational claim about what the enterprise is.

## A. The Boundary

The boundary of the perceptual enterprise is interpretively defined. The enterprise recognizes as inside what its governing premises (Sloan, 2026a) classify as belonging to it — its people, its assets, its customer relationships, its competitive domain. It recognizes as outside what those premises classify as environmental. Two enterprises operating in the same industry with nominally identical competitive positions may perceive radically different boundaries because their governing premises classify relevance differently. More consequentially, the success syndrome (Sloan, 2026a; 2026b) narrows the boundary progressively. As consolidation deepens, the enterprise recognizes a narrowing range of environmental events as inside its relevant world — effectively contracting its perceived boundary while its objective boundary remains unchanged. A competitor developing a fundamentally different value logic may exist well within the objective

competitive environment and remain outside the enterprise's perceived boundary until the coherence horizon (Sloan, 2026a; 2026b) has been approached.

## B. The Environment

The environment of the perceptual enterprise consists of all entities and forces outside its boundary that affect or are affected by its operation — customers, competitors, suppliers, regulators, and technological forces. But the enterprise does not engage this environment objectively. It engages it through its interpretive architecture, which determines which environmental entities and forces are recognized as relevant, which are classified as threats, which as opportunities, and which as noise. The same environmental signal — an encroacher (Sloan, 2026b) developing a different value logic, a shift in customer preference, a regulatory change — registers differently in enterprises with different interpretive architectures. Enterprises deep in the success syndrome perceive confirming signals where enterprises with maintained reconstruction potential (Sloan, 2026a; 2026b) perceive premise-challenging ones.

The environment also contains other perceptual entities — competitors, customers, suppliers, regulators — each with their own interpretive architectures. The competitive environment is therefore not a set of impersonal forces but a field of interacting perceptual entities, each contesting or reinforcing the governing premises through which value is organized in the field. When an encroacher (Sloan, 2026b) develops a new value logic and deploys it successfully, it is contesting field-level governing premises — and enterprises that cannot recognize that contest are those whose success syndrome has most thoroughly consolidated their interpretive architectures. This field-level dynamic is developed in the companion paper on the social system as a perceptual entity (Sloan, 2026e).

## C. Inputs

Inputs are the resources the enterprise imports from its environment to sustain and execute its value creation processes. The perceptual enterprise distinguishes two classes of inputs by their functional role in value creation — a distinction prior resource theory does not make with systems precision. Producing resources are everything the enterprise deploys in value creation without being consumed by it: capital, systems, organizational capabilities, brand, leadership architecture, and people — individual perceptual entities whose own meaning systems interact with the enterprise's governing premises to generate the judgments, decisions, and actions that constitute value creation. Knowledge is a special producing resource that feeds directly into the meaning system, either reinforcing existing premises or generating the interpretive strain (Sloan, 2026a) that enables premise revision. Transformation inputs are what flows through the production process and exits as outputs — the raw materials, client problems, data, and capital positions that the enterprise works on and returns transformed. The distinction is systems-theoretically precise: producing resources are the processing components of the system; transformation inputs are the flows that pass through them. Both classes are recognized, classified, and valued through the interpretive architecture before they enter the transformation process. The resource architecture is developed in full in Section III.

## D. Throughput

Throughput is the transformation of inputs into outputs through the enterprise's value creation processes. In the perceptual enterprise, throughput is governed by the interpretive architecture in two ways. First, the governing premises determine which transformation processes are legitimate: what counts as quality, what constitutes acceptable cost, what defines a valid production method.

Second, the value discipline the enterprise has organized around — operational excellence, product leadership, or customer intimacy (Treacy & Wiersema, 1993) — constitutes the governing premise of the throughput architecture, determining which inputs are prioritized, which processes are invested in, and which outputs are defined as valuable. A change in value discipline is not a process change. It is a premise revision — which is why enterprises deep in the success syndrome (Sloan, 2026a; 2026b) find it structurally difficult to reorganize their throughput architecture even when competitive pressure makes the need apparent.

### E. Outputs

Outputs are the full range of what the enterprise delivers across its boundary to its environment. They are not limited to goods and services delivered to customers. The perceptual enterprise delivers multiple classes of outputs to multiple environmental recipients: goods and services to customers through the value proposition; financial returns to capital providers including shareholders, lenders, and investors; taxes, compliance outputs, and regulatory filings to government bodies; compensation, development, and career opportunity to employees who are simultaneously inputs as producing resources; payments, orders, and relational value to suppliers and partners; competitive signals and knowledge to the field and other perceptual entities; and institutional legitimacy and social contribution to the broader society. Each of these output obligations is recognized and prioritized through the interpretive architecture. The success syndrome (Sloan, 2026a; 2026b) narrows not only the range of customer value events the enterprise can execute but the range of output obligations it recognizes as legitimate — concentrating resources around the output definitions that the incumbent logic validates while filtering claims organized by different premises. The degree to which each output is recognized as valuable by its recipient depends on the alignment between the enterprise's governing premises

about what constitutes value and the recipient's own interpretive framework. When that alignment erodes — whether with customers, regulators, or the broader social system — the gap is a diagnostic signal of the coherence horizon (Sloan, 2026a; 2026b) approaching.

## F. The Feedback Architecture

Three feedback loops connect outputs back to inputs and processes. The negative feedback loop connects value event outcomes back to the boundary spanning and managerial subsystems, signaling when outputs are failing to create value. It is the enterprise's corrective mechanism — but its quality is structurally conditioned by the interpretive architecture. A consolidated enterprise may register declining value event outcomes but classify them through incumbent premises as execution problems rather than premise problems, routing corrective signals back through the same architecture that generated the original response. The loop is present but its corrective capacity is degraded.

The positive feedback loop is the enterprise's amplifying mechanism and its primary source of systemic risk. Successful value events validate governing premises, resources flow to what those premises define as valuable, leaders who succeeded within current premises rise, and each cycle tightens the architecture around the same core logic. This is the success syndrome (Sloan, 2026a; 2026b) as a systems phenomenon — not a behavioral tendency but a positive feedback loop in the precise cybernetic sense (Wiener, 1948; Ashby, 1956), operating simultaneously across all six subsystems. Systems theory predicts that positive feedback loops drive systems toward critical thresholds beyond which equilibrium restoration is no longer possible within the existing architecture. The coherence horizon (Sloan, 2026a; 2026b) is that threshold.

The renewal loop is the enterprise's structural mechanism for interrupting the positive feedback loop before it drives the system to the coherence horizon. It connects interpretive strain signals — the recognition that value is being organized around premises the enterprise's architecture cannot accommodate (Sloan, 2026a) — to the meaning subsystem's capacity to examine governing premises. The renewal loop cannot be opened in response to encroachment (Sloan, 2026b). It must be maintained during the consolidation period that precedes it. Reconstruction potential (Sloan, 2026a; 2026b) is the structural condition that determines whether the renewal loop remains operable. The renewal loop is not a theoretical construct without observable expression. Netflix activated it — revising governing premises around streaming while the DVD architecture was still generating success, before competitive coercion made revision unavoidable. Polaroid's failure is precisely what the absence of an operable renewal loop produces: a technically capable enterprise whose positive feedback loop ran without interruption until the coherence horizon was passed and reconstruction under coherence was no longer possible. Every enterprise that has successfully navigated a competitive transition — and every enterprise that has failed one while retaining the capabilities that should have allowed it to succeed — is an instance of the renewal loop operating or failing to operate. The difference between the two outcomes is not capability, resources, or leadership quality. It is whether the renewal loop remained operable during the consolidation period when interrupting the positive feedback loop was still possible.

## G. The Six Subsystems

Complex open systems are composed of subsystems, each with its own inputs, transformation processes, and outputs. The perceptual enterprise specifies six subsystems, building directly on the five that Katz and Kahn (1978) identified — production, maintenance, boundary spanning, adaptive, and managerial — and adding a sixth that their objective orientation could not specify:

the meaning subsystem. The six subsystems are not a convenient selection from a larger possible set. Together they exhaust the functions required for viability: an enterprise that lacked any one of the six would be missing a function without which viable operation cannot be sustained. Production converts resources into outputs; without it there is nothing to exchange. Maintenance sustains the resources that production deploys; without it the productive base degrades. Boundary spanning manages the exchange interfaces through which outputs become value events and inputs are acquired; without it the enterprise cannot engage its environments. The adaptive subsystem detects misalignment and generates responses; without it the enterprise cannot adjust. The managerial subsystem coordinates all other subsystems; without it they fragment into independent optimization. The meaning subsystem constructs and maintains the governing premises through which all five other subsystems operate; without it the enterprise has no interpretive architecture — no way of knowing what it is for, what constitutes value, or whether its current logic remains adequate. Six functions, each necessary, together sufficient. Each is developed in full in Section VI. Here they are introduced in terms of their role in the full architecture.

The production subsystem is the organized activity through which the enterprise converts transformation inputs and producing resources into the outputs that become the subject of value event recognition. Every other subsystem exists in relation to it. Operations management, lean production, and technology management traditions map here, and the production subsystem is where the success syndrome originates — through the positive feedback loop that kinetic life energy dominance generates as production and maintenance succeed together. Life energy — the construct through which ISLE (Sloan, 2026a) specifies the directional force that governs whether the enterprise deepens existing premises or examines them — is developed fully in Sections II.J and III.D; what the subsystem discussions here require is only the directional distinction: kinetic

life energy drives execution within existing premises, while potential life energy preserves the capacity to revise them.

The maintenance subsystem sustains the producing resource base — people, capabilities, physical assets, knowledge systems, and relational assets — in the condition that viable value event generation requires. It is the primary generator of the internal value event flow and the subsystem through which interpretive elasticity is either maintained or consumed. Organizational behavior, human resource management, and organizational learning traditions map here.

The boundary spanning subsystem manages the enterprise's dual interface with its environments — acquiring transformation inputs at the input boundary and placing outputs at the output boundary, maintaining at both boundaries the recognition relationships through which value events are initiated and sustained. It is the subsystem most directly exposed to the environmental reality that determines enterprise viability and the organizational location where encroachment first becomes detectable. Competitive strategy, relationship marketing, network theory, and institutional theory map here.

The adaptive subsystem senses environmental change, monitors value event flow health across all three directions, and generates the interpretive responses that keep the enterprise's value propositions aligned with shifting recognition frameworks. It is the organizational function most proximately positioned to detect coherence horizon approach — and whose life energy condition most directly determines whether that detection occurs early enough for reconstruction under coherence. Organizational learning, behavioral strategy, and scenario planning traditions map here.

The managerial subsystem coordinates the functioning of all other subsystems — allocating resources, resolving conflicts between subsystem demands, directing the enterprise's developmental trajectory, and governing the relationship between kinetic and potential life energy across the architecture. It is where the enterprise's governing premises are translated into organizational design, performance management, and development architecture. Leadership theory, organizational design, governance theory, and strategic management traditions map here.

The meaning subsystem is the perceptual enterprise model's distinctive contribution — the sixth subsystem that Katz and Kahn's objective orientation could not specify and that no prior organizational systems treatment has formally grounded. Its introduction requires more than a description of its function. Because it is new, and because its function is easily conflated with what the managerial subsystem already does, it requires a specification of what kind of thing it is, why no prior subsystem performs its function, what formal systems science establishes as the necessity of that function, and why its absence from prior theory is precisely what has prevented organizational systems models from explaining failure under apparent success.

Beer's Viable System Model (1972, 1979, 1985) provides the most formally precise prior treatment of organizational subsystems, and its architecture makes the logical necessity of the meaning subsystem clear. Beer specified five recursive systems: System 1 as the operational units performing primary activities, System 2 as the coordination function managing conflicts between operational units, System 3 as the control function optimizing current performance, System 4 as the intelligence function monitoring the external environment and future conditions, and System 5 as the identity and policy function governing the whole and maintaining its essential character. Each of Systems 1 through 4 performs a function within the enterprise's existing governing logic — optimizing operations, coordinating activity, managing performance, monitoring the

environment. System 5 does something categorically different: it constitutes the identity and policy framework within which Systems 1 through 4 operate. It does not execute within the logic. It is the logic. Beer was explicit that System 5 cannot be reduced to any combination of the other four systems, and that viability requires all five simultaneously — that an enterprise functioning with only Systems 1 through 4, however sophisticated its strategy and however capable its leadership, lacks the meta-regulatory function that determines whether the logic those four systems are executing remains coherent with the environments that determine survival.

Ashby's (1956) law of requisite variety and his specification of the meta-regulator provide the formal systems foundation for that claim. A regulatory system must possess at least as much variety in its response repertoire as there is variety in the disturbances it faces. A regulator operating within a fixed set of governing premises has variety bounded by those premises: it can generate every response the premises permit and none that they do not. As the environment's variety expands — as competitive transitions generate signals organized by premises the enterprise's architecture was not built to recognize — a purely within-premise regulator cannot generate the responses the disturbances require, because the disturbances exceed the premises that bound its response repertoire. A meta-regulator operating on the governing premises themselves has a qualitatively different variety: it can revise the premises, expanding the response repertoire rather than selecting within it. Ashby's formal specification establishes that these are not two points on the same scale but two different logical types of regulatory function. A system that lacks a meta-regulator cannot compensate for that absence by making its within-premise regulation more sophisticated. Sophisticated within-premise regulation with insufficient requisite variety at the meta-level is formally equivalent to a more precisely calibrated instrument pointed at the wrong phenomenon.

The conflation that most needs to be directly addressed is the claim that the meaning subsystem is simply the managerial subsystem operating at the strategic level — that senior leadership performing strategy, culture management, and organizational development already performs the meaning function. That claim rests on a misidentification of logical level. The managerial subsystem — however sophisticated, however elevated its vantage point — operates within governing premises that specify what counts as a strategic priority, what constitutes competitive advantage, what organizational identity means, and what success looks like. Strategic planning selects among options that the governing premises have already constituted as options. Culture management reinforces or subtly adjusts behaviors within a value framework the governing premises define. Organizational development builds capability toward goals the governing premises specify as worth pursuing. Each of these is a within-premise function — it presupposes the interpretive architecture rather than operating on it. The logical impossibility at the core of this distinction can be stated precisely: a subsystem that executes governing premises cannot simultaneously be the subsystem responsible for examining the validity of those premises. Execution and examination of the same premises require different organizational positions, different information flows, and different regulatory functions — and conflating them does not add their capacities together but destroys both. The meaning subsystem's function is categorically prior: it constructs and, when necessary, reconstructs the governing premises within which strategic planning, culture management, and organizational development operate. The logical structure of that impossibility is what Ashby's meta-regulator concept formalizes: a regulator cannot regulate itself at its own logical level. The level at which the meaning subsystem operates is the level above the level at which the managerial subsystem operates — and that difference in level is not a difference of degree but a difference of kind.

Argyris and Schön's (1978) single-loop and double-loop learning distinction specifies the same boundary in behavioral terms. Single-loop learning detects deviation from a performance target and generates corrections that restore performance within existing governing values — the target, the method, and the evaluative criteria are all taken as given. It is learning within premises. Double-loop learning examines the governing values themselves — it asks whether the premises that constituted the target, the method, and the criteria are the right premises given what the detected signals are actually reporting. Single-loop learning is what a functioning managerial subsystem does continuously and efficiently. Double-loop learning requires the organizational architecture within which governing premises can be examined rather than simply executed — which is precisely the meaning subsystem's function. Argyris and Schön established that organizations systematically find double-loop learning much harder than single-loop learning, and diagnosed this difficulty as a consequence of the defensive routines and organizational norms that protect governing premises from examination. The perceptual enterprise model specifies the structural reason for that difficulty: the function of examining governing premises is not located in the managerial subsystem, which executes within them, but in the meaning subsystem, which operates on them. When the meaning subsystem is operating under kinetic life energy dominance — when its meta-regulatory capacity has been locked into execution by the success syndrome — double-loop learning fails not because leaders lack the will or the wisdom but because the organizational function responsible for the governing premises is no longer generating the interpretive space within which they can be examined.

The meaning subsystem's specification in the perceptual enterprise architecture is therefore precise. Its inputs are the aggregate signals from all other subsystems — the health of production, the quality of boundary spanning, the condition of the maintenance resource base, the signals of

the adaptive subsystem's environmental scanning, and the coordinative performance of the managerial function — synthesized through the interpretive architecture into an assessment of whether the enterprise's governing premises remain coherent with the environments that determine its viability. Its outputs are the governing premises, identity narratives, evaluative criteria, and shared meaning that constitute the interpretive architecture within which all other subsystems operate. Its regulatory function is meta-regulation in Ashby's precise sense: it monitors the regulatory system as a whole — not any specific operational domain — and generates the premise-level adjustments that restore coherence when individual subsystem regulation is insufficient. Its developmental condition is the life energy balance that ISLE specifies: a meaning subsystem operating under kinetic dominance maintains and deepens existing premises efficiently; one maintaining potential life energy preserves the capacity to examine and revise them. Reconstruction potential — the enterprise's capacity to revise its governing premises before the coherence horizon is breached — is the meaning subsystem's most consequential output, and its erosion — as directional capacity becomes increasingly organized kinetically and thinking capacity is displaced by execution — is the failure that makes all other subsystem failures irreversible.

This is why the absence of the meaning subsystem from prior organizational systems models is not a minor gap. It is the specific absence that prevents those models from explaining the most important organizational phenomenon they face: why enterprises with strong resources, sophisticated capabilities, capable leadership, and functioning management systems nonetheless approach systemic failure as a direct consequence of their own success. Katz and Kahn's five-subsystem model specifies the organizational architecture of viable operation precisely. What it cannot specify — because it lacks a meta-regulatory function operating on governing premises —

is the developmental mechanism through which that architecture generates the conditions of its own incoherence. The meaning subsystem is the organizational instantiation of the function whose absence is that gap. Organizational culture, sensemaking, organizational identity theory, double-loop learning, and ISLE's developmental specification all map here — not as independent bodies of literature that happen to cluster in the same organizational domain, but as partial specifications of different aspects of the same organizational function: the enterprise's capacity to maintain, examine, and when necessary reconstruct the interpretive architecture through which it engages every environment that determines its survival.

The meaning subsystem is not organizational culture, though culture is one of its outputs. Organizational culture — the shared values, assumptions, and behavioral norms that characterize organizational life — is the visible surface expression of a meaning architecture that the meaning subsystem maintains. Schein's (1985) specification of culture at three levels — artifacts, espoused values, and basic underlying assumptions — describes the phenomenology of what the meaning subsystem produces; it does not specify the organizational function responsible for producing it, maintaining it, or revising it when environmental change demands. The meaning subsystem is that function. Weick's (1995) sensemaking specifies how organizational actors construct plausible accounts of ambiguous events — how meaning is made in the moment of encounter with the unexpected. That is a process within the meaning subsystem's architecture, not the architecture itself: sensemaking operates within governing premises when those premises remain intact, and generates the interpretive strain signals that the meaning subsystem's meta-regulatory function must process when they do not. Organizational identity theory (Gioia, Schultz, & Corley, 2000) specifies the identity claims through which organizational actors understand what their organization is and what makes it distinctive — claims that are among the meaning subsystem's

most consequential outputs and among the most resistant to revision under consolidation. None of these traditions specifies the organizational function responsible for constructing, maintaining, monitoring, and when necessary reconstructing the governing premises that culture expresses, that sensemaking operates within, and that identity claims anchor. The meaning subsystem is that function — and its specification as a distinct organizational subsystem with its own inputs, outputs, and meta-regulatory logic is what none of these traditions, individually or in combination, has provided.

The relevance of the meaning subsystem is not diminished by the acceleration of technological change — it is amplified by it. In a premise-shifting world (Sloan, 2026a), where AI and rapid technological recombination generate new governing logics faster than interpretive architectures can consolidate around them, the meaning subsystem's renewal function becomes the primary determinant of enterprise viability rather than one of several contributing factors. AI deployed within a consolidated meaning subsystem — the predominant current deployment model — does not counteract interpretive rigidity. It intensifies it: the existing governing logic is reinforced faster, more completely, and with greater apparent analytical rigor than any human-driven process could achieve, producing AI-generated confirmation of existing assumptions that arrives with the appearance of objectivity and is for that reason more resistant to the scrutiny that human-generated analysis invites. The meaning subsystem is not the function that deploys AI. It is the function that determines whether AI deployment deepens consolidation or expands interpretive capacity — and that determination depends entirely on whether the meaning subsystem is operating with sufficient potential life energy to examine the governing premises that AI will otherwise serve to entrench. The enterprises most exposed to AI-accelerated displacement are not those with the least AI capability. They are those with the most consolidated meaning subsystems, deploying the most

capable AI within governing premises that the AI's own outputs are progressively making more resistant to examination.

Life energy — the construct through which ISLE specifies the directional force governing whether an enterprise deepens existing premises or examines them — is grounded in formal systems science and physics rather than organizational metaphor. Schrödinger (1944) established that living systems survive by importing negative entropy from their environments: what distinguishes a living system from a physical system tending toward equilibrium is precisely its capacity to maintain organized complexity by drawing energy from its environment and directing it toward internal organization. Prigogine and Stengers (1984) specified the thermodynamic conditions under which directed energy produces dissipative structures — organized states far from equilibrium that maintain themselves through continuous energy throughput and that can either sustain their organization or reorganize into new configurations at bifurcation thresholds. The kinetic-potential distinction is directional rather than a conservation relationship borrowed from classical mechanics: it names where directed capacity is organized, not a fixed quantity converting between two stores. Kinetic life energy is capacity organized toward executing existing organization; potential life energy is capacity that remains available for redistribution toward reorganization. Applied to the meaning subsystem, kinetic life energy dominance means the subsystem's directed capacity is almost entirely committed to maintaining and deepening existing governing premises — executing the meta-regulatory function within the current interpretive architecture. Potential life energy is the meaning subsystem's maintained capacity to examine those premises — the reorganizational capacity that bifurcation-point transitions require, capacity that the success syndrome progressively locks into the execution of existing premises rather than spends down, and that remains redistributable wherever thinking capacity preserves those premises

as revisable. This is not an organizational metaphor drawing on physical concepts for rhetorical force. It is formal instantiation: independently derived organizational constructs display the same formal properties as constructs already specified in systems science — not because physics proves organizational theory, but because the organizational constructs were correctly specified at the level of the underlying mechanism, and correctly specified constructs inherit the formal properties of the science that operates at that level. The meaning subsystem's developmental dynamics are governed by the same thermodynamic conditions that govern the maintenance and transformation of all far-from-equilibrium systems. What ISLE specifies at the organizational level inherits the formal properties of the physics it instantiates. The full input-output architecture, theoretical tradition mapping, and life energy dynamics of the meaning subsystem are developed in Section VI. Thinking, as the term is used throughout this monograph, is specified in Section VI.I.5a.

The directional specification determines where the capacity life energy describes comes from. The construct does not refer to a quantity the enterprise holds. Developmental capacity arrives continuously through the enterprise's exchange with its environment — the customer, internal, and societal value events through which it imports negative entropy — and the life energy construct specifies how that capacity is committed: kinetically, to sustaining and deepening the existing architecture, or potentially, to no plane yet. Redistribution, as the term is used throughout this monograph, refers to a change in how incoming capacity is committed, not the transfer of a fixed quantity between two stores. The construct also specifies where potential life energy comes from. As consolidation compresses interpretive elasticity, a growing share of what the environment delivers cannot be absorbed by the existing architecture, and edge value events are its clearest organizational expression. The enterprise either filters that unabsorbed input out, classifying edge value events as noise, or registers it. Registered, it constitutes what the construct identifies as

potential life energy: developmental capacity that has arrived but that the existing architecture has no place to commit. Misalignment is therefore not only the condition that makes reconstruction necessary but also the source of the capacity that makes reconstruction possible (Sloan, 2026a).

### H. Equifinality, Entropy, and Homeostasis

Equifinality — the principle that multiple configurations lead to viable outcomes — is fully supported. Enterprises organized around different value disciplines, with different resource configurations and governing premises, can all produce viable systems. No single optimal architecture is prescribed. The governing premises determine which configuration is pursued.

Entropy and negative entropy operate through the value event mechanism. Each successful value event imports resources, relationships, and recognition from the environment — negative entropy that sustains the enterprise's operation. The success syndrome (Sloan, 2026a; 2026b) accelerates entropic risk by narrowing the range of value events the enterprise can successfully execute, reducing the inflow of negative entropy precisely when the enterprise appears most successful. An enterprise approaching the coherence horizon is importing negative entropy successfully within its current logic while losing the capacity to import it through any alternative logic.

Homeostasis operates through structural gravity, developed in full in Section III. The accumulated resources, customer relationships, institutional legitimacy, and capabilities that constitute structural gravity buffer the enterprise against environmental disturbance, sustaining operations during the interval between premise erosion and premise revision. Structural gravity does not prevent the coherence horizon from being approached. It determines how long the enterprise can sustain operations after it has been approached — the displacement interval that either allows reconstruction to occur or runs out before it can.

## I. Comparison with Katz and Kahn

Before comparing the perceptual enterprise architecture with Katz and Kahn's treatment, it is worth establishing the criteria against which any organizational systems architecture should be evaluated. Establishing these criteria first means the comparison that follows is judged against requirements that any viable systems architecture must meet — requirements derived from the theoretical problem the architecture is built to solve — rather than against intuitive preferences or the conventions of any particular theoretical tradition. Five requirements follow directly from what an organizational systems architecture must accomplish.

First, the architecture must explain organizational viability — how enterprises sustain themselves through continuous exchange with their environments. Second, it must explain organizational adaptation — how enterprises adjust their functioning in response to environmental change. Third, and most stringently, it must explain failure under apparent success — the pattern in which enterprises with strong resources, capable leadership, and functioning management systems nonetheless approach systemic failure as a consequence of their own successful operation. Fourth, it must specify subsystem interaction — not merely enumerate organizational components but show how they operate as an interdependent system whose collective functioning produces outcomes that no subsystem generates alone. Fifth, it must specify premise revision — the mechanism through which the governing premises that constitute the enterprise's interpretive architecture can be examined and reconstructed, not merely the conditions under which they are executed. These five requirements are not arbitrary. Each addresses a class of organizational phenomenon that any architecture claiming to explain organizational systems must be able to account for. Table 2 presents the assessment.

Katz and Kahn's The Social Psychology of Organizations (1978) remains the most rigorous and comprehensive application of open systems theory to organizational life. Their contribution established that organizations must be understood as open systems rather than closed mechanical structures, mapped the standard systems elements onto organizational phenomena with precision, and identified the nine characteristics that distinguish open from closed systems. Every serious systems treatment of organizations since has built on their work. The perceptual enterprise model builds on it too — but in ways that are specific enough to require explicit comparison. Table 2 presents how both architectures perform against the five requirements stated above before turning to the full systematic comparison in Table 3.

***Table 2. Requirements for an Organizational Systems Architecture***

| Requirement | Katz & Kahn (1978) | Perceptual Enterprise |
|---|---|---|
| 1. Explains viability | Yes — through negative entropy importation and open system properties | Yes — through value event flow health across customer, internal, and societal environments |
| 2. Explains adaptation | Partial — adaptive and managerial subsystems specified; developmental mechanism and premise revision conditions not specified | Yes — through ISLE developmental mechanism, renewal loop, and reconstruction potential specification |
| 3. Explains failure under success | No — predicts survival through negative entropy importation; cannot explain failure when importation appears successful | Yes — through success syndrome as positive feedback loop driving the enterprise toward coherence horizon breach |
| 4. Specifies subsystem interaction | Yes — five subsystems with specified functions; interaction through energy flows and role differentiation | Yes — six subsystems with full input-output architecture; interaction through life energy flows, feedback loops, and meaning subsystem meta-regulation |
| 5. Specifies premise revision | No — no subsystem specified for examining or reconstructing governing premises; objective orientation treats premises as given | Yes — meaning subsystem as meta-regulator; renewal loop as structural mechanism; reconstruction potential as viability condition |

Five differences run across that comparison and warrant direct statement. The first and most fundamental is ontological: Katz and Kahn treated organizational systems elements as relatively

objective, while the perceptual enterprise model establishes them as interpretively mediated. This transforms the theoretical status of every element in the model. The second is developmental: Katz and Kahn described how open systems operate at a point in time without theorizing how the interpretive architecture governing that operation forms, consolidates, and either reconstructs or fails. The ISLE developmental mechanism (Sloan, 2026a) fills that gap. The third concerns systemic failure under apparent success: Katz and Kahn's model predicts survival through negative entropy importation but cannot explain why enterprises that appear to be importing it successfully nonetheless approach systemic failure. The success syndrome (Sloan, 2026a; 2026b) as a positive feedback loop explains that dynamic. The fourth is the subsystem taxonomy: Katz and Kahn's five subsystems do not include a meaning subsystem — the meta-regulatory function responsible for constructing, maintaining, and when necessary reconstructing the governing premises through which all other subsystems operate, and without which reconstruction potential cannot be built or maintained. The fifth concerns the interrelationship of theoretical traditions: Katz and Kahn noted multiple theoretical lenses without mapping them systematically within the architecture. The perceptual enterprise model locates each major tradition precisely, shows what each contributes, and specifies what each presupposes that the integrated framework makes explicit. That mapping is developed in full in Section VIII.

These differences are not arbitrary elaborations. They follow from developments in organizational theory, formal systems science, and competitive dynamics that occurred after Katz and Kahn wrote — developments that the sub-section that follows grounds precisely. The systematic comparison is set out in Table 3. Together the five extensions produce an architecture that preserves everything Katz and Kahn established — the systems framework, the subsystem differentiation, the open system properties — while adding what their objective orientation could not reach: the interpretive

mediation of every element, the developmental mechanism through which the architecture forms and fails, the formal specification of the success syndrome as a positive feedback loop without internal limit, and the meaning subsystem as the meta-regulatory function on which the enterprise's long-term viability ultimately depends.

***Table 3. Systematic Comparison: Katz & Kahn versus the Perceptual Enterprise***

| Systems Element | Katz & Kahn Treatment | Perceptual Enterprise Treatment | Theoretical Extension |
|---|---|---|---|
| Boundary | Permeable separation defined by legal, physical, or contractual membership | Interpretively defined — governed by the enterprise's meaning system. Narrows progressively as the success syndrome deepens (Sloan, 2026a; 2026b) | The boundary is a product of perception, not position. Its narrowing under consolidation is a diagnostic indicator of coherence horizon proximity |
| Environment | Objective set of forces and entities outside the system boundary | The environment as perceived through the interpretive architecture. Two enterprises in the same industry inhabit different perceived environments (Sloan, 2026a) | Includes other perceptual entities whose interpretive architectures interact with the enterprise's own — field-level premise contestation emerges from this interaction |
| Inputs | Energy and resources imported from the environment | Two classes distinguished by functional role: producing resources (the processing components — everything deployed without being consumed, including people as individual perceptual entities) and transformation inputs (the flows that pass through the system and exit as outputs). Each is recognized, classified, and valued through the interpretive architecture (Sloan, 2026b) | Prior resource theory does not make this functional distinction. The producing resource class includes individual perceptual entities whose meaning systems interact with organizational governing premises as the active agents of value creation; transformation inputs are what the system works on rather than what it is |
| Throughput | Transformation processes converting inputs to outputs | Governed by the interpretive architecture: which processes are legitimate, and the value discipline organizing the transformation (Treacy & Wiersema, 1993). A change in value discipline is a premise revision, not a process change (Sloan, 2026a) | Value disciplines map here as alternative throughput architectures organized around different governing premises about the primary source of value |

| | | | |
|---|---|---|---|
| Outputs | Products and services delivered to the environment | Full range of outputs to all environmental recipients: goods and services to customers, financial returns to capital providers, taxes and compliance outputs to government, compensation and development to employees, payments to suppliers, competitive signals to other perceptual entities, and knowledge and institutional legitimacy to the field and society | The interpretive architecture governs which output obligations the enterprise recognizes as legitimate. Consolidation narrows the recognized range of output obligations as well as the recognized range of inputs |
| Negative Feedback | Information return signaling system deviation from steady state | Connects value event outcomes back to the boundary spanning and managerial subsystems. Quality is structurally conditioned — consolidated enterprises route corrective signals back through incumbent premises, classifying premise problems as execution problems (Sloan, 2026a; 2026b) | Feedback loop degradation is a structural consequence of the success syndrome, not a failure of monitoring or analysis |
| Positive Feedback | Not specified as a distinct loop — treated as deviation amplification to be corrected | The success syndrome as a positive feedback loop in the precise cybernetic sense (Wiener, 1948; Ashby, 1956): successful value events validate premises, resources concentrate, leaders rise within current logic, each cycle tightens consolidation (Sloan, 2026a; 2026b) | Systems theory predicts positive feedback loops drive systems toward critical thresholds. The coherence horizon is that threshold in the perceptual enterprise |
| Renewal Loop | Not specified | Connects interpretive strain signals to the meaning subsystem's capacity for premise examination. Must be maintained during consolidation; cannot be opened in response to encroachment. Reconstruction potential determines whether it remains operable (Sloan, 2026a; 2026b) | The renewal loop is the organizational equivalent of the negative feedback mechanism that interrupts positive feedback loops before they produce systemic bifurcation |
| Subsystems | Five subsystems: production/technical, | Six subsystems: production, maintenance, boundary spanning, adaptive, | The meaning subsystem is the critical addition — the organizational instantiation |

| | | | |
|---|---|---|---|
| | supportive, maintenance, adaptive, managerial | managerial, and meaning. Each specified in full in Section VI with inputs, outputs, regulatory functions, and theoretical grounding. The meaning subsystem has no equivalent in Katz & Kahn | of Ashby's (1956) meta-regulator, responsible not for executing within the existing logic but for maintaining, examining, and when necessary reconstructing the governing premises that constitute it |
| Equifinality | Multiple configurations lead to viable outcomes | Supported: different value disciplines, resource configurations, and governing premises can all produce viable enterprises. The perceptual enterprise model does not prescribe optimal architecture | Viability is determined by alignment between governing premises and the environment's value recognition — multiple configurations can achieve this alignment |
| Entropy / Negative Entropy | Open systems survive by importing negative entropy to offset entropic decay | Value events are the mechanism of negative entropy. The success syndrome accelerates entropic risk by narrowing the range of executable value events — reducing negative entropy inflow precisely when the enterprise appears most successful (Sloan, 2026a; 2026b) | An enterprise approaching the coherence horizon is importing negative entropy successfully within its current logic while losing the capacity to import it through any alternative logic |
| Homeostasis / Viability | Dynamic equilibrium maintained through negative feedback | Structural gravity buffers the enterprise during the interval between premise erosion and premise revision. The coherence horizon is the viability threshold beyond which the positive feedback loop has driven the system past the point of equilibrium restoration within the existing architecture (Sloan, 2026a; 2026b) | Structural gravity extends the displacement interval. Reconstruction potential determines whether that interval is used productively |
| Developmental Mechanism | Not specified — model is essentially structural and atemporal | ISLE specifies the developmental mechanism: how interpretive architectures form through founding premises, consolidate through the success syndrome, approach the coherence horizon, and either reconstruct through maintained reconstruction potential or fail (Sloan, 2026a) | The absence of a developmental mechanism in Katz & Kahn is the primary limitation of their model for explaining organizational failure under apparent success |

| | | | |
|---|---|---|---|
| Theoretical Integration | Multiple theoretical lenses noted but not systematically mapped within the architecture | Each major theoretical tradition located precisely within the architecture: RBV in the resource architecture, dynamic capabilities in the adaptive subsystem, organizational cognition in the meaning subsystem, institutional theory in the environment and boundary, organizational learning across the maintenance, adaptive, and meaning subsystems | The unified theoretical map — developed fully in Section VIII — shows what each tradition contributes and what it presupposes that the integrated model specifies |

## J. Formal Systems Science and Physics: Formal Instantiation of the Perceptual Enterprise Constructs

The perceptual enterprise architecture does not derive its constructs from physics and formal systems science. It derives them from organizational and developmental observations — from the patterns of competitive displacement, interpretive consolidation, and structural failure that the ISLE framework specifies and the perceptual enterprise model extends. What formal systems science and physics provide is formal instantiation: the demonstration that constructs derived independently from organizational theory instantiate formal properties that physics and systems science have already specified with rigor. When the coherence horizon behaves exactly as Prigogine's bifurcation point behaves, that correspondence is not coincidence. It is evidence that the construct has been correctly specified — that the dynamics it predicts follow necessarily from the underlying structure rather than from theoretical assertion alone. This is the epistemological purpose of the present section. It maps the formal correspondences, shows what each construct inherits from the formal concept it instantiates, and in doing so demonstrates why the perceptual enterprise model predicts what it predicts with formal rather than merely rhetorical

force. The feedback architecture receives introductory formal grounding here; its full development as an operating system appears in Section VII.

### The Prigoginian Instantiation of Life Energy and the Coherence Horizon

Life energy requires more than citation of Prigogine as legitimizing context. It requires formal instantiation — the specification of which properties of dissipative structure theory the construct inherits and why those inherited properties make the construct's predictions structurally necessary rather than theoretically asserted.

Prigogine and Stengers (1984) established four formal properties of far-from-equilibrium systems that are directly inherited by the perceptual enterprise constructs. The first is the entropy production rate as the operative quantity for living systems — not entropy as a state variable but entropy production as the dynamic condition distinguishing organized living systems from systems moving toward equilibrium. A structural plane in full consolidation is a low entropy production state: governing premises are stable, transformation processes are optimized, and the system's internal organization is maintained at minimum dissipative cost. The coherence horizon is a maximum entropy production state: accumulated misalignment between governing premises and environmental recognition frameworks generates increasing internal tension that the existing organizational architecture must dissipate. Reconstruction — the formation of a new structural plane — is the transition to a new low entropy production state organized around different governing premises. The kinetic-potential distinction maps directly onto this: kinetic life energy is the directed energy maintaining the low entropy production state of a consolidating structural plane; potential life energy is the reorganizational capacity, not yet committed to the existing plane, required to traverse maximum entropy production and form a new dissipative structure on the other side. This is not an organizational metaphor for thermodynamic concepts. It is the specification

that the organizational constructs instantiate the same formal properties because they operate at the same level of the underlying mechanism.

The second formal property is the bifurcation point — the threshold in the entropy production trajectory at which the system can no longer maintain its current organizational state and must reorganize. Prigogine's framework specifies that bifurcation is not a smooth transition. It is a discontinuous event: the system's trajectory branches, with available branches determined by the system's parameters at the moment of bifurcation. The coherence horizon is the organizational bifurcation point in this precise sense: the threshold at which the positive feedback loop of the success syndrome has driven the system past the point of equilibrium restoration within the existing interpretive architecture, forcing discontinuous reorganization. The typology of competitive orientations specified in the companion papers on structural encroachment and structural origination (Sloan, 2026b, 2026c) — Explorer, Perpetuator, Leapfrog, Follower — is formally the specification of which bifurcation branches are available to a given enterprise at the coherence horizon, determined by the system's parameters at that moment: the life energy condition of the meaning subsystem, the maintained reconstruction potential, and the structural gravity buffering the transition interval.

The third formal property is the role of fluctuations at the bifurcation point. Prigogine showed that at the critical threshold, small fluctuations — variations that would have been damped by the system's homeostatic mechanisms during the consolidation phase — become the determining factor in which branch the system takes. This is why similarly positioned enterprises diverge at the coherence horizon: the same structural parameters can produce different trajectories depending on the fluctuations present at the critical moment. Interpretive foresight (Sloan, 2026c), the deliberate maintenance of edge value event flows, and the organizational conditions that

preserve potential life energy in the meaning subsystem are all, in formal terms, fluctuation-amplifying interventions — conditions that make certain bifurcation branches available at the critical threshold that would otherwise not be accessible. The perceptual enterprise model's intervention architecture is formally a theory of which fluctuations must be present at the bifurcation point to make reconstruction the accessible branch.

The fourth formal property is irreversibility. Prigogine's framework is explicitly a theory of irreversible processes — time has an arrow in dissipative systems, and the trajectory from one organizational state to another is not reversible. The commitment of developmental capacity through consolidation is an irreversible thermodynamic process in this precise sense: the developmental capacity committed to building the existing structural plane cannot be recovered by simply deciding to examine its governing premises. Recovery requires the full reconstruction-enabling conditions — not a reversal of the consolidation trajectory but the formation of a new dissipative structure from the conditions the prior one produced. This is why the intervention architecture of the ISLE framework does not prescribe reversal of consolidation but the cultivation of the conditions under which new structural plane formation becomes possible: irreversibility is a formal property inherited from the thermodynamics, not a contingent feature of the organizational constructs.

### The Epistemological Standing of Life Energy as a Scientific Construct

Life energy has the same epistemological standing in the ISLE framework that dark energy has in contemporary cosmology — and understanding that standing is essential for evaluating what kind of evidence would confirm or disconfirm the construct.

Dark energy is not proven through laboratory measurement or direct detection. It is inferred from observational consequences that cannot be explained by any other known mechanism. The universe's expansion is accelerating — this is measured, not assumed, through Type Ia supernova redshift data (Perlmutter, Riess, and Schmidt, Nobel Prize 2011). General relativity combined with all known forms of matter and energy cannot account for that acceleration. Therefore something with the properties of a repulsive energy field permeating space must exist. Dark energy is defined almost entirely by what it must be doing given what can be observed. It constitutes approximately 68 percent of the total energy content of the universe, and science accepts it as real because no competing explanation accounts for the observed phenomenon and its inferred properties are internally consistent with the broader theoretical framework. Recent survey results suggesting that dark energy's density may change over time have prompted revision of its inferred properties, not doubt about its existence — the expected behavior of a construct known through its effects.

Life energy occupies the same epistemological position. The phenomenon it explains — that similarly consolidated enterprises diverge at the coherence horizon in ways that structural variables alone cannot account for — is real and observable. No existing construct in motivation theory, capability theory, or prior systems science fully accounts for that variance. And life energy's inferred properties — directional, operating in kinetic and potential forms, increasingly organized kinetically by consolidation through the success syndrome, available for redistribution toward reconstruction where thinking capacity preserves governing premises as revisable — are internally consistent with the Prigoginian framework just established. The scientific standard dark energy sets is this: a construct is scientifically legitimate if its observational consequences are real, its inferred properties are consistent with established physical theory, and no competing

explanation accounts for the phenomenon without it. Life energy is positioned to meet that standard as its observable proxies are tested.

The direct scientific challenge to life energy would therefore not be the demand for direct measurement — dark energy fails that test equally and is not rejected for it. The challenge would be to show either that the divergence at the coherence horizon is fully explained by existing structural variables without remainder, or that life energy's inferred properties are inconsistent with the thermodynamic framework within which the construct is grounded. Neither challenge has yet been met. What existing frameworks collectively leave as unexplained variance — why the most successfully consolidated enterprises are structurally least capable of reconstruction, why kinetically strong systems fail at the coherence horizon that their own strength built — is precisely the phenomenon life energy specifies. The construct earns its theoretical place not by being directly observable but by being the inference that best accounts for what is observable and a construct consistent with the formal framework within which the observation is embedded.

This epistemological position also specifies the research program the construct requires. Dark energy became scientifically credible not through a single observation but through the progressive convergence of independent measurement programs — supernovae, cosmic microwave background, large-scale structure surveys — each of which was consistent with the same inferred properties. Life energy requires the same convergent validation architecture: the three observable proxies specified at the individual level (Sloan, 2026f) — engagement range under voluntary conditions, reconstructive flexibility following structural disruption, and prospective orientation in retrospective narrative — function as the independent measurement streams whose convergence provides empirical access to the kinetic-potential distribution. At the organizational level, the corresponding proxies are the ratio of edge to confirming value events,

the operable condition of the renewal loop, and the developmental trajectory of the meaning subsystem's meta-regulatory capacity. Neither set of proxies reduces life energy to a directly measurable variable. Together they provide the convergent observational access through which the construct's predictive power can be evaluated against the variance existing frameworks cannot account for.

One further objection requires direct rebuttal: the demand that life energy have a specifiable material substrate — a molecule, a measurable physical quantity, a location in matter. Physics does not impose that demand on constructs of this kind. Dark energy is the clearest case. In the standard cosmological model it is not a substance contained in space but a property of space itself, present in every volume, inferred from its effects and specified by its properties rather than by any material carrier. Life energy is specified the same way: as a construct describing a property of the organized exchange through which a dissipative structure maintains itself, not a physical quantity stored within the enterprise. The history of physics supplies a further precedent. Heat was long treated as a substance, caloric, before it was understood as a property of motion and organization rather than a material in its own right. Life energy is not physical energy in the sense of a measurable quantity, and the series makes no such claim (Sloan, 2026f). Requiring a material substrate for it asks for a different kind of construct than the one specified.

A further differentiation prevents a natural misreading. Life energy is not organizational energy in the sense developed by Bruch and Ghoshal (2003), who treat it as a property of collective effort characterized by intensity, speed, and emotional activation. Motivational constructs explain the intensity of effort, attentional constructs the allocation of focus, and organizational energy the collective vitality of organizational behavior. An enterprise can score high on all of them while its life energy is almost entirely kinetic, because vigorous, committed effort directed at existing

premises is what kinetic dominance looks like from inside. Life energy is a structural construct. It specifies the direction in which the enterprise's developmental capacity is organized, toward deepening the existing interpretive architecture or toward reconstructing it, and its observable expressions are those specified in this section and in Section VI.I.5a rather than levels of engagement.

The physical grounding of life energy as a property of dissipative structures, and its epistemological standing as an inferred construct justified by observational consequences that no existing framework accounts for, is established in this section of the present monograph. Companion papers that deploy the construct (Sloan, 2026a, 2026b, 2026c, 2026d, 2026e, 2026f, 2026g) can cite this grounding rather than re-establishing it within their own domain-specific arguments.

## K. The Unified Systems Theory Foundation

Systems theory converges two streams that developed in parallel through the mid-twentieth century and found their organizational application in Katz and Kahn (1978). The first is general systems theory and thermodynamics. Von Bertalanffy (1968) established that systems across all domains share structural properties — boundary maintenance, input-output transformation, homeostasis, equifinality — analyzable through a common formal framework regardless of specific content. Schrödinger (1944) provided the energetic foundation: living systems survive by importing negative entropy from their environments, continuously counteracting the entropic tendency toward disorder. Prigogine and Stengers (1984) extended this foundation into far-from-equilibrium thermodynamics, demonstrating that systems maintained far from equilibrium by continuous energy throughput are capable of spontaneous self-organization into dissipative

structures that could not exist at or near equilibrium. Their framework specified the bifurcation point — the threshold at which accumulated internal tension exceeds the system's capacity to maintain its current organizational state, forcing reorganization into either a new dissipative structure or dissolution into disorder. This was a fundamental extension of systems theory because it specified not just how systems maintain themselves but how they transform — the formal mechanism through which discontinuous reorganization occurs and the conditions that determine whether it produces a new viable structure or collapse.

The second stream is cybernetics and information theory. Wiener (1948) established negative feedback as the corrective mechanism of homeostasis — detecting deviation from a target state and generating responses that restore equilibrium — and positive feedback as the deviation-amplifying loop that reinforces movement away from initial conditions without internal limit. Ashby (1956) formalized the law of requisite variety: a system must possess at least as much variety in its response repertoire as there is variety in the disturbances it faces. A system with insufficient variety cannot regulate disturbances that exceed its response capacity — a formal specification of the conditions under which control fails that has no equivalent in any other theoretical tradition. Shannon and Weaver (1949) completed the stream with information theory: systems processing low-entropy signal sets cannot recognize the information content of high-entropy disturbances, with direct implications for how interpretive consolidation degrades an enterprise's capacity to perceive the variety that competitive transitions generate.

These two streams are unified as formal theories of how systems maintain themselves, process information, and respond to environments — operating at a level of abstraction applicable across system types and specifying formal properties that organizational constructs either

instantiate or fail to instantiate. Their unity is the common foundation from which formal instantiation arguments can be drawn with precision.

## L. Organizational Theory's Engagement with the Systems Foundation

The history of organizational theory's engagement with formal systems science runs from Katz and Kahn's transparent importation through complexity theory's metaphorical translation to dynamic capabilities' implicit and unacknowledged dependence — a history of decreasing explicitness whose endpoint is a field drawing on formal systems concepts without naming them or specifying the conditions they impose.

Katz and Kahn (1978) were explicit importers. They named their sources, specified the formal concepts they were translating, and showed systematically how each mapped onto organizational phenomena. Von Bertalanffy gave them their architecture, Schrödinger their survival mechanism, Wiener and Ashby their control theory. What they lacked was Prigogine's far-from-equilibrium dynamics, Shannon's information theory applied to interpretive processes, and attractor concepts from dynamical systems theory. These are precisely the extensions the perceptual enterprise model makes — not as additions to Katz and Kahn but as the formal grounding their framework would have incorporated had those developments been available and sufficiently developed for organizational application when they wrote.

Complexity theory's organizational applications drew on rigorous underlying science — Kauffman's (1993) fitness landscapes, Prigogine's dissipative structures — and generated genuine organizational insight that the perceptual enterprise architecture incorporates directly. The observation that enterprises operating at the boundary between excessive order and excessive disorder display the most adaptive capacity anticipated the Viability Zone this monograph

specifies formally. The edge of chaos is a phenomenological description of one region within the Viability Zone — the high-reorganization-capacity subset of viable states where the architecture retains maximum flexibility and reconstruction potential. It is not a description of the Viability Zone itself, nor of its boundary. The Viability Zone is the full basin of coherent operation, encompassing the range of states from which the enterprise can sustain viable engagement with its environments; the edge-of-chaos region is one interior portion of that basin, accessible when consolidation has not yet narrowed the architecture's range of viable response. Complexity theory observed that region accurately and treated it as a condition to seek — but without the formal specification of the basin within which it sits, it could not account for why the success syndrome progressively contracts that basin, making the high-flexibility region inaccessible not because the enterprise has moved toward the boundary but because the boundary has moved toward the enterprise. Fitness landscapes provided the conceptual vocabulary for understanding how competitive positions relate to environmental configurations in ways that cannot be fully specified in advance. Self-organization correctly identified that enterprises generate coherence internally rather than receiving it from outside. These contributions were real and they are present in the perceptual enterprise architecture. What complexity theory's organizational applications did not achieve is formal instantiation: they translated formal concepts into organizational metaphors rather than organizational constructs that inherit the formal properties of the physics they invoked. The edge of chaos became a zone to seek for organizational generativity rather than a formal specification of phase transition dynamics. Self-organization became a description of emergent organizational phenomena rather than a treatment of the conditions under which it occurs and the properties it produces. The formal rigor of the underlying science did not survive the translation into organizational terms. This is precisely the pathway the perceptual enterprise model explicitly

rejects: organizational theory requires formal instantiation, not metaphorical inspiration, if the formal properties of the physics concepts are to ground the organizational constructs rather than merely inspire them.

Dynamic capabilities (Teece, Pisano, & Shuen, 1997) represents a third relationship — implicit dependence without acknowledgment. Sensing is formally a variety absorption process in Ashby's terms: the enterprise must absorb sufficient environmental variety to detect the signals that warrant a strategic response. Seizing draws implicitly on the energetic reorganization near Prigogine's bifurcation threshold: the moment of strategic commitment is formally the moment at which the enterprise redirects its energy throughput toward a new organizational configuration, which Prigogine's framework specifies as requiring the system to approach and traverse a non-equilibrium threshold rather than making a costless adjustment from a position of stability. Reconfiguring presupposes what Prigogine's dissipative structures framework specifies as the energy cost of moving between organizational states: capability structures maintain themselves only through continuous energy throughput, and reorganizing from one capability configuration to another requires the enterprise to sustain viable operation while simultaneously dismantling the throughput architecture that currently maintains it — a formally specified difficulty that the dynamic capabilities framework treats as an organizational and managerial challenge without naming the thermodynamic condition that makes it structurally necessary rather than contingently hard. Most consequentially, the entire framework presupposes a requisite variety condition it never names: the enterprise must sense, seize, and reconfigure with at least as much variety as the environment presents, or dynamic capabilities will fail to maintain viable operation under the environmental complexity they face. Ashby's law is the formal specification of that presupposition. Dynamic capabilities requires it without invoking it — which means the conditions

under which the framework succeeds or fails cannot be fully specified from within the framework itself.

## M. The Feedback Constructs — Formal Grounding

The perceptual enterprise's feedback constructs require formal grounding here before their full architectural development in Section VII. Wiener's (1948) distinction between negative and positive feedback is the foundation. Negative feedback detects deviation from a target state and generates a corrective response — the mechanism of homeostasis, whose defining property is self-correction bounded by the system's regulatory capacity. Positive feedback detects deviation from an initial condition and amplifies it — the mechanism of self-reinforcement, whose defining property is the absence of internal limit. These are formally distinct mechanisms with formally distinct properties generating formally distinct system behaviors.

The success syndrome is a positive feedback loop in Wiener's precise sense: successful value events validate governing premises, validated premises direct resources toward what they define as valuable, resource concentration produces more successful value events within the validated logic, and each cycle amplifies deviation from the initial interpretive architecture without internal limit. The formal property this inherits is the absence of a self-correcting mechanism. The renewal loop is the organizational negative feedback mechanism whose function is to interrupt the success syndrome's reinforcing dynamic. Its regulatory capacity is bounded by Ashby's requisite variety condition: as consolidation deepens, the variety of responses the renewal loop can generate compresses precisely as the disturbances it must correct increase. Reconstruction potential is the organizational instantiation of requisite variety — the enterprise's maintained capacity to generate responses sufficient to regulate the disturbances approaching the coherence horizon. Shannon's

entropy reduction adds the further specification that the consolidated enterprise is simultaneously processing an impoverished signal set, rendering coherence horizon proximity signals unrecognizable as such even when they are present in the environment.

These formal specifications establish why the success syndrome is structurally difficult to interrupt — a positive feedback loop without internal limit operating within a system whose signal entropy is decreasing, whose response variety is compressing, and whose homeostatic mechanism is losing regulatory capacity, all as a necessary consequence of the same consolidation that built the enterprise's competitive strength. Section VII develops the full architectural consequences of this feedback structure — how the success syndrome progressively degrades each of its own balancing mechanisms across the six subsystems, what the renewal loop requires to remain effective as a designed feedback intervention, and how Forrester's delays, Senge's archetypes, Beer's algedonic channel, and Bateson's Learning III locate precisely within the perceptual enterprise's dynamic operating system.

One clarification prevents a misreading of "without internal limit." The phrase describes the loop, not the enterprise's growth. The success syndrome contains no self-correcting mechanism, so nothing within it halts consolidation. The bound on the enterprise is nonetheless real, and it is generated by the same process: consolidation compresses interpretive elasticity, which establishes a coherence horizon, and the pace at which the enterprise reaches that horizon is set by how fast the environment evolves relative to the elasticity that remains. This is the bounded growth that ISLE (Sloan, 2026a) specifies, in which the limits of a structural plane are generated endogenously by the same process that produces its capability. The two statements are complementary. Because the loop has no limit of its own, the bound is met only through the

renewal loop or through reconstruction, not through any correction internal to the success syndrome itself.

## Section III: The Resource Architecture

Section II established the perceptual enterprise as an interpretively mediated open system and identified the six subsystems, three feedback loops, and formal systems science foundations that give the architecture its structure. But the architecture as presented in Section II is structural — it specifies what the enterprise contains and how its elements are organized without yet specifying how resources flow through and accumulate within it. That specification is what the resource architecture provides. Resources are not background conditions in the perceptual enterprise. They are the material expression of what the interpretive architecture has recognized as worth building — the accumulated productive record of governing premises acting on the environment over time. This section develops the resource architecture in five movements: the classification of inputs by functional role; the recognition mechanism governing how resources enter the system; value event flow as the measure of viability; the relationship between life energy and the direction of value flow; and structural gravity as the accumulated position that determines how long the enterprise can sustain viable operation when value event flows degrade.

### A. Two Classes of Inputs

Open systems theory specifies that systems import resources from their environments to sustain their transformation processes. The perceptual enterprise distinguishes two classes of inputs by their functional role in value creation — a distinction prior resource theory approaches but does not make with systems precision.

Producing resources are everything the enterprise deploys in value creation without being consumed by it. This is the Barney set (Barney, 1991): tangible assets including plant, equipment, financial reserves, and physical infrastructure; intangible assets including brand equity, intellectual property, institutional legitimacy, and established customer and stakeholder relationships; capabilities and routines through which the enterprise executes its value creation processes; and people — individual perceptual entities — with their embedded knowledge, judgment, and life energy. Producing resources persist across value events. They are the system's processing components — what the enterprise is, structurally, at any given moment. They accumulate over time through successful value events and deplete through use, competitive erosion, and obsolescence. Their configuration determines what kinds of value the enterprise can create and for whom.

Transformation inputs are what flows through the production process and exits as outputs — the raw material of value creation. In manufacturing these are components and materials that become embedded in delivered goods. In professional services they are client problems, data, and organizational conditions that get worked on and returned transformed. In financial services they are capital positions that get deployed and returned as yield. Transformation inputs do not persist in the system — they enter, get transformed through the enterprise's producing resources, and cross the boundary as outputs. They are the throughput material that the system's processing components act upon.

This two-class distinction maps precisely onto the systems theory separation between a system's processing components and the flows that pass through them — a distinction Katz and Kahn preserved at the level of principle without giving it resource-theoretic specificity. Prior resource theory, including the resource-based view, does not make this functional distinction

cleanly. The RBV focuses on producing resources as the source of competitive advantage without specifying the separate category of transformation inputs or the systems relationship between them. The perceptual enterprise model makes that relationship explicit: producing resources are what the enterprise is; transformation inputs are what it works on; and the quality of the transformation depends on the alignment between the two.

## B. The Recognition Mechanism

Resources do not enter the perceptual enterprise as objective quantities available to any enterprise that chooses to acquire them. They are recognized, classified, and valued through the interpretive architecture before they are acquired, configured, or deployed. This is the prior question that the resource-based view does not ask: not which resource configurations generate advantage, but which resources the enterprise recognizes as worth building in the first place.

The governing premises of the interpretive architecture determine which producing resources are classified as strategically valuable, which transformation inputs are recognized as worth acquiring, and what counts as an appropriate configuration of both. Two enterprises operating in the same industry with access to identical resource markets may build radically different resource positions because their governing premises classify value differently. One enterprise's governing premises direct investment toward operational efficiency and scale; another's toward customer intimacy and relational capability (Treacy & Wiersema, 1993). Both are recognizing accurately within their respective interpretive architectures. Both may be building genuine advantage within their current competitive logic. But the resource position each builds reflects the governing premises through which recognition occurs — not an objective assessment of resource value independent of interpretive framework.

The consolidation dynamic has a specific resource architecture consequence. As the success syndrome deepens, the enterprise's governing premises increasingly direct recognition toward producing resources that validate and extend the existing logic. Investments that would build capability in the next competitive logic fail to register as strategically valuable because the interpretive architecture has no category for them. The enterprise is not making poor resource decisions by its own lights. It is perceiving accurately within a consolidated framework that has narrowed the range of what can be recognized as worth building. The result is systematic underinvestment in the producing resources the next competitive logic will require — not through negligence or poor analysis but through the structural limits of perception under consolidation.

### C. Value Event Flow as the Viability Measure

The enterprise sustains itself as a viable open system through the continuous flow of value events across its boundary. A value event is the discrete exchange in which the enterprise delivers an output that an environmental actor recognizes as valuable and returns resources — financial, relational, reputational, or regulatory — that sustain continued operation. The aggregate flow of value events is the enterprise's negative entropy mechanism: it is what keeps the system viable against the natural tendency toward entropic dissolution. When the flow is strong and broad the system is importing sufficient negative entropy to sustain its structure and fund its continued development. When the flow degrades the system begins moving toward entropy. When it stops the system collapses.

Value event flow is not a single stream directed at a single environment. The perceptual enterprise maintains three distinct value event flows simultaneously, each with its own recognition framework and each capable of degrading independently.

The customer value event flow is the primary exchange through which the enterprise delivers goods, services, and solutions that customers recognize as valuable and return financial resources that sustain operation. This is the flow most organizational theory has theorized, and it is the most directly visible measure of competitive viability. Its health reflects the alignment between the enterprise's value proposition and the customer's interpretive framework for what constitutes valuable exchange.

The internal value event flow operates between the enterprise and its producing resources — primarily its people. When individual perceptual entities perceive that their contribution is recognized and their effort returns appropriate value — whether financial, developmental, relational, or in terms of meaning and purpose — that recognition constitutes a value event in the same structural sense as a customer transaction. The enterprise delivers outputs to its producing resources just as it delivers outputs to customers. The flow of these internal value events sustains the producing resource base, maintains the life energy conditions that viable operation requires, and determines whether people direct their developmental capacity toward the enterprise's purposes or away from them. When the internal value event flow degrades — when producing resources perceive their contribution as unrecognized or their effort as inadequately returned — the producing resource base that should carry potential life energy into the system instead becomes a source of disengagement, exit, and resistance.

The societal value event flow operates between the enterprise and the broader environment of regulators, governments, communities, and public institutions. When the enterprise's outputs are recognized as legitimate and socially valuable, the return is operating freedom — the license to continue functioning without constraint. This is negative entropy in a form that is invisible when healthy and immediately consequential when it degrades. Taxes are the formalized price of

operating within the societal system. Fines, regulations, legal action, and antitrust intervention are what happens when the societal value event flow breaks down — when the enterprise's outputs are no longer recognized as legitimate by the governing premises of the regulatory and social environment. The enterprise deep in the success syndrome perceives its societal legitimacy through incumbent premises — it classifies its outputs as obviously valuable because its own interpretive architecture says so. When the societal environment's governing premises shift, the consolidated enterprise is structurally the least capable of recognizing that shift accurately, reading regulatory pressure as interference and legal action as competitive disadvantage rather than as signals of coherence horizon proximity in the societal domain.

### D. Life Energy and the Direction of Value Flow

Value event flow does not merely sustain the enterprise — it governs the direction of life energy. When all three flows are strong and healthy, that health validates existing governing premises. Successful customer exchanges confirm that the value proposition is correctly specified. Positive internal value events confirm that the producing resource base is well configured and appropriately rewarded. Societal legitimacy confirms that the enterprise's outputs meet the standards the broader environment applies. Each flow validates the premises through which it was generated, reinforcing kinetic life energy dominance and deepening consolidation. The success syndrome is not a failure of management or strategic judgment. It is the structural consequence of value event flow health validating the very premises that generated it — a positive feedback loop that the flow itself powers.

When value event flows begin to degrade — when customer recognition shifts, when producing resources disengage, when regulatory pressure mounts — those degradation signals

carry information about the proximity of the coherence horizon. They are the system's empirical evidence that alignment between governing premises and environmental recognition frameworks is eroding. In principle, flow degradation should trigger the redistribution of life energy from kinetic to potential forms — the structural loosening of governing premises that makes examination and reconstruction possible.

But the redistribution is not automatic. It depends on whether the degradation signals can be perceived as coherence problems rather than execution problems. And here the model identifies its most consequential dynamic. The consolidated interpretive architecture does not misread flow degradation in the sense of making an analytical error. It perceives accurately within a framework whose governing premises do not have a category for coherence failure. Customer attrition is perceived as a pricing problem or a service execution gap. Internal disengagement is perceived as a management or compensation issue. Regulatory pressure is perceived as political or competitive interference. Each perception is internally consistent with the existing interpretive architecture. None generates the premise-level recognition that would redirect life energy toward reconstruction.

The structural gravity built through prior success amplifies this dynamic by absorbing the material consequences of flow degradation. Financial reserves fund responses to competitive pressure. Brand equity retains customers through transition periods. Institutional legitimacy buffers regulatory challenge. The enterprise can sustain operation with degrading flows for longer than its competitive position warrants — which extends the interval during which the degradation signals fail to register as existential rather than operational. Structural gravity buys time. Whether that time is used to examine governing premises or to deepen incumbent responses depends entirely on the life energy condition of the enterprise — and the success syndrome has

systematically shaped that condition toward kinetic dominance precisely when potential life energy is most urgently required.

### E. Structural Gravity

Structural gravity is the accumulated stock of producing resources built through successful value events over time. It is what the enterprise becomes, materially and relationally, as a consequence of sustained competitive viability — the financial reserves, brand equity, intellectual property, institutional legitimacy, customer relationships, and organizational capabilities that constitute its competitive mass. Structural gravity is the organizational instantiation of the homeostatic buffer in cybernetic systems theory (Wiener, 1948; Ashby, 1956): it is the buffer that allows the system to sustain operation against disturbance within the limits of its regulatory capacity.

Structural gravity performs two functions in the architecture. The first is competitive mass — the weight the enterprise carries in its competitive environment that makes encroachment difficult and sustains customer, partner, and institutional relationships through periods of competitive pressure. An enterprise with substantial structural gravity is not easily displaced even when its interpretive architecture has begun to erode, because the accumulated relationships, legitimacy, and capabilities it has built represent real value that does not dissolve overnight.

The second function is the displacement interval buffer. When value event flows degrade and the coherence horizon is approached, structural gravity determines how long the enterprise can sustain viable operation while the gap between existing premises and environmental reality widens. It funds the interval between premise erosion and premise revision. A large structural gravity position extends that interval — giving the enterprise more time to recognize the coherence

problem and initiate reconstruction. A depleted structural gravity position compresses it — forcing reconstruction under conditions of acute competitive and financial pressure that are the least favorable for the generative thinking reconstruction requires.

But structural gravity has a formal limit that cybernetic homeostasis specifies precisely. The homeostatic buffer maintains the system within its regulatory range — it cannot restore the system to health, only sustain it against disturbance within bounds. When the disturbance exceeds the buffer's regulatory capacity, the system moves outside the range from which homeostatic correction can restore equilibrium. For the perceptual enterprise, this means structural gravity can absorb the consequences of value event flow degradation up to a point. Beyond that point — when the flows have degraded sufficiently and the premises generating them have eroded beyond the buffer's capacity to compensate — the structural gravity is consumed without producing reconstruction. The displacement interval runs out.

The diagnostic consequence is one of the model's most important contributions. Because structural gravity and interpretive architecture can diverge sharply — the same positive feedback loop that consolidates premises also builds structural gravity — an enterprise can present as externally strong precisely when it is internally most vulnerable. Strong financials, recognized brand, deep customer relationships, institutional legitimacy: all products of successful value event flow built on premises that are eroding. No resource-based analysis that examines the asset position without the systems architecture can see that divergence. The perceptual enterprise model makes it visible — and makes the distinction between structural gravity as a buffer and interpretive architecture as the source of renewed flow the central diagnostic question for enterprise viability assessment.

## Section IV: The Resource Architecture and Its Relationship to Prior Resource Theory

Section III specified the resource architecture — what the enterprise accumulates, how it recognizes what is worth building, and why the accumulated position both sustains viability and eventually masks its erosion. Before the architecture can be assessed as a theoretical contribution, it must be located within the resource theory tradition it extends. Resource theory has been developing toward the perceptual enterprise architecture from multiple directions for more than six decades without converging on it. Each tradition has illuminated a specific dimension of how enterprises build, deploy, and sustain resource positions — and each has stopped at a boundary that the perceptual enterprise model crosses. This section maps those contributions precisely, identifies where each tradition's explanatory reach ends, and shows what the integrated resource architecture specifies that no single tradition could provide alone. The mapping closes with a comparison table that locates each tradition within the full architecture.

Edith Penrose (1959) established the foundational insight from which all subsequent resource theory derives: that resources are not valuable in themselves but through the productive services they render, and that the productive services available from any resource base depend on how management perceives and deploys it. Penrose built a recognition mechanism into resource theory at its origin. The growth of the firm, in her account, is governed by the bundle of productive services management perceives as available from its existing resources — not by the resources themselves as objective quantities. This is the direct theoretical ancestor of the recognition mechanism in the perceptual enterprise architecture. What Penrose did not specify was the structural condition governing managerial perception — what determines which productive services get recognized, how that recognition consolidates over time, and what happens when the perceptual framework through which resource potential is assessed becomes misaligned with the

competitive environment the enterprise faces. That boundary was structurally necessary given what Penrose was theorizing: she was building a theory of growth, not a theory of failure, and a framework organized around how firms expand through perceived resource potential could not simultaneously ask why that same perception consolidates around existing potential in ways that foreclose the next.

Wernerfelt (1984) extended Penrose by framing resources as barriers to competitive imitation — the resource position barrier that makes an enterprise's producing resource configuration difficult for competitors to replicate. His contribution to the resource architecture is the competitive mass function of structural gravity: accumulated resources create positional weight that sustains the enterprise against competitive pressure and makes encroachment costly. What Wernerfelt did not develop was the temporal dimension of how resource positions accumulate, erode, and interact with the interpretive architecture through which they were built. That omission was not an oversight: his contribution was extending the Penrose insight into competitive strategy by establishing resources as a viable unit of strategic analysis, and a framework aimed at that foundational move — showing that resource position barriers exist and matter — was not the framework that could simultaneously theorize how those positions decay or how the interpretive architecture governing them closes off renewal.

Dierickx and Cool (1989) provided the most formally precise prior treatment of what structural gravity describes. Their asset stock accumulation framework specified that strategic assets build through consistent investment flows over time, are subject to time compression diseconomies — they cannot be built quickly even with abundant capital — and are characterized by asset mass efficiencies, interconnectedness, and causal ambiguity that make them difficult to imitate. Critically, they specified asset erosion: strategic asset stocks deplete when investment

flows are interrupted or redirected. This maps directly onto the depletion of structural gravity when value event flows degrade and investment is redirected toward defending incumbent positions rather than building renewed competitive capacity. What Dierickx and Cool did not theorize was the interpretive mechanism governing which asset stocks get built — the recognition process through which investment flows are directed toward some resource configurations and away from others. That boundary was structurally determined by the theoretical commitments they were working within: they explicitly built the framework to extend industrial organization economics into firm-level strategy, and that extension required objective asset characteristics as the analytical unit. A recognition mechanism would have required a different theoretical foundation — one organized around how interpretive architectures constitute what counts as strategically worth building — and that foundation was not yet available within the IO extension program they were pursuing.

Barney (1991) synthesized the resource-based view into its most influential form with the VRIN framework — specifying that sustained competitive advantage derives from resources that are Valuable, Rare, Inimitable, and Non-substitutable. His contribution to the resource architecture is the most comprehensive taxonomy of producing resources and the clearest specification of which resource characteristics generate competitive advantage. The VRIN framework maps the producing resource category with precision: tangible assets, intangible assets, capabilities, and human resources each evaluated against the four criteria. What Barney did not address was the prior question Penrose had opened: which resources the enterprise recognizes as worth building in the first place, and how that recognition is structured by the interpretive architecture through which resource value is assessed. That boundary was inherent in what VRIN was designed to explain: performance heterogeneity across firms at a point in time. A cross-sectional framework that

explains why one firm outperforms another given its resources cannot simultaneously theorize the developmental process through which resource recognition patterns form, consolidate, and eventually foreclose the reorientation that a shifted competitive environment requires. The recognition question is a developmental question; Barney was answering a competitive one.

Peteraf (1993) formalized the conditions under which resource heterogeneity generates sustained advantage — heterogeneity across enterprises, ex post limits to competition preventing imitation, imperfect factor mobility preventing resource redeployment, and ex ante limits to competition ensuring that resources are acquired before their value is fully recognized. Her contribution is the specification of the competitive conditions under which structural gravity's competitive mass function operates most powerfully. Ex ante limits to competition map precisely onto the recognition mechanism: enterprises that recognize resource value before competitors do build structural gravity positions that are both more valuable and more difficult to imitate. What Peteraf did not specify was the mechanism governing ex ante recognition — what determines which enterprises see resource value before others, and why that recognition capacity degrades as consolidation deepens. The reason is precise: she was formalizing the structural conditions under which advantage persists, not theorizing the process through which the conditions are accessed or lost. Ex ante limits to competition was a condition she identified and specified; the question of why some enterprises routinely access it and others do not — and why the enterprises that built advantage through it systematically lose the capacity to access it again — required a theory of interpretive architecture development that her formalizing project was not organized around.

Prahalad and Hamel (1990) introduced core competencies as the deeply embedded producing resource configuration around which the enterprise organizes its producing resource base — the collective learning that coordinates diverse production skills and integrates multiple

streams of technology. Their contribution is identifying the specific form that consolidated producing resources take at the enterprise level: not individual assets or capabilities but integrated configurations that reflect and reinforce the governing premises around which the enterprise has organized. Core competencies are the producing resource expression of the interpretive architecture — they are what the enterprise has built its resource position around because its governing premises defined those capabilities as the source of value. What Prahalad and Hamel did not fully develop was the liability dimension of that integration. That underdevelopment reflects the strategic purpose of the core competencies argument: they were making the managerial case for organizing around integrated capability configurations rather than product portfolios, and that argument required treating core competencies as sources of competitive advantage — assets to be built and leveraged. Developing the liability dimension would have required simultaneous treatment of core competencies as constraints — the same integrated configurations that generate advantage as the source of strategic blindness and developmental foreclosure — which runs precisely against the strategic reorientation they were advocating. Leonard-Barton completed that development, but only after core competency thinking had been established as a field-level commitment.

Leonard-Barton (1992) completed that development with the core rigidities concept — showing empirically that the same capabilities generating current advantage become constraints when the competitive logic shifts. Her contribution is the resource architecture expression of the coherence horizon dynamic: the producing resource base built around existing governing premises actively impedes the recognition and development of resources organized around a different logic. Core rigidities are not failures of resource management. They are the structural consequence of a producing resource base that has consolidated around governing premises that the competitive

environment is moving beyond. Leonard-Barton's work is the closest prior treatment in resource theory of why strong resource positions can coexist with strategic vulnerability — though she did not have the systems architecture to specify the mechanism producing that coexistence. That absence reflects what grounded empirical theory can and cannot produce: she identified the phenomenon with precision and established it across multiple case studies, but the generative mechanism — the positive feedback loop that simultaneously builds structural gravity and erodes the interpretive capacity that would allow recognition of the problem — requires a formal systems framework that her empirical method was not designed to generate. Observation reached the boundary of theory; formal systems grounding was required to cross it.

Teece, Pisano, and Shuen (1997) extended the resource-based view into its dynamic form by asking how resource positions are built and reconfigured as environments shift. Their sensing, seizing, and reconfiguring framework maps directly onto the resource architecture's three core processes — and does so with greater precision than any prior resource theory tradition. Sensing is the recognition mechanism — the capacity to detect resource opportunities and competitive signals before they are fully valued by the market or fully visible to competitors operating within consolidated interpretive frameworks. Seizing is the acquisition and configuration of producing resources in response to recognized opportunities — the investment flow mechanism through which structural gravity is built and directed. Reconfiguring is what happens when premise revision changes what gets recognized as worth building — the restructuring of the producing resource base around a new competitive logic that a shifted interpretive architecture now classifies as strategically valuable. Dynamic capabilities comes closest of all prior resource theory traditions to the full resource architecture because it operates at the same level the architecture requires: not the description of resource characteristics at a point in time, but the specification of the

organizational processes through which resource positions change over time in response to a changing environment. What dynamic capabilities theory did not specify was the structural condition governing whether those processes function as intended or fail systemically despite organizational investment in them. Sensing can be generously funded, carefully designed, and staffed with capable analysts while systematically generating within-premise signals — because the interpretive architecture through which sensing results are classified determines what counts as a significant signal, and that architecture consolidates around existing premises through the same positive feedback loop that makes seizing efficient. Seizing can be organizationally agile and strategically disciplined while directing investment toward resource configurations defined by obsolete premises — because what the enterprise seizes is determined by what its governing premises classify as an opportunity worth pursuing. Reconfiguring can be executed with organizational sophistication while producing an extended version of the existing logic rather than a genuinely new one — because reconfiguring within an unconstructed meaning subsystem is premise extension, not premise revision. The perceptual enterprise resource architecture specifies the prior structural condition that dynamic capabilities theory presupposes but does not provide: the interpretive architecture condition determining whether the enterprise's sensing, seizing, and reconfiguring processes operate with genuine openness to premise revision or with the appearance of openness within a framework that has already determined what will be recognized, valued, and built. That boundary was inherent in dynamic capabilities' theoretical positioning: it was built as a strategic management framework at the observable behavioral level — what enterprises do to sense, seize, and reconfigure — and specifying the structural condition governing those behaviors would have required a theory of interpretive architecture consolidation that neither the

organizational learning tradition nor the evolutionary economics tradition that Teece, Pisano, and Shuen were synthesizing had yet produced.

The perceptual enterprise model contributes structural gravity specifically to the resource architecture — the integration of accumulated producing resources into a single construct that functions as a homeostatic buffer with formal limits. Structural gravity is not a new category of resource but a systems-level construct that specifies what the accumulated stock of producing resources becomes over time: the enterprise's competitive mass and displacement interval buffer. Its distinctive theoretical contribution is the divergence dynamic — the same positive feedback loop that consolidates the interpretive architecture also builds structural gravity, producing the diagnostic condition in which enterprises appear externally strong precisely when they are internally most vulnerable. No prior resource theory specifies this divergence because none has the systems architecture that makes it visible.

The pattern that runs across these eight stopping points is not fragmentation. It is progressive convergence on a structure that no single tradition could see whole, because each was built to answer a specific question within a specific research program, and the question each left open was precisely the question the next tradition tried to answer. Penrose opened the recognition question and left the structural condition ungoverned; Wernerfelt and Dierickx and Cool specified the accumulation logic and left the interpretive mechanism ungoverned; Barney taxonomized what is worth building and left ungoverned the prior question of what gets recognized as worth building; Peteraf formalized when advantage persists and left ungoverned the mechanism that determines who accesses it; Prahalad and Hamel named the consolidated form producing resources take and left its liability dimension undeveloped; Leonard-Barton completed that liability analysis empirically and stopped at the boundary of a formal generative mechanism; Teece, Pisano, and

Shuen specified the behavioral processes of resource reconfiguration and stopped at the structural condition governing whether those processes produce genuine premise revision or merely extend the existing logic. Each tradition was complete within its own research program. Each stopped exactly where its theoretical commitments required it to stop. And the stopping point of each was the starting point of the next. The perceptual enterprise resource architecture is not a synthesis that patches these gaps after the fact. It is the structure toward which six decades of resource theory were independently developing without any single tradition having the architecture to name it. With the resource architecture specified at the systems level, the constructs these traditions produced become jointly interpretable rather than independently applied — and that joint interpretability resolves the most important puzzle in resource theory: why a firm can simultaneously possess VRIN resources, sophisticated dynamic capabilities, and deeply embedded core competencies while approaching coherence horizon breach. The answer is architecturally precise. The VRIN resources are real. The dynamic capabilities are real. The core competencies are real. What is eroding is the interpretive architecture through which they are directed, the structural gravity that will buffer the consequences of that erosion for a bounded period, and the reconstruction potential that determines whether reorganization around a new competitive logic remains possible before the interval closes. No single resource theory tradition can specify that interaction because none has the systems architecture from which it follows as a necessary consequence. The perceptual enterprise resource architecture provides that architecture — making what prior theory could observe as an anomaly derivable as a prediction. The nine traditions and their contributions to the resource architecture are summarized in Table 4.

***Table 4. Resource Theory and the Perceptual Enterprise Resource Architecture***

| Theorist (Year) | Core Construct | Contribution to the Resource Architecture | What It Presupposes That the Perceptual Enterprise Model Specifies |
|---|---|---|---|
| Penrose (1959) | Productive services of resources | Recognition mechanism: resource value depends on managerial perception of productive potential, not on resources as objective quantities | The structural condition governing perception — what determines which productive services are recognized, how that recognition consolidates, and what happens when the perceptual framework misaligns with the competitive environment |
| Wernerfelt (1984) | Resource position barriers | Competitive mass function of structural gravity: accumulated resources create positional weight that sustains the enterprise against competitive pressure and makes encroachment costly | The temporal dynamics of how resource positions accumulate, erode, and interact with the interpretive architecture through which they were built |
| Dierickx & Cool (1989) | Asset stock accumulation | Formal treatment of structural gravity accumulation and depletion: time compression diseconomies, asset mass efficiencies, asset erosion when investment flows are interrupted or redirected | The interpretive mechanism governing which asset stocks get built — the recognition process directing investment flows toward some resource configurations and away from others |
| Barney (1991) | VRIN framework | Taxonomy of producing resources and specification of which resource characteristics generate sustained competitive advantage: valuable, rare, inimitable, non-substitutable | The prior question of which resources the enterprise recognizes as worth building — how recognition is structured by the interpretive architecture and how that structuring consolidates under the success syndrome |
| Peteraf (1993) | Cornerstones of competitive advantage | Conditions under which structural gravity's competitive mass function operates most powerfully: heterogeneity, ex post limits to competition, imperfect mobility, ex ante limits to competition | The mechanism governing ex ante recognition — what determines which enterprises perceive resource value before competitors, and why that recognition capacity degrades as consolidation deepens |
| Prahalad & Hamel (1990) | Core competencies | The integrated form that consolidated producing resources take at the enterprise level: collective learning coordinating diverse skills and integrating multiple capability streams around governing premises | The liability dimension — how core competencies become core rigidities when governing premises misalign with a shifting competitive environment |
| Leonard-Barton (1992) | Core rigidities | Resource architecture expression of the coherence horizon: the producing resource base built around existing premises actively impedes recognition and | The generative mechanism producing the coexistence of strong resource positions and strategic vulnerability — the systems architecture that makes the |

| | | | |
|---|---|---|---|
| | | development of resources organized around a different competitive logic | divergence between structural gravity and interpretive architecture health visible and predictable |
| Teece, Pisano, & Shuen (1997) | Dynamic capabilities | Full resource architecture process: sensing (recognition mechanism), seizing (acquisition and configuration), reconfiguring (premise revision changing what gets recognized as worth building) | The structural condition governing sensing capacity — why the interpretive architecture consolidates around existing premises, and what determines whether reconfiguring produces genuine premise revision or extends the existing logic into adjacent domains |

## Section V: The Value Event: Operationalizing the Perceptual Enterprise Architecture

Sections I through IV have established what the enterprise is, how it is structured as a system, and how resources accumulate within it. But a structural specification, however complete, does not by itself specify why the enterprise exists or what its operation is for. The architecture needs a purpose — a unit of analysis that makes the enterprise's existence meaningful rather than merely structural and that gives every architectural construct its observable referent. That unit is the value event. Prior organizational theory has described the enterprise from the inside looking out — production theory specifies what it does to inputs, resource theory specifies what configurations generate advantage, systems theory specifies how it maintains itself as a whole. None specifies the moment at which the enterprise's existence becomes meaningful: the discrete exchange in which what it produces meets the environment and is recognized as worth returning resources for. The value event construct supplies that specification. It is not a refinement of prior theory. It reorients the theoretical problem from the enterprise as object to the enterprise as purposeful energetic system whose continued existence depends on the continuous generation of exchanges the environment recognizes as worth sustaining. The necessity of this reorientation is not merely architectural. Without the value event construct, organizational theory cannot specify

the moment at which the success syndrome's developmental consequence becomes observable. Resources accumulate objectively. Capabilities develop objectively. But whether either generates viability depends entirely on whether what they produce meets recognition — and recognition is what the value event captures. Without it, there is no mechanism for explaining why enterprises lose viability while their structure remains intact. The success syndrome produces invisible failure precisely because the failure operates at the recognition level before it becomes visible in the resource or capability configuration. The value event construct is the unit of analysis at which that failure first becomes observable.

The value event construct addresses this reorientation directly, and in doing so makes a contribution to organizational theory that is original in its own right — not merely an integrating device for existing traditions but a first-order theoretical construct that prior organizational theory has not fully specified. No existing tradition has treated the discrete exchange between enterprise and environment as a theoretical construct with its own properties, conditions, and developmental dynamics. Systems theory has inputs and outputs. Value theory has value creation and value capture. Transaction cost theory has transactions. Exchange theory has exchanges. But none of these constructs carries what the value event carries: the simultaneous specification of purpose, energy, recognition, and developmental consequence in a single unit of analysis. The value event is what makes the enterprise's purpose explicit in its operation — every subsystem, every resource configuration, every life energy condition in the enterprise exists in relation to the value event as the moment of purposeful exchange toward which the entire architecture is oriented. It is what gives the system its animating energy — the value event flow is the negative entropy mechanism through which the enterprise sustains itself far from equilibrium, and its degradation is the signal that the enterprise is moving toward the entropic dissolution that systems theory specifies as the

consequence of insufficient energy importation. And it is what makes the perceptual enterprise architecture empirically real — every structural construct in the model has its observable referent in the health, volume, breadth, and developmental trajectory of value event flows. The sharpest statement of why organizational theory cannot do without this construct is the distinction between a transaction and a value event: a transaction can occur without viability implications — an exchange can complete without returning resources sufficient to sustain the enterprise's operation, without confirming the governing premises that organize its architecture, and without contributing to the recognition relationships on which future exchanges depend. A value event cannot occur without viability implications — it is definitionally an exchange that contributes to the continuation of the system. That distinction is not a refinement of transaction cost theory or exchange theory. It is the specification of the unit through which organizational viability is expressed and through which its erosion first becomes observable. The consequence of this specification is precise: resources matter because they affect value events; capabilities matter because they affect value events; learning matters because it affects value events; culture matters because it affects value events; meaning matters because it affects value events. The value event is the operational currency of the entire architecture — the unit at which every construct the perceptual enterprise model specifies becomes observable, measurable, and diagnostically consequential.

Viability is not a property the enterprise possesses. It is a condition the enterprise continuously reproduces through value event generation. An enterprise does not have viability the way it has resources or capabilities — it generates viability moment by moment through exchanges the environment recognizes as worth sustaining across three categorically distinct flows simultaneously: the customer flow, the internal flow, and the societal flow. Each flow sustains a

different and non-substitutable dimension of the enterprise's continued existence, and the non-substitutability is what makes the value event the unit of viability rather than merely one indicator of it. The customer value event flow sustains exchange viability — the continuous import of resources from the external environment that Schrödinger (1944) specifies as the negative entropy mechanism keeping the system far from equilibrium. Without it the enterprise runs out of the imported energy that sustains organized operation, regardless of how strong its internal and societal flows are. The internal value event flow sustains productive viability — the life energy of the producing resources whose capacity and orientation determine whether the enterprise can generate customer value events at all. An enterprise generating strong customer flows while depleting its internal flow is not merely risking future engagement; it is consuming the human architecture through which future customer value events become possible — locking producing resources' directional capacity into existing execution and eroding the thinking capacity reconstruction requires — behind a facade of external performance health that structural gravity sustains until it cannot. The societal value event flow sustains legitimacy viability — the operating freedom granted by the institutional environment (Meyer & Rowan, 1977; Suchman, 1995) that is the precondition for all exchange. Without it, the conditions under which customer and internal flows can operate are withdrawn. The non-substitutability of the three flows is what makes the value event construct constitutive rather than merely descriptive: an enterprise can be generating strong customer value events while its internal flow is failing and its societal legitimacy is eroding — and on every conventional metric it will appear healthy until the internal erosion forecloses reconstruction and the legitimacy erosion triggers institutional intervention. The customer flow's health, read in isolation, is not viability. The health of all three flows together, generated through

exchanges the environment recognizes as worth sustaining across all three dimensions simultaneously, is what viability actually is.

A value event is a discrete exchange in which an output of the enterprise crosses its boundary and is recognized as valuable by an environmental actor, generating a return flow of resources — financial, relational, reputational, or regulatory — that sustains continued operation. Three elements of this definition require emphasis. First, the exchange is discrete — it is an identifiable event, not a continuous background condition. It has a moment of recognition, a specific exchange partner, and a specific return. This discreteness is what makes value event flow measurable and diagnostic. Second, the exchange is boundary-crossing — it is the moment at which the enterprise's internal activities meet the external environment, making it the precise location at which the alignment between internal architecture and external recognition frameworks is tested. Third, and most fundamentally, recognition is the operative mechanism. Value is not delivered. It is recognized. The enterprise produces outputs. The environmental actor, through their own interpretive architecture, determines whether those outputs constitute value. This is not a semantic distinction. It is the theoretical commitment that separates the perceptual enterprise model from every production-based and resource-based account of enterprise viability. Value is not in the output. It is in the recognition of the output by a party whose interpretive framework either aligns with what the enterprise has produced or does not. The distinction is not theoretical abstraction. BlackBerry at its competitive peak possessed technically superior products, strong enterprise customer relationships, and robust confirming value event flows from the corporate market whose recognition framework aligned precisely with its security, reliability, and keyboard architecture. The consumer market's recognition framework shifted toward touchscreen interfaces and application ecosystems. BlackBerry's governing premises classified this as a segmentation

question — enterprise vs. consumer — rather than as a recognition framework shift requiring premise revision. The output did not change. The recognition changed. No production-based or resource-based account can explain the failure: resources remained strong, capabilities remained intact, existing customers continued generating confirming value events. Only a recognition-based account — one that specifies the interpretive architecture through which exchange partners determine whether outputs constitute value — can explain why the enterprise's viability collapsed while its structural position appeared sound.

This commitment places the perceptual enterprise model in direct conversation with the service dominant logic tradition (Vargo & Lusch, 2004, 2008), which established that value is always co-created and always determined by the beneficiary through value-in-use rather than value-in-exchange. It extends that tradition by specifying the architectural mechanism governing recognition — not merely that the beneficiary determines value, but that the beneficiary's interpretive architecture is the structured system through which that determination occurs, and that the alignment between the enterprise's governing premises and the beneficiary's recognition framework is the condition that makes value events possible at all. Prior objective accounts — Porter's (1985) value chain, which locates value in the sequential activities of the enterprise, and the resource-based view (Barney, 1991; Peteraf, 1993), which locates value in the configuration of superior resources — treat value as produced rather than recognized. They are theories of value creation from the inside looking out. The value event framework is a theory of value recognition from the exchange looking in both directions simultaneously — toward the enterprise's interpretive architecture and toward the environmental actor's recognition framework, with viability determined by their alignment.

The question a skeptical reviewer must ask is whether the value event construct is genuinely new or whether SDL's value-in-use specification already contains everything the value event adds. The answer requires a test equivalent to the priority test applied in Section I: a construct is genuinely new only if it specifies something that no prior construct specifies, not something that prior constructs describe differently. SDL specifies that the beneficiary determines value through use — and stops there. It does not specify the interpretive architecture through which that determination occurs. It does not specify how that architecture forms, deepens through validated exchanges, progressively narrows its recognition range, and either reconstructs or fails. It does not specify the developmental consequence of exchange patterns on both parties' interpretive architectures over time. And critically, it does not specify the mechanism through which an enterprise whose existing value logic is generating strong SDL co-creation outcomes is simultaneously moving toward the point at which those outcomes will cease — because SDL has no developmental mechanism. The value event construct specifies all four of these things, and it is precisely the third — the developmental consequence of successful recognition for the interpretive architectures of both enterprise and exchange partner — that makes it genuinely new. SDL tells us value is recognized. The value event construct specifies that each recognition event alters the interpretive architectures through which future recognition will occur — and that this alteration follows a developmental trajectory with a formal structure, not merely a tendency to habituate. That is not a refinement of SDL. It is the specification that SDL's framework requires but does not contain.

Life energy is central to this reorientation from the outset. It is the construct that makes the value event framework dynamic rather than static — that specifies not just what value events are and under what conditions they occur, but what governs the enterprise's orientation toward them.

Life energy in its kinetic form directs the enterprise's developmental capacity toward deepening and executing the value event patterns that have already been validated — toward producing outputs that established exchange partners will continue to recognize as valuable. This is the engine of growth: the precise, efficient, increasingly capable execution of a validated value proposition to a population of exchange partners whose recognition frameworks align with what the enterprise delivers. Kinetic life energy dominance is not a failure condition. It is the condition that produces competitive capability, structural gravity accumulation, and the value event flow health that sustains viability during the consolidation phase.

Life energy in its potential form is what makes it possible to recognize that the recognition frameworks of exchange partners are shifting — that the population whose interpretive architecture aligns with the existing value proposition is approaching saturation, that new recognition frameworks are emerging in adjacent or underserved populations, and that the enterprise's next value proposition must be designed to meet frameworks that existing governing premises have not yet validated. Potential life energy is the developmental capacity through which the enterprise can examine its governing premises rather than apply them — and it is precisely this capacity that makes the recognition of emerging value event opportunities possible before the decline of existing ones creates existential urgency. Without potential life energy, the enterprise is structurally incapable of initiating the next value proposition regardless of the quality of its competitive intelligence or the sophistication of its strategic planning. The governing premises through which it would need to recognize the emerging opportunity are precisely the premises that kinetic life energy dominance has consolidated around the existing one. The relationship between life energy and value event flow is therefore architectural rather than motivational: life energy determines what the enterprise can recognize as a value event worth pursuing, which determines

what value events get designed and executed, which determines the health and developmental trajectory of the flows that sustain viability.

### A. Confirming and Edge Value Events: The Foresight Window in Value Event Terms

Within the customer value event flow, a distinction exists that prior value theory has not specified and that is architecturally consequential for the enterprise's developmental position: the distinction between confirming value events and edge value events. Confirming value events are exchanges with exchange partners whose recognition frameworks are well-aligned with the enterprise's existing governing premises — customers who recognize and return value for exactly what the enterprise is organized to deliver. They are the source of kinetic life energy dominance, the engine of consolidation, and the empirical evidence that the existing value proposition is viable. Edge value events are exchanges at the periphery of the enterprise's current recognition framework — exchanges with partners whose interpretive frameworks differ in ways that reveal where value recognition is shifting, what the enterprise's existing proposition cannot accommodate, and what alternative governing premises could be constructed to meet frameworks the existing architecture does not yet serve. Edge value events are not failures. They are the value event flow's primary signal that ideational variation is available at the field level and that the foresight window (Sloan, 2026c) remains open.

The success syndrome's most consequential effect on value event flow is not the degradation of confirming value events — those remain healthy during consolidation. It is the systematic disinvestment in edge value events as the architecture consolidates. Edge value events are less profitable within the incumbent's cost and margin architecture, less scalable within its operational logic, and less consistent with the processes optimized for confirming exchanges —

and their signals are routinely classified by consolidated governing premises as anomalies, exceptions, or indicators of misalignment with the enterprise's intended customer rather than signals of where value recognition is heading. Christensen's (1997) disruptive innovation mechanism is the competitive expression of this dynamic at the field level: the disruptive entrant begins precisely by generating edge value events with exchange partners the incumbent has systematically deprioritized — partners whose recognition frameworks the incumbent's governing premises classify as peripheral — and constructs interpretive gravity within that population before the incumbent recognizes the structural significance of what is being built. The diagnostic implication is precise: the ratio of edge to confirming value events in the customer flow is among the most sensitive early indicators of the enterprise's developmental position. An enterprise generating exclusively confirming value events is an enterprise whose foresight window is closing. An enterprise deliberately maintaining edge value event engagement — through boundary spanning orientations that sustain contact with exchange partners whose recognition frameworks differ from the confirmed core — is an enterprise maintaining the interpretive diversity that reconstruction potential and creation capability both require.

Structural origination (Sloan, 2026c) makes the strategic implication explicit: the enterprise with maintained interpretive foresight recognizes edge value events not as failures to generate confirming exchanges but as the raw material of origination — exchanges whose misalignment with existing governing premises reveals precisely the ideational variation from which the governing premises of the next value logic can be constructed. The Explorer-archetype enterprise does not merely tolerate edge value events. It treats them as the most informationally rich exchanges available, directing potential life energy toward understanding what recognition frameworks they reveal and what alternative governing premises could generate viability within

those frameworks before the field has recognized and consolidated around them. The foresight window is therefore not only an abstract developmental property of the enterprise's interpretive architecture. It is observable in the value event flow: the enterprise that is actively generating and learning from edge value events is the enterprise for which the foresight window remains open.

## B. The Components of Value in a Value Event

Prior theory has treated the components of value in fragmented ways — economic theory focusing on exchange value and surplus, operations theory focusing on functional utility, relationship marketing focusing on relational and experiential dimensions. The perceptual enterprise model requires an integrated treatment because all value components are present in every value event and their relative weight in the exchange partner's recognition framework determines whether the event occurs and what it returns.

Value has four components in a value event, each corresponding to a dimension of the receiving party's recognition framework.

Functional value is the utility delivered — the problem solved, the capability transferred, the need addressed. It is what prior production-based theory has treated as the whole of value: the output's fitness for its intended purpose as assessed by the receiving party. Functional value is necessary but not sufficient for a value event to occur. The same functional output can generate a value event in one interpretive context and fail to generate one in another, because the problem it solves may be differently defined, differently weighted, or differently recognized across interpretive architectures. Porter's (1985) value chain, Amit and Zott's (2001) efficiency and complementarity dimensions, and the foundational use value concept that Marx established and

Bowman and Ambrosini (2000) developed for strategic theory all primarily address this component.

Economic value is the financial return relative to alternatives and cost of acquisition — what Bowman and Ambrosini (2000) specified as exchange value, and what the resource-based view (Barney, 1991; Peteraf, 1993) treats as rent. It is the component that determines whether the functional value delivered justifies the resources required to acquire it, as assessed through the receiving party's economic framework. Economic value is determined not by the enterprise's cost structure but by the receiving party's assessment of alternatives — which means it is as interpretively mediated as any other value component. Two parties with different interpretive frameworks about what constitutes a fair exchange, or about what alternatives are available, will assess the economic value of the same output differently.

Relational value is the trust, reciprocity, identity confirmation, and continuity embedded in the exchange. Normann and Ramirez (1993) established that value creation is fundamentally a co-production process in which the relational architecture between exchange partners is itself a value-generating system. Vargo and Lusch (2004, 2008) extended this with the service dominant logic argument that all exchange is fundamentally relational — that the beneficiary's engagement with the enterprise's resources is the condition through which value is realized. Relational value is the dimension that makes value events sticky — that generates the return flow of loyalty, referral, and deepened engagement that compounds value event flow over time. It is also the dimension most directly threatened by interpretive misalignment: when the enterprise's governing premises about what constitutes an appropriate relationship diverge from the exchange partner's recognition framework, relational value erodes before functional and economic value do, providing the earliest signal of coherence horizon proximity.

Meaning value is the dimension that prior value theory has most systematically underspecified and that the perceptual enterprise model makes theoretically central. Meaning value is the degree to which the exchange confirms, extends, or challenges the governing premises of both parties. For the exchange partner, a value event that confirms their interpretive framework — that delivers what their governing premises identify as valuable in the way their governing premises specify it should be delivered — generates meaning value alongside its functional, economic, and relational components. For the enterprise, a successful value event that validates governing premises generates meaning value that reinforces kinetic life energy and deepens consolidation. Meaning value is the component through which the value event architecture connects to the developmental dynamics of both parties. It is why successful value events are not merely financially productive — they are architecturally consequential, shaping the governing premises through which future value events will be recognized and designed. Lepak, Smith and Taylor's (2007) specification that value is subjective, context-dependent, and determined by the perceiver implicitly acknowledges this dimension without developing it as a theoretical construct. Priem's (2007) argument for bringing the consumer's experiential and interpretive framework into value theory approaches it from the demand side. The perceptual enterprise model makes it explicit and central: meaning value is the component through which value events generate or erode the interpretive architecture that makes future value events possible. Its formal grounding is Wiener's (1948) positive feedback specification: each value event that confirms governing premises is a feedback signal that amplifies commitment to those premises — which is precisely the mechanism through which meaning value accumulation at the exchange level produces the success syndrome at the architectural level. Meaning value is not merely an additional dimension of the exchange. It is the feedback mechanism through which the success syndrome operates in its most consequential

form — the channel through which the enterprise's most successful exchanges progressively narrow the interpretive architecture that makes future exchanges possible.

### C. Event Conditions: Where Value Is Created and Destroyed

Value events do not occur automatically when enterprises produce outputs. They occur when specific conditions are met — conditions that are simultaneously architectural, relational, and contextual. Understanding these conditions is essential for diagnostic purposes: the degradation of value event flow is always traceable to the failure of one or more of these conditions, and the specific condition that is failing determines what kind of intervention can restore flow.

The alignment condition is the foundational requirement: the enterprise's output must be recognized as valuable by the receiving party's interpretive framework. This condition can fail in two structurally distinct ways. Active misalignment occurs when the enterprise's governing premises specify a value proposition that the receiving party's recognition framework actively classifies as unimportant, inappropriate, or inferior to alternatives. This is the competitive displacement condition — the encroaching enterprise has offered something whose recognition by the customer's evolving framework is high, while the incumbent's offering, once recognized as highly valuable, is now assessed through a shifted framework that diminishes it. Invisible misalignment is more insidious: it occurs when the enterprise continues producing outputs that the receiving party's recognition framework has not actively rejected but has ceased to find distinctively valuable. The exchange continues. The return flows persist. But the meaning value component has degraded — the exchange no longer confirms the receiving party's governing premises about what constitutes distinctively valuable exchange — and relational value begins

eroding as the receiving party's interpretive architecture quietly shifts toward alternatives. Invisible misalignment is the early stage of the coherence horizon dynamic in the value event flow. It is the condition that structural gravity masks and kinetic life energy dominance prevents the enterprise from recognizing as a premise problem rather than an execution problem.

The capacity condition requires that the enterprise possesses the producing resources — capabilities, people, systems, and infrastructure — to deliver the output the alignment condition specifies. Amit and Zott's (2001) business model framework and Porter's (1985) value chain both address this condition. Its failure is straightforwardly operational: the enterprise recognizes what would constitute a value event but cannot deliver it. The capacity condition failure is the least architecturally consequential form of value event failure because it is the most visible and the most directly addressable through producing resource investment. It becomes architecturally consequential only when the producing resources required to deliver value events in the next competitive logic are precisely the resources that the success syndrome has deprioritized — when the capacity condition fails not through operational inadequacy but through the governing premises that have shaped the producing resource configuration toward the existing rather than the emerging value logic.

The exchange condition requires that the receiving party can and will complete the exchange — that the return flow of resources is possible, accessible, and valued by the enterprise. This condition addresses the capture dimension of value events: Bowman and Ambrosini's (2000) distinction between use value and exchange value is the theoretical foundation here. An enterprise can create substantial use value — deliver outputs that the receiving party genuinely recognizes as valuable — while failing to capture exchange value because the exchange condition is not met. Pricing architecture, access mechanisms, switching costs, and the competitive alternatives

available to the receiving party all govern whether the exchange condition is satisfied. Amit and Zott's (2001) lock-in and novelty dimensions address the structural features that strengthen the exchange condition over time.

The legitimacy condition requires that the societal and institutional environment recognizes the exchange as legitimate — that the value event occurs within the boundaries of the regulatory, legal, and normative frameworks that govern acceptable exchange. This condition connects the societal value event flow to the customer and internal flows: when legitimacy degrades, the entire value event architecture is at risk regardless of alignment, capacity, and exchange condition health. Its failure generates the most structurally difficult recovery challenge because legitimacy, once lost at the societal level, is not restored through operational improvement or strategic repositioning but through the fundamental reconstruction of the enterprise's relationship with the institutional environment that granted it operating freedom.

The internal value event flow has received less theoretical attention than the customer flow but is architecturally prior to it. The internal value event is the exchange between the enterprise and its producing resources — the moment at which what a person contributes to the enterprise's work is recognized as genuinely valuable by the enterprise's governing premises, generating a return flow of meaning, engagement, development opportunity, and commitment that sustains the producing resource's life energy and therefore its contribution to customer value event generation. The internal flow is not simply employee satisfaction or engagement in the HR management sense. It is a value event flow in the precise architectural sense: it has an output (the contribution), a recognition mechanism (the governing premises through which the enterprise classifies what constitutes a valuable contribution), and a return flow (the meaning value, capability development, and organizational commitment that sustains the producing resource's potential life energy). When

the enterprise's governing premises recognize and return value for contributions that align with the existing value logic — efficient execution, reliable delivery, optimization within existing premises — the internal flow generates kinetic life energy dominance in the producing resource population. When the enterprise's governing premises fail to recognize contributions that operate outside those parameters — exploratory work, boundary-challenging questions, edge engagement that reveals what the existing value logic cannot accommodate — the internal flow systematically locks potential life energy into kinetic execution among precisely the producing resources whose contributions reconstruction requires, displacing the thinking capacity that redistribution toward potential form depends on. The internal value event flow is therefore the mechanism through which the success syndrome reaches inside the human architecture of the enterprise: not by reducing capability, but by progressively narrowing the range of contributions the governing premises recognize as valuable until the population of producing resources oriented toward reconstruction has been demotivated, marginalized, or departed. Hackman and Oldham's (1976) job characteristics model, Deci and Ryan's (1985) self-determination theory, and Cameron and Quinn's (1999) competing values framework each address aspects of what the internal value event flow specifies — but none specifies the developmental mechanism through which the success syndrome progressively misaligns the enterprise's internal recognition framework with the contributions that future viability requires.

Value is destroyed in value events through four mechanisms that mirror these conditions. Recognition failure — the alignment condition collapses, either actively through competitive displacement or invisibly through interpretive drift. Delivery failure — the capacity condition is not met, the output does not fulfill what the recognition framework anticipated, and the relational and meaning components of value erode alongside the functional component. Capture failure —

the exchange condition is not completed, use value is created but exchange value is not returned, and the resource flows that sustain viability are interrupted. And legitimacy failure — the societal recognition framework withdraws the operating freedom that makes the other three conditions possible. Each mechanism of value destruction has a distinct developmental signature, a distinct relationship to the success syndrome and the coherence horizon, and a distinct implication for what reconstruction requires.

## D. S Curves, Value Event Flow Trajectories, and Viability

The S curve is the population-level expression of value event flow dynamics — the trajectory of a value proposition's recognition by a population of exchange partners whose interpretive frameworks align with what the enterprise delivers at different rates. The ascending portion is consolidation: governing premises are validated, structural gravity accumulates, and kinetic life energy directs the architecture toward deepening an already-confirmed logic. The plateau marks the point at which additional investment in the existing value proposition generates diminishing returns — not because execution has failed but because the receiving party's evolving recognition framework is beginning to demand something the existing architecture was not built to deliver. Prior S curve theory established this trajectory empirically (Foster, 1986; Rogers, 1962; Christensen, 1997; Moore, 1991) without specifying the internal architectural condition of the enterprise as it moves through it. The perceptual enterprise model provides that specification: the S curve is not something that happens to enterprises. It is the visible market expression of the enterprise's internal developmental cycle — and the plateau is where structural gravity and interpretive architecture diverge most dangerously.

The viability implication is therefore not simply about growth. It is about the structural relationship between S curve position and reconstruction potential. An enterprise whose value event flow is entirely concentrated in a single S curve approaching its plateau is not merely facing a growth challenge. It is facing a viability challenge: the same consolidation that built its strength on the existing curve has eroded the reconstruction potential that initiating the next curve requires. Structural gravity provides the displacement interval buffer — it sustains viable operation through the plateau and into the early decline phase of the existing curve. But structural gravity cannot generate value events on the next S curve. Only the alignment between a new value proposition and an emerging recognition framework can do that — and that alignment requires the potential life energy that the success syndrome has systematically redirected toward kinetic dominance.

What structural gravity provides in concrete organizational terms is worth naming precisely: brand strength, customer loyalty, distribution advantages, and accumulated cash generation — the residue of a value proposition that has been working for a long time. These structural reserves are what sustain viable operation through the plateau and into early decline; an enterprise with strong reserves absorbs a slowing curve without immediate crisis, which is exactly why the plateau so rarely registers as urgent from inside the enterprise generating it — the numbers still look defensible while the recognition framework beneath them has already begun to shift. Adizes's (1988, 2004) corporate lifecycle model describes the same imperative from outside this model's own vocabulary: an organization that reaches what Adizes terms Prime must consciously construct renewed vitality or drift into the aging sequence that follows when it does not. What the perceptual enterprise model adds to Adizes's diagnostic is the underlying mechanism — not simply that vitality requires renewal, but why the same success that generates structural reserves is the consolidation that locks up the potential life energy renewal requires, and why that locking

can occur at any organizational age rather than only in the neighborhood of a numbered lifecycle stage.

Handy's (1994) Sigmoid Curve makes the same timing argument in prescriptive form: growth traces an S-shaped curve that peaks and declines, and the second curve must be started before the first peaks, while resources, confidence, and momentum remain available to fund the transition. It anticipates the reconstruction-under-coherence logic of this monograph. Its account stops at managerial advice. It locates the right moment by intuition and experience rather than by a structural indicator, and it does not explain why enterprises so often fail to act on advice that is widely known. The perceptual enterprise model supplies both missing pieces. Interpretive elasticity and the four internal signs specified in Section VI.G.4 make the right moment a structural condition rather than a judgment call. And the same consolidation that produces the first curve's success displaces the thinking capacity that starting a second curve requires (Section VI.I.5a), so that the peak of the first curve is also the point of maximum consolidation and minimum remaining elasticity. The Sigmoid Curve describes what should happen. The success syndrome explains why it so rarely does.

The multiple S curve architecture is therefore the structural expression of a viable enterprise's reconstruction capacity. An enterprise maintaining active value event flows across multiple S curves at different stages — some in growth, some at plateau, some in early development — has distributed its viability across a portfolio of recognition framework alignments that collectively sustain operation through the transition intervals between curves. This is not merely a diversification strategy in the resource-based sense. It is a life energy architecture: the enterprise is simultaneously deploying kinetic life energy to optimize existing curves and potential

life energy to develop new ones — maintaining the balance between consolidation and reconstruction that the attractor of viable coherent operation requires.

## E. Technological Disruption and the Value Event Flow: Origination Conditions

Technological disruption reorganizes the value event flow architecture at the field level by changing the recognition frameworks through which exchange partners assess outputs. Tushman and Anderson's (1986) distinction between competence-destroying and competence-enhancing change maps directly onto the value event typology: competence-enhancing technologies increase the return from confirming value events by making the existing value proposition more capable; competence-destroying technologies shift recognition frameworks in ways that convert the enterprise's core confirming value events into edge value events for the next competitive logic. The enterprise deep in the success syndrome — generating robust confirming value event flows that its consolidated governing premises classify as evidence of ongoing viability — is structurally incapable of recognizing that the same exchanges whose recognition it is deepening are simultaneously being superseded by a recognition framework the enterprise has not generated a single value event within. This is the most precise value event expression of the coherence horizon: the enterprise is simultaneously at peak confirming value event flow health and at maximum distance from the recognition frameworks that will define the next curve.

AI's integrative logic produces a distinctive transformation of the value event flow architecture: the portal dynamic (Sloan, 2026c). Prior technological disruptions reorganized value event flows within fields — shifting which attributes generated recognition and which exchange partners were most valuable — without dissolving field boundaries themselves. AI's integrative capacity dissolves those boundaries, enabling enterprises to integrate value streams across

previously distinct fields into a continuously personalized system organized around the customer. The portal achieves this by capturing the customer relationship across fields simultaneously — becoming the interface through which value is accessed rather than one provider among many. For the value event architecture this is a structural transformation: the unit of value event is no longer the discrete exchange within a single field but the continuous relationship through which the portal organizes recognition across fields simultaneously. An enterprise that authors the portal position does not merely generate more value events. It governs the recognition framework within which all other enterprises in the field generate value events — defining the terms of what counts as a value event for every subsequent participant. This is creation capability expressed in value event terms: the capacity to author the recognition architecture that determines what exchanges in a field generate recognition at all.

The value event framework's most consequential implication under conditions of technological disruption is therefore not the management of existing flows but the cultivation of the edge value events and exploratory exchanges that carry information about emerging recognition frameworks before those frameworks have achieved field-level consolidation. The enterprise that treats value event health exclusively as confirming flow health — that optimizes the volume, margin, and reliability of exchanges with exchange partners whose recognition frameworks are well-aligned with existing governing premises — is building structural gravity while locking into execution the potential life energy that engagement with edge value events requires. The enterprise that maintains deliberate investment in edge value events, sustains boundary spanning orientations that range across exchange partners whose recognition frameworks differ from the confirmed core, and treats the misalignment those exchanges reveal as

origination raw material rather than execution failure — that enterprise is maintaining the value event flow architecture of an enterprise for which the foresight window remains open.

## F. Value Theory and the Perceptual Enterprise

The traditions and their contributions to the value event framework are summarized in Table 5.

***Table 5. Value Theory and the Perceptual Enterprise Value Event Framework***

| Theorist (Year) | Core Construct | Contribution to the Value Event Framework | Dimension Not Addressed |
|---|---|---|---|
| Marx (1867) | Use value / exchange value | Foundational distinction between subjective utility and realized price — the prior economic treatment that all subsequent value theory builds on | The interpretive mechanism governing recognition — why use value and exchange value diverge across parties with different governing premises, and how that divergence develops over time |
| Blau (1964) | Social exchange theory | The relational and reciprocal dimension of exchange — value events as social exchanges governed by norms of reciprocity, trust, and mutual obligation that extend beyond the transactional | The architectural conditions governing whether social exchange relationships sustain or erode — the developmental dynamics of interpretive alignment between exchange parties over time |
| Williamson (1975, 1985) | Transaction cost theory | The governance conditions of exchange — the transaction as the unit of analysis and the structural conditions under which exchange is organized efficiently | The recognition mechanism and meaning dimension — transaction cost theory treats value as given and focuses on exchange governance rather than on the interpretive conditions determining whether value is recognized |
| Porter (1985) | Value chain | Operational architecture of value creation — the sequential activities through which the enterprise produces outputs that meet the capacity condition of value events | The recognition mechanism — value is treated as produced by enterprise activities rather than recognized through the exchange partner's interpretive framework |
| Normann & Ramirez (1993) | Value constellation | Value creation as co-production among multiple actors — the relational architecture of value events and the role of exchange partner | The developmental dynamics of co-production relationships — how the interpretive frameworks governing co-production consolidate, compress, and require reconstruction |

| | | | |
|---|---|---|---|
| | | engagement in determining value realized | |
| Bowman & Ambrosini (2000) | Use value / exchange value in strategy | Separation of subjective customer assessment from price realized — the strategic treatment of the capture dimension of value events | The meaning value component — the degree to which the exchange confirms or challenges the governing premises of both parties, and its developmental consequences |
| Amit & Zott (2001) | Business model as value architecture | Structural architecture sustaining value events: efficiency, complementarities, lock-in, and novelty as sources of value event flow strength and durability | The recognition mechanism governing which business model architecture generates value events — the alignment between value logic and exchange partner interpretive frameworks |
| Vargo & Lusch (2004, 2008) | Service dominant logic / value-in-use | Value is always co-created and always determined by the beneficiary through use — the foundational commitment that value is recognized rather than delivered | The architectural specification of how the beneficiary's recognition framework is structured, how it develops, and why its alignment with the enterprise's premises degrades over time |
| Lepak, Smith & Taylor (2007) | Multi-level value creation | Value is subjective, context-dependent, and determined by the perceiver across individual, organizational, and societal levels | The developmental mechanism — how recognition frameworks at each level consolidate and shift, and how those shifts interact across levels to produce or erode multi-directional value event flows |
| Priem (2007) | Consumer in value co-creation | Demand-side specification — the consumer's experiential and interpretive framework as the operative mechanism through which value is or is not realized | The enterprise-side architectural conditions governing whether the consumer's recognition framework can be met — the governing premises through which the enterprise recognizes which frameworks are worth designing for |
| Rogers (1962) | Diffusion of innovations | Population-level mechanism through which recognition frameworks spread — the S curve as the trajectory of value proposition recognition across adopter categories | The enterprise-side developmental dynamics — how early diffusion success consolidates the architecture around early adopter frameworks in ways that foreclose alignment with later adopter frameworks |
| Foster (1986) | Technology S curves | Natural limits of value proposition trajectories — the structural ceiling on value event flow growth within a given value architecture | The interpretive mechanism governing why incumbents cannot initiate new S curves — architectural consolidation eroding reconstruction potential |
| Christensen (1997) | Disruptive innovation | Competitive mechanism through which new recognition frameworks emerge from below incumbent radar — | The full architectural specification of why displacement occurs — the success syndrome as the generative mechanism producing interpretive conditions that |

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|---|---|---|---|
| | | value event flow dynamics of disruption | make recognition of disruptive frameworks impossible |
| Moore (1991) | Crossing the chasm | Recognition framework discontinuity within the S curve — the interpretive gap between early adopter and early majority frameworks | The enterprise-side developmental consequences — how crossing the chasm deepens consolidation around the majority framework foreclosing subsequent transitions |
| ISLE — Sloan (2026a) | Life energy and value event flow direction | Life energy as the construct governing what kind of value events the enterprise recognizes as worth pursuing, designs, and executes — the energetic and directional mechanism animating the entire value event architecture | Not a presupposition — the specification of life energy as the governing condition of value event flow direction is the perceptual enterprise model's contribution to value theory: the directional mechanism specifying why enterprises at the peak of value event flow health are structurally least capable of recognizing the recognition framework shifts that define the next value proposition |

The pattern that runs across these fifteen traditions is precise and consistent. Each tradition theorized value from a position — from inside the enterprise looking out at what it produces, from the governance structure of the transaction, from the beneficiary's experience of use, from the population-level trajectory of adoption. None theorized value from the exchange itself, looking simultaneously toward the enterprise's interpretive architecture and the environmental actor's recognition framework, with viability determined by their alignment. The result was a field in which value creation, value capture, value co-creation, value-in-use, and value diffusion were each developed with genuine precision and none of them specified the operative mechanism connecting them: the moment of recognition through which an output becomes valuable, an exchange becomes a value event, and the enterprise either sustains itself or begins moving toward the equilibrium that systems theory specifies as the terminal condition of insufficient energy importation. The value event construct reorients that problem — from what value is and how it is created to when and why it is recognized — and in doing so makes every prior tradition's partial specification coherent within a single architecture.

## Section VI: The Subsystem Architecture of the Perceptual Enterprise

Sections I through V have established the enterprise's constitutive nature, its systems architecture, its resource logic, and the value event as the operational unit through which its purpose becomes actual. What remains is to show how those elements function together as a living system — not as a set of theoretical constructs that coexist but as an integrated set of operating processes that collectively generate the value event flows on which viability depends. That is what the subsystem architecture provides. Prior organizational theory built its understanding from two directions simultaneously and incompletely: structural traditions specified what enterprises contain without explaining how the contents behave over time; behavioral and competitive traditions specified what enterprises do without grounding that behavior in a structural architecture. The subsystem architecture integrates both — specifying the enterprise's constituent processes in their functional relationships to each other and to the value events that are the system's purpose and showing how their collective functioning either sustains viability or progressively undermines it through the developmental dynamics the preceding sections established.

This section introduces the perceptual enterprise subsystem architecture. It does not develop each subsystem in full theoretical detail — that treatment follows in the subsections below. Its purpose is prior: to establish the formal basis for treating organizational subsystems as systems in their own right, to locate the perceptual enterprise's subsystem architecture in relation to the most rigorous prior treatments in systems theory, to show how the subsystems relate to the value event as the enterprise's operational purpose, and to explain the specific role each subsystem plays in the architecture as a whole.

A note on the architecture of theoretical placement. Several theoretical traditions appear in more than one subsystem in the treatment that follows. This is not an oversight. It is a consequence

of the architecture's claim. Prior organizational theory developed its traditions largely in isolation from one another, and each tradition's domain was defined by the questions it set out to answer rather than by the functional boundaries of the organizational system it was implicitly addressing. When a tradition's questions genuinely span more than one subsystem — as Argyris and Schön's work on learning loops spans both the adaptive subsystem's detection function and the meaning subsystem's premise-revision function, or as organizational learning traditions address both the maintenance subsystem's capability development and the meaning subsystem's meta-regulatory renewal — the perceptual enterprise architecture locates each aspect of that tradition where its functional contribution actually operates. The repeated appearance of a tradition across subsystems is the model demonstrating what that tradition was always implicitly addressing: not one organizational function but two or more, whose relationship prior theory could not specify because the architecture connecting them was not yet available.

## A. The Formal Basis for Subsystem Architecture

Open systems theory established that complex systems differentiate internally — that as systems develop, they generate specialized subsystems whose distinct functions collectively perform what simpler systems perform through undifferentiated processes (von Bertalanffy, 1968). This differentiation is not arbitrary. It follows the principle that different environmental demands require different regulatory responses, and that a system capable of sustained viability under complex and variable environmental conditions must develop the internal differentiation that requisite variety requires (Ashby, 1956). The enterprise that performs all functions through a single undifferentiated process cannot maintain requisite variety across the multiple environments it simultaneously faces — customer, competitive, regulatory, societal, and internal. Subsystem differentiation is the organizational form through which requisite variety is achieved.

Each subsystem is a system in its own right. It has a boundary that distinguishes its processing domain from others. It receives inputs — from the external environment, from other subsystems, and from the value event flows that provide its operating signals. It produces outputs — to external environments, to other subsystems, and to the value event flows it either sustains or depletes. It has a regulatory function that maintains its own operating parameters within the range viable performance requires. And it has a specific purpose within the larger enterprise system that no other subsystem can fully substitute for. The failure of any subsystem degrades the enterprise's overall capacity to generate viable value events — not because subsystems are interchangeable but precisely because each performs a function the others cannot.

Katz and Kahn (1978) provided the foundational organizational treatment of subsystems within the open systems framework, specifying five subsystems — production, maintenance, boundary spanning, adaptive, and managerial — as the minimum differentiation required for organizational viability. Their framework established that organizations are not simply throughput machines but differentiated systems whose subsystems perform distinct functions in relation to the environment and to each other. The perceptual enterprise model builds directly on that foundation while extending it in three directions that Katz and Kahn's objective orientation could not reach.

The most formally rigorous prior treatment of organizational subsystems is Stafford Beer's Viable System Model (Beer, 1972, 1979, 1985). Beer specified five recursive systems — System 1 as the operational units performing primary activities, System 2 as the coordination function managing operational conflicts, System 3 as the control function optimizing current performance, System 4 as the intelligence function monitoring the external environment and future conditions, and System 5 as the identity and policy function governing the whole and maintaining its essential character. Beer's VSM is a formal cybernetic model: each system is specified in terms of its

information flows, its regulatory function, and its contribution to overall viability. The recursive property — that each System 1 unit is itself a viable system with its own VSM — gives the model a fractal precision that no prior organizational treatment had achieved.

The perceptual enterprise model agrees with Beer on the foundational principles. The enterprise requires subsystems operating at different levels of abstraction — operational, coordinative, control, intelligence, and identity. Viability depends on the coherent functioning of all levels simultaneously. The identity and policy function — Beer's System 5 — is a distinct governing function that cannot be reduced to any operational or control activity. And the recursive property is real: each subsystem operates as a system in its own right with its own subsystem architecture.

Where the perceptual enterprise model extends beyond the VSM is in the interpretive and developmental dimensions that Beer's formal cybernetic framework does not address. Beer's systems process information and generate regulatory responses. They do not perceive — they do not construct meaning from signals through interpretive architectures that develop, consolidate, and require reconstruction. The VSM specifies the architecture of viable operation with great precision. It does not specify why that architecture develops the way it does, why its successful functioning generates the conditions that undermine future viability, or what determines whether the system can reconstruct its governing premises before viability is lost. Those are the questions the perceptual enterprise model addresses — and they require the ISLE constructs that Beer's framework does not contain.

Ashby's (1956) law of requisite variety and his specification of the meta-regulator are the formal systems science foundations for the subsystem architecture's deepest theoretical claim. A viable system requires not only that each subsystem maintains requisite variety within its own

regulatory domain, but that there exists a higher-order regulatory function — a meta-regulator — that monitors the system as a whole and adjusts the regulatory parameters of subsystems when their individual regulation is insufficient to maintain overall system viability. The meta-regulator does not replace subsystem regulation. It governs it — assessing whether the aggregate performance of all subsystems is sustaining viable coherence with the enterprise's multiple environments, and generating the premise-level adjustments that restore coherence when individual subsystem regulation cannot.

This formal specification locates the meaning subsystem precisely. It is the organizational instantiation of Ashby's meta-regulator — the subsystem responsible not for any specific operational function but for the enterprise's capacity to understand and evaluate itself as a functioning whole. Its inputs are the aggregate signals from all other subsystems — the health of production, the quality of boundary spanning, the condition of maintenance, the signals of the adaptive subsystem, the coordinative performance of managerial activity — synthesized into an assessment of whether the enterprise's governing premises remain coherent with the environments that determine its viability. Its outputs are the governing premises, identity narratives, and shared meaning that constitute the interpretive architecture through which all other subsystems operate.

## B. The Six Subsystems and Their Roles in the Architecture

The perceptual enterprise architecture specifies six subsystems. Five correspond broadly to Katz and Kahn's original framework, extended and respecified to accommodate the perceptual and developmental dimensions the objective orientation could not address. The sixth — the meaning subsystem — is the perceptual enterprise model's contribution, grounded in Ashby's

meta-regulator concept and Beer's System 5, and incorporating the renewal function that ISLE specifies as the necessary condition of developmental viability.

The production subsystem is the enterprise's core transformation process — the organized activity through which transformation inputs are worked on by producing resources to generate the outputs directed toward value events. Its specific purpose in the architecture is to maintain the throughput capacity that value event delivery requires. Its regulatory function is to sustain output quality and volume within the parameters that the enterprise's value propositions specify. Its relationship to the value event is direct: production is the process through which the outputs that become the subject of value event recognition are generated. The health of the production subsystem is therefore directly visible in the functional value component of value events — in whether the enterprise can deliver what its value propositions commit it to deliver.

The boundary spanning subsystem manages the enterprise's interfaces with its external environments — acquiring transformation inputs, placing outputs, and maintaining the recognition relationships with customers, partners, regulators, and societal actors through which value event flows are initiated and sustained. Its specific purpose in the architecture is to maintain the alignment between the enterprise's value propositions and the recognition frameworks of the multiple environments it serves. Its regulatory function is to monitor environmental signals, manage input flows, and sustain the output recognition relationships that generate value event returns. It is the subsystem most directly exposed to the signals of coherence horizon proximity — because it sits at the boundary where the enterprise's governing premises meet the environments whose recognition frameworks determine whether value events occur.

The maintenance subsystem sustains the producing resource base — the people, capabilities, systems, and relationships through which the enterprise executes its value creation

processes. Its specific purpose in the architecture is to maintain the internal value event flow that sustains the life energy conditions viable operation requires. Its regulatory function is to ensure that producing resources receive the recognition, development, and return that makes continued contribution viable — and that the enterprise's producing resource base carries the life energy the whole system requires. The maintenance subsystem is where the internal value event flow is generated or degraded. When it fails — when producing resources no longer perceive their contribution as recognized or their effort as appropriately returned — the life energy condition of the enterprise shifts toward kinetic dominance not through strategic choice but through the structural consequence of internal value event flow deterioration.

The adaptive subsystem senses environmental change, monitors the health of value event flows across all three directions, and generates the interpretive responses that keep the enterprise's value propositions aligned with shifting recognition frameworks. Its specific purpose in the architecture is to detect the signals of premise-environment misalignment before they manifest as value event flow degradation severe enough to threaten viability. Its regulatory function is to maintain the enterprise's environmental scanning capacity and to route signals of emerging misalignment to the meaning subsystem where premise-level assessment can occur. The adaptive subsystem is the first line of sensing for coherence horizon proximity — its outputs are the primary inputs to the meaning subsystem's meta-regulatory assessment of overall enterprise viability.

The managerial subsystem is the architecture's coordinating function: it allocates resources, resolves conflicts between subsystem demands, directs the enterprise's developmental trajectory, and governs the relationship between kinetic and potential life energy across the architecture. Its specific purpose is to maintain the coherence of subsystem functioning as an integrated system rather than as a collection of independent processes. Its regulatory function

operates at the level of the enterprise as a whole — it ensures that production, boundary spanning, maintenance, and adaptive activity are aligned with each other and with the governing premises the meaning subsystem maintains. The managerial subsystem is where life energy condition most directly affects the enterprise's developmental trajectory: when kinetic life energy dominates, managerial activity deepens investment in existing subsystem configurations; when potential life energy is operative, managerial activity creates the conditions under which subsystem reconfiguration and reconstruction become possible.

The meaning subsystem occupies a unique position within the perceptual enterprise architecture. Although one of the enterprise's six subsystems, it is the generative foundation through which the remaining five subsystems become both possible and intelligible.

The meaning subsystem is the perceptual enterprise model's distinctive contribution to subsystem theory, grounded in Ashby's (1956) meta-regulator concept and Beer's (1972) System 5, and incorporating the renewal function that ISLE (Sloan, 2026a) specifies as the necessary condition of developmental viability. Its specific purpose in the architecture is generative rather than operational: it constructs and maintains the governing premises, identity narratives, and shared meaning that constitute the interpretive architecture through which all other subsystems operate. It is not a subsystem that executes within the existing logic. It is the subsystem responsible for the logic itself. As Ashby's meta-regulator, it receives feedback from all other subsystems — synthesizing their aggregate signals into an assessment of whether the enterprise's governing premises remain coherent with the environments that determine viability — and generates the premise-level adjustments that restore coherence when subsystem-level regulation is insufficient. The renewal function is embedded here precisely because reconstruction is not an operational activity. It is an act of the enterprise knowing itself well enough to recognize that its governing

premises require fundamental revision — and generating the interpretive reconstruction that makes renewed viability possible.

This is the critical distinction from ISLE's treatment of meaning as meta-architecture. ISLE specifies that meaning is the foundation beneath the system — the interpretive architecture that makes all organizational activity possible. The perceptual enterprise model adds the complementary specification that meaning is also the system's capacity to understand and evaluate itself as a system. ISLE operates at the prior explanatory level — it explains how the meaning architecture is generated, consolidated, and reconstructed. The meaning subsystem specification operates at the operational level — it explains how that architecture is actively maintained, monitored, and renewed as the enterprise functions. Both accounts are necessary. Neither replaces the other. Together they specify meaning as both the foundation of the enterprise and the enterprise's ongoing relationship with its own foundation.

### C. The Subsystems and the Value Event

The six subsystems do not exist in parallel independence. They are organized around a common operational purpose: generating viable value events across the enterprise's three environmental flows — customer, internal, and societal. Every subsystem's functioning either contributes to or detracts from the health of those flows, and the health of those flows is the enterprise's measure of overall viability.

Production generates the outputs that customer value events require. Boundary spanning initiates and maintains the exchange relationships through which value event recognition occurs. Maintenance sustains the producing resources whose life energy and capability make value event delivery possible. Adaptive sensing detects the environmental shifts that require value proposition

adjustment to maintain value event flow health. Managerial coordination ensures that subsystem activity is integrated toward value event generation rather than fragmenting into subsystem-specific optimization. And the meaning subsystem maintains the governing premises through which the enterprise knows what kind of value events it exists to generate, monitors whether it is generating them viably, and reconstructs those premises when their coherence with the enterprise's environments is lost.

The value event flow is therefore not the output of any single subsystem. It is the aggregate expression of how well all six subsystems are functioning together as a coherent system. Degradation in any subsystem degrades the value event flow in ways specific to that subsystem's function. Production failure degrades functional value. Boundary spanning failure degrades recognition alignment. Maintenance failure degrades the internal value flow that sustains life energy. Adaptive failure degrades the enterprise's capacity to detect and respond to shifting recognition frameworks. Managerial failure degrades subsystem coherence. Meaning subsystem failure — the failure of the meta-regulatory function — degrades the enterprise's capacity to know itself well enough to reconstruct its governing premises before viability is lost. That last failure is the most consequential because it is the failure that makes all other failures irreversible.

## D. The Production Subsystem

The production subsystem is the enterprise's organized transformation process — the structured activity through which producing resources act on transformation inputs to generate the outputs that become the subject of value event recognition. Its purpose within the architecture is not merely to produce: it is to translate the meaning subsystem's governing premises into the operational reality through which the enterprise's value propositions are delivered and tested

against the environments that must recognize their value. This is the production subsystem's most consequential and least theorized property: it does not execute objectively defined transformation processes. It executes processes whose premises define what valuable production is, how quality is constituted, what counts as efficiency, and what the purpose of transformation is in relation to the enterprise's value event flows. That interpretive dimension makes the production subsystem the primary site at which the success syndrome originates — not through any failure, but through the rational, optimal, and organizationally celebrated process of executing existing premises ever more effectively. The production subsystem's relationship to value event flow is the reason it exists. Every activity the production subsystem performs — every transformation of inputs, every deployment of producing resources, every application of procedures and embedded logic — exists for one purpose: generating the outputs that become the subject of value event recognition. The health of the production subsystem is therefore directly and immediately visible in the customer value event flow. When the production subsystem delivers outputs that the customer's recognition framework classifies as valuable, customer value events are generated and the return flows that sustain viability are initiated. When it delivers outputs that fail recognition — because quality has degraded, because the value proposition has shifted, or because the embedded logic governing production has consolidated around premises the customer's recognition framework no longer shares — the customer value event flow degrades. The production subsystem contributes to value event flow generation by maintaining the transformation capacity that customer value events require, protects it by sustaining output quality and reliability through the embedded logic and procedures the meaning subsystem provides, amplifies it through the kinetic life energy that deepens execution capability and expands throughput capacity, and threatens it when that kinetic dominance has consolidated the production system around a value proposition the environment is

moving beyond. Understanding the production subsystem means understanding it as the operational engine of value event flow — the subsystem whose functioning determines whether the enterprise can deliver what recognition requires. Every other subsystem exists in relation to it: boundary spanning places its outputs, maintenance sustains the resources it deploys, adaptive sensing monitors the alignment between its outputs and the environments that must recognize them, managerial coordination integrates its activity with the whole, and the meaning subsystem provides the interpretive logic that tells it what to produce, how to produce it, and what counts as doing so well.

Prior organizational theory has theorized production more extensively than any other organizational function. Operations management, lean and quality traditions, technology management, organizational learning, and service operations have each illuminated specific dimensions of how enterprises organize and execute transformation processes. What no prior tradition has specified is the interpretive dimension of production — the fact that the production subsystem does not execute objectively defined transformation processes but executes processes that its governing premises define as the correct way to create value. The perceptual enterprise model makes that interpretive dimension theoretically central, showing how it shapes every component of the production subsystem's structure and how its consolidation under the success syndrome produces the systematic misalignment between production capacity and environmental requirement that competitive displacement expresses.

### D.1. The Components of the Production Subsystem

The production subsystem has four component categories, each with distinct inputs, outputs, and regulatory functions within the subsystem's overall transformation architecture.

Transformation inputs are the raw material the production subsystem works on — the client problems, components, data, capital, and other environmental inputs that enter the system and exit as transformed outputs directed toward value events. In manufacturing enterprises these are materials and components. In professional services they are client situations and problems. In financial services they are capital positions and risk exposures. In knowledge enterprises they are information and analytical challenges. Transformation inputs do not persist in the system — they flow through the transformation process and exit as outputs. Their nature determines what the production subsystem must be organized to do, and the alignment between transformation input characteristics and the production subsystem's organized capabilities determines whether the transformation produces outputs the environment will recognize as valuable.

Producing resources deployed in production are the processing components — what the enterprise brings to the transformation of inputs. These include people with their embedded knowledge, judgment, skills, and life energy; organizational capabilities and routines that specify how transformation activities are organized and executed; technology and physical infrastructure that extends what people and routines can accomplish; and information systems that coordinate and guide transformation activity. Producing resources are not consumed in the transformation process — they are deployed in it. Their configuration determines what kinds of transformation the enterprise can execute with what level of quality, efficiency, and reliability. The resource-based view (Barney, 1991) and the operational capabilities literature (Teece, Pisano, & Shuen, 1997; Winter, 2003) address this component most directly, specifying the resource and capability characteristics that generate competitive advantage in production.

The transformation process itself is the organized activity through which producing resources act on transformation inputs to produce outputs. It is not an undifferentiated throughput

but a structured sequence of interdependent activities whose design reflects the enterprise's understanding of how value is created. Thompson's (1967) core technology concept specifies that each enterprise has a technical core — the set of activities that constitute its primary transformation process — whose protection from environmental uncertainty is a primary organizational imperative. Woodward's (1965) industrial organization research established that technology type — unit, mass, or process production — generates systematically different organizational structures, specifying the relationship between transformation process characteristics and organizational design. Abernathy and Utterback's (1978) product-process innovation lifecycle showed that transformation processes mature along a trajectory from fluid and innovative toward specific and efficient, with implications for the enterprise's capacity to respond to environmental shifts — a pattern that maps directly onto the success syndrome's consolidation of production around validated value propositions.

The procedures and embedded logic from the meaning subsystem constitute the fourth and most theoretically distinctive component of the production subsystem's input architecture. These are not operational guidelines in the management sense. They are the interpretive framework — the governing premises translated into operational form — that structures what the production subsystem recognizes as worth producing, how it organizes transformation activities, what standards define quality and success, and what the purpose of its activities is in relation to the enterprise's value propositions. Standard operating procedures, quality standards, process designs, production methods, and performance criteria are all materializations of the meaning subsystem's governing premises in operational form. They carry the interpretive architecture into the daily execution of the transformation process, making the production subsystem a perceptual system rather than a mechanical one.

Ashby's (1956) regulator concept provides the formal systems grounding for this component. A regulator requires an internal model of the environment it regulates — a representation of the relevant environmental variety that the regulator uses to generate appropriate responses. The procedures and embedded logic from the meaning subsystem are the production subsystem's internal model: they specify what the production environment looks like, what constitutes a successful transformation, and what responses are appropriate to what inputs. When the internal model is accurate — when the embedded logic reflects the environmental reality the production subsystem faces — regulation is effective and value events are generated reliably. When the internal model consolidates around premises that no longer match the environment — as the success syndrome progressively calibrates the embedded logic around the existing value proposition — the production subsystem generates responses that are precise, efficient, and increasingly misaligned with what the environment will recognize as valuable.

### D.2. The Outputs of the Production Subsystem

The production subsystem generates outputs directed toward multiple destinations, not solely toward customers as prior production theory has implied.

The primary external outputs are the goods, services, solutions, and experiences that cross the enterprise boundary and become the subject of customer value event recognition. These are what operations management, lean production (Womack, Jones & Roos, 1990), and quality management traditions (Deming, 1986; Juran, 1988) have primarily theorized — the deliverables that the production subsystem exists to create. Their quality, reliability, and alignment with customer recognition frameworks determine the health of the customer value event flow. Service operations theory (Chase, 1978; Fitzsimmons & Fitzsimmons, 2013) extended the treatment of external outputs to the service context, specifying the distinctive properties of service production

— simultaneity of production and consumption, customer participation in production, intangibility — that make the alignment between production activity and customer recognition framework more immediate and more complex than goods production.

The internal outputs to the maintenance subsystem are the experiences of contribution that producing resources accumulate through their participation in the transformation process. When people engage in production activity and perceive their contribution as meaningful, their skills as engaged, and their effort as directed toward something worth doing, that experience constitutes an input to the internal value event flow that the maintenance subsystem sustains. The production subsystem does not merely use people — it generates the experiential conditions through which people's directional capacity either remains available for redistribution or becomes increasingly locked into existing execution. A production subsystem organized around purely kinetic efficiency — optimizing execution within existing premises — generates different experiential outputs for producing resources than one that allows genuine craft, judgment, and developmental engagement. This dimension of production output is invisible to prior production theory, which treats people as inputs to be managed rather than as exchange partners in the internal value event flow whose experience of production constitutes an output in its own right.

The outputs to the adaptive subsystem are the performance signals and anomalies that the production process generates — the deviations from expected outcomes, the quality failures, the capacity constraints, the emerging mismatches between production capabilities and transformation input characteristics. These signals carry information about the alignment between the production subsystem's embedded logic and the environmental reality it faces. The adaptive subsystem's capacity to detect coherence horizon proximity depends substantially on the quality of the signals it receives from production — and the consolidated production subsystem, operating under

increasingly calibrated procedures and embedded logic, generates fewer and weaker anomaly signals precisely as environmental misalignment deepens.

The outputs to the managerial subsystem are the performance data, resource requirements, and coordination demands that the production subsystem generates in the course of its operation. These inform the resource allocation and coordination decisions through which the managerial subsystem integrates production activity with the enterprise's overall functioning.

### D.3. Kinetic Life Energy and the Production Subsystem

Life energy in its kinetic form is what animates the production subsystem — it is the directed energy that flows through the transformation process and makes execution possible. Kinetic life energy is not merely effort or motivation in the psychological sense. It is the systematic direction of productive capacity toward executing the existing value proposition with increasing precision, efficiency, and reliability. When kinetic life energy is strong and well directed, the production subsystem executes at high levels — outputs are reliable, quality is consistent, transformation processes are efficient, and customer value event flows are sustained. This is the production subsystem performing its primary function: generating the outputs that make value events possible.

The success syndrome's relationship to the production subsystem is expressed precisely through kinetic life energy dynamics. As consolidation deepens, kinetic life energy increasingly directs the production subsystem toward optimizing the existing value proposition. Investment flows toward the capabilities, technologies, and procedures that improve execution within the validated logic. Argote's (1993) organizational learning curves and the experience curve (Henderson, 1974; Yelle, 1979) document this dynamic at the empirical level: production costs

decline and quality improves with cumulative output as kinetic life energy systematically improves execution. What these empirical patterns do not specify is the constraint that improvement generates — the progressive calibration of the production subsystem's embedded logic, capabilities, and procedures around the existing transformation process in ways that make it increasingly capable of executing the existing value proposition and decreasingly capable of executing a different one.

Applied R&D directed at improving existing products and processes is a production subsystem function operating under the same kinetic life energy logic. Investment in R&D that refines the existing value proposition — improving product performance within established design parameters, reducing production costs through process innovation, extending the capability of existing platforms — deepens the embedded logic that governs the production subsystem. Utterback and Abernathy's (1975) specification of process innovation as the dominant form of R&D investment in mature industries maps precisely here: the success syndrome directs R&D investment toward within-premise improvement at the same time it is directing all other production resources. The result is an R&D portfolio that becomes more precise, more efficient, and more deeply calibrated around the existing value proposition with each cycle — generating the same constraint that the experience curve generates in production operations. Applied R&D under kinetic dominance is not a failure of the R&D function. It is the R&D function performing exactly as the governing premises specify, which is precisely why the constraint it generates is so difficult to interrupt from within.

Abernathy's (1978) productivity dilemma captured this constraint at the level of the individual firm: the same process improvements that generate competitive advantage in existing markets reduce the flexibility required to respond to market shifts. Henderson and Clark's (1990)

architectural innovation concept specified the mechanism — innovations that change the architecture of a product or service while leaving components unchanged destroy the value of the architectural knowledge embedded in the production subsystem's procedures and routines, even when component capabilities remain intact. Both findings are expressions of what the perceptual enterprise model specifies as the success syndrome operating in the production subsystem: kinetic life energy deepening execution capability within the existing logic while consuming the interpretive flexibility required to execute a different one.

Potential life energy in the production subsystem manifests as the capacity to examine the embedded logic — to ask whether the procedures, quality standards, and transformation process designs that govern production remain aligned with what the enterprise's environments will recognize as valuable. This is not an operational question. It is a premises question — and it requires the meaning subsystem's meta-regulatory function to generate the interpretive space within which the production subsystem can examine rather than simply execute its embedded logic. Organizations that maintain potential life energy in production — that allow genuine questioning of how and why things are produced the way they are — preserve the reconstruction capacity that competitive transitions require. Organizations that have allowed kinetic dominance to fully capture the production subsystem lose that capacity precisely when environmental shifts make it most urgently needed.

The production subsystem has attracted more sustained theoretical attention than any other organizational function. From Taylor's systematic analysis of manual work through contemporary operations strategy and service management, each tradition has illuminated a specific dimension of how enterprises organize transformation processes. What no prior tradition has specified is the interpretive dimension — the governing premises that structure what the production subsystem

exists to do, how it organizes its activities, and why successful production generates the constraints that competitive transitions expose. The traditions below follow a logical progression: Taylor establishes that the transformation process is analyzable and improvable; Woodward and Thompson specify its structural and systems requirements; Abernathy-Utterback and the experience curve specify how it consolidates through maturity; lean and quality traditions specify the execution excellence that consolidation enables; architectural innovation, the productivity dilemma, and dynamic capabilities specify the constraints that consolidation generates; service operations extends the architecture to service contexts; and Ashby provides the formal systems grounding that explains precisely why consolidation produces systematic misalignment. Mapping each tradition precisely shows what it contributes to the production subsystem architecture and where the perceptual enterprise model extends beyond it.

Taylor's (1911) scientific management established the foundational insight that production activities can be analyzed, measured, and systematically improved. Before Taylor, production was organized through craft knowledge and managerial intuition. Taylor showed that the transformation process has a structure that can be studied and optimized — that there are better and worse ways to organize work and that the difference is knowable. His contribution to the production subsystem is the specification that the transformation process is not a black box but an analyzable structure of activities whose performance can be improved through systematic method. What scientific management does not address is the question that determines what the optimization is for — the governing premises that specify which transformation process should be optimized and toward what value proposition. Scientific management takes the objective of production as given and optimizes the means. The perceptual enterprise model specifies that the objective itself is interpretively determined, and that optimizing means toward a given objective progressively

consolidates the production subsystem around that objective in ways that foreclose alternative ones.

Woodward's (1965) industrial organization research established that the type of transformation process — unit and small batch, large batch and mass production, process production — systematically determines organizational structure. Her finding that fit between technology type and organizational structure predicts performance was the first empirical specification of the relationship between production system architecture and organizational design. Her contribution to the production subsystem is the specification that different transformation processes require different organizational forms — that the production subsystem's structure is not a generic managerial choice but a function of the technology it employs. What Woodward did not specify is the developmental dimension — how successful fit between technology type and structure consolidates over time into the embedded logic and procedures that make the production subsystem increasingly precise within its existing technology type and increasingly resistant to the architectural changes that technology transitions require.

Thompson's (1967) Organizations in Action introduced the concept of the technical core — the primary transformation process that the organization protects from environmental uncertainty through buffering mechanisms at its boundaries. Thompson's contribution is the systems treatment of production as the organizational function whose stability the enterprise must protect for coherent operation to be possible. His specification of pooled, sequential, and reciprocal interdependence within the technical core identified the coordination requirements that different production architectures generate. What Thompson did not address is the perceptual dimension of the technical core — the governing premises that specify what the core technology is for and why protecting it from environmental uncertainty can become the primary mechanism through which

the enterprise insulates its production logic from the environmental signals that would otherwise prompt its revision.

Abernathy and Utterback (1978) specified the product-process innovation lifecycle — the trajectory through which industries evolve from fluid product innovation toward specific process innovation as dominant designs emerge and production processes mature. Their contribution is the empirical specification of how production systems develop over time: early stages are characterized by product variety and process flexibility; mature stages by product standardization and process efficiency. This lifecycle maps directly onto the success syndrome operating in the production subsystem — the consolidation of the transformation process around the dominant design progressively trades flexibility for efficiency in ways that generate competitive advantage in the current environment and vulnerability to architectural disruptions. What Abernathy and Utterback did not specify is the meaning dimension — the embedded logic that governs the maturation trajectory and explains why the transition from fluid to specific is a premises-level change rather than merely a capability change, requiring reconstruction of what the production subsystem is organized to do rather than improvement of how it does what it already does.

Henderson's (1974) experience curve and Yelle's (1979) learning curve research documented the empirical relationship between cumulative production volume and declining unit costs — the specification of kinetic life energy dynamics in production as learning and improvement compound with experience. Their contribution is the empirical confirmation that production subsystems improve systematically through operation — that the act of producing generates knowledge and capability improvements that reduce cost and improve quality with cumulative volume. What this tradition does not specify is the constraint the experience curve simultaneously generates. The same learning that reduces costs progressively calibrates the

production subsystem — its routines, procedures, capabilities, and embedded logic — around the existing transformation process. Argote's (1993) organizational learning curve research extended this analysis to show that learning is organization-specific and does not transfer easily across contexts, which means the knowledge accumulated through experience is precisely the knowledge that makes the existing production system more capable and makes a different one harder to build.

Womack, Jones and Roos (1990) established lean production as the systematic elimination of waste from the transformation process — the specification that production value is created by the transformation activities the customer is willing to pay for, and that all other activities are waste to be eliminated. Lean's contribution to the production subsystem is the alignment of transformation activity with value delivery — the specification that production efficiency is not an end in itself but a means of concentrating activity on what generates customer value event recognition. The value stream mapping concept is particularly relevant: it traces the flow of transformation activity from input to output and identifies which activities add value and which do not, providing a diagnostic tool for production subsystem analysis. What lean does not specify is that the definition of value — which activities count as value-adding and which as waste — is itself interpretively determined by the governing premises through which the production subsystem's embedded logic defines what the customer values. A lean production system optimized around existing value definitions becomes increasingly efficient at producing what the existing interpretive architecture specifies as valuable, which is precisely the problem when the customer's recognition framework shifts.

Deming (1986) and Juran (1988) established total quality management as the systematic approach to reducing variation and improving output quality in the transformation process. Their contribution is the specification of quality as a production subsystem property requiring continuous

measurement, analysis, and improvement — the operational embodiment of kinetic life energy directed toward execution excellence. Statistical process control, the plan-do-check-act cycle, and quality function deployment are all tools for improving the production subsystem's capacity to execute its existing transformation process reliably and consistently. What the quality management tradition does not address is the premises dimension of quality standards — the governing premises that specify what quality means for the enterprise's value proposition, and why quality standards calibrated around existing value definitions fail to detect the misalignment that competitive transitions expose. An enterprise can achieve Six Sigma quality in producing outputs that the market no longer values.

Henderson and Clark (1990) made the most theoretically precise contribution to understanding production system vulnerability through their specification of architectural innovation. Their core insight is that innovations changing the architecture of a product or service — the way components fit together — destroy the value of the architectural knowledge embedded in the production subsystem's routines and procedures, even when the enterprise retains full competence in the individual components. Their contribution is the specification that the production subsystem's embedded logic is architectural knowledge — knowledge about how components fit together to create value — and that architectural innovation is a premises-level disruption that cannot be addressed through component capability improvement. This connects directly to the meaning subsystem's role: architectural knowledge is the operationalized form of governing premises about how value is created, and architectural innovation requires reconstruction of those premises rather than improvement of component execution.

Abernathy's (1978) productivity dilemma specified the fundamental trade-off in mature production systems: the same process improvements that generate competitive advantage in

existing markets reduce the flexibility required to respond to market shifts. His contribution is the empirical demonstration that kinetic life energy deployment in production is not cost-free — that investment in process efficiency generates constraints on the capacity to produce differently that accumulate as process maturity increases. The productivity dilemma describes the constraint that the success syndrome generates in the production subsystem without specifying the generative mechanism — why the trade-off arises necessarily from the calibration of the production subsystem's embedded logic around validated premises rather than from any specific managerial choice.

Winter's (2003) distinction between operational and dynamic capabilities provided the most formally precise prior treatment of the relationship between production subsystem performance and adaptive capacity. Zero-order operational capabilities sustain current production performance. First-order dynamic capabilities change those operations. Winter's contribution is the specification that these are genuinely different capability types operating at different levels — that improving operational capabilities is not the same as building dynamic capabilities and may actively consume the resources that dynamic capability development requires. This maps onto the life energy architecture of the production subsystem: kinetic life energy deployed in operational capability development and potential life energy required for dynamic capability development are in structural tension, not merely in resource competition.

Chase's (1978) customer contact model and Fitzsimmons and Fitzsimmons' (2013) service operations framework established the distinctive properties of service production — the simultaneity of production and consumption, the necessity of customer participation, the intangibility of outputs, and the heterogeneity of service encounters. Their contribution is the specification that service production requires a fundamentally different production subsystem

architecture than goods production — one where the boundary between production and boundary spanning is permeable, where the customer is a co-producer, and where output quality is determined in the moment of production-consumption simultaneity rather than through pre-delivery quality control. What service operations theory does not specify is the recognition dimension of that simultaneity — the alignment between the service production subsystem's embedded logic and the customer's recognition framework as the operative condition of service value, and why that alignment degrades as the success syndrome consolidates the service production system around existing service concepts.

Ashby's (1956) law of requisite variety and regulator concept provide the formal systems science foundation for the production subsystem's most important architectural property. The production subsystem is a regulator — it maintains the enterprise's transformation capacity within the parameters that viable value event generation requires. As a regulator, it requires an internal model of the environment it regulates — a representation of the variety of transformation requirements the environment presents. The procedures and embedded logic from the meaning subsystem constitute that internal model. Ashby's contribution is the formal specification of what those procedures and embedded logic are doing: they are the regulator's model of the relevant environment, and their accuracy determines whether the production subsystem can generate appropriate responses to the variety of transformation requirements it faces. When the model is accurate, regulation is effective. When it consolidates around premises that no longer match the environment, the regulator generates responses that are precise and misaligned — the formal specification of what the success syndrome produces in the production subsystem.

The fifteen traditions and their contributions to the production subsystem are summarized in Table 6.

## *Table 6. Production Theory and the Perceptual Enterprise Production Subsystem*

| Theorist (Year) | Core Construct | Contribution to the Production Subsystem | Dimension Not Addressed |
|---|---|---|---|
| Taylor (1911) | Scientific management | Systematic analysis and optimization of transformation processes — the foundational specification that production activities can be studied, measured, and improved through systematic method | The interpretive dimension — the governing premises that specify what the production subsystem should optimize for, and why optimization within existing premises produces the constraints that environmental shifts expose |
| Woodward (1965) | Technology classification | Specification that transformation process type — unit, mass, process — determines organizational structure, establishing the relationship between production technology and organizational design | The developmental dynamics — how the fit between technology type and structure consolidates over time and why successful fit generates the architectural constraints that technology transitions expose |
| Thompson (1967) | Core technology / technical core | The concept of the technical core as the primary transformation process that the organization protects from environmental uncertainty — the systems treatment of production as the organizational function requiring buffering | The perceptual dimension of the technical core — the governing premises that specify what the core technology is for and why its protection can become the primary source of competitive vulnerability |
| Abernathy & Utterback (1978) | Product-process innovation lifecycle | The trajectory from fluid product innovation toward specific process innovation — the empirical specification of how production systems mature and why mature production systems lose innovation flexibility | The meaning dimension — the embedded logic that governs the maturation trajectory and explains why the transition from fluid to specific is a premises-level change, not merely a capability change |
| Utterback & Abernathy (1975) | Process innovation dominance in mature industries | Specification that R&D investment shifts from product to process innovation as industries mature — the empirical grounding for why kinetic life energy directs the R&D function toward within-premise refinement at precisely the moment when exploration of new premises is most competitively consequential | The governing mechanism directing the R&D shift — why the governing premises of the production subsystem classify process innovation as the appropriate R&D investment at maturity, and why that classification becomes self-reinforcing as the embedded logic deepens around the dominant design |
| Henderson (1974); Yelle (1979) | Experience curve | The empirical relationship between cumulative production volume and unit cost — the specification of kinetic life energy dynamics in production as learning and improvement compound with experience | The constraint the experience curve generates — why the same learning that reduces costs calibrates the production system around the existing value proposition in ways that foreclose adaptation to different ones |

| | | | |
|---|---|---|---|
| Womack, Jones & Roos (1990) | Lean production | Elimination of waste and optimization of flow in the transformation process — the specification of production efficiency as the alignment between transformation activity and value delivery | The definition of value as perceptually determined — lean specifies value from the customer perspective but does not theorize how the production system's embedded logic determines which customer perspective governs |
| Deming (1986); Juran (1988) | Total quality management | Systematic approach to output quality — the specification of quality as a production subsystem property requiring continuous improvement and statistical process control | The interpretive dimension of quality standards — the governing premises that specify what quality means, and why quality standards calibrated around existing value propositions fail to detect the misalignment that competitive transitions expose |
| Henderson & Clark (1990) | Architectural innovation | The distinction between component and architectural knowledge in production — the specification that innovations changing product architecture destroy the value of embedded architectural knowledge even when component capabilities remain intact | The meaning subsystem connection — architectural knowledge is embedded logic from the meaning subsystem, and architectural innovation is a premises-level disruption that the production subsystem cannot address through operational adaptation alone |
| Utterback & Clark (1985) | Dominant design | Specification of the dominant design as the moment at which product architecture stabilizes into the industry standard — the point at which the production subsystem's embedded logic becomes the industry's governing structure, concentrating competitive advantage in process efficiency and component capability within the established architecture rather than in product differentiation. The dominant design is the production subsystem's most consequential consolidation event: the governing premises around which production logic, supply chains, and organizational routines converge become the industry definition of what the production subsystem is for | The perceptual mechanism producing dominant design convergence — why production subsystems whose embedded logic has been validated around a common architecture classify deviation from that architecture as inefficiency rather than exploration, and why the meaning subsystem's governing premises about what constitutes the right production architecture are what make dominant design transitions premise-level disruptions rather than technical challenges |
| Argote (1993) | Organizational learning curves | The specification of organizational learning in production as the accumulation of knowledge through experience — the theoretical treatment of how production subsystems improve through kinetic life energy deployment | The constraint organizational learning generates — the progressive calibration of production routines and procedures around the existing transformation logic that makes learned capability simultaneously a source of |

| | | | |
|---|---|---|---|
| | | | advantage and a barrier to reconstruction |
| Chase (1978); Fitzsimmons & Fitzsimmons (2013) | Service operations | The distinctive properties of service production — simultaneity, customer participation, intangibility — and their implications for production subsystem design and management | The recognition dimension — service operations specifies production-consumption simultaneity without theorizing the alignment between the production subsystem's embedded logic and the customer's recognition framework as the operative condition of service value |
| Winter (2003) | Operational vs dynamic capabilities | The distinction between zero-order capabilities that sustain current operations and higher-order capabilities that change those operations — the specification of the production subsystem's operational capability as distinct from its adaptive capacity | The interpretive mechanism governing the relationship between levels — why operational capability development under kinetic life energy dominance locks up the potential life energy that dynamic capability deployment requires |
| Abernathy (1978) | Productivity dilemma | The specification that process improvement and production flexibility trade off — the empirical demonstration that kinetic life energy deployment in production generates constraints on the potential life energy deployment that reconstruction requires | The generative mechanism — the productivity dilemma describes the constraint without specifying why it arises necessarily from the success syndrome's calibration of the production subsystem's embedded logic around validated premises |
| Ashby (1956) | Regulator / internal model | The formal specification that effective regulation requires an accurate internal model of the environment — the systems science grounding for the procedures and embedded logic as the production subsystem's regulatory architecture | The developmental dynamics of the internal model — Ashby specifies the requirement for model accuracy without theorizing how the model consolidates around existing premises and why that consolidation generates the systematic misalignment the coherence horizon marks |
| ISLE — Sloan (2026a) | Life energy in production | Kinetic life energy as the animating force of the production subsystem — the directed energy that flows through the transformation process and makes execution possible; potential life energy as the capacity to examine the embedded logic governing production rather than simply execute it | Not a presupposition — the life energy specification of production dynamics is the perceptual enterprise model's contribution, explaining why kinetic dominance generates execution excellence and adaptive constraint simultaneously, and what conditions make examination of production's embedded logic possible |

The pattern that runs across these fifteen traditions is precise. Each theorized a dimension of the production function with genuine insight and stopped at the boundary that the tradition's

own research program required it to stop. Scientific management optimized means without theorizing the premises that specify what the optimization is for. Woodward specified structure-technology fit without theorizing how successful fit consolidates into the constraint that technology transitions expose. The quality traditions elevated execution precision without recognizing that quality standards calibrated around existing value definitions become misalignment amplifiers when the customer's recognition framework shifts. Dynamic capabilities distinguished operational from adaptive capacity without specifying the life energy condition governing which the enterprise deploys. What no prior production tradition could specify from within its own domain is the interpretive dimension that the perceptual enterprise model makes central: that the production subsystem does not execute objectively defined processes but executes processes whose premises define what valuable production is, and that the consolidation of those premises through operational excellence is simultaneously the engine of competitive strength and the generator of the adaptive constraint that competitive transitions expose. The production subsystem is where the success syndrome's origin is most precisely located — in the rational, optimal, and organizationally celebrated process of executing existing premises ever more effectively.

### D.4. The Production-Maintenance Dynamic: The Operational Foundation of Enterprise Viability and the Origin of the Success Syndrome

Production and maintenance are the foundational pair of the subsystem architecture. Every other subsystem — boundary spanning, adaptive, managerial, and meaning — operates on top of what these two together establish. Without viable production there are no outputs to place, no signals to adapt to, no activity to coordinate, no purpose to give meaning to. Without viable maintenance there is no sustained production — the producing resource base that production

deploys is depleted without replenishment, and execution capability runs down regardless of how well the production subsystem is currently performing. The enterprise's fundamental operational viability rests on this pair functioning together in continuous dynamic equilibrium.

Their relationship is one of mutual dependency and continuous tension. Production draws on producing resources in execution — it deploys people, capabilities, equipment, and knowledge in the transformation process, directing kinetic life energy toward the outputs that value events require. Maintenance replenishes the conditions for continued deployment — it sustains the producing resource base through development, recognition, physical upkeep, and capability renewal, maintaining both the kinetic life energy that production requires and the potential life energy that the enterprise's long-term viability depends on. Every hour a producing resource spends in execution is an hour not available for development, reflection, or the exploratory activity that interpretive elasticity requires. Every incentive aligned to production performance metrics is an incentive directing life energy toward execution rather than examination. The tension between what production requires and what maintenance must also sustain is the operational expression of the kinetic-potential life energy balance at the enterprise level.

This mutual dependency also generates a feedback loop that runs in both directions. Production generates the internal value event experiences that the maintenance subsystem must respond to — the experienced quality of contribution, the meaningfulness of work, the degree to which producing resources feel their effort is directed toward something worth doing. When production is well designed and purposeful, human producing resource maintenance is relatively straightforward. When production is organized entirely around kinetic efficiency, the maintenance subsystem must compensate through incentives and recognition for the meaning deficit that purely mechanistic work design creates — a compensation that grows more costly and less effective as

consolidation deepens. In the reverse direction, when maintenance fails — when producing resources are not developed, recognized, or adequately supported — production quality degrades not immediately but progressively, as the capability that makes execution possible slowly erodes and life energy becomes increasingly locked into sustaining what remains rather than available for renewal. The lag between maintenance failure and production degradation is among the most diagnostically important properties of the interplay: by the time the degradation becomes visible in value event flows, the maintenance failure generating it may be years old.

The production-maintenance dynamic is also the operational site where the success syndrome originates — and understanding this is essential to understanding why the syndrome is so structurally difficult to interrupt. The success syndrome does not begin in strategic miscalculation or leadership failure. It begins in operational excellence. When production executes well and maintenance sustains those conditions effectively, value events multiply. Customers recognize and return value. Internal value event flows are healthy — producing resources feel their contribution generates appropriate return. Financial resources accumulate, structural gravity builds, and the enterprise's governing premises are validated at scale by the evidence of its own success. The positive feedback loop that constitutes the success syndrome is powered by production and maintenance succeeding together at their primary functions.

The consolidation this success generates operates through both subsystems simultaneously. In production, the embedded logic and procedures from the meaning subsystem become increasingly calibrated around the value proposition that has been validated. Kinetic life energy deepens execution capability within the existing transformation architecture. Training deepens mastery of existing methods. Equipment is maintained and replaced within existing production architectures. The production subsystem becomes more capable, more efficient, and more

precisely organized around what has worked — which is exactly what it should do in response to the feedback it receives. In maintenance, the incentive systems that have generated internal value event flow health are reinforced and extended. Development programs that have built the capabilities production requires are deepened. The maintenance subsystem sustains the conditions that operational success has validated — which is, again, exactly what it should do.

The structural consequence is that both subsystems, functioning optimally by their own operational logic and responding rationally to the signals they receive, progressively consolidate the enterprise's interpretive architecture around existing premises. The success syndrome is not a failure of production or maintenance. It is the structural result of both subsystems performing their primary functions well, under conditions where the value event flow signals they receive validate doing more of what has already succeeded. This is why the success syndrome cannot be interrupted from within production or maintenance alone — because neither subsystem has the architectural vantage point to assess whether the governing premises their consolidation is deepening remain coherent with the environments that will determine future viability. That assessment is the meaning subsystem's meta-regulatory function. And by the time the meaning subsystem's signals indicate that the coherence horizon is being approached, production and maintenance have typically been consolidating around existing premises for long enough that the interpretive elasticity required for reconstruction has been substantially consumed by the very operational excellence that built the enterprise's competitive strength.

## E. The Maintenance Subsystem

The maintenance subsystem's most consequential and most underspecified function is one that prior theory has never fully named: it is the enterprise's primary guardian of reconstruction

potential. Every other dimension of maintenance — sustaining people, replenishing physical assets, renewing capabilities, maintaining relational networks — serves this deeper function. An enterprise whose maintenance subsystem has sustained execution capacity while compressing interpretive elasticity has built a producing resource base capable of delivering existing value events with increasing reliability and decreasing capacity to generate new ones. That is the maintenance failure the success syndrome produces — not a failure of execution support but a failure of developmental preservation — and it is the failure that prior maintenance theory, having theorized each maintenance domain separately, cannot see because it has not specified what the integrated function is ultimately for. The maintenance subsystem sustains the enterprise as a viable operating system by maintaining the producing resource base — the people, capabilities, physical infrastructure, technology, knowledge systems, and relational assets — in the condition that viable value event generation requires. Its relationship to value event flow is both direct and systemic. Directly, the maintenance subsystem is the primary generator of the internal value event flow — the exchanges between the enterprise and its producing resources through which contribution is recognized and effort appropriately returned. Systemically, it is the subsystem whose performance determines whether all other subsystems retain the productive capacity they need to function. When the maintenance subsystem fails — when producing resources are not developed, equipment degrades without replacement, capabilities become obsolete, or the internal value event flow deteriorates — the entire enterprise's capacity to generate viable value events is undermined, not through any single failure but through the progressive depletion of the resource base on which all other subsystems depend.

Prior treatments of the maintenance function have been systematically incomplete in two directions. The organizational behavior and human resource traditions have focused on people

maintenance — motivation, retention, development, and the psychological conditions of continued contribution — while treating equipment maintenance, technology refreshment, and capability renewal as separate operational domains. The operations and engineering traditions have developed sophisticated frameworks for physical asset maintenance — reliability-centered maintenance, total productive maintenance, preventive and predictive maintenance — while treating the human dimension as a management concern rather than a systems property. The perceptual enterprise model integrates both directions under a single systemic specification: all producing resources require maintenance, all maintenance is driven by value event flow feedback, and the maintenance subsystem's most consequential function is not sustaining current productive capacity but maintaining the interpretive elasticity and reconstruction potential that the enterprise's long-term viability requires.

### E.1. The Components of the Maintenance Subsystem

The maintenance subsystem operates across four producing resource categories, each with distinct maintenance requirements, distinct feedback signals, and distinct implications for value event flow health.

Human producing resource maintenance is the function Katz and Kahn (1978) identified as the maintenance subsystem's primary purpose — sustaining the people whose knowledge, judgment, and life energy make value event delivery possible. It encompasses several distinct activities whose integration the perceptual enterprise model requires. Incentive systems are the formal architecture through which the enterprise signals what it values and returns appropriate recognition for contribution. Herzberg's (1966) two-factor theory established that maintenance factors — the conditions whose absence causes dissatisfaction — are distinct from motivators — the factors whose presence generates positive engagement. Vroom's (1964) expectancy theory

specified that incentive effectiveness depends on the alignment between effort, performance, and valued outcomes — the formal specification of the internal value event exchange: the producing resource invests effort, expects performance, and expects that performance to generate an outcome they value. Adams' (1965) equity theory added the comparative dimension: the internal value event is evaluated not in absolute terms but relative to what others receive for comparable contribution, and perceived inequity generates disengagement regardless of absolute return level. Together these traditions specify the incentive architecture that makes internal value events viable — and they identify why incentive systems that are calibrated exclusively to existing value event performance metrics actively undermine the enterprise's reconstruction capacity by rewarding kinetic execution while penalizing the exploratory behavior that potential life energy requires.

Training and development programs maintain and extend human productive capacity — they are the investments through which the enterprise sustains the knowledge, skills, and interpretive range that producing resources need to contribute viably to value event generation. Senge's (1990) learning organization concept specified that organizational learning capability requires systematic investment in the mental models, systems thinking, and collaborative inquiry through which people develop the capacity to question existing premises rather than simply apply them. Cohen and Levinthal's (1990) absorptive capacity concept specified the prior knowledge condition that makes new knowledge acquisition possible — an enterprise whose training programs have not maintained the prior knowledge base of its producing resources has reduced its absorptive capacity and therefore its capacity to recognize and incorporate the knowledge that reconstruction requires. The ISLE connection is precise: training programs that exclusively deepen execution capability within existing value propositions maintain kinetic life energy while allowing interpretive elasticity to compress. Programs that develop producing resources' capacity to sense

and interpret signals outside the existing logic — that build the interpretive range rather than only the execution precision — actively maintain interpretive elasticity as a producing resource property.

R&D investment that sustains the enterprise's knowledge base is a maintenance function in the precise sense the architecture specifies. Rosenberg's (1990) specification that basic research generates the absorptive capacity through which applied R&D becomes productive connects directly here: the maintenance subsystem's investment in broad knowledge development — in capabilities, disciplines, and technical domains that extend beyond the immediate requirements of existing value propositions — is what preserves the prior knowledge base that Cohen and Levinthal identify as the prerequisite for recognizing and incorporating new knowledge. An enterprise whose R&D investment has narrowed entirely toward applied development within existing value propositions has allowed its knowledge maintenance function to atrophy. It retains execution capability while losing the absorptive capacity that reconstruction requires — the maintenance failure whose consequences propagate to the meaning subsystem's renewal function with a lag that makes the atrophy invisible until reconstruction is urgently needed and the knowledge base required for it has not been maintained.

The psychological contract — Rousseau's (1989, 1995) specification of the implicit mutual obligations between the enterprise and its producing resources — is the perceptual dimension of human producing resource maintenance that prior treatments have most consistently underspecified. The psychological contract is not a formal agreement but an interpretively mediated set of expectations about what the enterprise owes its producing resources and what they owe it in return. When the psychological contract is honored — when producing resources perceive that the enterprise is meeting its implicit obligations — the internal value event flow is sustained

and life energy is directed toward enterprise purposes. When it is violated — when producing resources perceive a gap between what was implicitly promised and what is actually delivered — the internal value event flow degrades in ways that formal incentive analysis cannot detect, because the violation is interpretive rather than transactional. Psychological contract violations are among the earliest signals of maintenance subsystem failure precisely because they register in the meaning dimension of the internal value event before they become visible in performance metrics.

Hackman and Oldham's (1976) job design theory specified the work characteristics — skill variety, task identity, task significance, autonomy, and feedback — that generate intrinsic motivation and sustained engagement. Their contribution to the maintenance subsystem is the specification that human producing resource maintenance is not only a matter of external rewards and development programs but of the design of the work itself. A production subsystem organized entirely around kinetic efficiency may achieve high throughput while producing work designs that deprive producing resources of the autonomy, variety, and significance that sustain engaged contribution — degrading the internal value event flow through the structure of the work rather than through any failure of formal maintenance programs.

Physical and technological asset maintenance sustains the infrastructure through which the production subsystem executes. Total productive maintenance (Nakajima, 1988) and reliability-centered maintenance (Nowlan & Heap, 1978) established the systematic frameworks for maintaining physical assets in operating condition — specifying preventive, predictive, and corrective maintenance strategies that minimize downtime and sustain production capability. The perceptual enterprise model extends these frameworks by specifying that asset replacement decisions — the choices made when physical or technological assets reach the end of their useful life — are maintenance decisions with architectural consequences. An equipment replacement

decision made entirely within existing premises — replacing like with like, configured to the existing production architecture — is pure kinetic maintenance. A replacement decision that asks whether the new asset should be configured to the existing value proposition or to an emerging one is a maintenance decision with potential life energy implications and direct consequences for the enterprise's reconstruction capacity. Organizations that treat asset replacement as a purely operational and financial question — optimizing for cost and uptime within the existing production architecture — systematically foreclose the architectural options that technology transitions require.

Capability and knowledge system maintenance sustains the organizational routines, processes, and knowledge repositories through which the enterprise executes its transformation activities. Winter's (2003) distinction between operational and dynamic capabilities identified the maintenance requirement at the capability level: operational capabilities must be maintained through investment and practice, and dynamic capabilities — the higher-order capabilities that change operational capabilities — require their own maintenance investment to remain functional. An enterprise that invests exclusively in maintaining operational capabilities and allows dynamic capabilities to atrophy is a maintenance failure of a specific kind: it is sustaining current value event generation capacity while depleting the capacity to reconfigure that generation when environmental shifts require it.

Relational asset maintenance sustains the customer relationships, partner networks, institutional legitimacy, and community standing that constitute the enterprise's societal and relational producing resources. These assets are among the most valuable components of structural gravity — they sustain the enterprise through competitive transitions — but they are also among the most easily neglected in maintenance accounting because their degradation is slow and their

value is invisible until it is lost. The societal value event flow is the primary signal of relational asset health: when regulatory relationships are under strain, when community standing is eroding, when institutional legitimacy is being questioned, these are maintenance signals indicating that relational assets require investment and attention rather than being treated as fixed background conditions.

### E.2. Value Event Feedback and Corrective Action

The maintenance subsystem is fundamentally a feedback-driven system. Its primary information source is the health of value event flows across all three directions, and its corrective actions are responses to the signals those flows generate. This makes the maintenance subsystem the organizational instantiation of the negative feedback mechanism in Wiener's (1948) cybernetic framework — the corrective loop that detects deviation from viable operating parameters and generates responses that restore the producing resource base to the condition viable operation requires.

Customer value event flow signals carry information about whether the producing resources deployed in production remain fit for the value delivery the enterprise's value propositions commit it to. Degrading customer value events — declining satisfaction, increasing defection, shifting purchase patterns — are maintenance signals before they are competitive signals. They indicate that something in the producing resource base is no longer aligned with what customer recognition requires — whether that is a quality degradation in production, a capability gap in delivery, a knowledge deficit in customer engagement, or an embedded logic mismatch between what the enterprise is organized to produce and what customers now value. Quality measurement systems — the statistical process control, customer satisfaction metrics, and Net Promoter Score frameworks that the quality management tradition has developed — are

maintenance feedback mechanisms. Their function is to detect deviation from the output standards that customer value event generation requires and generate corrective action before that deviation becomes visible in financial results.

Internal value event flow signals carry information about whether the enterprise's human producing resources are maintaining the engagement, contribution, and life energy direction that viable operation requires. Employee engagement data, retention patterns, performance distribution, and the quality of internal communication are all maintenance feedback signals. When the internal value event flow degrades — when producing resources report declining recognition, reduced developmental opportunity, or growing misalignment between their contribution and the enterprise's direction — the maintenance subsystem must generate corrective responses that restore the conditions under which internal value events are viable. The corrective action may be incentive recalibration, work redesign, developmental investment, or premise examination — the appropriate response depends on the diagnostic interpretation of the signal, which is itself a function of the meaning subsystem's governing premises about what producing resources require.

Societal value event flow signals indicate whether the enterprise's relational and institutional assets are being maintained at the level viable operation requires. Regulatory pressure, legal challenges, reputational stress, and community relations difficulties are all maintenance signals indicating that the societal dimension of the producing resource base requires corrective investment. The corrective action here is not operational improvement but relational and institutional rebuilding — the kind of long-cycle maintenance that neither operations management nor human resource management has fully theorized because it spans both domains without belonging to either.

### E.3. The ISLE Dimension: Interpretive Elasticity, the Coherence Horizon, and Maintenance

The maintenance subsystem's most consequential and most underspecified function is the maintenance of interpretive elasticity — the structural property of the enterprise's interpretive architecture that determines its capacity to absorb environmental variation without premise revision. Interpretive elasticity is a producing resource property: it is instantiated in the interpretive range of producing resources, in the diversity of perspective that the enterprise maintains in its human resource base, in the developmental programs that build capacity for premise examination alongside execution excellence, and in the incentive structures that reward sensing and questioning as well as delivering and executing.

As the success syndrome deepens and the enterprise approaches the coherence horizon, the maintenance subsystem faces an increasingly acute structural tension. On one side, the existing value event flows require maintenance of the producing resource base configured around existing value propositions — training in existing methods, incentives tied to existing performance metrics, equipment maintained for existing production architectures, and capabilities sustained for existing transformation processes. On the other side, reconstruction potential requires maintenance of the interpretive range, questioning capacity, and architectural flexibility that existing value proposition defense progressively erodes. An enterprise whose maintenance subsystem is entirely oriented toward sustaining existing value event capacity is consuming interpretive elasticity through its maintenance choices — not through any strategic decision to foreclose reconstruction, but through the cumulative effect of maintenance investments that deepen kinetic life energy while allowing the producing resource properties that potential life energy requires to atrophy.

The coherence horizon marks the point at which this tension becomes critical. As the enterprise approaches the coherence horizon, the maintenance subsystem's signals intensify: the internal value event flow deteriorates as producing resources whose interpretive range extends

beyond existing premises find their contributions unrecognized; quality signals from the production subsystem begin diverging from customer recognition patterns in ways that routine corrective action cannot address; relational assets in adjacent markets and with emerging institutional actors receive insufficient maintenance investment because existing metrics classify them as low priority. These convergent signals, if accurately interpreted through the meaning subsystem's meta-regulatory function, constitute the maintenance subsystem's contribution to the enterprise's self-assessment of coherence horizon proximity. If they are interpreted through consolidated premises — as execution problems, personnel issues, or competitive tactics rather than as signals of systemic misalignment — the maintenance subsystem's corrective actions deepen kinetic dominance rather than restoring interpretive elasticity, accelerating the approach to the coherence horizon rather than interrupting it.

### E.4. Prior Theory and the Maintenance Subsystem

The maintenance subsystem has been theorized in fragments across multiple traditions — organizational behavior, human resource management, operations management, and organizational learning — each illuminating a specific dimension without integrating them into a coherent systems framework. The comparison table that follows maps each tradition's contribution precisely, organized by a logical progression: Maslow and Herzberg establish the foundational architecture of human maintenance needs, and Deci and Ryan specify the psychological needs that internal value events must satisfy; Vroom and Adams specify the mechanism and comparative dimension through which incentive systems either generate or fail internal value events; Hackman-Oldham adds the work design dimension; Rousseau specifies the interpretive dimension of the internal exchange; Senge and Cohen-Levinthal specify the collective and individual knowledge maintenance conditions; McGregor frames the governance philosophy that determines which of

the preceding a maintenance architecture embodies; Nakajima and Nowlan-Heap specify physical asset maintenance; Winter adds the capability-level maintenance requirement; Wiener provides the formal cybernetic grounding for how maintenance feedback operates; and ISLE adds the developmental specification that prior traditions have not fully elaborated.

The maintenance subsystem has attracted theoretical attention from a wide range of traditions, including industrial engineering. What they have in common is the recognition that enterprise viability depends on more than productive capacity at a single moment — that sustaining viability over time requires systematic investment in the conditions that make continued contribution possible. What no prior tradition has specified is the full systemic integration of those investments under the value event flow feedback architecture, or the ISLE dimension through which maintenance choices either preserve or consume the interpretive elasticity that long-run viability requires.

Maslow's (1943) hierarchy of needs specified the foundational architecture of human producing resource maintenance — the developmental sequence through which physiological, safety, belonging, esteem, and self-actualization needs constitute the conditions of human motivational engagement. His contribution to the maintenance subsystem is the prior theoretical foundation from which all subsequent motivation theory derives: the specification that maintenance requirements are hierarchically organized and that higher-order motivational engagement is not available until foundational physiological and safety conditions are met. The perceptual enterprise model translates this into value event terms: the internal value event flow must satisfy foundational recognition needs before producing resources can direct potential life energy toward the premise-examining activity that reconstruction requires. An enterprise whose maintenance subsystem has failed to secure foundational internal value event flows — whose

producing resources experience their contribution as unrecognized, their security as threatened, or their belonging as conditional — cannot expect those resources to deploy the potential life energy that organizational renewal demands regardless of how rich the higher-order motivational architecture is. What Maslow's hierarchy does not specify is the interpretive dimension — that what satisfies each need level depends on the producing resource's governing premises about appropriate exchange, making need satisfaction as architecturally conditioned as any other value event.

Herzberg's (1966) two-factor theory established the foundational distinction between hygiene factors — the conditions whose inadequacy causes dissatisfaction and disengagement — and motivators — the factors that generate positive contribution. His contribution to the maintenance subsystem is the specification that maintenance and motivation are different functions requiring different interventions: maintenance ensures that producing resources are not disengaged by inadequate conditions, while motivation generates active investment of life energy in enterprise purposes. This distinction maps directly onto the kinetic-potential life energy framework: hygiene maintenance sustains the minimum condition for kinetic life energy deployment; motivational investment generates the positive engagement that potential life energy requires. What Herzberg did not specify is the interpretive dimension of hygiene and motivation — that what counts as adequate maintenance and what generates positive engagement depends on the producing resource's governing premises about what constitutes appropriate exchange, which vary across individuals and change over time.

ISLE (Sloan, 2026a) adds a developmental reading of the two-factor distinction. Hygiene factors correspond to foundational conditions that let producing resources stabilize within a structural plane, and once met they recede into the taken-for-granted baseline. Motivators such as

achievement, recognition, and growth become available as the interpretive architecture is reconstructed around higher-order premises, and they too consolidate: what once energized engagement is normalized into a baseline whose absence produces dissatisfaction, rather than a condition whose presence produces motivation. The reading explains an asymmetry the two-factor account describes but does not derive. Retrenchment to the conditions of an earlier plane, such as reduced autonomy or recognition, does not re-emerge as motivating. It is experienced as a violation of the structural baseline the newer plane has established, and it functions as a demotivator. The maintenance subsystem therefore cannot restore engagement by reintroducing conditions that once motivated. It must attend to the interpretive plane in which its producing resources are now operating.

Vroom's (1964) expectancy theory specified that productive engagement depends on the perceived alignment between effort, performance, and valued outcomes — the formal specification of the internal value event exchange logic. An enterprise whose incentive systems are misaligned — where effort does not reliably generate performance recognition, or where recognized performance does not generate valued outcomes — has a maintenance failure in its incentive architecture regardless of how generous its formal compensation structures are. Vroom's contribution is the specification that maintenance effectiveness is a function of perceived alignment, not of compensation level — making it an inherently perceptual rather than transactional phenomenon. What expectancy theory does not address is the developmental dimension — how the valued outcomes that incentive systems must deliver evolve as producing resources develop and how the enterprise's incentive architecture either tracks or fails to track that evolution.

Adams' (1965) equity theory added the comparative and relational dimension of internal value event assessment — the specification that producing resources evaluate the adequacy of their exchange not in absolute terms but relative to comparable others. His contribution is the recognition that maintenance adequacy is socially determined — that the same objective incentive level can generate engagement in one comparative context and disengagement in another. What equity theory does not specify is the interpretive architecture governing what counts as a comparable other and what constitutes equivalent contribution — both of which are functions of governing premises that consolidate as the success syndrome deepens.

Hackman and Oldham (1976) specified the work design conditions that generate intrinsic maintenance — skill variety, task identity, task significance, autonomy, and feedback — establishing that the structure of work itself is a maintenance variable. Their contribution is the specification that human producing resource maintenance is not only a matter of external rewards and development programs but of work architecture. What job design theory does not address is the developmental consequence of work design — how work designed entirely around execution precision within existing premises progressively narrows the interpretive range of producing resources, compressing interpretive elasticity through the accumulated experience of work rather than through any explicit maintenance decision.

Rousseau's (1989, 1995) psychological contract theory specified the implicit mutual obligation dimension of the internal value event exchange — the perceptual framework through which producing resources assess whether the enterprise is meeting its obligations and calibrate their reciprocal contribution accordingly. Her contribution is the specification that the most consequential maintenance failures are often interpretive rather than transactional — that psychological contract violations are perceived mismatches between implicit promises and actual

delivery that cannot be detected or corrected through formal incentive analysis. What psychological contract theory does not address is the architectural dimension — how the governing premises of both the enterprise and its producing resources shape what implicit promises are understood to have been made and what violations are perceived to have occurred.

Senge's (1990) learning organization concept specified the organizational conditions that maintain and develop the collective learning capacity of producing resources — the systems thinking, mental models, shared vision, team learning, and personal mastery disciplines through which enterprises sustain the capacity for premise examination alongside execution excellence. His contribution is the specification that maintenance of interpretive elasticity requires deliberate organizational investment — that without the disciplines Senge identifies, consolidation naturally consumes the reflective capacity that learning requires. What the learning organization framework does not specify is why those disciplines are systematically undermined by the success syndrome — why the same consolidation that generates execution excellence progressively eliminates the conditions under which the learning organization's disciplines can be practiced.

Cohen and Levinthal (1990) specified the absorptive capacity condition — the prior knowledge base that makes new knowledge acquisition possible — establishing that maintenance of prior knowledge is the prerequisite for the enterprise's capacity to recognize and incorporate new knowledge relevant to its purposes. Their contribution is the formal specification of the maintenance investment required to sustain the enterprise's learning capacity: an enterprise that allows its knowledge base to narrow through exclusive investment in the knowledge relevant to existing value propositions has reduced its absorptive capacity and therefore its capacity to recognize and respond to the knowledge that reconstruction requires. What absorptive capacity theory does not specify is the interpretive mechanism governing which prior knowledge the

enterprise maintains and which it allows to atrophy — a mechanism determined by the governing premises through which the maintenance subsystem classifies what knowledge is worth maintaining.

Nakajima (1988) and the total productive maintenance tradition specified the systematic framework for physical asset maintenance — the integration of preventive, predictive, and corrective maintenance strategies that minimize downtime and sustain production capability. Their contribution is the operational specification of physical resource maintenance as a systematic function requiring dedicated investment and measurement. What total productive maintenance does not address is the architectural dimension of replacement decisions — the question of whether asset replacement should maintain the existing production architecture or reconfigure it toward an emerging value proposition.

Winter's (2003) operational and dynamic capability distinction specified the maintenance requirement at the capability level — the recognition that different capability types require different maintenance investments and that the relationship between them is not complementary but potentially competitive. His contribution is the specification that maintenance of operational capabilities and maintenance of dynamic capabilities are structurally different investments with different time horizons and different implications for the enterprise's adaptive capacity. What this framework does not specify is the life energy dimension — that the competition between operational and dynamic capability maintenance is not primarily a resource allocation problem but a life energy direction problem, governed by the governing premises that classify which capabilities deserve maintenance investment.

Deci and Ryan's (1985) self-determination theory specified the three foundational psychological needs — autonomy, competence, and relatedness — whose satisfaction in the work

context determines whether producing resources experience intrinsic or extrinsic motivation toward their organizational roles. Their contribution to the maintenance subsystem is the most rigorous contemporary specification of what internal value events must deliver to sustain potential life energy: the producing resource must experience their contribution as self-determined rather than externally controlled, as competent rather than inadequate, and as embedded in genuine relational connection rather than isolated transactional exchange. SDT's foundational insight — that external controls and rewards can undermine intrinsic motivation when they displace the conditions of autonomous engagement — maps directly onto the success syndrome's effect on the internal value event flow: as kinetic dominance deepens and the maintenance architecture concentrates on rewarding execution within existing premises, the conditions of autonomous engagement in the enterprise's core purposes progressively erode for producing resources whose own developmental trajectories are moving beyond those premises. What SDT does not specify is the architectural condition governing whether autonomy, competence, and relatedness needs can be met in a consolidating enterprise — how the meaning subsystem's governing premises shape what kinds of work are structured as autonomous and what counts as genuine competence, making SDT need satisfaction a downstream function of the interpretive architecture rather than an independent motivational condition.

McGregor's (1960) Theory X and Theory Y specified the foundational governance dimension of maintenance architecture — the two distinct sets of assumptions about human motivation that generate fundamentally different maintenance systems. Theory X assumes that producing resources are inherently resistant to work, require close direction and control, and are primarily motivated by economic necessity. Theory Y assumes that producing resources find work natural, exercise self-direction when committed to organizational objectives, and are capable of

creativity and responsibility under appropriate conditions. Their maintenance architecture implications are directly opposed: Theory X generates maintenance systems organized around surveillance, control, and contingent reward; Theory Y generates systems organized around developmental opportunity, autonomy, and purpose alignment. McGregor's contribution to the maintenance subsystem is the specification that the enterprise's choice of maintenance architecture is not only a response to producing resource characteristics but a constitutive shaping of them — that Theory X maintenance architectures produce the dependent, disengaged producing resources they assume, while Theory Y architectures develop the self-directing, engaged resources they presuppose. What McGregor did not specify is the developmental mechanism through which maintenance philosophy consolidates — why the success syndrome tends to drive established enterprises toward Theory X consolidation even when founding leadership held Theory Y assumptions, as kinetic life energy dominance progressively reduces tolerance for the interpretive variety and autonomous judgment that Theory Y maintenance architectures generate.

***Table 7. Maintenance Theory and the Perceptual Enterprise Maintenance Subsystem***

| Theorist (Year) | Core Construct | Contribution to the Maintenance Subsystem | Dimension Not Addressed |
|---|---|---|---|
| Katz & Kahn (1978) | Maintenance subsystem | Foundational specification that organizations require a dedicated subsystem for sustaining human inputs through rewards, socialization, and normative integration — the systems treatment of maintenance as a distinct organizational function | The full producing resource scope — Katz and Kahn treat maintenance as primarily a human resources function without specifying the maintenance requirements of physical assets, capabilities, knowledge systems, and relational resources as equivalent systemic demands |
| Maslow (1943) | Hierarchy of needs | Foundational specification of the hierarchical structure of producing resource needs — physiological, safety, social, esteem, and self-actualization — establishing that | The interpretive dimension of need hierarchy — what satisfies each level of need is not universal but is determined by governing premises that vary across individuals and |

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| | | maintenance adequacy is not uniform but sequential: higher-order needs become operative only when lower-order needs are sufficiently met. The hierarchy specifies the architecture of human producing resource maintenance requirements that all subsequent motivation theory builds on, mapping directly onto the kinetic-potential life energy distinction: physiological through esteem maintenance sustains the conditions for kinetic life energy deployment; self-actualization engagement generates the positive investment of potential life energy that reconstruction capacity requires | consolidate with organizational socialization; an enterprise whose maintenance architecture assumes uniform need hierarchy progression fails to maintain the producing resources whose self-actualization requires the premise examination that reconstruction demands |
| Herzberg (1966) | Two-factor theory | Distinction between hygiene factors that prevent disengagement and motivators that generate positive contribution — the specification that maintenance and motivation are different functions requiring different interventions | The interpretive dimension — what counts as adequate maintenance and what generates positive engagement depends on governing premises about appropriate exchange that vary across individuals and change over time as the enterprise consolidates |
| Deci & Ryan (1985) | Self-determination theory | Specification of autonomy, competence, and relatedness as the psychological needs internal value events must satisfy to sustain intrinsic engagement — and that external controls and rewards can undermine intrinsic motivation when they displace the conditions of autonomous engagement, which maps onto the success syndrome's concentration of the maintenance architecture on rewarding execution within existing premises | The architectural condition governing need satisfaction — how the meaning subsystem's governing premises shape what work is structured as autonomous and what counts as competence, making need satisfaction a downstream function of the interpretive architecture rather than an independent motivational condition |
| Vroom (1964) | Expectancy theory | Specification that internal value event effectiveness depends on perceived alignment between effort, performance, and valued outcomes — making maintenance effectiveness a function of perceived alignment rather than compensation level | The developmental dimension — how the outcomes that incentive systems must deliver evolve as producing resources develop, and how incentive architectures calibrated to existing value event metrics undermine reconstruction capacity |
| Adams (1965) | Equity theory | The comparative and relational dimension of internal value event assessment — maintenance adequacy is socially determined through comparison with | The interpretive architecture governing what counts as a comparable other and what constitutes equivalent contribution — both determined by governing |

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|---|---|---|---|
| | | comparable others, not evaluated in absolute terms | premises that consolidate as the success syndrome deepens |
| Hackman & Oldham (1976) | Job design / work characteristics | Specification that work architecture itself is a maintenance variable — skill variety, task identity, task significance, autonomy, and feedback generate intrinsic maintenance through work design rather than external reward | The developmental consequence of work design — how work designed entirely around execution precision within existing premises progressively narrows interpretive range, compressing interpretive elasticity through accumulated work experience |
| Rousseau (1989, 1995) | Psychological contract | The implicit mutual obligation dimension of the internal value event exchange — maintenance failures are often interpretive rather than transactional, perceived as mismatches between implicit promises and actual delivery | The architectural dimension — how governing premises of both enterprise and producing resources shape what implicit promises are understood, making psychological contract interpretation a function of the meaning subsystem's current state |
| McGregor (1960) | Theory X / Theory Y | Specification of the governance philosophy governing maintenance architecture — Theory X assumes producing resources require control and direction, generating a maintenance architecture organized around compliance monitoring and extrinsic reward; Theory Y assumes producing resources are capable of self-direction and intrinsic motivation, generating a maintenance architecture organized around enabling conditions and developmental opportunity. The philosophy adopted determines which maintenance instruments the enterprise deploys and which life energy orientation it reinforces: Theory X maintenance maintains kinetic life energy compliance; Theory Y maintenance creates conditions for potential life energy engagement | The developmental consequence of governance philosophy consolidation — enterprises whose success syndrome deepens Theory X governance progressively eliminate the maintenance conditions under which potential life energy engagement and reconstruction capacity can be sustained, regardless of whether leadership explicitly endorses the philosophy or merely reproduces it through structural inertia |
| Senge (1990) | Learning organization | Organizational conditions that maintain collective learning capacity and interpretive elasticity — systems thinking, mental models, and shared vision disciplines through which enterprises sustain capacity for premise examination alongside execution | Why those disciplines are systematically undermined by the success syndrome — why the same consolidation that generates execution excellence progressively eliminates the conditions under which learning organization disciplines can be practiced |

| | | | |
|---|---|---|---|
| Cohen & Levinthal (1990) | Absorptive capacity | Prior knowledge base as the prerequisite for new knowledge acquisition — maintenance of knowledge breadth is the condition that makes recognition and incorporation of reconstruction-relevant knowledge possible | The interpretive mechanism governing which knowledge the enterprise maintains — determined by governing premises that classify what knowledge is worth maintaining, causing systematic narrowing of the knowledge base as consolidation deepens |
| Nakajima (1988) | Total productive maintenance | Systematic framework for physical asset maintenance — integration of preventive, predictive, and corrective strategies that minimize downtime and sustain production capability as a dedicated organizational function | The architectural dimension of replacement decisions — whether asset replacement should maintain the existing production architecture or reconfigure it toward emerging value propositions, with direct consequences for reconstruction capacity |
| Nowlan & Heap (1978) | Reliability-centered maintenance | Risk-based approach to physical asset maintenance — focusing maintenance investment on the failure modes that most threaten operational capability rather than applying uniform maintenance schedules | The strategic dimension — reliability-centered maintenance optimizes within the existing production architecture without addressing whether the architecture itself requires reconfiguration as the enterprise approaches the coherence horizon |
| Winter (2003) | Operational vs dynamic capabilities | Maintenance requirement at the capability level — operational capabilities and dynamic capabilities require different maintenance investments with different time horizons and potentially competitive resource demands | The life energy dimension — competition between operational and dynamic capability maintenance is not primarily a resource allocation problem but a life energy direction problem governed by governing premises classifying which capabilities deserve investment |
| Wiener (1948) | Cybernetics / negative feedback | Formal cybernetic grounding of the maintenance subsystem's feedback architecture — the specification that viable systems require negative feedback loops that detect deviation from target states and generate corrective responses; the maintenance subsystem is the organizational instantiation of this corrective loop, monitoring value event flow health across all three directions and generating the resource replenishment and capability renewal responses that restore productive capacity to viable operating parameters | The interpretive dimension of the target state — Wiener specifies the feedback mechanism without theorizing how the target states that define "deviation" are themselves determined by governing premises that consolidate as the success syndrome deepens, producing a maintenance feedback loop whose corrective actions deepen kinetic dominance when the target states embedded in its regulatory architecture are themselves expressions of consolidated premises |

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|---|---|---|---|
| ISLE — Sloan (2026a) | Interpretive elasticity maintenance | Specification that interpretive elasticity is a producing resource property that requires active maintenance — training, development, incentive design, and work architecture choices either preserve or consume the interpretive range that reconstruction requires; the coherence horizon as the threshold at which maintenance subsystem signals converge to indicate systemic misalignment | Not a presupposition — the interpretive elasticity maintenance specification is the perceptual enterprise model's distinctive contribution, showing that the most consequential maintenance function is not sustaining current productive capacity but maintaining the conditions under which the enterprise can examine its governing premises before viability is lost |

The pattern across these fifteen traditions is a systematic underspecification of the same dimension. Each addressed what must be maintained — motivation, incentive alignment, physical assets, capability, knowledge, relational commitments — and each treated maintenance as a performance-sustaining function without theorizing its developmental consequences. The deepest maintenance insight in the tradition — Cohen and Levinthal's specification that prior knowledge breadth is the prerequisite for new knowledge acquisition — points directly at what the full tradition leaves unspecified: that maintenance investment choices determine not only current productive capacity but the enterprise's future interpretive range, and that a maintenance subsystem calibrated entirely around sustaining existing value event performance is systematically narrowing the interpretive architecture that reconstruction requires. The perceptual enterprise model closes this gap by establishing interpretive elasticity as a producing resource property that requires active maintenance — making the maintenance subsystem's most consequential function not the sustaining of what currently generates value events but the preserving of the enterprise's capacity to recognize what will generate them next.

### E.5. Theoretical Contributions: The Production-Maintenance Interplay

The theoretical contributions of the production-maintenance treatment in the perceptual enterprise model are not incremental extensions of any single prior tradition. They emerge from specifying the two subsystems together as a dynamic system, from integrating the systems theory

foundation with the value event architecture, and from introducing the ISLE constructs that no prior organizational theory has brought to the analysis of operational subsystems.

The first contribution is the specification of the success syndrome as originating in operational excellence rather than strategic failure. Prior theory has described competency traps, inertia, and adaptive failure as consequences of success without specifying the generative mechanism at the subsystem level. The perceptual enterprise model specifies it precisely: the positive feedback loop that constitutes the success syndrome is generated by production and maintenance functioning optimally together — by two foundational subsystems doing exactly what they should do in response to the signals they receive. The syndrome is not a failure of production or maintenance. It is the structural consequence of both subsystems performing their primary functions well under conditions where value event flow health validates continued deepening of existing premises. This specification changes the diagnostic question from why did the enterprise fail to respond to why would it be expected to respond differently, given what its operational subsystems were correctly perceiving and rationally executing.

The second contribution is the treatment of interpretive elasticity as a producing resource property that the maintenance subsystem either maintains or compresses through its investment choices. No prior maintenance theory has specified this. Training programs, incentive systems, work design, and capability development have been theorized exclusively as performance maintenance functions. The perceptual enterprise model specifies them simultaneously as interpretive architecture maintenance functions — that their cumulative effect on the producing resource base's interpretive range is as consequential as their effect on execution capability, and that a maintenance subsystem calibrated entirely to sustaining current value event performance is systematically compressing the interpretive elasticity that reconstruction requires.

The third contribution is the integration of the dual role of producing resources as both production inputs and internal value event exchange partners. Operations theory treats people as productive inputs. Human resource theory treats people as participants in an employment exchange. The perceptual enterprise model specifies that these are the same people in the same moment — that the experience of production generates the internal value event flow that maintenance must sustain, and that work design creates or destroys the conditions for viable internal value events through the structure of what production asks people to do. The quality of the internal value event flow is therefore not a separate HR concern but a direct function of how the production subsystem is organized and what the maintenance subsystem invests in.

The fourth contribution is the specification of asset replacement decisions as architectural choices with developmental consequences. No prior maintenance framework has specified that the question of what an asset should be replaced with is a premise-level question about which value proposition the production subsystem should be configured to serve. Converting a routine capital allocation decision into a potential reconstruction opportunity — or a consolidation deepening — depending on how it is framed gives maintenance decision-making a strategic dimension that neither operations management nor financial analysis has previously theorized.

The fifth contribution is the lag dynamic between maintenance failure and production degradation as a formally specified diagnostic property. The depletion of the producing resource base through maintenance failure propagates through the kinetic-potential life energy balance before it manifests in output quality. Production metrics are therefore systematically late indicators of the maintenance failure that will eventually destroy the production capacity they measure. An enterprise whose production metrics are strong and whose maintenance subsystem is failing has

already begun the consolidation trajectory whose endpoint is visible in the production metrics only after the point at which intervention is most effective has passed.

The sixth contribution, encompassing both subsystems, is the specification of structural gravity as the accumulated output of production and maintenance succeeding together over time. Dierickx and Cool's asset stock accumulation is the closest prior treatment, but it specifies accumulation as a financial and capability phenomenon without a generative mechanism. The perceptual enterprise model provides that mechanism: structural gravity is built by the positive feedback loop that production and maintenance generate through operational excellence, which is precisely why it coexists with and masks the interpretive architecture erosion that the same feedback loop produces. The enterprise that appears strongest — whose structural gravity is most substantial — is the enterprise whose production and maintenance have been most successfully reinforcing each other's consolidation.

Together these six contributions establish the production and maintenance subsystems not merely as operational functions but as the architectural site where enterprise viability is both built and ultimately constrained. The enterprise's capacity to sustain viable value event flows in the present and its capacity to reconstruct the premises that future viability requires are both determined here — in the daily interplay between what production executes and what maintenance sustains.

## F. The Boundary Spanning Subsystem

The boundary spanning subsystem's central theoretical contribution is the specification that organizational boundaries are not transfer points through which resources and outputs pass. They are recognition interfaces where value events are initiated, validated, and sustained. Because

value events arise through recognition rather than production alone — because value is realized in the moment of exchange when an environmental actor classifies an output as worth returning resources for — both the input and output boundaries are active sites of value creation rather than passive channels of distribution. Prior organizational theory has treated value creation as an internal enterprise activity and boundary spanning as the mechanism through which that internally created value reaches external markets. The perceptual enterprise model inverts this understanding: value is not created inside the enterprise and delivered through boundaries. It is created at the boundaries themselves, in the recognition exchanges through which the enterprise's outputs are assessed by environmental actors and the enterprise's inputs are assessed by the enterprise. This inversion is not semantic. It changes what the boundary spanning subsystem is for, what it must do, what its failure means, and what its health requires.

This specification has a direct consequence for how the enterprise understands competitive viability. An enterprise that treats its boundaries as transfer points — as the organizational machinery through which internally created value is efficiently moved to markets — will organize its boundary spanning subsystem around throughput efficiency and transactional reliability. An enterprise that treats its boundaries as recognition interfaces — as the sites where value is actually created through the exchange process — will organize its boundary spanning subsystem around the quality of recognition relationships, the accuracy of environmental perception, and the maintenance of the interpretive range that genuine recognition requires. The first enterprise optimizes a distribution mechanism. The second enterprise maintains the operational architecture of value creation itself.

The dual boundary dimension of this specification is equally important and equally underspecified in prior theory. Porter's (1985) five forces framework addresses the competitive

structure at both input and output boundaries — supplier power, buyer power, entry threats, substitutes, and rivalry — but treats them as sources of bargaining pressure rather than as recognition interfaces generating value events and strategic feedback. Prior theory has treated the input boundary primarily as an acquisition mechanism: the enterprise goes to input markets to obtain what it needs at the best available terms. The perceptual enterprise model treats the input boundary as an equivalent recognition interface: the enterprise assesses what input markets offer against its governing premises about what constitutes a valuable input, and that assessment — like the customer's assessment at the output boundary — is a recognition event with developmental consequences. Both boundaries generate value events. Both boundaries generate feedback about the alignment between the enterprise's governing premises and the environmental reality it faces. Both boundaries are sites where the success syndrome's consolidation produces systematic misperception at precisely the moment when accurate perception is most urgently required.

The boundary spanning subsystem is the enterprise's dual interface with its environments — the organized set of activities through which the enterprise simultaneously acquires inputs from external sources and places outputs into external contexts, maintaining at both boundaries the recognition relationships through which value events are initiated, negotiated, and completed. Of all six subsystems, boundary spanning is the most directly exposed to the environmental reality that determines enterprise viability. It sits at the precise location where the enterprise's internal interpretive architecture meets the recognition frameworks of the customers, suppliers, partners, regulators, and societal actors whose assessments determine whether value events occur in both directions. Its health is immediately and directly visible in value event flow health across all three directions — customer, internal, and societal — because boundary spanning is the subsystem through which those flows are generated or failed at their source.

The boundary spanning subsystem maintains two structurally distinct boundary interfaces simultaneously, each with its own competitive architecture, its own value event logic, and its own feedback mechanism. The output boundary is where the production subsystem's outputs meet the recognition frameworks of customers and societal actors — where the enterprise delivers what it produces into the environments that must recognize its value for value events to occur. The input boundary is where the enterprise acquires transformation inputs, producing resources, knowledge, and information from external markets — where suppliers, labor markets, knowledge communities, and regulatory frameworks determine what the enterprise can obtain, at what cost, and under what conditions. Both boundaries are sites of value creation and both generate the feedback that informs the enterprise's understanding of its competitive position and the alignment between its governing premises and environmental reality. Prior boundary spanning theory has systematically underspecified the input boundary, treating boundary spanning primarily as an output placement and environmental sensing function while leaving the competitive architecture of input acquisition theoretically underdeveloped.

The boundary spanning subsystem's relationship to value event flow is generative and reciprocal. At the output boundary, boundary spanning creates the conditions under which production outputs are recognized as valuable — maintaining the exchange relationships, managing the recognition interfaces, and navigating the competitive contexts through which customer and societal value events are made possible. At the input boundary, the roles are reversed: the enterprise is the recognizing party, assessing whether what suppliers, employees, knowledge providers, and other resource contributors offer is worth acquiring at the terms they require. Value events at the input boundary generate the producing resources and transformation inputs that the production and maintenance subsystems require — and their terms, availability, and quality are as

consequential for enterprise viability as the value events generated at the output boundary. The subsystem contributes to value event flow generation by establishing and maintaining the recognition relationships that initiate exchange at both boundaries, protects it by managing the enterprise's external legitimacy and relational capital, amplifies it through the environmental knowledge that allows the enterprise to align its outputs with evolving recognition frameworks and its input acquisitions with evolving resource market configurations, and signals its deterioration earliest when recognition frameworks shift at either boundary — because boundary spanning encounters those shifts before any other subsystem does.

### F.1. The Dual Boundary Architecture

The output boundary interface encompasses the organized activities through which the enterprise's outputs are directed toward the exchange partners whose recognition frameworks must evaluate them for value events to occur. This includes sales, marketing, customer relationship management, channel management, account management, and all the activities through which the enterprise connects what it produces to the environments that must recognize its value. Porter's (1985) buyer power dimension of the five forces framework specifies the competitive architecture of the output boundary — the conditions under which customers exercise bargaining leverage over the enterprise's pricing, quality, and terms. Competitive rivalry specifies the intensity of competition the enterprise faces in placing its outputs into environments where multiple enterprises seek recognition from the same customer and societal bases. The threat of substitutes specifies the alternative recognition pathways available to customers — the degree to which the enterprise's outputs can be replaced by alternatives that meet the same recognition framework requirements through different means.

The input boundary interface encompasses the organized activities through which the enterprise identifies, evaluates, and secures the transformation inputs and producing resources it requires from external environments. This includes procurement, supplier relationship management, talent acquisition, knowledge sourcing, technology licensing, and all the activities through which the enterprise acquires what the production and maintenance subsystems require. Porter's (1985) supplier power dimension specifies the competitive architecture of the input boundary — the conditions under which suppliers exercise bargaining leverage over the enterprise's access to the inputs it requires. The threat of new entrants specifies the competitive pressure on input markets as well as output markets: new entrants competing for the same transformation inputs and producing resources that established enterprises depend on can disrupt input availability and pricing as consequentially as they disrupt output market recognition. Wernerfelt's (1984) resource position barriers and Dierickx and Cool's (1989) asset stock accumulation specify the input boundary dynamics through which enterprises build structural gravity — the sustained acquisition of producing resources over time that creates competitive positions difficult for entrants to replicate.

The dual boundary architecture generates a specific competitive vulnerability that neither input-side nor output-side theory has fully specified. An enterprise that has built deep input boundary relationships — supplier commitments, talent pipelines, knowledge partnerships — calibrated to the existing value proposition faces a simultaneous disruption when the competitive logic shifts: its input boundary relationships may deliver precisely the inputs that the existing production architecture requires but that the next competitive logic does not. The enterprise that cannot reconfigure its input boundary interface faces a resource constraint on reconstruction that

is as consequential as the interpretive constraint the success syndrome generates in the production and maintenance subsystems.

### F.2. Value Creation at the Boundary and the Feedback Mechanism

Value is not created inside the enterprise and then delivered to a passive recipient. It is created at the boundary — in the moment of exchange where the enterprise's output meets an environmental actor's recognition framework and is assessed as valuable. The boundary spanning subsystem is therefore not merely the distribution mechanism for value that production has created. It is the site where value is realized, where the enterprise's purpose becomes actual rather than potential, and where the return flows that sustain viability are generated or withheld.

This specification has a specific and important consequence for how the feedback mechanism operates. Every value event that occurs at the output boundary is simultaneously an exchange and a signal. The customer who recognizes and returns value is confirming that the enterprise's outputs align with their recognition framework — validating the governing premises that organized the production process, the maintenance investments that sustained the producing resource base, and the boundary spanning relationships that made the exchange possible. Every failed exchange — every output that fails to generate recognition — is simultaneously a loss of return and information about the misalignment between the enterprise's outputs and the recognition framework it was designed to meet.

Dynamic capabilities (Teece, Pisano, & Shuen, 1997; Teece, 2007) specifies the organizational capacity to act on this feedback through three processes whose boundary spanning dimension has been underspecified. Sensing is the capacity to detect, filter, and interpret the signals generated by value events and failed exchanges at both boundaries — to read what the output

boundary is reporting about customer recognition framework shifts and what the input boundary is reporting about emerging resource configurations. Seizing is the capacity to act on sensing by acquiring the inputs, establishing the exchange relationships, and committing to the output configurations that emerging value event opportunities require — a boundary spanning function at both interfaces. Reconfiguring is the capacity to restructure the enterprise's boundary architecture when the existing configuration no longer generates viable value events — to exit input relationships calibrated to the old value proposition and build the input and output boundary interfaces that the new one requires.

The sensing function of dynamic capabilities is therefore most accurately understood as the boundary spanning subsystem's feedback reading capacity — the organizational capacity to extract information from the value events and failed exchanges at both boundaries and to interpret that information accurately enough to generate the adaptive responses that viability requires. When this sensing capacity is operating through consolidated premises — when the boundary spanning subsystem is filtering environmental signals through governing premises calibrated to the existing value proposition — the feedback mechanism fails at its most critical function. Not because the signals are absent, but because the interpretive architecture through which they are processed cannot classify them as the coherence-threatening information they carry. The enterprise receives feedback from every value event interaction at both boundaries. The question is whether its boundary spanning subsystem has the interpretive range to read that feedback accurately or whether consolidation has narrowed the perceptual field to the point where only confirming signals register as meaningful.

Eisenhardt and Martin (2000) specified dynamic capabilities as socially constructed processes embedded in organizational routines — a specification that connects to how the

boundary spanning subsystem's sensing and seizing routines consolidate around existing signal categories over time. The routines through which boundary spanners scan for new customers, evaluate new suppliers, and interpret competitive signals are not neutral information processing mechanisms. They are interpretively organized practices that reflect and reinforce the governing premises of the interpretive architecture, becoming more precise and more efficient at detecting the signals they were designed to detect while becoming progressively less capable of recognizing the signals outside those categories.

### F.3. The Perceptual Dimension of Boundary Spanning

The boundary spanning subsystem is the organizational location where the enterprise's governing premises are most consequentially tested against environmental reality — and where the failure of those premises to match external recognition frameworks is first detectable. A boundary spanner does not interact with the environment objectively. They perceive it through the enterprise's governing premises, classifying signals as relevant or irrelevant, recognizing customers as valuable or marginal, assessing suppliers as reliable or risky, interpreting competitive behavior as threatening or inconsequential — all through the interpretive architecture that the meaning subsystem maintains.

Weick's (1995) enacted environment concept is the theoretical foundation for this perceptual dimension. Weick established that organizations do not simply respond to objective environments but enact them — the environment the organization faces is partly constituted by how the organization perceives and engages it. The boundary spanning subsystem is the primary site of enactment: it is through boundary spanning activities that the enterprise actively constructs its operative environment by deciding which signals to attend to, which relationships to maintain, which exchanges to pursue, and which environmental actors to recognize as significant. An

enterprise operating through consolidated premises enacts an environment that confirms those premises — it selectively attends, selectively responds, and selectively maintains relationships in ways that produce an experienced environment consistent with existing governing premises regardless of how significantly the objective environment has shifted.

This enacted environment dynamic operates at both boundaries simultaneously. At the output boundary, consolidated premises produce an enacted customer environment populated by the customers whose recognition frameworks most closely match what the enterprise offers — progressively narrowing the experienced customer base toward the most confirming relationships while rendering emerging customers and shifting recognition frameworks perceptually marginal. At the input boundary, consolidated premises produce an enacted resource environment in which existing suppliers, talent pipelines, and knowledge sources are perceived as the available and appropriate inputs — progressively narrowing the enterprise's experienced resource market toward the configurations that have sustained the existing value proposition while rendering emerging resource configurations and alternative supply relationships perceptually unavailable.

### F.4. Life Energy and the Boundary Spanning Subsystem

Kinetic life energy in the boundary spanning subsystem is directed toward deepening and extending the exchange relationships that have generated successful value events — toward serving existing customers more effectively, securing existing supply relationships more reliably, maintaining existing institutional relationships more consistently, and executing existing sales, marketing, and procurement processes with increasing precision and efficiency. This is the boundary spanning contribution to the success syndrome: as consolidation deepens, boundary spanning activity concentrates on the environmental relationships that have been validated by prior value event success at both boundaries, progressively reducing the variety of environmental signals

the enterprise receives and narrowing the range of recognition frameworks it maintains relationships with at input and output interfaces alike.

Potential life energy in boundary spanning manifests as the capacity to engage genuinely with environmental actors whose recognition frameworks differ from those that have generated prior success — to pursue relationships with customers whose value assessments are organized around different premises, to attend to signals from suppliers and knowledge providers whose resource configurations anticipate the next competitive logic, to maintain the environmental diversity of contact at both boundaries that keeps the enterprise's perceptual field from consolidating entirely around confirming signals. The diagnostic implication is significant: the earliest signals of coherence horizon proximity typically arrive through the boundary spanning subsystem at both boundaries — in the form of shifting customer recognition patterns at the output boundary and changing resource market configurations at the input boundary. Whether those signals are accurately perceived and appropriately escalated depends on whether the boundary spanning subsystem's life energy condition allows it to read the full information content of the value event feedback it receives.

### F.5. Encroachment Detection and the Boundary Spanning Subsystem

The boundary spanning subsystem is the organizational location where encroachment first becomes detectable — and where the structural conditions of the consolidated interpretive architecture make that detection most likely to fail. Encroachment is not first visible in production outputs, maintenance signals, or financial results. It is first visible at the boundaries — in the patterns of recognition at the output boundary and in the resource market configurations at the input boundary — because the encroacher's competitive activity intersects with the enterprise's boundary interfaces before it intersects with any internal subsystem. Understanding why

encroachment detection fails in the boundary spanning subsystem requires understanding both the dual boundary mechanism through which encroachment signals arrive and the interpretive architecture condition that determines whether those signals can be accurately classified.

The encroachment mechanism at the output boundary follows the trajectory that Christensen (1997) specified from the encroacher's perspective. The encroaching enterprise begins by serving customers whose recognition frameworks value attributes that the incumbent's value proposition does not prioritize — typically lower cost, greater accessibility, simpler functionality, or different configuration of value components than the incumbent has optimized for. The incumbent's boundary spanning subsystem, operating through consolidated governing premises, classifies these customers as marginal, insufficiently profitable, or outside the enterprise's target market. That classification is not irrational given the incumbent's current value proposition and the value event flows it is successfully generating. It is a perceptually accurate assessment within an interpretive architecture whose premises specify what a valuable customer looks like. The problem is not that the classification is wrong by the incumbent's lights — it is that the incumbent's lights have consolidated around premises that cannot illuminate the competitive significance of what the encroacher is doing.

The signals of this output boundary encroachment are present in the boundary spanning subsystem's environment. The incumbent's salespeople encounter customers who are considering the encroacher's offering. Its account managers see customers who have adopted the encroacher's solution in adjacent applications. Its market researchers observe the encroacher's growing presence in segments the incumbent has not prioritized. But these signals are processed through governing premises that classify them as confirmation of existing strategy — the encroacher is serving a different market, the customers who prefer the encroacher's offering are not the

enterprise's target customers, the segments the encroacher is penetrating are low-value segments the incumbent has correctly deprioritized. The feedback mechanism that should be generating an alarm is instead generating a confirmation. The boundary spanning subsystem is receiving encroachment signals and accurately classifying them as irrelevant — accurately, that is, within premises that are themselves becoming irrelevant.

The encroachment mechanism at the input boundary is more diagnostically significant and more consistently overlooked. Before the encroacher's competitive presence becomes visible in customer recognition at the output boundary, it typically becomes visible in resource market competition at the input boundary. Encroachers must acquire the talent, knowledge, technology, and capabilities that their competitive logic requires — and they acquire them from the same resource markets that established enterprises depend on. When an encroacher begins competing for engineers with specific skills, data scientists with specific capabilities, or technology partners with specific resources, those competitive signals arrive at the incumbent's input boundary interface before any customer defection is visible at the output boundary.

This input boundary early warning is structurally important for two reasons. First, it is temporally prior — the encroacher builds its resource base before it builds its customer base, which means the input boundary signals of encroachment precede the output boundary signals by the interval required to build competitive capability from resource acquisition. Second, it is diagnostically different — resource market competition signals the encroacher's strategic intent and capability trajectory rather than its current competitive presence, providing information about where competition is heading rather than where it currently stands.

The incumbent's input boundary interface typically misclassifies these signals for the same reason it misclassifies output boundary signals — the governing premises that organize input

boundary recognition specify which resources are worth competing for based on the existing value proposition. A talent acquisition function organized around recruiting for existing capability requirements will perceive the encroacher's recruitment of different talent profiles as irrelevant to its own requirements. A technology partnership function organized around the existing production architecture will perceive the encroacher's technology partnerships as unrelated to its own infrastructure needs. The input boundary early warning system that should be detecting the encroacher's capability trajectory is instead generating a non-signal — not a misread signal but a signal the consolidated interpretive architecture lacks the category to recognize as a signal at all.

The dual boundary blindness this produces is the most consequential diagnostic property of the consolidated boundary spanning subsystem. The incumbent's output boundary interface misclassifies customer recognition framework shifts as marginal market activity. Its input boundary interface misclassifies resource market competition as irrelevant to its own acquisitions. Together these two misclassifications mean that the enterprise is receiving encroachment signals at both its boundary interfaces simultaneously and systematically failing to register either as a coherence threat. The encroacher is building capability at the input boundary and customer base at the output boundary while the incumbent's boundary spanning subsystem generates confirmatory rather than alerting feedback from both interfaces.

The structural encroachment paper (Sloan, 2026b) specifies the full competitive displacement mechanism from the perspective of the encroaching enterprise's interpretive architecture and the incumbent's success syndrome. The perceptual enterprise model adds the boundary spanning subsystem specification — the organizational architecture through which the detection failure occurs and the structural conditions that make it a necessary rather than contingent outcome. An incumbent enterprise whose boundary spanning subsystem is operating under deep

consolidation is not merely likely to miss encroachment signals. It is structurally organized to misclassify them — because the dual boundary interfaces through which those signals arrive are both operating through interpretive architectures that have optimized for confirming the value proposition that is generating current success.

The diagnostic implication is precise and actionable. Reconstruction potential at the boundary spanning level requires maintaining the interpretive range at both boundary interfaces to recognize signals that the existing value proposition's premises classify as irrelevant. This means maintaining relationships with customers whose recognition frameworks differ from the core customer base — not because they are currently valuable but because they carry information about where value recognition is moving. It means monitoring resource market competition from enterprises operating under different competitive logics — not because they are currently threatening but because their resource acquisition patterns signal the capability trajectories that will define future competitive configurations. And it means maintaining the potential life energy in boundary spanning roles that makes genuine curiosity about different recognition frameworks possible rather than merely efficient execution within existing ones.

The input boundary early warning mechanism is not abstract — it is observable in the patterns that precede every major competitive transition. When AI capability began its trajectory toward general business application, the most visible early signal was not customer defection from established software enterprises. It was the migration of talent. AI researchers and machine learning engineers began moving toward new firms — and toward technology enterprises building AI capability — before any established enterprise's customer base had meaningfully shifted. The resource market configuration at the input boundary was signaling the encroacher's capability trajectory years before the output boundary showed the competitive consequence. Established

enterprises whose talent acquisition functions were organized around existing capability requirements perceived this talent migration as irrelevant to their own needs — correctly, within governing premises that specified what capabilities their existing value propositions required. The input boundary early warning was present and unread.

The same pattern operates through capital flows. When venture capital begins concentrating in enterprises building around a new competitive logic — a new technology architecture, a new customer engagement model, a new value proposition configuration — that concentration signals both the encroacher's resource acquisition capability and the market's assessment of where the next competitive logic is forming. Capital flows are an input boundary signal: they indicate which enterprises are acquiring the financial producing resources that competitive capability requires. An incumbent enterprise whose boundary spanning subsystem is monitoring venture capital flows through governing premises calibrated to the existing competitive logic will classify early-stage capital concentration in unfamiliar architectures as irrelevant speculation. The signal that is actually carrying information about future competitive configuration is being read as noise.

Supplier capability development provides a third observable pattern. Suppliers who anticipate the next competitive logic develop capabilities around it before customer demand materializes — because competitive positioning for suppliers requires building capabilities in advance of the market transitions that will make those capabilities valuable. When suppliers begin developing capabilities that do not fit the incumbent's existing production architecture but do fit an emerging one, those capability developments are input boundary signals about where the competitive logic is heading. An incumbent enterprise whose procurement and supplier relationship functions are organized around existing production architecture requirements will

perceive these supplier capability developments as irrelevant to its supply chain — correctly, within existing premises — while an enterprise with potential life energy in its input boundary interface will recognize them as signals of the resource market configuration that the next competitive logic is organizing around.

Knowledge community attention shifts constitute the most diffuse but often earliest of the input boundary encroachment signals. When the intellectual communities whose work constitutes the knowledge inputs enterprises acquire — academic research, professional communities, technical standards bodies, industry analysts — begin directing sustained attention toward a new premise set or architectural approach, that attention shift signals the development of the knowledge infrastructure that the next competitive logic will require. Established enterprises whose knowledge acquisition and monitoring functions are calibrated to the existing intellectual agenda will perceive this attention shift as peripheral activity outside their core domain. The knowledge input boundary is registering a signal that the consolidated interpretive architecture classifies as not worth acquiring.

What these four patterns share — talent migration, capital concentration, supplier capability development, and knowledge community attention shifts — is that they all represent changes in resource market configurations at the input boundary that precede and anticipate changes in customer recognition frameworks at the output boundary. The temporal priority of input boundary signals is not incidental. It reflects the structural reality that encroachers must build capability before they can serve customers, which means the resource acquisition phase of encroachment leaves input boundary traces before the customer engagement phase leaves output boundary traces. An enterprise with the interpretive range at its input boundary interface to recognize these traces has an early warning capability that no output boundary monitoring system

can replicate — because the output boundary signals of encroachment arrive only after the competitive capability the encroacher is building has already been substantially assembled.

The encroachment detection capability of the boundary spanning subsystem is therefore not a competitive intelligence function — a matter of gathering more information about known competitors through existing analytical frameworks. It is an interpretive architecture function — a matter of maintaining the perceptual range at both boundary interfaces that allows the enterprise to recognize competitive significance in signals that its consolidated premises would classify as noise. That distinction is the perceptual enterprise model's most practically important contribution to competitive strategy: the question is not whether the enterprise is looking for the encroacher, but whether its boundary spanning subsystem has the interpretive architecture to recognize what it is seeing when the encroacher is present in its environment.

The boundary spanning subsystem has been theorized across traditions ranging from industrial organization and competitive strategy to relationship marketing, network theory, and institutional theory. Each has illuminated a specific dimension of the enterprise's dual interface with its environments. What no prior tradition has specified is the full recognition interface architecture — the specification that both input and output boundaries are active sites of value creation through recognition exchanges in both directions, and that the interpretive architecture governing what boundary spanners perceive at both interfaces determines whether the enterprise can detect the environmental signals that its viability depends on recognizing. Mapping each tradition precisely shows what it contributes to the boundary spanning subsystem architecture and where the perceptual enterprise model extends beyond it. The traditions follow a logical progression that builds from role specification to competitive architecture to behavioral orientation to stakeholder scope to network structure to relational quality to perceptual foundation to dynamic

process to institutional legitimacy to dependency management to ecosystem architecture, with each layer adding a dimension the prior could not supply: Aldrich-Herker establishes that boundary spanning is a distinct function; Porter and Wernerfelt-Dierickx-Cool specify the competitive architecture at both boundaries; Miles-Snow specifies the range of behavioral orientations; Freeman extends the recognized scope; Granovetter-Burt and Uzzi specify the network architecture and relational quality conditions; Berry, Dwyer-Schurr-Oh, and Morgan-Hunt specify the relational dimension of the output boundary; Weick establishes the enacted environment foundation; Teece and Eisenhardt-Martin specify the dynamic capabilities operating through boundaries; DiMaggio-Powell and Scott specify the institutional legitimacy interface; Pfeffer-Salancik specifies the resource dependence management function; Jacobides et al. specify the ecosystem architecture dimension; and ISLE provides the developmental specification that makes the full architecture coherent.

Aldrich and Herker (1977) established the foundational organizational specification of boundary spanning as a distinct function requiring dedicated roles. Their core insight is that organizations cannot process all environmental information through undifferentiated general management — that the complexity and variety of the enterprise-environment interface requires specific organizational positions designed to link the enterprise to its environment through information processing and external representation. Their contribution is the specification that boundary spanning is a first-order organizational function rather than an incidental property of all organizational activity, and that it performs two analytically distinct purposes — filtering information flows and representing the enterprise externally — that create distinct role demands. What Aldrich and Herker did not specify is the interpretive architecture governing what boundary spanning roles process and represent. The information boundary spanners filter and the

representations they make are not neutral processing activities but interpretively organized practices that reflect and reinforce the governing premises of the enterprise's interpretive architecture. A boundary spanning role that has been shaped by consolidated premises will filter information through those premises, classifying signals as relevant or irrelevant, recognizable or unrecognizable, actionable or dismissible in ways that systematically reflect the enterprise's developmental position.

Miles and Snow (1978) specified four distinct boundary spanning orientations — prospector, defender, analyzer, reactor — describing systematically different approaches to managing the enterprise-environment interface. Their contribution is the empirical grounding that boundary spanning orientation is a coherent strategic variable rather than a set of ad hoc tactical choices. The prospector actively scans broad environmental domains for new opportunities and engages a wide range of potential exchange partners; the defender concentrates boundary spanning activity in a narrow and well-defined domain, maintaining deep relationships with existing exchange partners and filtering out signals from outside that domain; the analyzer maintains existing relationships while monitoring for opportunities at the edges; the reactor responds inconsistently without a stable boundary spanning architecture. What Miles and Snow did not specify is the developmental mechanism producing each orientation. The prospector-defender-analyzer typology describes stable orientations without explaining why enterprises move from one to another, why successful defenders progressively narrow their boundary spanning focus, or why the reactor orientation is the predictable outcome of an enterprise whose governing premises have been destabilized by encroachment without the reconstruction having occurred. The ISLE developmental mechanism provides that explanation: consolidation drives the movement from

prospector orientation toward defender orientation as the success syndrome progressively narrows the recognized opportunity space to the domain that has generated prior success.

Porter's (1985) five forces framework specified the competitive structure at both input and output boundaries simultaneously — buyer power and rivalry intensity at the output boundary, supplier power and the competitive dynamics of input acquisition at the input boundary, with entry threats and substitute availability affecting both. Porter's contribution to the boundary spanning subsystem is the most comprehensive prior mapping of the dual boundary competitive architecture — the specification that the enterprise faces competitive pressure from multiple directions at both interfaces simultaneously and that its competitive position depends on its structural relationship to those pressures. What Porter's framework does not address is the perceptual dimension of that competitive structure. The five forces describe an objective competitive landscape. The perceptual enterprise model specifies that the competitive landscape the enterprise actually manages is the one its governing premises recognize — which may diverge substantially from the objective structure. An enterprise operating through consolidated premises perceives its competitive structure through a framework that systematically underweights the encroacher's competitive significance at the output boundary and misclassifies the resource market competition the encroacher generates at the input boundary. Porter specifies the competitive structure. The perceptual enterprise model specifies why that structure is perceived accurately or not.

Wernerfelt (1984) and Dierickx and Cool (1989) specified the input boundary dynamics of structural gravity accumulation — the process through which sustained input boundary engagement builds resource positions that generate competitive advantage. Wernerfelt's resource position barriers established that the enterprise's input boundary history — what it has acquired and built over time — creates competitive positions difficult for new entrants to replicate. Dierickx

and Cool's asset stock accumulation specified the temporal dynamics of that process — the time compression diseconomies, asset mass efficiencies, and interconnectedness that make input boundary resource positions strategically valuable. Their contribution to the boundary spanning subsystem is the specification of how sustained input boundary engagement converts into structural gravity — the mechanism through which consistent input acquisition creates the accumulated resource position that sustains the enterprise through competitive transitions. What these frameworks do not address is the consolidation consequence of deep input boundary positions. The same resource position that generates competitive advantage also calibrates the enterprise's input boundary interface around the resource configurations that built it — progressively making the enterprise more capable of acquiring what it has always acquired and less capable of recognizing the input configurations that the next competitive logic requires.

Freeman's (1984) stakeholder theory expanded the boundary spanning subsystem's recognized scope beyond customers and suppliers to the full range of environmental actors whose recognition and support constitute the societal value event flow. Freeman's contribution is the specification that sustainable enterprise viability requires managing relationships across a broader boundary spanning portfolio than commercial transaction theory had recognized — that employees, communities, regulators, investors, and other stakeholders are legitimate exchange partners whose recognition and cooperation the enterprise requires for sustained operation. What stakeholder theory does not specify is the prioritization mechanism governing which stakeholders receive boundary spanning investment. Stakeholder theory establishes that all stakeholders have legitimate claims without specifying how the enterprise determines whose recognition is most consequential at any given developmental moment — a determination that is governed by governing premises that classify whose recognition matters and that consolidates around existing

stakeholder configurations as the success syndrome deepens. An enterprise deep in consolidation will maintain boundary spanning relationships with the stakeholders whose recognition has been most consequential for existing value event flows while progressively underinvesting in the stakeholder relationships that the next competitive logic will require.

Granovetter's (1973) weak ties and Burt's (1992) structural holes specified the network architecture of boundary spanning — the structural properties of inter-organizational relationships that determine what information flows through them. Granovetter established that the peripheral relationships boundary spanners maintain with environmental actors outside the enterprise's core network carry disproportionate information value precisely because they connect to recognition frameworks and resource configurations different from those in the enterprise's dense core relationships. Burt specified that network positions bridging disconnected clusters — structural holes — generate information advantages because they access non-redundant signals from multiple distinct environmental domains. Together their contribution is the formal specification of why boundary spanning diversity — maintaining relationships across structurally different network positions at both input and output boundaries — is an information architecture requirement rather than a relationship preference. Without peripheral relationships and structural hole positions, the boundary spanning subsystem receives a low-entropy signal set — highly redundant information from a narrow set of confirming sources. What network theory does not specify is the life energy condition governing whether enterprises maintain the structurally diverse boundary spanning relationships that weak ties and structural holes require. Kinetic life energy directs boundary spanning investment toward the dense, high-return relationships with existing exchange partners. It is potential life energy that maintains the peripheral relationships and structurally diverse network positions that carry the novel signals — the recognition framework

shifts, the resource market realignments, the institutional legitimacy movements — that the enterprise needs to perceive for coherence horizon recognition.

Uzzi's (1997) specification of embeddedness completed the network theory treatment by addressing the relational quality dimension that Granovetter's structural argument and Burt's positional argument had not fully specified. Where Granovetter identified peripheral ties as information-rich and Burt identified structural hole positions as advantage-generating, Uzzi established that the most consequential network relationships are embedded — characterized by trust, fine-grained information transfer, and joint problem-solving that go beyond what arm's-length market relationships can produce. His contribution to the boundary spanning subsystem is the specification that the dual boundary interface requires both embedded and arm's-length relationships simultaneously: embedded relationships generate the relational depth and mutual investment that sustain reliable value event flow and enable the tacit knowledge transfer that competitive capability requires; arm's-length relationships provide the market information and alternative access that prevent the adaptive lock-in that deep embeddedness generates. The organizational risk Uzzi identified — over-embeddedness, where the network of deep relationships cuts the enterprise off from the novel information and alternative resource configurations that market relationships provide — is the boundary spanning expression of what the perceptual enterprise model specifies as the success syndrome operating in the relational architecture. An enterprise whose boundary spanning relationships have become deeply embedded in the exchange partners whose recognition frameworks validate existing governing premises has optimized its value event flow reliability at the cost of the relational diversity that premise-challenging information requires. What embeddedness theory does not specify is the developmental mechanism through which the boundary spanning subsystem's relational architecture shifts from

appropriately mixed to over-embedded as consolidation deepens — why kinetic life energy directs investment toward deepening the relationships that generate the highest confirming value event returns while allowing the arm's-length and peripheral relationships that carry novel signals to atrophy.

Berry (1983), Dwyer, Schurr and Oh (1987), and Morgan and Hunt (1994) established the relational dimension of output boundary spanning — the specification that sustained customer value event generation depends on the development of trust, commitment, and mutual adaptation between the enterprise and its exchange partners rather than on discrete transactional efficiency. Their contribution is the recognition that the output boundary is not a series of independent transactions but a portfolio of developing relationships whose depth determines the reliability and richness of the value event flows they generate. The psychological and social dimensions of exchange — trust, commitment, reciprocity, shared norms — are constitutive of the value event rather than merely contextual. What the relationship marketing tradition does not specify is the consolidation consequence of deep customer relationships. The same relational depth that generates reliable value event flow also creates mutual commitment to the value proposition around which the relationship developed. Deep customer relationships built around existing value propositions generate lock-in at both sides — the customer's recognition framework and the enterprise's governing premises mutually reinforce each other in ways that make both parties less capable of recognizing and adapting to the recognition framework shifts that competitive transitions require.

Weick's (1995) enacted environment concept, introduced in Section VI.F.3, is the theoretical foundation most directly relevant to the boundary spanning subsystem's perceptual dimension. Boundary spanners do not encounter and report an objective competitive landscape.

They enact it — selectively attending to what their governing premises classify as significant, interpreting what they encounter through the categories their interpretive architecture makes available, and acting in ways that constitute rather than merely respond to the enterprise's operative environment. Weick's contribution is the theoretical grounding for why the boundary spanning subsystem's perceptual function is not a neutral information processing mechanism but an architecturally organized enactment process whose outputs reflect the governing premises through which it operates. What Weick did not specify is the developmental condition governing how enactment consolidates over time — why the enacted environment narrows around confirming configurations as the success syndrome deepens, and what architectural conditions make genuinely open enactment possible as the enterprise approaches the coherence horizon.

Teece, Pisano and Shuen (1997) and Teece (2007) specified the dynamic capabilities framework whose sensing, seizing, and reconfiguring functions are fundamentally boundary spanning activities. Sensing and seizing operate at both boundaries, as Section VI.F.2 specifies. Reconfiguring is the capacity to restructure the dual boundary architecture when existing configurations no longer generate viable value events. Their contribution is the specification of boundary spanning as a dynamic rather than a static function — the recognition that the enterprise's boundary architecture must continuously evolve as environmental recognition frameworks and resource market configurations shift. What dynamic capabilities theory does not specify is the interpretive condition governing sensing accuracy. The sensing function processes boundary feedback through the interpretive architecture of the boundary spanning subsystem — and a consolidated interpretive architecture generates sensing that is systematically biased toward confirming signals and away from the disconfirming signals that would indicate coherence horizon proximity. Eisenhardt and Martin (2000) extended this by specifying dynamic capabilities as

socially constructed routines — connecting the dynamic quality of boundary spanning to the organizational practices through which sensing and seizing are organized, and identifying why those practices consolidate around existing signal categories as the success syndrome deepens.

DiMaggio and Powell (1983) and Scott (1995) specified the institutional dimension of boundary spanning — the regulatory, normative, and cognitive frameworks that constitute the societal value event flow and the isomorphic pressures through which conformity to those frameworks is transmitted through boundary spanning engagement. Institutional theory's contribution is the specification of the societal boundary as a legitimacy interface — the recognition that the enterprise's boundary spanning with regulators, professional associations, industry bodies, and public institutions generates the operating legitimacy that makes all other boundary spanning possible. When the societal boundary spanning subsystem fails — when the enterprise loses institutional legitimacy — the entire boundary spanning architecture is at risk, because the license to operate that institutional recognition provides is the precondition for customer and input boundary activity. What institutional theory does not specify is the developmental mechanism through which institutional boundary spanning consolidates around existing legitimacy frameworks — why enterprises that have successfully maintained legitimacy become progressively less capable of recognizing legitimacy framework shifts at the societal boundary before they manifest as regulatory pressure, legal challenge, or public crisis.

Resolving that gap requires distinguishing two functions the societal boundary spanning subsystem can perform, which are routinely conflated because both operate through the same offices of legal, compliance, risk management, and government affairs. Compliance asks whether the enterprise is operating within the regulatory framework currently in force. A sensing function asks whether that framework — and the normative and cognitive frameworks beneath it — is

beginning to move. The distinction matters because formal regulation is typically the last stage of a legitimacy shift rather than its first signal: normative legitimacy, what informed constituencies increasingly regard as responsible, and cognitive legitimacy, what has become sufficiently taken for granted that the incumbent practice rather than the alternative now requires justification, erode years before regulatory legitimacy catches up and converts the shift into enforceable rule. An enterprise can therefore remain in full compliance with everything currently on the books while its societal value event flow has already begun eroding beneath it — precisely the developmental mechanism institutional theory's static framework, as noted above, does not specify. DuPont's position on chlorofluorocarbons is illustrative: the enterprise's regulatory legitimacy remained intact through most of the decade during which its normative and cognitive legitimacy were already eroding, and the regulatory response that eventually followed consolidated a shift that had been underway, and detectable, for years.

The failure this produces is unusually difficult to diagnose because it is not the failure of any single function. Legal can correctly conclude the enterprise's position is defensible. Compliance can correctly conclude no law has been violated. Government affairs can correctly assess that no legislation is imminent. Each conclusion is accurate by the standard the function was built to apply, and an enterprise can accumulate many such accurate conclusions while collectively missing that the governing premises of legitimate operation are shifting beneath all of them at once. The fragmentation is structural rather than a failure of any office: a shift in scientific consensus reaches the enterprise through research and development; an emerging professional standard reaches it through an industry association; employee concern reaches it through the internal value event flow; customer unease reaches it through the customer flow. Each signal looks locally manageable to the function that receives it, which is precisely why no single function is

positioned to recognize that the signals describe one environmental shift. Converting risk and compliance from guardrail into sensor requires the same structural condition that recognition of ideational variation requires elsewhere in the meaning subsystem: routing a signal whose real implication is premise-level, not operational, to a level of the managerial subsystem still capable of hearing it as a question about governing premises rather than filing it as an exception to be closed.

Pfeffer and Salancik's (1978) resource dependence theory specified the boundary spanning subsystem's most consequential environmental management function — the organized management of the enterprise's dependencies on external resource providers at the input boundary. Their foundational insight is that organizations are never fully autonomous: they depend on the environment for resources they cannot produce internally, and that dependence creates vulnerability to the actors who control those resources. The boundary spanning subsystem's response to that vulnerability — through co-optation, joint ventures, interlocking directorates, contracts, and diversification of dependencies — is the organized management of the enterprise's input boundary political economy. Resource dependence theory's contribution is the specification that the input boundary is not only a resource acquisition interface but a power and dependency architecture that the boundary spanning subsystem must actively manage to preserve the enterprise's operational autonomy. What resource dependence theory does not specify is the developmental mechanism through which dependency management consolidates around existing dependencies — why the boundary spanning subsystem's organized management of input boundary power relationships becomes calibrated around the dependencies that the existing value proposition has generated, progressively reducing the enterprise's willingness to exit dependencies that constrain the premise revision that reconstruction requires. The enterprise that has built

structural gravity through deep supplier relationships, exclusive contracts, and board interlocks organized around its existing value logic is not merely well-resourced — it is architecturally committed to the dependencies its governing premises have validated, which is precisely what makes the input boundary's early warning function for encroachment so structurally difficult to maintain.

Jacobides, Cennamo, and Gawer's (2018) specification of industry architectures and ecosystems extends boundary spanning theory into the multi-enterprise value creation structures that increasingly define competitive environments. Their contribution is the specification that the enterprise's boundary spanning subsystem does not manage bilateral exchange relationships in isolation — it manages position within an industry architecture where value creation occurs through the coordinated activity of multiple complementors, platform operators, and component suppliers whose collective configuration determines what value propositions are executable and what competitive positions are achievable. The ecosystem specification changes the boundary spanning subsystem's strategic function: beyond managing individual input and output boundary relationships, the boundary spanning subsystem must manage the enterprise's position within the broader value creation architecture — whether it occupies a platform position with interpretive authority over others' complementary contributions or a complement position within an architecture others have defined. What ecosystem theory does not specify is the developmental mechanism through which enterprise ecosystem position consolidates — why deep ecosystem embeddedness as a complement progressively reduces the enterprise's capacity to recognize platform-level encroachment until the architecture the ecosystem is embedded in has already been superseded.

The fourteen traditions and their contributions to the boundary spanning subsystem are summarized in Table 8.

***Table 8. Boundary Spanning Theory and the Perceptual Enterprise Boundary Spanning Subsystem***

| Theorist (Year) | Core Construct | Contribution to the Boundary Spanning Subsystem | Dimension Not Addressed |
|---|---|---|---|
| Aldrich & Herker (1977) | Boundary spanning roles | Foundational specification of boundary spanning as a distinct organizational function — dedicated roles linking the enterprise to its environment through information processing and external representation at both input and output boundaries | The interpretive architecture governing what boundary spanners process and represent — why information filtered and relationships maintained reflect governing premises rather than objective environmental reality at either boundary |
| Porter (1985) | Five forces framework | Structural specification of the competitive architecture at both boundaries simultaneously — buyer power and rivalry at the output boundary; supplier power, entry threats at input markets, and substitute availability at both — the most comprehensive prior mapping of the dual boundary competitive environment | The perceptual dimension — how governing premises shape the enterprise's perception of competitive structure at both boundaries, particularly the systematic misclassification of encroaching competitors and emerging resource configurations under consolidated premises |
| Wernerfelt (1984); Dierickx & Cool (1989) | Resource position barriers / asset stock accumulation | Input boundary specification of structural gravity — the sustained acquisition of producing resources over time that creates competitive positions difficult for entrants to replicate, and the accumulation dynamics that make input boundary positions strategically valuable | The consolidation consequence of deep input boundary positions — how input relationships calibrated to the existing value proposition constrain the enterprise's capacity to acquire the inputs that the next competitive logic requires |
| Miles & Snow (1978) | Prospector-defender-analyzer-reactor typology | Specification of four distinct dual-boundary orientations — four systematically different approaches to managing both input acquisition and output placement in relation to the competitive environment | The developmental mechanism producing each orientation — why successful defenders consolidate at both boundaries around existing configurations, and why reactor orientation is the predictable outcome of destabilized premises without reconstruction |
| Freeman (1984) | Stakeholder theory | Expansion of boundary spanning scope to the full range of environmental actors at both | The prioritization mechanism governing which stakeholders receive boundary spanning attention |

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|---|---|---|---|
| | | boundaries — the specification that the societal value event flow requires active management of relationships with regulators, communities, and institutional actors as well as customers and suppliers | — determined by governing premises classifying whose recognition matters at each boundary, which consolidates as the success syndrome deepens |
| Granovetter (1973); Burt (1992) | Weak ties / structural holes | Specification that network position diversity at both boundaries generates non-redundant information value — weak ties and structural hole positions connect the enterprise to recognition frameworks at output boundaries and resource configurations at input boundaries that dense network positions cannot access | The life energy condition governing whether enterprises maintain structurally diverse boundary spanning relationships at both boundaries — why kinetic dominance concentrates investment in existing dense relationships while allowing the peripheral relationships that carry novel signals to atrophy |
| Berry (1983); Dwyer, Schurr, & Oh (1987); Morgan & Hunt (1994) | Relationship marketing / commitment-trust | The relational dimension of the output boundary — sustained customer value event generation depends on trust, commitment, and mutual adaptation between enterprise and exchange partners rather than transactional efficiency alone | The input boundary equivalent — how deep supplier and resource partner relationships generate equivalent commitment dynamics at the input boundary, and how both sets of relational commitments simultaneously sustain current value event flows and constrain architectural reconfiguration |
| Weick (1995) | Enacted environment | The theoretical foundation for boundary spanning as a perceptual function — the enterprise enacts its operative environment at both boundaries through selective attention, interpretation, and action, making consolidated premises produce confirming environments at input and output interfaces simultaneously | The structural condition governing how dual-boundary enactment consolidates over time — why successful enactment narrows both the experienced customer base and the experienced resource base toward configurations that confirm existing premises |
| Teece, Pisano, & Shuen (1997); Teece (2007) | Dynamic capabilities — sensing, seizing, reconfiguring | The feedback mechanism operating across both boundaries — sensing reads the signals generated by value events and failed exchanges at input and output boundaries; seizing acts on sensing by acquiring inputs and establishing output relationships that emerging value event opportunities require; reconfiguring restructures the dual boundary architecture when existing configurations no longer generate viable value events | The interpretive condition governing sensing accuracy — why the sensing function reads boundary feedback through consolidated premises that systematically misclassify coherence-threatening signals, and why reconfiguring at both boundaries simultaneously requires the premise-level reconstruction that the meaning subsystem must enable |
| Eisenhardt & Martin (2000) | Dynamic capabilities as social processes | Specification that dynamic capabilities are socially constructed routines embedded in organizational | The consolidation dynamic of those routines — how boundary spanning routines that were built to sense and |

| | | | |
|---|---|---|---|
| | | practice — connecting boundary spanning sensing and seizing to the organizational routines through which environmental signals are detected and acted upon at both boundaries | seize in one competitive logic become increasingly precise at detecting confirming signals and increasingly blind to disconfirming ones as consolidation deepens |
| DiMaggio & Powell (1983); Scott (1995) | Institutional theory / isomorphism | The societal boundary specification — the regulatory, normative, and cognitive frameworks constituting the societal value event flow, and the isomorphic pressures through which conformity to institutional frameworks is transmitted through boundary spanning engagement | The developmental mechanism through which institutional boundary spanning consolidates — why enterprises successfully maintaining legitimacy become progressively less capable of recognizing legitimacy framework shifts at the societal boundary before they manifest as regulatory or legal challenge |
| Uzzi (1997) | Embeddedness and over-embeddedness | The relational quality dimension completing Granovetter's structural argument — embedded boundary relationships generate the trust, fine-grained information transfer, and joint problem-solving that arm's-length ties cannot; over-embeddedness as the risk that deep relational investment in confirming exchange partners cuts the enterprise off from the novel signals that structural diversity provides | The developmental mechanism generating over-embeddedness — why kinetic life energy directs boundary spanning investment toward deepening the relationships generating highest confirming value event returns while allowing the arm's-length and peripheral relationships carrying novel signals to atrophy, producing the over-embeddedness risk Uzzi identified as a structural consequence of the success syndrome rather than a relational management failure |
| Pfeffer & Salancik (1978) | Resource dependence theory | The power and dependency architecture of the input boundary — organizations depend on external resource providers and that dependence creates vulnerability; the boundary spanning subsystem's organized management of input boundary power relationships through co-optation, joint ventures, contracts, and dependency diversification as the function preserving operational autonomy | The developmental mechanism through which dependency management consolidates — why boundary spanning organized around managing existing dependencies becomes calibrated to the value logic that generated those dependencies, reducing willingness to exit relationships that constrain the premise revision reconstruction requires, and making the input boundary's early warning function for encroachment structurally difficult to maintain |
| Jacobides, Cennamo & Gawer (2018) | Industry architectures and ecosystems | Specification that the enterprise's boundary spanning function manages position within industry architectures where value creation occurs across coordinated complementors, platform operators, and component suppliers — the | The developmental mechanism through which enterprise ecosystem position consolidates — why deep ecosystem embeddedness as a complement progressively reduces the enterprise's capacity to recognize platform-level encroachment until |

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| | | boundary spanning function must manage not only bilateral exchange relationships but ecosystem position, whether as platform with interpretive authority or as complement within an architecture others have defined | the architecture the ecosystem is embedded in has already been superseded, and why the boundary spanning subsystem's early warning function requires maintained potential life energy at both ecosystem interfaces simultaneously |
| ISLE — Sloan (2026a) | Enacted environment as consolidating perceptual system | Life energy direction as the governing condition of dual-boundary orientation — kinetic dominance concentrating boundary spanning investment in existing recognition relationships at both input and output boundaries; the specification that value creation occurs at the boundary in the moment of exchange rather than inside the enterprise, making the boundary spanning subsystem simultaneously the site of value realization and the primary feedback mechanism through which the enterprise learns what its environments will and will not recognize as valuable | Not a presupposition — the dual boundary specification with integrated feedback mechanism and the identification of boundary spanning as the primary site of value creation and coherence horizon signal reception is the perceptual enterprise model's distinctive contribution, showing why the most important environmental signals arrive through boundary spanning but are most systematically misread precisely when accurate perception is most urgently required |

The pattern across these fourteen traditions is a consistent treatment of organizational boundaries as transfer and contact interfaces rather than as recognition interfaces where value is created. Porter mapped the competitive structure at both boundaries with precision. Granovetter and Burt specified the information architecture of network diversity. Weick established that boundary engagement is enacted rather than objective. Teece specified the dynamic capabilities that operate through boundaries. Pfeffer and Salancik specified the power architecture of input dependencies. Each tradition advanced the specification of what happens at organizational boundaries without reaching the foundational claim the perceptual enterprise model establishes: that value is not created inside the enterprise and delivered through boundaries, but is created at the boundaries themselves in the recognition exchanges through which outputs are assessed and inputs are acquired. That reorientation gives the boundary spanning subsystem its proper theoretical status — not the mechanism through which internally created value reaches external

markets, but the site where value creation actually occurs in both directions simultaneously — and it is what makes the dual boundary blindness of the consolidated enterprise not a failure of intelligence or effort but a necessary structural consequence of boundaries that have become optimized for confirming recognition rather than remaining open to challenging it.

### F.6. Theoretical Contributions: The Boundary Spanning Subsystem

The boundary spanning subsystem treatment makes contributions to organizational theory that extend beyond the integration of prior traditions. Three are worth stating explicitly.

The first and most fundamental is the specification of organizational boundaries as recognition interfaces rather than transfer points — the claim that value is created at the boundary in the moment of exchange rather than inside the enterprise and distributed through boundaries. This inverts prior theory's production-distribution model and gives the boundary spanning subsystem its proper theoretical status as the enterprise's primary value creation architecture rather than its delivery mechanism. Prior boundary spanning theory — from Aldrich and Herker's role specification through stakeholder theory and relationship marketing — has treated boundary spanning as the function that connects internally created value to external markets. The perceptual enterprise model specifies it as the function where value is actually created, making boundary spanning central to the theory of enterprise viability rather than peripheral to a theory of production.

The second contribution is the dual boundary specification with equivalent recognition interface status for both input and output boundaries. Prior theory has treated input boundary management as a strategic and operational function — resource acquisition under competitive conditions — without specifying it as a recognition interface generating value events and strategic

feedback equivalent in kind to what the output boundary generates. The perceptual enterprise model establishes that the enterprise creates value at both boundaries through recognition exchanges in both directions, that both boundaries generate feedback about governing premise alignment with environmental reality, and that both boundaries are sites where the success syndrome's consolidation produces systematic misperception. This specification gives the input boundary the same theoretical status as the output boundary and generates the dual boundary blindness construct — the convergent misperception at both interfaces that makes consolidated enterprises structurally organized to miss encroachment signals that are present in their environments.

The third contribution is the input boundary early warning mechanism for encroachment detection — the specification that encroachers build resource positions at the input boundary before they build customer positions at the output boundary, and that the input boundary therefore carries temporally prior signals of competitive disruption that no output boundary monitoring system can provide. Prior disruption theory, including Christensen's (1997) specification of the encroachment mechanism, has focused primarily on the output boundary — on the recognition framework shifts among customer segments that allow encroachers to build market presence before incumbents recognize the competitive threat. The perceptual enterprise model adds the input boundary dimension: talent migration, capital concentration, supplier capability development, and knowledge community attention shifts are all input boundary signals of encroachment capability building that precede and anticipate the output boundary signals of customer migration. An enterprise with potential life energy in its input boundary interface has an early warning capability that fundamentally changes the timing of encroachment recognition — converting what prior theory describes as a surprise into a detectable developmental signal.

Together these three contributions establish the boundary spanning subsystem not merely as the enterprise's environmental interface but as the site where viability is most directly created, most consequentially tested, and most critically dependent on the interpretive architecture through which recognition is organized at both boundaries simultaneously.

## G. The Adaptive Subsystem

The adaptive subsystem is the enterprise's primary coherence horizon detection function — the organizational architecture through which the accumulating signals of premise-environment misalignment are detected, interpreted, and routed to the meaning subsystem before they compound into value event flow failures that are no longer correctable within existing premises. That is its most consequential purpose, and it is the purpose that its life energy condition most directly determines. The adaptive subsystem can generate two qualitatively different outputs: a single-loop assessment that routes signals to within-premise corrections, and a double-loop assessment that routes signals to the meaning subsystem's meta-regulatory function for premise-level examination. The governing condition determining which output it generates is not the sophistication of its sensing tools, the quality of its analytical frameworks, or the investment in its foresight practices — it is the life energy condition of the enterprise. Kinetic life energy dominance produces a highly efficient single-loop learning machine that systematically fails the enterprise's long-run viability by routing coherence horizon signals to within-premise corrections. Potential life energy is the structural prerequisite for double-loop learning and therefore for the coherence horizon detection function the adaptive subsystem exists to perform. The adaptive subsystem is the enterprise's organized capacity to detect signals of misalignment between its governing premises and the environmental reality it faces, interpret those signals against the enterprise's developmental position, and generate the assessments and recommendations that allow the

managerial and meaning subsystems to respond appropriately. It is the organizational function that stands between the enterprise's environmental interfaces and the premise-level judgments that determine whether the enterprise adjusts within existing premises or examines whether those premises remain viable (the single-loop / double-loop distinction of Argyris and Schön, 1978 — whose structural grounding is developed in the meaning subsystem treatment below). Its relationship to value event flow is diagnostic and directional — it monitors the health of value event flows across all three directions, interprets the signals those flows generate, and determines whether degradation indicates an operational correction within existing premises or a developmental signal that the governing premises themselves require examination — the determination that Argyris and Schön (1978) identified as the most consequential and most systematically avoided in organizational life, and whose structural basis the perceptual enterprise model specifies in the meaning subsystem's meta-regulatory architecture.

The adaptive subsystem's contribution to value event flow is protective and anticipatory. It protects value event flow by detecting deviations from viable performance parameters and generating corrective responses before deviation compounds into systemic failure. It anticipates future value event flow health by maintaining the sensing capacity that detects environmental shifts before they manifest in flow degradation — giving the enterprise the lead time it requires to adjust value propositions, reconfigure producing resources, and revise boundary spanning orientations before the signals of misalignment reach the output boundary as customer defection. The adaptive subsystem cannot generate value events directly — that is the boundary spanning and production subsystems' function. But without effective adaptive processing, the signals that should trigger value proposition adjustment accumulate unrecognized until they manifest as value event flow failures that are far more costly to address than the misalignment that generated them.

### G.1. Sensing as the Input Trigger

Sensing is the mechanism through which the adaptive subsystem is activated — the organized capacity to detect signals from the enterprise's multiple environments and internal subsystems that are worth processing for adaptive significance. It is not passive receipt of whatever the environment happens to deliver. It is active directed scanning that converts the raw environmental contact generated by boundary spanning into recognized signals that trigger the adaptive process.

The adaptive subsystem receives sensed signals from multiple sources simultaneously. From boundary spanning: value event recognition patterns at both input and output boundaries, encroachment signals, relationship health indicators, resource market configuration shifts, and institutional legitimacy signals. From production: output quality data, throughput anomalies, capacity constraints, and delivery performance indicators. From maintenance: internal value event flow health, producing resource condition, capability development status, and psychological contract integrity signals. From the value event flows themselves: the aggregate health indicators — volume, breadth, return flow richness, and recognition intensity — that provide the most direct measure of the enterprise's overall alignment with its environments. And from the meaning subsystem: the governing premises against which all sensed signals are assessed for significance — the interpretive framework that determines what counts as a signal worth processing and what counts as noise.

Ocasio's (1997) attention-based view specified that what organizations do depends on what they attend to — that organizational action is a function of the distribution of attention across organizational actors and the structural channels through which attention is directed. His contribution to the adaptive subsystem is the specification that sensing capacity is not a general

organizational property but a function of where sensing attention is directed and how attention allocation is governed by the enterprise's structural architecture. An enterprise whose sensing channels are organized around existing value proposition performance metrics will have its adaptive subsystem systematically directed toward the signals those metrics generate — confirming within-premise performance while rendering premise-challenging signals below the attention threshold. Starbuck and Milliken (1988) specified the perceptual filtering dimension of this dynamic — that managers perceive environments through filters shaped by prior experience and historical success, producing systematic distortions in what the sensing function detects and how detected signals are classified.

The sensing function is therefore not a technical capacity that operates independently of the enterprise's developmental position. It is an interpretively organized scanning activity whose parameters are shaped by the governing premises of the interpretive architecture and by the life energy condition that determines whether those parameters remain open to signals outside existing categories. Cyert and March's (1963) specification of problemistic search — the tendency of organizational search to be triggered by performance below aspiration levels and directed toward solutions in the neighborhood of existing problems — identifies the default mode of a sensing function operating under kinetic life energy dominance. The adaptive subsystem senses efficiently within the space its existing premises define as the relevant problem space, and systematically under-senses the space outside that definition.

### G.2. The Adaptive Process: Interpretation and Assessment

Sensing activates the adaptive process but does not complete it. The sensed signals must be interpreted — given meaning within the enterprise's current understanding of its developmental

position — and assessed for their implications — classified as indicating operational adjustment within existing premises or premise-level examination by the meaning subsystem.

Weick's (1995) sensemaking theory is the foundational specification of the interpretive process. Sensemaking is the active construction of plausible accounts of what detected signals mean — the noticing, bracketing, labeling, and connecting activities through which ambiguous environmental signals become recognized information that organizational actors can act on. Weick established that sensemaking is not a neutral decoding of objective signals but an active construction that reflects the interpretive framework of the actors doing the making. The same signal will generate different sensemaking outputs in enterprises with different governing premises — which is precisely why the same environmental shift that one enterprise recognizes as a premise challenge registers as a within-premise problem for another.

Simon's (1947, 1955) specification of bounded rationality establishes the cognitive foundation of the adaptive process. Organizational actors do not optimize — they satisfice, finding solutions that are good enough given the attention and processing capacity available. This means the adaptive process operates through heuristics and frameworks that reduce the complexity of interpretive work to manageable proportions — and those heuristics and frameworks are provided by the governing premises. Bounded rationality under consolidated premises means the adaptive process generates satisficing responses that are within-premise solutions, because those are the solutions the heuristics the premises provide will find first and fastest.

Argyris and Schön's (1978) single and double-loop learning distinction specifies the two fundamentally different outputs the adaptive process can generate. Single-loop learning corrects errors within existing governing variables — it detects deviation, identifies the source, and generates a correction that restores performance within existing premises. The target, the method,

the evaluative criteria are all taken as given. Double-loop learning examines the governing variables themselves — it asks whether the premises that specified the target, the method, and the criteria are the right premises given what the detected signals are reporting about the enterprise's actual relationship to its environments. Single-loop learning is what a consolidated adaptive subsystem does efficiently and continuously. Double-loop learning requires the interpretive distance — the potential life energy — that the success syndrome progressively locks into execution.

The assessment function determines where detected and interpreted signals are routed. Signals classified as indicating within-premise performance deviation generate single-loop responses routed to the managerial subsystem for operational correction — adjusting production parameters, reallocating maintenance resources, reconfiguring boundary spanning activity within existing relationship frameworks. Signals classified as indicating premise-environment misalignment generate double-loop assessments routed to the meaning subsystem's meta-regulatory function for premise-level examination. The routing decision is the adaptive subsystem's most consequential output — it determines whether the enterprise's experience of its environments generates learning that deepens existing premises or learning that examines them.

### G.3. Life Energy and the Adaptive Subsystem

Life energy is not an explanatory variable in the adaptive subsystem — a factor that influences how well adaptation proceeds. It is the governing condition that determines what kind of adaptation is structurally possible. The hierarchy is precise and consequential: life energy condition determines adaptive mode; adaptive mode determines detection quality; detection quality determines what kind of learning the adaptive process generates; the learning type determines the response repertoire the enterprise can deploy; and the response repertoire

determines whether the enterprise can regulate the disturbances it faces before they compound into coherence horizon breach. Every capability the adaptive subsystem possesses — its sensing parameters, its interpretive frameworks, its assessment routines, its learning mode, its response variety — is a downstream expression of the life energy condition that governs how the adaptive process operates. An enterprise that invests in learning systems, sensing technologies, and foresight practices while its life energy condition is dominated by kinetic energy is investing in the efficiency of single-loop adaptation. Those investments generate genuine capability within existing premises. They do not change the governing condition that determines whether the adaptive subsystem can operate in double-loop mode when the signals require it.

The relationship between life energy and the adaptive subsystem is more fundamental than the relationship between life energy and any other subsystem except the meaning subsystem itself. Life energy is the governing condition of adaptive behavior — it determines not merely how efficiently the adaptive process operates but what it is capable of perceiving and what responses it can generate.

Kinetic life energy dominance in the adaptive subsystem produces a highly efficient single-loop learning machine. Sensing is directed toward the signals that existing premises classify as relevant. Interpretation generates plausible accounts that fit within existing frameworks. Assessment routes signals to within-premise corrections that restore performance to existing targets. March's (1991) exploitation dynamic specifies this kinetic adaptive mode precisely — the returns to within-premise adaptation are certain, immediate, and visible, creating a self-reinforcing cycle in which successful single-loop learning generates more resources and attention for single-loop learning. Levinthal and March's (1993) myopia of learning specifies its three systematic distortions — temporal, spatial, and failure myopia — as the perceptual consequences of kinetic

dominance in the adaptive subsystem. The enterprise learns effectively from the proximate and immediate signals of within-premise performance while systematically discounting the distant and ambiguous signals of premise-environment misalignment.

Potential life energy in the adaptive subsystem is what makes genuine exploration possible — what March (1991) specified as the capacity to pursue new possibilities outside existing premises at the cost of the certain returns that exploitation generates. Tushman and O'Reilly's (1996) ambidexterity specification established that the organizational conditions enabling efficient exploitation actively undermine the conditions enabling genuine exploration — that the structural architecture of kinetic adaptation and the structural architecture of potential adaptation are in tension rather than complementary. Maintaining potential life energy in the adaptive subsystem requires deliberate organizational investment in the conditions that make double-loop learning possible — the structural provisions, role designs, and cultural permissions that create interpretive space for signals outside existing categories to register and for assessments that point toward premise revision rather than within-premise correction to be generated without being immediately rerouted.

Ashby's (1956) law of requisite variety provides the formal systems grounding for the life energy dimension of adaptive capacity. The adaptive subsystem must maintain at least as much variety in its response repertoire as there is variety in the disturbances it faces. As kinetic dominance deepens and the adaptive process narrows toward within-premise corrections, response variety compresses precisely as the variety of environmental disturbances is increasing — the formal specification of why the adaptive subsystem fails at the moment of maximum need. An enterprise approaching the coherence horizon faces maximum disturbance variety — shifting customer recognition frameworks, encroachment signals, resource market reconfiguration,

institutional legitimacy pressure — while its adaptive subsystem's response variety has been compressed by the success syndrome's progressive narrowing of its sensing parameters and interpretive frameworks to within-premise categories.

### G.4. The Adaptive Subsystem and the Coherence Horizon

The adaptive subsystem is the organizational function most proximately positioned to detect coherence horizon approach — and the function whose life energy condition most directly determines whether that detection occurs early enough for reconstruction under coherence or too late for anything other than reconstruction under breakdown.

The coherence horizon is not approached suddenly. It is approached through an accumulation of signals — degrading value event flows at first marginal and then significant, encroachment signals at first peripheral and then central, internal value event flow deterioration at first episodic and then systemic, institutional legitimacy pressure at first manageable and then constraining. Each of these signal streams passes through the adaptive subsystem's sensing, interpretation, and assessment process before it reaches the managerial and meaning subsystems that can respond to it. The adaptive subsystem's developmental position — the degree to which its sensing parameters, interpretive frameworks, and assessment routines have consolidated around existing premises — determines whether these accumulating signals generate the escalating alarm their content warrants or the normalized reassurance that kinetic dominance produces.

The adaptive subsystem's signal degradation under consolidation follows the same architectural logic as the meaning subsystem's input filtering — but operates one level earlier in the signal chain, before the meaning subsystem ever receives what the adaptive subsystem has processed. As consolidation deepens, the adaptive subsystem's sensing parameters narrow toward the indicators

that the existing value proposition makes relevant: market share within established segments, customer satisfaction within existing recognition frameworks, competitive performance against known rivals, efficiency measures within the current operational logic. Signals that fall outside those parameters — the edge segment growing faster than the core, the customer cohort whose recognition framework has already shifted, the peripheral competitor whose value proposition the consolidated sensing architecture classifies as irrelevant — are not suppressed. They are simply not in the field. The adaptive subsystem generates accurate readings of the signals its consolidated sensing architecture is oriented to detect, and those readings are genuinely reassuring. The enterprise is performing well against every indicator its adaptive function is organized to monitor. What degrades is not the accuracy of the signal processing. It is the coverage of the sensing architecture — the systematic narrowing of what the adaptive subsystem is positioned to detect as its consolidation mirrors the consolidation of the premises the meaning subsystem has already validated. This is why the coherence horizon is typically not visible from inside the enterprise until it has already been crossed: the adaptive subsystem responsible for detecting its approach has consolidated precisely the sensing parameters that would have made early detection possible.

The signal streams above are external to the interpretive architecture. The ISLE framework (Sloan, 2026a) identifies four internal signs that the architecture itself is approaching its limit, and they give the adaptive subsystem a watchlist that does not depend on performance indicators the consolidated architecture has already calibrated. The first is diminishing absorptive capacity: novel conditions that were once incorporated without effort increasingly require reinterpretation or exception handling, so that coherence is maintained through deliberate accommodation rather than ordinary interpretation. The second is increasing structural rigidity: as routines, processes, and commitments couple more tightly, deviation from established patterns becomes harder to absorb

without distorting the governing premises, which raises reliability under familiar conditions while lowering tolerance for variation. The third is rising interpretive strain: internal inconsistencies accumulate as different parts of the enterprise respond unevenly to emerging conditions, and alignment requires more coordination, more explicit intervention, and more workarounds to produce the stability it once produced with less effort. The fourth is the early redistribution of life energy toward potential form, which typically appears at the margins as interpretive debate, exploratory reframing, or alternative organizing logics that the established architecture classifies as noise. None of the four registers as performance deterioration, and each is readily misread as an operational problem to be solved within existing premises: an implementation difficulty, a coordination failure, a metrics gap, an eccentric minority. The adaptive subsystem's task is therefore to read them as structural evidence about the architecture rather than as execution problems within it, which is possible only to the extent that its own sensing parameters have retained the coverage described above. Under premise-shifting conditions (Section VI.I.10) the four signs appear earlier and in more ambiguous form.

Scenario planning and strategic foresight — Wack (1985) and van der Heijden (1996) — specified the organized methods through which enterprises can maintain potential life energy in their adaptive function by deliberately creating interpretive space for signals outside existing premise categories. Scenario planning's contribution is the specification that the adaptive subsystem can be organizationally designed to process signals that challenge existing premises without requiring those challenges to have already manifested as performance crises — creating the conditions under which double-loop learning becomes possible before single-loop responses have eroded the enterprise's reconstruction potential. What scenario planning and foresight traditions do not fully specify is the life energy condition that makes their methods viable — the

reason why organizations that most need interpretive expansion are systematically least capable of maintaining the organizational investment in foresight practices that such expansion requires.

The adaptive subsystem's output to the meaning subsystem — the coherence horizon proximity assessment — is the most consequential signal in the entire subsystem architecture. It is the signal that should trigger the meta-regulatory examination of governing premises before the enterprise's structural gravity is consumed and reconstruction potential has eroded. Whether that signal is generated, how accurately it represents the enterprise's actual developmental position, and whether the meaning subsystem's meta-regulatory function receives and processes it with the urgency its content warrants — these are the conditions that determine the difference between enterprises that reconstruct under coherence and enterprises that reconstruct under breakdown or fail to reconstruct at all.

### G.5. Prior Theory and the Adaptive Subsystem

The traditions below follow a logical progression that builds the full picture of how the adaptive subsystem operates and fails. Dynamic capabilities theory has come closer than any prior tradition to specifying the adaptive subsystem's function — and its placement here is not incidental but structural. Teece, Pisano and Shuen's (1997) sensing, seizing, and reconfiguring framework is the most fully developed prior specification of what the adaptive subsystem does: it detects signals of misalignment at the boundary, acts on those signals by pursuing emerging value event opportunities, and reconfigures the enterprise's architecture when the existing configuration cannot sustain viable engagement with the environment's changing recognition frameworks. Dynamic capabilities theory specifies the adaptive functions precisely but stops at the interpretive condition governing them — it does not specify the mechanism through which sensing systematically fails under consolidation, why seizing is constrained by the premises that

determined what was worth sensing, or why reconfiguring requires premise-level reconstruction that the adaptive subsystem alone cannot generate. That gap — the interpretive condition governing adaptive capacity — is what the perceptual enterprise model specifies and what the traditions below collectively approach from different angles. Cyert and March establish the behavioral foundation: how adaptive search initiates and constrains itself. Simon adds the cognitive foundation: that all adaptive behavior operates through bounded frameworks. Argyris and Schön specify the two qualitatively different learning modes the adaptive subsystem can generate and the organizational conditions each requires. Argyris extends this with the specification of defensive routines as organized failures. Weick establishes the sensemaking foundation of all interpretive activity within the adaptive process. March specifies the exploitation-exploration tension as the adaptive subsystem's core resource allocation challenge. Levinthal and March document the three systematic distortions through which adaptive learning fails long-run viability. Tushman and O'Reilly specify the organizational design response to the exploration-exploitation tension. Gavetti and Levinthal specify the forward-looking and backward-looking search distinction. Burgelman specifies the induced-autonomous balance. Ocasio grounds attention allocation as the structural determinant of what the adaptive subsystem senses. Starbuck and Milliken specify the perceptual filtering that shapes what gets detected. Wack and van der Heijden specify deliberate practices for expanding the adaptive subsystem's interpretive range. Ashby provides the formal systems science grounding that makes the adaptive subsystem's failure mode formally specifiable. ISLE identifies life energy as the governing condition that determines which of the prior traditions' specifications are available to the enterprise at any developmental moment.

Cyert and March (1963) established the behavioral foundation of organizational adaptation with their specification of problemistic search — the recognition that organizations do not search for solutions continuously but are triggered to search by performance below aspiration levels, and that the search is locally biased toward solutions in the neighborhood of the problem that triggered it. Their contribution to the adaptive subsystem is the specification of how the adaptive process initiates and constrains itself — what starts the adaptive engine running and what determines the solution space it searches. Problemistic search and local bias together explain why the adaptive subsystem under kinetic dominance generates within-premise responses to within-premise problems: it searches where the problem presents itself, within the framework that defined the aspiration level that the problem failed to meet. What the behavioral theory of the firm does not specify is the interpretive architecture governing what counts as a performance gap and what solution neighborhood is recognized as available. Both are determined by governing premises — which means the adaptive subsystem's triggering threshold and solution space are both functions of the consolidation state of the interpretive architecture. An enterprise deep in the success syndrome has governing premises that set aspiration levels within the existing value proposition and define solution spaces that are bounded by existing capabilities and methods. The same performance shortfall that would trigger a premise-level search in a less consolidated enterprise generates a within-premise tactical response, because the premises governing the adaptive process have no category for the kind of problem that requires premise revision.

Simon (1947, 1955) provided the cognitive foundation on which behavioral organizational theory built — the specification that organizational actors do not optimize but satisfice, finding solutions that are good enough given the cognitive and processing constraints they face. Bounded rationality is not a deficiency to be corrected. It is the structural condition of all organizational

cognition — the recognition that the frameworks, heuristics, and simplified models through which organizations reduce environmental complexity to manageable proportions are the same frameworks that determine what solutions the adaptive process can find. Simon's contribution to the adaptive subsystem is the foundational specification that adaptive behavior is always bounded by the cognitive architecture through which it operates — and that cognitive architecture is provided by the governing premises of the interpretive architecture. What bounded rationality theory does not develop is the trajectory of those bounding frameworks. Simon specified that organizations satisfice through simplified models without specifying how those models consolidate over time, why successful satisficing deepens reliance on existing frameworks rather than expanding them, and what determines whether the enterprise's cognitive architecture maintains the breadth of frameworks that novel situations require or narrows around the frameworks that familiar situations have validated.

Before the organizational learning tradition is located within the adaptive subsystem, a structural clarification is necessary. Organizational learning spans three subsystems — maintenance, adaptive, and meaning — not because it has been placed imprecisely but because it describes qualitatively different functions that share a name. Maintenance learning is the accumulation and development of competence within existing premises: the deepening of skill, the retention of knowledge, the extension of capability that allows the enterprise to execute its existing value proposition more reliably and effectively. This is a maintenance function — it sustains the producing resource base by expanding and developing the capabilities through which production is executed. Adaptive learning is the recognition of environmental change and the generation of responses that the changed environment requires: the detection of signals that existing premises may be inadequate, the search for alternative interpretive frameworks, and the initiation of

premise-examining processes. This is an adaptive function — it monitors the enterprise's alignment with its environments and generates the premise-challenging responses that misalignment signals require. Premise revision itself — the reconstruction of the governing premises that adaptive learning has brought into question — is a meaning subsystem function, carried out through the renewal loop (Section VI.I). The distinction is not about which tradition a given theory belongs to but about which function a given learning episode is performing. The same tradition — Argyris and Schön's single and double-loop specification is the clearest example — explicitly describes both: single-loop learning is maintenance learning (correction within existing premises), double-loop learning begins as adaptive learning (examination of the premises themselves) and is completed in the meaning subsystem, where the premises are revised. The life energy condition governing which mode the enterprise operates in is what determines whether learning is a maintenance function or an adaptive one. Under kinetic dominance, the enterprise learns within its premises — a maintenance function. Under the potential life energy conditions that reconstruction requires, the enterprise learns about its premises — an adaptive function. That distinction makes the apparent redundancy across the three subsystems architecturally precise rather than theoretically ambiguous.

Argyris and Schön (1978) made the most theoretically consequential distinction in the organizational learning tradition with their specification of single and double-loop learning. Single-loop learning — the correction of errors within existing governing variables — is what the adaptive subsystem does in its default operating mode. It detects that performance has deviated from the target the existing premises specify, identifies the source of deviation, and generates a correction that restores performance within those premises. The target itself, the method of pursuing it, and the criteria for evaluating it are all treated as given. Double-loop learning examines

the governing variables — it asks whether the targets, methods, and evaluative criteria are the right ones given what the detected signals are actually reporting about the enterprise's relationship to its environments. Argyris and Schön's contribution is the specification that these are qualitatively different learning modes whose structural requirements are in tension — that the organizational conditions making single-loop learning efficient actively impede the conditions that double-loop learning requires. What they did not specify is the life energy condition governing which mode the adaptive subsystem operates in. Their framework describes the two modes and identifies the organizational conditions impeding double-loop learning without theorizing the developmental mechanism that systematically drives the adaptive subsystem toward single-loop dominance as the enterprise consolidates. That mechanism is the success syndrome — the same positive feedback loop that validates existing premises and builds structural gravity progressively calibrates the adaptive subsystem's sensing parameters, interpretive frameworks, and assessment routines around the premises that success has validated.

Argyris (1990) extended his own framework with the specification of organizational defensive routines — the systematic patterns of behavior enterprises develop to protect existing premises from examination. Defensive routines are not incidental organizational pathologies. They are adaptive failures by design — organized responses to potentially threatening information that are specifically structured to prevent the interpretive discomfort that double-loop learning requires. The characteristic form of a defensive routine is the skilled incompetence Argyris described: organizational actors who are highly skilled at managing information in ways that avoid premise examination, who can acknowledge that double-loop learning is needed while systematically preventing it from occurring, and who cannot see their own role in the prevention because seeing it would itself require the double-loop examination the routine is designed to prevent. Argyris's

contribution to the adaptive subsystem is the specification that the failure to generate double-loop learning is not merely a cognitive limitation or resource constraint but an organizationally maintained protective architecture. What defensive routines theory does not specify is the life energy mechanism generating that protection — why kinetic life energy dominance produces the interpretive closure that defensive routines enforce, and how the redistribution toward potential life energy creates the conditions under which defensive routines can be examined rather than merely observed.

Weick (1995) reframed organizational adaptation by specifying sensemaking as the foundational interpretive process — the active construction of plausible accounts of what detected signals mean. Weick's contribution is the recognition that the adaptive process does not begin with objective information processing but with the active construction of meaning from inherently ambiguous environmental signals. Noticing, bracketing, labeling, and connecting are not neutral cognitive operations — they are active interpretive practices that reflect the frameworks of the actors doing the making and that produce environments as much as they respond to them. The enacted environment concept follows directly: the environment the organization adapts to is partly constituted by the sensemaking through which it is perceived, making the adaptive subsystem's outputs a function of its sensemaking frameworks as much as of the objective signals it receives. Weick's contribution to the adaptive subsystem specification is the grounding of sensing and interpretation as active perceptual construction rather than passive information receipt. What sensemaking theory does not fully specify is the developmental condition governing how sensemaking frameworks consolidate over time — why the frameworks through which plausible accounts are constructed progressively narrow around existing premises as consolidation deepens,

producing the interpretive closure that renders novel environmental configurations either imperceptible or systematically misclassified as familiar patterns.

March (1991) specified the exploration-exploitation tension as the fundamental adaptive challenge — the recognition that organizations face a structural choice between exploiting existing competencies for certain returns and exploring new possibilities for uncertain ones, and that the certain returns of exploitation systematically crowd out exploration as success generates more resources and organizational attention for what has already worked. March's contribution is the formal specification of the adaptive subsystem's core resource allocation problem — the dynamic through which the success syndrome operates at the level of the adaptive process itself. Every successful exploitation of existing premises generates resources and validates the frameworks that exploitation required, funding more exploitation while depleting the organizational conditions — slack resources, interpretive openness, tolerance for uncertainty — that exploration requires. The exploration-exploitation tension is therefore not a stable equilibrium that organizations can choose to maintain at any desired point on the spectrum. It is a dynamic that the success syndrome drives progressively toward exploitation dominance. What March did not specify is the life energy mechanism governing that dynamic — why the exploration-exploitation balance is not merely a resource allocation preference but a function of the enterprise's developmental position, and what the conditions for sustaining genuine exploration alongside exploitation actually require at the architectural level.

Levinthal and March (1993) specified the myopia of learning as the systematic distortions through which the adaptive subsystem's learning progressively fails the enterprise's long-run viability. Temporal myopia causes organizations to over-weight immediate over distant outcomes — learning from current success while discounting the distant implications of premise erosion.

Spatial myopia causes organizations to over-weight proximate over distant outcomes — learning from the signals closest to their existing operations while discounting the signals at the periphery where premise-challenging developments typically originate. Failure myopia causes organizations to learn less from failure than from success — reinforcing what worked while not fully processing the information that failures carry about what is not working. Together these three myopias specify precisely why the adaptive subsystem under kinetic dominance generates learning that deepens existing premises rather than examining them. Levinthal and March's contribution is the empirical specification of how the adaptive subsystem's learning systematically misaligns with the enterprise's long-run viability requirements. What the myopia of learning framework does not specify is the generative mechanism producing those distortions — the governing premises and life energy condition that make proximate and certain signals cognitively more available and organizationally more actionable than the distant and ambiguous signals that carry information about premise-environment misalignment.

Tushman and O'Reilly (1996) specified ambidexterity as the organizational design response to the exploration-exploitation tension — the structural capacity to simultaneously maintain efficient exploitation and genuine exploration without the conditions enabling one systematically destroying the conditions enabling the other. Their contribution is the specification that the adaptive subsystem's life energy tension is not merely a cognitive or resource allocation challenge but an organizational design challenge — that structural ambidexterity is required to maintain both adaptive modes simultaneously, and that achieving it requires deliberate architectural investment rather than simply exhorting organizations to balance their adaptive priorities. Structural separation of exploratory and exploitative units, contextual ambidexterity through cultural and behavioral integration, and leadership that simultaneously models and enables

both modes are the organizational design specifications their work generated. What ambidexterity theory does not specify is why structural ambidexterity is so difficult to sustain as the success syndrome deepens — why the organizational conditions that ambidexterity requires are progressively undermined even when leadership explicitly intends to preserve them, and what the life energy architecture of genuinely sustained ambidexterity actually requires beyond structural design.

Gavetti and Levinthal (2000) specified the distinction between experiential, backward-looking search, which draws on solutions the enterprise has already validated, and cognitive, forward-looking search, which reasons toward configurations the enterprise has not yet experienced. Their contribution to the adaptive subsystem is the search-level expression of the kinetic-potential distinction: experiential search deepens existing premises through validated solutions, while cognitive search requires the potential life energy to imagine what the experiential base does not contain. The distinction explains why enterprises under kinetic dominance generate adaptive responses that are technically sophisticated but premise-bounded — their adaptive subsystems search expertly within the solution space that existing premises constitute. What the framework does not specify is the developmental mechanism governing the balance between the two modes — why the success syndrome progressively narrows the adaptive subsystem toward experiential search as validated solutions compound, leaving it increasingly sophisticated within its validated solution space and increasingly unable to search outside it.

Burgelman (1991) specified the distinction between induced strategic behavior, which operates within and reinforces the existing strategy concept, and autonomous strategic behavior, which emerges from actors operating outside that concept's boundaries. His contribution to the adaptive subsystem is the internal analog of the confirming–edge distinction in the value event

flow: induced initiatives are the adaptive subsystem's within-premise response, autonomous initiatives are its premise-challenging response, and the balance between them is governed by the same life energy condition that governs the balance between confirming and edge value events. What Burgelman did not specify is the developmental mechanism governing that balance — why the success syndrome progressively strengthens induced processes while weakening the conditions under which autonomous initiatives can survive the selection pressures the existing strategy concept generates, producing adaptive subsystems that are highly effective at within-premise adaptation and systematically hostile to the initiatives reconstruction requires.

Ocasio (1997) specified the attention-based view of the firm — the recognition that what organizations do depends on what they attend to, and that attention is not a freely distributed resource but a structured allocation governed by the enterprise's formal and informal architecture. His contribution to the adaptive subsystem is the specification that sensing capacity is structurally determined — that the channels through which environmental signals reach the adaptive process, the occasions that trigger attention to those channels, and the communications through which attended signals are distributed are all governed by organizational structures that reflect and reinforce existing premises. An enterprise whose attention architecture is organized around existing value proposition performance metrics will have its adaptive subsystem's sensing function systematically directed toward the signals those metrics generate, rendering premise-challenging signals below the attention threshold not because they are absent but because no structural channel directs attention toward them. What the attention-based view does not specify is the life energy condition governing how attention architecture evolves — why structural channels progressively narrow toward existing value proposition metrics as consolidation deepens, and what maintains the breadth of attention distribution that genuinely open sensing requires.

Starbuck and Milliken (1988) specified the perceptual filtering dimension of adaptive failure introduced in Section VI.G.1. Their contribution is the specification that sensing is not objective environmental scanning but perceptually filtered interpretation — that the same environmental signal will be detected, classified, and assessed differently by managers with different experiential histories and different governing premises. An enterprise whose leadership has been shaped by decades of success in a particular competitive logic will perceive its environment through the filters that success has calibrated, systematically under-detecting the signals that challenge those premises and over-detecting the signals that confirm them. What perceptual filtering theory does not specify is the architectural condition generating those filters — how governing premises organize the perceptual categories through which signals are classified as relevant or irrelevant, and why successful perceptual filtering progressively narrows the recognized signal set as the success syndrome deepens.

Wack (1985) and van der Heijden (1996) specified the scenario planning and strategic foresight tradition as the deliberate organizational practice for expanding the adaptive subsystem's perceptual range beyond existing premise categories. Wack's contribution is the specification that organizational foresight is not about predicting the future but about expanding the range of futures the enterprise can recognize and prepare for — creating what he called the mental infrastructure for strategic thinking in genuinely uncertain conditions. Van der Heijden's contribution is the specification of scenario planning as an organizational learning methodology — the deliberate creation of multiple interpretive frameworks that allow managers to perceive the same environmental signals through different premise sets. Together their contribution to the adaptive subsystem is the practical specification of how potential life energy can be maintained in the sensing and interpretive functions through structured practices that create interpretive space for

signals outside existing categories. What scenario planning and foresight do not fully specify is the life energy condition required to sustain those practices — why organizations that most need interpretive expansion are systematically least capable of maintaining the organizational investment in foresight, why scenario exercises tend to be reabsorbed into existing premises under the pressure of operational demands, and why the scenario planning practices that worked during one phase of consolidation progressively lose their premise-expanding capacity as the success syndrome deepens.

Ashby (1956) provides the formal systems science grounding for the adaptive subsystem's most fundamental requirement. The law of requisite variety establishes that a regulator must possess at least as much variety in its response repertoire as the variety of disturbances it must regulate — that a system with insufficient response variety cannot regulate disturbances that exceed its regulatory range. Applied to the adaptive subsystem, this formal specification establishes why adaptive capacity is not a desirable property but a structural requirement of viable operation, and why its compression under the success syndrome produces a formally specifiable regulatory failure. Ashby specifies the requirement and the failure condition with formal precision. What his framework does not theorize is the developmental dynamic that produces the compression — why response variety compresses as a necessary consequence of consolidation rather than as a contingent organizational failure, and how the life energy architecture of the enterprise determines the rate at which compression proceeds.

The fourteen traditions and their contributions to the adaptive subsystem are summarized in Table 9.

***Table 9. Adaptive Theory and the Perceptual Enterprise Adaptive Subsystem***

| Theorist (Year) | Core Construct | Contribution to the Adaptive Subsystem | Dimension Not Addressed |
|---|---|---|---|
| Cyert & March (1963) | Behavioral theory / problemistic search | Specification that adaptive behavior is triggered by performance below aspiration levels and directed toward solutions in the neighborhood of existing problems — the behavioral foundation of how the adaptive subsystem initiates and constrains its search for responses | The interpretive architecture governing what counts as a performance gap and what solution neighborhood is searched — both determined by governing premises that define acceptable performance and constrain the solution space available to the adaptive process |
| Simon (1947, 1955) | Bounded rationality / satisficing | Foundational specification that organizational adaptation operates through heuristics and frameworks that reduce cognitive complexity — establishing that adaptive behavior is always bounded by the frameworks that make efficient processing possible | The developmental trajectory of those frameworks — how the heuristics enabling adaptive efficiency progressively narrow as consolidation deepens, and why cognitive economy generates adaptive constraint as the enterprise approaches the coherence horizon |
| Argyris & Schön (1978) | Single and double-loop learning | The foundational distinction between error correction within existing governing variables and examination of the governing variables themselves — the specification that adaptive learning operates at two qualitatively different levels whose requirements are structurally distinct | The life energy condition governing which learning mode the adaptive subsystem operates in — why kinetic dominance systematically produces single-loop learning even when double-loop learning is organizationally acknowledged as necessary |
| Argyris (1990) | Defensive routines | Specification that organizations develop systematic patterns designed to protect existing premises from examination — organized adaptive failures that convert double-loop signals into single-loop problems before they can trigger premise-level examination | The life energy mechanism generating defensive routines — why kinetic life energy dominance produces the interpretive closure that defensive routines enforce, and what conditions make genuinely premise-examining responses possible rather than espoused double-loop that retreats to single-loop under pressure |
| Weick (1995) | Sensemaking | Specification of the interpretive foundation of adaptive behavior — the active construction of plausible accounts through noticing, bracketing, labeling, and connecting that gives ambiguous environmental signals organizational meaning | The developmental condition governing how sensemaking frameworks consolidate — why the frameworks constructing plausible accounts progressively narrow around existing premises, and why the same sensemaking capacity generating coherence during consolidation generates closure as the coherence horizon approaches |
| March (1991) | Exploration and exploitation | Formal specification of the adaptive subsystem's core resource | The life energy mechanism governing the exploration-exploitation balance |

| | | | |
|---|---|---|---|
| | | allocation tension — the certain returns of exploitation systematically crowd out exploration as success generates more resources and attention for within-premise adaptation | — why kinetic dominance deepens as exploitation generates the success that funds more exploitation, and what conditions make sustained exploration capacity possible when the success syndrome is operating |
| Levinthal & March (1993) | Myopia of learning | Specification of three systematic distortions — temporal, spatial, and failure myopia — through which the adaptive subsystem's learning systematically fails long-run viability by over-weighting proximate, certain within-premise success signals | The generative mechanism producing those distortions — the life energy condition and governing premises that make proximate and certain signals more cognitively available and organizationally actionable than the distant and ambiguous signals of premise-environment misalignment |
| Tushman & O'Reilly (1996) | Ambidexterity | Specification that the organizational conditions enabling efficient exploitation actively undermine exploration — that structural ambidexterity is required to maintain both single-loop and double-loop adaptive processes simultaneously | Why structural ambidexterity is so difficult to sustain as consolidation deepens — why the success syndrome progressively undermines ambidextrous conditions even when leadership explicitly intends to preserve them, and what the life energy architecture of sustained ambidexterity requires |
| Gavetti & Levinthal (2000) | Forward-looking vs. backward-looking search | Distinction between experiential (backward-looking) search that draws on validated past solutions and cognitive (forward-looking) search that imagines solutions beyond the experiential base — the adaptive subsystem-level specification of the kinetic/potential life energy distinction: experiential search deepens existing premises through validated solutions; cognitive search requires potential life energy to imagine configurations the enterprise has not yet experienced. The distinction explains why enterprises under kinetic dominance generate adaptive responses that are technically sophisticated but premise-bounded — their adaptive subsystem searches expertly within the validated solution space that existing premises constitute | The developmental mechanism governing the balance between search modes — why the success syndrome progressively narrows the adaptive subsystem toward experiential search as validated solutions compound and cognitive search capacity is consumed by the kinetic life energy demands of execution excellence, producing an adaptive subsystem that is increasingly sophisticated within its validated solution space and increasingly unable to search outside it |
| Burgelman (1991) | Induced vs. autonomous strategic behavior | Specification that strategic initiatives arise through two distinct processes: induced initiatives that operate within and | The developmental mechanism governing the induced/autonomous balance — why the success syndrome progressively strengthens induced |

| | | | |
|---|---|---|---|
| | | reinforce the existing strategy concept (kinetic life energy deployment within existing premises), and autonomous initiatives that emerge despite the existing strategy concept from actors operating outside its boundaries (potential life energy initiatives generating edge value events). The distinction maps the adaptive subsystem's internal analog to the confirming/edge value event distinction in the external environment — induced strategy is the adaptive subsystem's within-premise adaptive response, autonomous strategy is its premise-challenging adaptive response, and the balance between them is governed by the same life energy condition that governs the external value event flow balance | strategy processes while weakening the organizational conditions under which autonomous initiatives can survive the selection pressures the existing strategy concept generates, producing adaptive subsystems that are highly effective at within-premise adaptation and systematically hostile to the premise-challenging initiatives that reconstruction requires |
| Ocasio (1997) | Attention-based view | Specification that adaptive behavior is a function of the distribution of attention — that structural channels directing attention govern what signals reach the adaptive process and what responses get generated | The life energy condition governing how attention distribution evolves — why structural channels progressively narrow toward existing value proposition performance metrics as consolidation deepens, and what maintains the breadth of attention required for genuinely open sensing |
| Starbuck & Milliken (1988) | Perceptual filtering | Specification that managers perceive environments through filters shaped by prior experience and historical success — producing systematic distortions in what the sensing function detects and how detected signals are classified | The architectural condition generating those filters — how governing premises organize perceptual categories that classify signals as relevant or irrelevant, and why successful perceptual filtering progressively narrows the recognized signal set as the success syndrome deepens |
| Wack (1985); van der Heijden (1996) | Scenario planning and strategic foresight | Practical specification of how potential life energy can be maintained in the adaptive function through deliberate practices creating interpretive space for signals outside existing premise categories | The life energy condition required to sustain those practices — why organizations most needing interpretive expansion are systematically least capable of maintaining foresight investment, and why scenario exercises tend to be reabsorbed into existing premises rather than genuinely expanding the interpretive framework under kinetic dominance |

| | | | |
|---|---|---|---|
| Ashby (1956) | Requisite variety | Formal systems science grounding of the adaptive subsystem's core requirement — the system must maintain at least as much response variety as the variety of disturbances it faces; the compression of response variety below disturbance variety is the formal specification of regulatory failure | The developmental dynamics of variety compression — Ashby specifies the requirement and the failure condition without theorizing why response variety compresses as a necessary consequence of consolidation, or why the compression accelerates as the enterprise approaches the coherence horizon |
| ISLE — Sloan (2026a) | Life energy as the governing condition of adaptive mode | Kinetic life energy as the condition producing efficient single-loop adaptation; potential life energy as the condition making genuine double-loop learning possible; the specification that the adaptive subsystem's life energy condition determines not just how efficiently it operates but what it is structurally capable of perceiving, classifying, and generating as an adaptive response | Not a presupposition — the specification of life energy as the governing condition of adaptive mode is the perceptual enterprise model's distinctive contribution, explaining why the adaptive subsystem fails at the moment of maximum need not through capability inadequacy but through the structural consequence of kinetic dominance locking up the potential life energy that double-loop learning and coherence horizon detection require |

The pattern across these fourteen traditions is that each specified a dimension of how organizations learn and adapt without specifying the governing condition that determines which kind of learning is structurally available. Argyris and Schön established that single and double-loop learning are qualitatively different and that organizations consistently default to single-loop. March established that exploitation crowds out exploration. Levinthal and March specified three systematic myopias through which adaptive learning fails long-run viability. Tushman and O'Reilly established that the conditions enabling exploitation undermine exploration. Ashby established that response variety must match disturbance variety. Each of these specifications is precise and important. What none supplies is the governing condition that determines whether the adaptive subsystem operates in single or double-loop mode, whether it exploits or explores, whether its response variety remains sufficient or compresses below the threshold viability requires. Life energy is that governing condition — and identifying it as such is the perceptual enterprise model's distinctive contribution to adaptive theory: not another description of how

adaptation fails, but the specification of the architectural condition whose state determines whether any of the prior traditions' specifications of adaptive capacity are available to the enterprise at all.

### G.6. Theoretical Contributions: The Adaptive Subsystem

The adaptive subsystem treatment makes four contributions that are specific to the perceptual enterprise model — not restatements of ISLE's established constructs but new specifications that emerge from locating the adaptive function within a full subsystem architecture and mapping its relationship to prior organizational learning and adaptation theory.

The first contribution is the integration of fourteen distinct organizational learning and adaptation traditions into a single subsystem architecture with specified input-output relationships. Organizational learning theory, sensemaking, the attention-based view, bounded rationality, scenario planning, and the formal systems grounding of requisite variety have developed in parallel streams without showing how they relate to each other or to the enterprise system as a whole. The perceptual enterprise model specifies precisely where each tradition's constructs operate within the adaptive subsystem — sensing parameters in Ocasio's attention architecture and Starbuck and Milliken's perceptual filtering, interpretive processing in Weick's sensemaking and Simon's bounded rationality, learning mode in Argyris and Schön's single and double-loop distinction, response variety in Ashby's requisite variety, and the deliberate expansion of interpretive range in Wack and van der Heijden's foresight practices. That integration is not merely taxonomic. It shows what each tradition contributes to the adaptive function and what each leaves unspecified — establishing the full architecture of a function that prior theory has theorized in fragments.

The second contribution is the specification of the adaptive subsystem as the primary organizational site of coherence horizon detection — the identification of which specific

subsystem carries the detection function, what signals constitute that detection, and what the routing output to the meaning subsystem's meta-regulatory function looks like. Neither prior organizational learning theory nor the broader adaptive management literature has specified this at the subsystem level. Prior theory has established that organizations can learn to examine their premises without specifying the organizational function responsible for generating the premise-level assessment that triggers examination, or what determines whether that assessment is generated accurately and escalated appropriately. The perceptual enterprise model specifies the adaptive subsystem as that function — and specifies why its life energy condition determines whether coherence horizon proximity generates an alarm or a reassurance.

The third contribution is the architectural specification of how Ashby's requisite variety compression operates within a specific organizational subsystem — showing exactly where variety compression occurs, what drives it, and what its subsystem-level manifestation looks like. ISLE established that consolidation compresses the enterprise's capacity for response at the architectural level. The perceptual enterprise model adds the subsystem specification that prior applications of requisite variety to organizations have not provided: variety compression is not a general property of consolidated enterprises but a specific failure mode of the adaptive subsystem, driven by the progressive narrowing of sensing parameters, interpretive frameworks, and assessment routines that each cycle of kinetic dominance produces. The novelty is not consolidation — that is ISLE's contribution. The novelty is the precise localization of variety compression within the adaptive subsystem's input-output architecture, showing which specific functions compress first, in what sequence, and with what consequences for the routing outputs that determine whether the meaning subsystem receives coherence horizon proximity signals before or after reconstruction capacity has eroded.

The fourth contribution is the second-order consolidation dynamic — the specification that the adaptive subsystem's outputs feed back into boundary spanning's sensing parameters, progressively narrowing what gets sensed in the next adaptive cycle. A consolidated adaptive subsystem that consistently routes signals to within-premise responses progressively refines the sensing parameters it returns to the boundary spanning function — reinforcing boundary spanning's tendency to attend to confirming signals while reducing its exposure to the premise-challenging signals that the next adaptive cycle would need to detect. This second-order loop — in which the adaptive subsystem's outputs shape what boundary spanning senses in ways that further narrow the enterprise's perceptual field — has not been specified in prior organizational systems theory at the subsystem architecture level. Argyris and Schön's defensive routines work identifies the self-sealing property of within-premise routing: the same routines that protect governing variables from examination also prevent the organization from recognizing that examination is needed, generating a self-reinforcing pattern that makes double-loop learning progressively harder. That is the structural logic. What the perceptual enterprise model specifies that Argyris and Schön do not is the cross-subsystem architectural mechanism through which this dynamic operates — that the adaptive subsystem's routing decisions progressively reconfigure the boundary spanning subsystem's sensing parameters as a structural output of a feedback relationship between two distinct functional architectures, not as a consequence of interpersonal defensive behavior or organizational learning failure. That architectural specification makes the consolidation dynamic formally derivable in systems terms and generates the precise prediction that the self-reinforcing narrowing accelerates the approach to the coherence horizon faster than the single-loop dynamics of either subsystem alone would produce.

The mechanism is observable in each of the major displacement cases this monograph examines. Kodak's adaptive subsystem, having consistently processed film performance signals and routed them to within-premise corrections throughout the 1980s and 1990s, progressively refined its boundary spanning sensing parameters toward film market signals — deepening its attention to film technology developments, film customer preferences, and film competitive dynamics while allowing the digital photography signals at the periphery to remain below the sensing threshold. Each adaptive cycle reinforced the sensing architecture of the next. Nokia's adaptive subsystem, having processed handset performance signals through a hardware-centric interpretive framework, progressively narrowed its boundary spanning sensing toward handset market configurations — attending carefully to handset component suppliers, handset customer segments, and handset competitive positioning while the software ecosystem signals that would define the smartphone platform were systematically below its refined sensing threshold. IBM's mainframe-era adaptive subsystem generated sensing parameters calibrated to hardware performance and enterprise computing signals, progressively narrowing the boundary spanning function's attention away from the personal computing and distributed architecture signals that were already present in its environment. In each case the second-order loop was not a dramatic organizational failure. It was the quiet, rational, cycle-by-cycle refinement of sensing parameters based on what the previous adaptive cycle had found worth processing — producing an enterprise whose boundary spanning and adaptive functions were increasingly well-calibrated to each other and increasingly misaligned with the environment that was redefining competitive viability.

## H. The Managerial Subsystem

The managerial subsystem is the enterprise's directional and feedback circulation system — the organizational function through which governing premises flow from the meaning

subsystem into every other subsystem as organized direction, and through which signals from every other subsystem flow back to the meaning subsystem as the information its meta-regulatory assessment requires. Without the managerial subsystem performing this dual circulation, the enterprise cannot function as an integrated purposeful system: governing premises remain abstract intentions that never become organized activity, and the meaning subsystem cannot receive the aggregate picture of enterprise functioning that its viability assessment depends on. That dual circulation role is the managerial subsystem's most consequential property and its most consequential vulnerability: the same governing premises that the managerial subsystem circulates downward as direction also shape what it classifies as a signal worth circulating upward as feedback, which means that the success syndrome's consolidation of the interpretive architecture operates through the managerial subsystem simultaneously as the deepening of kinetic direction and the narrowing of what feedback reaches the meaning subsystem for premise-level assessment. The managerial subsystem is the coordinating capstone of the perceptual enterprise architecture — the organized set of activities through which the enterprise's governing premises are translated into operational direction, subsystem activities are integrated into coherent enterprise action, performance is monitored and assessed against the enterprise's developmental requirements, and the human and organizational capacity for continued viable operation is built and maintained. Every other subsystem depends on the managerial subsystem for the direction that organizes its activities, the resources that sustain its operation, and the coordination that prevents its optimization from fragmenting into subsystem-specific efficiency at the expense of enterprise-wide viability. The managerial subsystem is where the enterprise's five architectural questions are answered — who arbitrates between subsystem demands, who allocates resources in accordance with the life energy condition the meaning subsystem generates, who decides whether adaptive

warnings matter, who balances production efficiency against reconstruction needs, and who converts meaning subsystem outputs into enterprise action.

The managerial subsystem's relationship to value event flow is indirect but foundational. It does not generate value events directly — that is the boundary spanning subsystem's function. It does not create the outputs that value events require — that is the production subsystem's function. What it does is create and maintain the organizational conditions under which all other subsystems can generate viable value events reliably. When the managerial subsystem fails — when direction is unclear, coordination breaks down, performance monitoring confirms existing premises rather than detecting their erosion, or development investment has been consumed by execution efficiency — the consequences manifest in every other subsystem's value event generating capacity simultaneously. The managerial subsystem's contribution to value event flow is therefore systemic: it generates the integrated enterprise functioning that makes sustained value event flow possible, protects it by detecting and correcting subsystem dysfunction before it compounds into value event flow failure, amplifies it by developing the human and organizational capacity that makes value event flow more robust and responsive, and renews it by maintaining the organizational conditions under which the meaning subsystem's premise-revision function can operate when reconstruction becomes necessary.

### H.1. A Framework for the Managerial Subsystem

Before the framework is specified, its most consequential architectural property requires explicit statement. The managerial subsystem is the enterprise's circulatory system. It is the organizational function through which direction flows from the meaning subsystem into every other subsystem, and through which feedback flows from every other subsystem back to the meaning subsystem. Without the managerial subsystem performing this dual function, direction

cannot reach the enterprise — governing premises remain abstract intentions rather than organized activity — and the meaning subsystem cannot receive the signals it needs to perform its meta-regulatory assessment of whether those premises remain coherent with the environments determining viability. Every other subsystem depends on the managerial subsystem to receive the direction that organizes its activities and to route its output signals to the organizational functions capable of responding to them. The managerial subsystem is therefore not merely the coordinating function of the enterprise — it is the directional and feedback architecture through which the enterprise functions as a unified purposeful system rather than as a collection of independent optimization processes. This specification goes beyond any prior management or leadership theory. Prior theory has specified what managers do within organizations. The perceptual enterprise model specifies the organizational function the managerial subsystem performs within the systems architecture — the dual circulation of direction and feedback that makes the enterprise an integrated operating system rather than a set of loosely coupled subsystems.

The breadth of the managerial subsystem — spanning governance, coordination, performance management, planning, leadership, organizational design, communication, and development — requires an organizing framework that makes theoretical sense of its scope without collapsing the distinctions that matter. The framework has two dimensions.

The first dimension is functional differentiation — the four distinct managerial functions that the enterprise requires simultaneously. Governance is the function that maintains the enterprise's alignment with its purpose, its core values, and the external institutional and regulatory environment — operating at the identity and legitimacy level and setting the parameters within which all other managerial functions operate. Coordination is the function that integrates subsystem activities into coherent enterprise action — resolving conflicts between subsystem

demands, allocating resources across competing priorities, and ensuring that individual subsystem optimization serves enterprise-level value event generation rather than fragmenting it. Performance management is the function that monitors subsystem functioning across all value event flows, interprets performance signals against the enterprise's developmental position, and generates corrective responses — distinguishing within-premise operational corrections from premise-level assessments requiring meaning subsystem examination. Development is the function that builds the human and organizational capacity for continued viable operation and reconstruction — investing in the people, capabilities, organizational designs, and cultural conditions that the enterprise's long-term viability requires.

The second dimension is directional duality — the recognition that every managerial function operates simultaneously in two directions. The downward direction-setting dimension translates the meaning subsystem's governing premises into the organized direction, resource allocation decisions, and performance standards that tell each subsystem what it is supposed to do and how well it needs to do it. The upward feedback-receiving dimension receives the signals that subsystems generate through their operation — the performance data, coordination strain indicators, life energy condition signals, and value event flow health measures — and converts them into the assessments that determine whether direction remains appropriate or requires revision. The quality of the managerial subsystem's feedback-receiving function is as consequential as its direction-setting function — and it is the dimension most vulnerable to the success syndrome's consolidation, because governing premises shape what the managerial subsystem classifies as a signal worth acting on as much as they shape the direction it sets.

These two dimensions together give the managerial subsystem its organizing architecture. Governance, coordination, performance management, and development each operate across both

directions simultaneously — setting the parameters within which subsystems function and receiving the signals that determine whether those parameters remain appropriate.

### H.2. The Planning Architecture: Four Horizons

The managerial subsystem cannot govern the enterprise at a single time horizon. The enterprise's simultaneous obligations — executing existing value propositions reliably, adapting to environmental shifts, investing in future competitive capability, and maintaining the purpose and identity that give strategic revision its foundation — operate at fundamentally different time scales whose requirements are in tension. The planning architecture specifies four horizons that the managerial subsystem must maintain simultaneously, each with its own performance criteria, feedback mechanisms, and decision logic.

The operational horizon governs the daily and weekly execution of existing value propositions — the performance management and coordination activities that ensure the production, maintenance, boundary spanning, and adaptive subsystems are functioning within their required parameters. At this horizon the managerial subsystem's primary function is corrective: detecting deviations from operating standards and generating responses that restore performance within existing premises. Fayol's (1916) classical management functions — planning, organizing, staffing, directing, and controlling — specify the operational horizon's requirements with foundational precision. Mintzberg's (1973) managerial roles framework extended Fayol's specification by observing that managerial work at the operational horizon is characterized by fragmentation, brevity, and variety — not the systematic rational process that classical theory implied but a highly reactive and interpersonal activity that requires constant adjustment across the full range of interpersonal, informational, and decisional roles his ten-role taxonomy specified.

The tactical horizon governs the quarterly and annual configuration of subsystem activities and resource allocations — the decisions that adjust the enterprise's position within its current competitive logic in response to performance signals and environmental shifts. At this horizon the managerial subsystem's primary function is adaptive: detecting patterns in operational horizon performance that indicate whether the enterprise's current strategic configuration is generating the value event flows it requires, and making the resource allocation and organizational configuration adjustments that restore or strengthen that generation. Kotter's (1990) distinction between management and leadership is most relevant at this horizon — management addresses the complexity of tactical coordination through planning, budgeting, organizing, and controlling; leadership addresses the adaptive dimension through vision, alignment, motivation, and producing change. The managerial subsystem requires both simultaneously, and the risk at the tactical horizon is the Disciplines failure mode the 4D framework specifies — when performance management at the tactical horizon is organized entirely around within-premise metrics, the feedback mechanism confirms existing strategy rather than testing whether its premises remain valid.

The strategic horizon governs the multi-year decisions about which value propositions to build toward, which resource configurations to develop, and whether the existing structural plane retains sufficient viability for continued investment. At this horizon the managerial subsystem's primary function is developmental: assessing the enterprise's competitive trajectory against the environmental reality its boundary spanning and adaptive subsystems are reporting, and making the premise-level investments that position the enterprise for continued viable operation as the competitive logic evolves. Hambrick and Mason's (1984) upper echelons theory specified that strategic horizon decisions are shaped by the managerial subsystem's own cognitive and values

characteristics — that the enterprise's strategic choices reflect the interpretive architecture of its top managers as much as the objective competitive environment they face. That specification is the upper echelons expression of what the perceptual enterprise model establishes as a foundational architectural property: the managerial subsystem does not make objective strategic assessments. It makes interpretively mediated judgments through the governing premises of the interpretive architecture — which means that the strategic horizon's planning process is as vulnerable to consolidation as every other managerial function.

The purpose-identity horizon is the fourth and most foundational level — the stable core of organizational identity, values, and purpose that provides the continuity from which strategic revision becomes possible rather than threatening. The Direction dimension of the 4D framework (Sloan, 2026d) specifies this horizon precisely: purpose and organizational identity must be maintained as distinct from the current competitive strategy, so that when strategy requires revision the revision feels like a deeper realization of organizational purpose rather than an abandonment of organizational identity. Without the purpose-identity horizon, strategic revision threatens what the organization is — triggering the defensive coherence that makes reconstruction impossible precisely when it is most needed. The contrast between Microsoft under Satya Nadella and the enterprises that failed to navigate their coherence horizons illustrates the purpose-identity horizon in its most consequential form: Nadella framed the shift to cloud and AI as a deeper expression of Microsoft's foundational purpose rather than a departure from it, preserving the identity continuity that made organizational alignment with the revision possible.

The success syndrome manifests managerially as progressive horizon compression. As consolidation deepens and value event flows validate existing premises, managerial attention and resources concentrate on operational and tactical optimization — the horizons that generate the

most immediate, certain, and visible returns — while strategic and purpose-identity horizons receive progressively less organizational life energy. The enterprise becomes increasingly capable of executing within its existing value proposition at precisely the moment it needs to be examining whether that value proposition remains viable. Horizon compression is not a failure of managerial intention. It is the structural consequence of the success syndrome operating through the planning architecture — every successful operational correction and tactical optimization generates the feedback that validates investing more managerial capacity at those horizons, progressively crowding out the strategic reflection and purpose-level examination that reconstruction requires. By the time the coherence horizon is approached, the managerial subsystem's planning architecture has typically been so thoroughly compressed toward operational and tactical activity that strategic and purpose-identity horizon work must be forced by crisis rather than enabled by deliberate architectural maintenance.

### H.3. Communication as the Directional and Feedback Mechanism

Communication is not a supplementary activity in the managerial subsystem. It is the mechanism through which direction flows from the managerial subsystem into the enterprise and through which feedback flows from the enterprise back to the managerial subsystem. The quality of the managerial subsystem's communication architecture determines the accuracy of both flows — whether the direction the managerial subsystem intends becomes the direction organizational actors understand and enact, and whether the signals that subsystems generate become the information that reaches the managerial subsystem in time to generate appropriate responses.

Direction communicated through the managerial subsystem is not merely information transmitted — it is interpretive architecture maintained. When the managerial subsystem communicates governing premises, strategic priorities, and performance expectations, it is

constituting the shared organizational reality through which individual perceptual entities understand what they are doing and why. Weick's (1995) sensemaking specification of organizational communication is directly relevant: organizational actors do not simply receive and implement direction but continuously reinterpret it through their own governing premises, generating the enacted environment through which they operate. The managerial subsystem's directional communication function therefore requires not just transmission but meaning-making — ensuring that what is intended becomes what is understood across the interpretive diversity of the producing resources that must enact it.

The Planning dimension of the 7P Leadership Framework (Sloan, 2026, manuscript under review, Leadership Studies) specifies the directional communication requirement at the individual leader level with particular precision. Planning is not the technical creation of forecasts and documents — it is the leadership act of meaning-making, translating uncertainty into direction that people can understand, commit to, and act upon. The managerial leader who produces excellent plans without producing shared organizational understanding has generated documentation rather than direction. Drucker's (1967) specification that the purpose of planning is not to make plans but to change the thinking of the people who make them captures the directional communication requirement at its most fundamental: direction is effective only when it has changed the interpretive framework through which organizational actors approach their work, not merely when it has been formally communicated and acknowledged.

Feedback received through the managerial subsystem is equally interpretively mediated. The signals that subsystems generate — performance data, coordination strain indicators, boundary spanning recognition patterns, adaptive subsystem assessments — do not arrive at the managerial subsystem as objective information. They arrive as data that the managerial

subsystem's own interpretive architecture must classify, weight, and integrate into assessments of the enterprise's developmental position. The same governing premises that shape what direction the managerial subsystem sets also shape what feedback it recognizes as actionable. A managerial subsystem operating under deep consolidation will receive comprehensive performance data and interpret it through premises that classify within-premise deviations as operational problems requiring operational corrections while filtering the premise-level signals embedded in the same data as noise, exceptions, or competitive tactics rather than as indicators of coherence horizon proximity.

Alan Mulally's Business Plan Review at Ford — cited in the Interpretive Drift paper (Sloan, 2026d) — is the clearest illustration of a communication architecture designed to counteract this consolidation of the feedback mechanism. By making the cost of concealment higher than the cost of disclosure — by changing the organizational conditions under which the actual status of performance could be reported rather than the status that existing premises said it should be — Mulally restored the feedback mechanism's capacity to carry premise-threatening information to the managerial subsystem. The green-yellow-red reporting system is not a technical tool. It is a communication architecture designed to ensure that the upward feedback flow through the managerial subsystem carries the information it needs to carry rather than the information that existing premises allow it to carry.

### H.4. Leadership Style and the Direction-Feedback Dynamic

Leadership style is not a preference or a personality expression in the managerial subsystem architecture — it is the mechanism that determines how direction flows into the enterprise and how feedback flows back from it. Different leadership styles generate fundamentally different information flows between the managerial subsystem and the subsystems it governs, with direct

consequences for the enterprise's life energy condition, its coherence horizon detection capacity, and its reconstruction potential.

Transformational leadership — Bass (1985) and Avolio (1999) — operates through the inspiration and intellectual stimulation of followers toward higher-order purposes. Its directional mechanism is vision and meaning — it sets direction by changing what organizational actors believe is worth doing, elevating commitment above compliance. Its feedback mechanism is relationship-based and dialogic — transformational leaders receive information through the quality of their relationships with organizational actors across all subsystems. The strength is that transformational direction generates genuine internalization of governing premises rather than mere compliance. The risk in the perceptual enterprise context is precisely what the Interpretive Drift paper (Sloan, 2026d) specifies — transformational leaders who inspire commitment to a consolidated value proposition accelerate kinetic life energy dominance. Transformation in the wrong direction is more dangerous than management in the wrong direction because commitment is harder to redirect than compliance.

Transactional leadership — the exchange-based leadership that Bass (1985) specified as the complementary pole — operates through performance expectations and the incentive structures that make compliance rational. Its directional mechanism is contingent reward and management by exception. Its feedback mechanism is formal, metric-based, and contractual. The risk is the Disciplines failure mode the 4D framework specifies — when execution is measured entirely against within-premise metrics, the performance management system becomes a mechanism of confirmation rather than misalignment detection. Strong transactional leadership in a consolidated enterprise is the organizational expression of kinetic life energy dominance — maximally efficient at executing existing premises, maximally blind to whether those premises remain viable.

Servant leadership — Greenleaf (1977) — inverts the authority relationship, positioning the leader's primary function as serving the developmental needs of followers and removing the obstacles to their contribution. Its directional mechanism is enabling rather than directing — it sets the conditions under which organizational actors can direct themselves effectively. Its feedback mechanism is listening and presence — the servant leader receives information by being genuinely attentive to what organizational actors are experiencing. The strength for the perceptual enterprise model is that servant leadership maintains the internal value event flow — when producing resources experience their contribution as supported, the life energy condition of the enterprise is sustained. The risk is that servant leadership without clear strategic direction can generate subsystem activity that is well-resourced but not coherently organized toward value event generation.

Situational leadership — Hersey and Blanchard (1977), cited in the 7P framework — specifies that the appropriate directional and feedback approach varies with the developmental readiness of the followers. Its contribution to the managerial subsystem architecture is the specification that direction and feedback cannot be standardized across the enterprise — different subsystems at different developmental stages require different managerial orientations. The adaptive subsystem requires a more explorative and dialogic feedback relationship than the production subsystem's metric-driven performance management. The boundary spanning subsystem at an early developmental stage requires more directional clarity than a mature maintenance subsystem that has internalized its governing logic.

Distributed and shared leadership — Pearce and Conger (2003) — specify that managerial functions can and should be distributed across organizational actors rather than concentrated in a single role. The contribution is the specification that the managerial subsystem is an organized set

of direction-setting and feedback-generating activities that can be distributed across multiple roles and levels — and that distribution increases the robustness of the coherence horizon detection function by maintaining diverse sensing relationships across all subsystems and both boundary interfaces rather than concentrating them in a single managerial leader whose governing premises may be the most consolidated in the enterprise.

Authentic leadership — George (2003), Avolio and Gardner (2005) — specifies that leadership effectiveness depends on the alignment between the leader's inner world and the outer world's demands. The 7P Leadership Framework (Sloan, 2026, manuscript under review, Leadership Studies) provides the most architecturally precise specification of this alignment requirement. The framework's Persuasions dimension — the interpretive architecture a leader carries into every situation — is the individual-level expression of what the perceptual enterprise model establishes as a foundational architectural property at the enterprise level. A managerial leader whose Persuasions have consolidated around the existing value proposition will direct and receive feedback through premises that are themselves part of the problem — generating direction that deepens consolidation and classifying the feedback signals of coherence horizon proximity as within-premise operational problems. The 7P framework's Johari Window specification (Luft & Ingham, 1955) — the hidden quadrant of the leader's inner world that is operating fully while remaining invisible to the leader — is the individual-level mechanism through which the success syndrome's consolidation operates in the managerial subsystem's most consequential function.

The ISLE framework (Sloan, 2026a) adds a temporal dimension that these styles, taken as stable repertoires, do not carry: their effectiveness is phase-contingent, a function of the relationship between the leader's interventions and the developmental state of the interpretive architecture. During consolidation, alignment-oriented, execution-focused leadership is

structurally appropriate, and a leader who legitimizes alternative framings or questions governing premises during productive consolidation disrupts a process the plane requires to generate its coordinated capability. As elasticity compresses and the coherence horizon approaches, the same behaviors become necessary, because leadership must enable interpretive loosening by surfacing contradictions in existing premises and legitimizing framings the architecture has suppressed. Transformational leadership (Burns, 1978; Bass, 1985) is on this reading a phase-contingent response rather than a universally superior style: premature before compression has progressed, the minimum condition of viability after. A third phase then follows, in which leadership orchestrates reconstruction itself, sustaining the enterprise through non-structure without collapse into premature re-consolidation and then directing the reattachment of life energy to newly articulated premises. Variation in leadership effectiveness across contexts, which the style literature treats as situational, follows from where the architecture stands in this sequence. This complements the point made in Section VI.H.7 that inspiring commitment to existing premises accelerates kinetic dominance.

### H.5. The 4D Framework and the Managerial Subsystem

The 4D framework — Direction, Design, Disciplines, and Development — introduced in the Interpretive Drift paper (Sloan, 2026d) is the most complete organizational architecture for what the managerial subsystem must build and maintain to prevent the interpretive drift that the success syndrome generates. Each dimension addresses a specific failure mode through which the managerial subsystem's governance, coordination, performance management, and development functions degrade under the pressure of consolidation.

Direction addresses the purpose-identity horizon — maintaining the separation between organizational identity and current competitive strategy so that strategic revision feels like a deeper

realization of purpose rather than an abandonment of it. Without Direction, the managerial subsystem's governance function fuses identity with strategy, making the premise examination that coherence horizon proximity requires existentially threatening rather than strategically necessary.

Design addresses the strategic configuration horizon — building organizational structures, resource allocation processes, and decision right architectures that preserve reconfigurability without sacrificing the coherence that effective execution requires. Without Design, the managerial subsystem's coordination function embeds the existing competitive logic so deeply into structural arrangements that new competitive configurations cannot emerge before they must compete for legitimacy within the old model — a structural suppression of reconstruction potential that no amount of directional intent can overcome.

Disciplines addresses the tactical and operational performance management horizons — redefining what execution is for by ensuring that the performance management system simultaneously delivers results and tests whether the premises those results depend on remain valid. The explicit treatment of strategy as a falsifiable hypothesis — with performance disciplines designed to surface disconfirming signals rather than confirm existing logic — is the managerial subsystem's most direct countermeasure to the success syndrome's systematic generation of confirming feedback. Jensen Huang's decade-long investment in CUDA is the Disciplines function at its most consequential — sustaining investment in a falsifiable premise about a market that had not yet arrived, resisting the organizational pressure to redirect resources toward what current results confirmed.

Development addresses the capability horizon across all time frames — building deliberately against the interpretive narrowing that the success syndrome generates in the

enterprise's human resources. The 4D framework's Development dimension specifies the individual-level requirement — preserving and expanding interpretive range through exposure to alternative logics, structured challenge to prevailing assumptions, and career pathways that reward judgment under uncertainty as visibly as delivery within established frames. At the organizational level, Development is the managerial subsystem's most direct investment in reconstruction potential — the function that ensures the producing resources whose life energy the enterprise depends on have maintained the interpretive elasticity that reconstruction requires.

### H.6. Organizational Design and Governance

The managerial subsystem's Design function — its responsibility for the organizational architecture within which all other subsystems operate — encompasses both the formal organizational design and the governance architecture through which the enterprise's decision rights, accountability relationships, and institutional legitimacy are maintained.

Organizational design — the specification of structures, roles, reporting relationships, coordination mechanisms, and resource allocation processes — is not a neutral technical function. It is a materialized expression of the enterprise's governing premises — the embedding of those premises in formal arrangements that shape what activities are possible, what information flows where, what decisions require what approvals, and what contributions are rewarded. Mintzberg's (1979) structural configurations specified the organizational design forms that different enterprise environments and strategies generate — and their contribution to the managerial subsystem is the specification that organizational design is a contingent rather than universal function, requiring alignment between the enterprise's competitive context, its production technology, its coordination needs, and the structural configuration it maintains. The Design dimension of the 4D framework adds the developmental specification that prior organizational design theory has not provided —

that the same structural configurations that generate execution efficiency also embed the existing competitive logic in ways that progressively suppress the reconfiguration that competitive transitions require.

Governance — the specification of decision rights, accountability relationships, board oversight, ownership structure, and institutional legitimacy — addresses a dimension of the managerial subsystem that prior sections have identified but not fully developed: governance is not merely a function the managerial subsystem performs. It is an external architectural constraint that determines what the managerial subsystem is permitted to do. The governance architecture specifies who holds decision rights over which choices, under what accountability conditions managerial authority is exercised, what obligations the enterprise owes to which stakeholders, and how the board of directors maintains oversight of the meaning subsystem's meta-regulatory function. These constraints are structural properties of the enterprise's boundary — they shape what the meaning subsystem can examine, what the managerial subsystem can commit to, and what premise revisions the enterprise can execute. A governance architecture well-aligned with the enterprise's developmental position enables reconstruction when the coherence horizon approaches. A governance architecture misaligned with that position — one designed for the risk management requirements of a consolidated enterprise when the enterprise needs the decisional latitude of reconstruction — can prevent reconstruction not through any failure of managerial will but through structural constraint on the decisions reconstruction requires.

Agency theory — Jensen and Meckling (1976) — specified the foundational governance challenge as the alignment of managerial incentives with owner interests under conditions of information asymmetry. When managers have private information that owners cannot observe, and when managerial interests diverge from owner interests, the result is agency costs — the losses

that arise from managerial behavior that serves managers rather than owners. The contractual and monitoring architecture of formal corporate governance — board oversight, executive compensation structures, reporting requirements, audit functions — is the institutional response to the agency problem. Fama and Jensen's (1983) separation of decision management and decision control specified the board's governance function with greater precision: the board ratifies and monitors the decisions that management initiates and implements, maintaining decision control over the enterprise's most consequential choices. The perceptual enterprise model adds the developmental specification that agency theory does not provide: the agency problem is not static. The success syndrome systematically shifts the information asymmetry in governance — as the meaning subsystem consolidates around existing premises, the signals of coherence horizon proximity that management receives through the boundary spanning and adaptive subsystems are precisely the signals that consolidated governance arrangements are least equipped to process. A board whose oversight function is calibrated to the monitoring requirements of deep consolidation cannot fulfill its decision control function when the enterprise needs reconstruction rather than oversight of existing strategy.

Stewardship theory — Davis, Schoorman and Donaldson (1997) — offered the complementary specification: that in many governance contexts managerial motivation is not primarily opportunistic but stewardship-oriented, requiring governance architectures that enable rather than constrain managerial initiative. The steward manager is intrinsically motivated to act in the organization's interests, and governance structures that treat stewards as agents introduce monitoring costs and motivational displacement without compensating benefits. What stewardship theory does not specify is the developmental condition under which stewardship becomes unreliable — not through motivational shift but through interpretive consolidation. A steward

manager whose governing premises have consolidated around existing strategy serves the enterprise's current logic with genuine commitment, which means stewardship and kinetic life energy dominance are fully compatible. The steward manager approaching the coherence horizon is not an agent pursuing private interest. They are a committed steward of a premise architecture that is becoming obsolete — which is the most organizationally difficult form of governance failure because it generates no agency signal and requires no monitoring response.

Board composition is the governance dimension most directly consequential for the meaning subsystem's renewal function. Hillman and Dalziel's (2003) resource dependence perspective on boards specified that directors provide two distinct governance contributions: monitoring — the oversight function agency theory emphasizes — and resource provision — the access to external resources, relationships, expertise, and legitimacy that the board's network position generates. The perceptual enterprise model adds a third board function that neither tradition has specified: interpretive diversity maintenance. A board whose members share the governing premises of the management team provides monitoring that is subject to the same consolidation the management team exhibits — it monitors effectively within existing premises and is structurally least capable of detecting premise-level signals of coherence horizon proximity. A board with genuine interpretive diversity — members whose prior experience, sector backgrounds, and analytical frameworks differ from those of the management team — maintains a form of collective reconstruction potential at the governance level. The board is the governance architecture's renewal loop: if its interpretive diversity is maintained, it can receive and route coherence horizon signals that the consolidated management team cannot generate. If its interpretive diversity has been consumed by the well-documented tendency for boards to recruit

directors whose frames are compatible with existing strategy, the renewal loop is absent at the governance level precisely when it is most needed.

Ownership structure determines the time horizon over which governance accountability operates, and that time horizon is a direct constraint on the meaning subsystem's capacity for reconstruction. Shleifer and Vishny's (1997) survey of corporate governance established that ownership concentration, ownership identity, and the institutional environment jointly determine the governance conditions under which managerial authority is exercised. Dispersed public ownership under short-horizon institutional investors creates governance pressure that systematically discounts the long-cycle investments that reconstruction requires — the potential life energy investments in exploratory R&D, new market development, and organizational renewal whose returns materialize over intervals that quarterly earnings accountability cannot accommodate. Concentrated ownership by long-horizon investors — founding families, sovereign wealth funds, patient capital vehicles — can provide the governance conditions under which reconstruction investments are permitted to develop without the short-horizon accountability pressure that dispersed ownership generates. The implication for the perceptual enterprise model is precise: governance architecture determines whether the managerial subsystem can execute the meaning subsystem's renewal function when the coherence horizon is approaching, or whether governance accountability structures force the enterprise to extract value from the existing premises rather than invest in revising them. Reconstruction potential is not only an organizational property — it is a governance condition.

Stakeholder governance — Freeman's (1984) specification that the enterprise has obligations to a broad set of stakeholders beyond shareholders, including employees, customers, suppliers, communities, and the broader environment — maps directly onto the perceptual

enterprise model's specification of multiple value event flows. The societal value event flow is the governance architecture's operational expression: the enterprise's outputs must be recognized as legitimate by the regulatory, legal, and normative frameworks that constitute its operating environment. The success syndrome's narrowing of recognized output obligations — its tendency to concentrate governance attention on shareholder value while filtering stakeholder claims organized by different premises — is the governance expression of consolidation. Donaldson and Preston's (1995) specification of stakeholder theory at the descriptive, instrumental, and normative levels provides the theoretical framework: governance structures that maintain genuine stakeholder accountability maintain the boundary spanning subsystem's societal interface in the diverse, premise-challenging mode that reconstruction potential requires. Governance structures that have consolidated around shareholder primacy have closed the societal renewal loop at the governance level, leaving the enterprise exposed to legitimacy failure at precisely the moment when institutional recognition that its existing premises are inadequate becomes consequential.

The perceptual enterprise model's contribution to governance theory is the specification that governance structures are themselves perceptual systems subject to the same consolidation dynamic that affects every other architectural element. The success syndrome that consolidates the meaning subsystem's governing premises simultaneously consolidates the governance architecture around those premises — selecting directors who share management's competitive logic, designing compensation structures that reward execution within existing strategy, configuring board committees around the oversight requirements of the current competitive model, and building institutional legitimacy on the premises that have generated prior success. Governance consolidation is organizationally invisible in the same way that meaning subsystem consolidation is invisible: the governance architecture appears strong, well-functioning, and appropriately

vigilant — because it is, within the premises it has consolidated around. The signal of governance consolidation is not dysfunction but precision: a board that monitors exactly what the existing competitive logic requires, with exactly the expertise the existing strategy needs, asking exactly the questions that existing premises classify as relevant. That precision is the diagnostic indicator of a governance architecture whose renewal function has been consumed by the same positive feedback loop that has consumed the meaning subsystem's. Maintaining governance reconstruction potential — the board's capacity to examine the premises the management team is executing rather than merely monitoring their execution — is the governance architecture's most consequential and most neglected function.

### H.7. Prior Theory and the Managerial Subsystem

The managerial subsystem has the most extensive prior theoretical treatment of any subsystem in the perceptual enterprise architecture — organizational theory, leadership theory, strategic management, governance theory, and organizational design have all theorized dimensions of the managerial function with considerable sophistication. What no prior tradition has specified is the full integration of managerial functions within a systems architecture that shows how they interact with each other and with the other subsystems they govern, or the life energy and developmental dynamics through which managerial effectiveness is determined by the enterprise's position in its developmental trajectory.

Fayol (1916) established the foundational specification of management as a distinct organizational function with five constituent activities — planning, organizing, staffing, directing, and controlling. His contribution is the foundational taxonomy of managerial work — the specification that the managerial function is not a residual category of organizational activity but a distinct set of purposeful activities with their own logic and requirements. What Fayol did not

specify is the interpretive dimension of each activity — that planning is not objective analysis but premise-shaped hypothesis generation, that organizing embeds governing premises in structural arrangements, that directing is interpretive architecture maintenance rather than information transmission, and that controlling is most consequential not in what it measures but in what its measuring framework classifies as a signal worth acting on.

Mintzberg (1973, 1979) challenged Fayol's rational process model with his empirical observation that managerial work is characterized by fragmentation, brevity, variety, and constant interruption — not the systematic deliberate process that classical management theory had implied. His ten-role taxonomy — interpersonal, informational, and decisional — specified the actual content of managerial work with empirical precision. His structural configurations framework specified the organizational design dimension with equal precision. Together his contributions establish the managerial subsystem's operational reality — its fragmented, interpersonal, and highly responsive character — and its design requirements. What Mintzberg did not specify is the developmental dynamics that determine how the managerial subsystem's effectiveness evolves as the enterprise consolidates — why the same managerial activities that were adaptive in early consolidation become confirmatory in deep consolidation.

Kotter (1990) established the distinction between management and leadership as the managerial subsystem's most consequential functional differentiation. Management addresses complexity through planning, budgeting, organizing, and controlling — the functions that sustain reliable execution within existing structures. Leadership addresses change through vision, alignment, motivation, and producing adaptive responses to environmental shifts. Kotter's contribution is the specification that the managerial subsystem requires both simultaneously — and that enterprises that develop management capability at the expense of leadership capability

can execute existing premises with high reliability while losing the adaptive capacity that competitive transitions require. What Kotter did not specify is the life energy condition that determines whether the balance between management and leadership is maintained — why the success syndrome systematically builds management capability while depleting leadership capability, and what architectural conditions are required to sustain genuine leadership alongside the management sophistication that operational excellence generates.

Hambrick and Mason (1984) specified upper echelons theory — the recognition that strategic choices reflect the cognitive characteristics, values, and experiences of the top management team as much as the objective competitive environment. Their contribution is the empirical specification of the managerial subsystem's interpretive architecture dimension — that the enterprise's strategic decisions are filtered through the governing premises of its senior leaders, making those premises a primary determinant of competitive behavior. What upper echelons theory does not fully specify is the developmental mechanism through which top management team governing premises consolidate — why successful strategic choices progressively embed the premises that generated them in the interpretive architectures of the senior leaders who made them, and why that consolidation is most pronounced precisely when strategic revision is most needed.

The strategic horizon's planning function requires more precise specification of what strategic choice actually involves — the decisions about competitive positioning, value proposition configuration, and resource commitment that determine which value events the enterprise will pursue and on what basis it will pursue them competitively. Strategy theory has specified these decisions with considerable sophistication, and its traditions belong in the strategic planning horizon as the theoretical foundation for what the managerial subsystem does at this level.

Porter's (1980, 1985) generic strategies established the foundational framework for competitive positioning — the specification that enterprises must choose between cost leadership, differentiation, and focus as the basis on which they compete, and that strategic clarity about positioning is a prerequisite for competitive advantage. Porter's contribution to the strategic planning horizon is the specification that strategy is a choice about what the enterprise will and will not do — that positioning requires trade-offs, and that the attempt to pursue multiple generic strategies simultaneously produces strategic ambiguity that undermines competitive advantage at each. What Porter's framework does not specify is the developmental mechanism through which strategic positions consolidate — why successful positioning deepens the enterprise's commitment to the chosen basis of competition in ways that progressively make repositioning harder as the competitive logic shifts.

Treacy and Wiersema (1995) extended Porter's positioning framework with their value disciplines specification — operational excellence, customer intimacy, and product leadership as the three routes through which enterprises deliver superior value to customers. Their contribution to the strategic planning horizon is the specification that strategic positioning translates directly into the enterprise's subsystem configuration — that an operational excellence discipline requires a production subsystem optimized for efficiency, cost management, and reliability; that a customer intimacy discipline requires a boundary spanning subsystem optimized for relationship depth and customization capacity; and that a product leadership discipline requires an adaptive subsystem and production subsystem configured for innovation, experimentation, and rapid development. The value disciplines framework connects strategic positioning to subsystem architecture in ways that Porter's generic strategies did not specify. What it does not address is the developmental consequence of deep discipline alignment — how an enterprise that has built its entire subsystem

architecture around one value discipline progressively loses the capacity to reconfigure toward another when the competitive environment's recognition framework shifts away from what the existing discipline delivers.

Kim and Mauborgne's (2005) Blue Ocean strategy extended positioning theory by specifying that the most consequential strategic choices are not about competing within existing market boundaries but about creating new value space — redefining the competitive landscape through the simultaneous pursuit of differentiation and cost reduction in ways that make existing competitive frameworks irrelevant. Their contribution to the strategic planning horizon is the specification that strategic choice is not confined to positions within established competitive logic but can author new competitive logic — creating the demand conditions and recognition frameworks within which the enterprise's value propositions become the definition of what the market values. What Blue Ocean strategy does not specify is the organizational architecture through which enterprises develop the perceptual and interpretive capacity to see the blue ocean before it has been charted — the life energy condition and meaning subsystem architecture that makes strategic origination possible rather than merely responsive.

Structural origination — specified in the companion paper (Sloan, 2026c) — addresses precisely this gap. Origination is the strategic function through which the enterprise authors the governing premises of the next competitive logic rather than responding to premises others have defined. Where prior strategy theory has specified how enterprises position themselves within existing competitive frameworks or how they identify and enter uncontested market space, origination specifies the prior architectural question — how enterprises develop the interpretive foresight and organizational conditions through which they can generate new competitive logics before those logics have become visible to others as competitive opportunities. The origination

function belongs at the strategic planning horizon as the most consequential and most neglected managerial activity — the function through which the enterprise determines not just where to compete but what the next field of competition will be organized around. Its life energy requirement is maximal potential life energy — the capacity to examine and revise governing premises before the existing ones have begun to fail — making origination the strategic planning function most directly threatened by the success syndrome's progressive narrowing of managerial attention toward operational and tactical horizons where kinetic life energy is most efficiently deployed.

The word origination has been doing three different kinds of work in this discussion without the distinction being named, and naming it precisely resolves an ambiguity the companion paper addresses at length (Sloan, 2026c). Ideational origination is the meaning subsystem's generation of a genuinely new governing premise — the outcome of interpretive foresight and creation capability operating on ideational variation the subsystem has preserved rather than filtered. Organizational origination is the embodiment of that premise into a functioning architecture — a product, platform, or operating logic that people inside and outside the enterprise can observe and interact with — produced as boundary spanning and production subsystems translate the premise into value events. Structural origination, the term the companion paper takes as its central construct, is reserved for the third and final level: successful field-level consolidation, the point at which the governing premise has become terrain other enterprises must navigate rather than an architecture one enterprise has merely built. Only the third level is origination in the full competitive sense this model has argued matters. The first two levels are necessary stages on the way to it, not substitutes for it.

The distinction matters for the perceptual enterprise model because it locates origination's competitive consequence at a level no single subsystem reaches alone. The meaning subsystem, however well it preserves potential life energy and interpretive elasticity, can produce ideational origination and — working through the subsystems that embody a premise into observable architecture — organizational origination. Whether that embodied premise crosses the field-level threshold into structural origination depends on further conditions the companion paper specifies as the seeding, recognition, and consolidation transitions (Sloan, 2026c) — conditions that lie partly outside any single enterprise's subsystem architecture, in the field's own willingness to adopt what has been built. Better Place achieved ideational origination — a genuinely new governing premise for automotive energy infrastructure — and organizational origination — a functioning battery-swap network and a contracted vehicle partnership — without achieving structural origination, because the premise never crossed the field-level threshold at which other organizations had no practical alternative but to navigate it. Amazon's AWS achieved all three levels, and the interval separating its 2006 launch from cloud infrastructure's status as an unavoidable competitive premise for the modern enterprise is not a delay in an otherwise complete act of origination. It is what structural origination, at the third level, actually consists of.

The mechanism by which an embodied premise crosses that field-level threshold is itself worth making precise, because interpretive gravity and interpretive authority have been used in this discussion as though their relationship were self-evident. Interpretive gravity is the continuous, accumulating pull a constructed premise exerts on potential adopters — the same force edge value events register in nascent form long before an enterprise's own governing premises have organized around them. It is present, in whatever small degree, from the moment an embodied premise first becomes observable, and it increases as adoption reaches more of the field. Interpretive authority

is not a separate force. It is the name this model gives to interpretive gravity once accumulation has passed the threshold at which a field's participants have no practical alternative but to organize around the premise generating it. Gravity is continuous; authority is not — it is what gravity is called once accumulation has gone far enough that non-adoption becomes the costlier choice for a critical mass of the field (Sloan, 2026c). Amazon's AWS did not acquire interpretive authority at any identifiable moment. It accumulated interpretive gravity continuously, as developer adoption, competitor imitation, and the field's own vocabulary reorganized around what AWS had made observable, until that accumulation converted into the stable authority the third level of origination requires. Authority can also be distributed rather than held exclusively: where an interface layer mediates access to the field, as the portal dynamic below describes, interpretive authority is shared between the platform holding authority over the terms of participation and the enterprises holding a narrower, derivative authority over their own position within those terms.

The relationship between strategy theory and the perceptual enterprise model is therefore not that strategy belongs to a different theoretical tradition that the model must accommodate. It is that the strategic planning horizon of the managerial subsystem specifies the decisions through which the meaning subsystem's governing premises are translated into the competitive configurations that determine which value events the enterprise will generate and on what basis. Porter's positioning, Treacy and Wiersema's value disciplines, Kim and Mauborgne's blue ocean creation, and Sloan's origination are all specifications of what the strategic horizon's planning function produces — each at a different level of premise-authoring ambition, from optimizing position within existing frameworks to authoring the frameworks that define the next competitive logic.

Bass (1985) and Avolio (1999) established the transformational-transactional leadership distinction as the most extensively developed specification of how leadership style shapes organizational behavior. Their contribution is the empirical grounding that the quality of the managerial subsystem's direction-setting function — the degree to which it generates commitment versus compliance — has measurable consequences for organizational performance, and that transformational leadership generates superior outcomes across a wide range of conditions. What this tradition does not specify is the consolidation consequence of transformational leadership — why inspiring commitment to existing premises accelerates kinetic life energy dominance and may be more dangerous than transactional management in the wrong direction, because commitment is structurally harder to redirect than compliance.

Greenleaf (1977) specified servant leadership as the inversion of the traditional authority relationship — the specification that the leader's primary function is to serve the developmental needs of followers rather than to direct their activity. His contribution is the internal value event dimension of the managerial function — the recognition that how the managerial subsystem treats producing resources determines the life energy condition of the enterprise as much as the strategic direction it sets. What servant leadership theory does not specify is the organizational design dimension — how the conditions under which servant leadership generates the life energy and commitment it promises require the structural architecture of Design and the behavioral discipline of Disciplines to function as intended.

Hersey and Blanchard (1977) specified situational leadership — the specification that the appropriate directional and feedback approach varies with the developmental readiness of the followers. Their contribution is the specification that the managerial subsystem's direction-setting and feedback-receiving functions cannot be standardized across the enterprise — different

subsystems, different roles, and different developmental stages require different managerial orientations. What situational leadership theory does not specify is the enterprise-level developmental dimension — how the enterprise's position in the success syndrome trajectory determines which managerial orientation is required, and why the same high-readiness, high-autonomy orientation that is appropriate for mature subsystems becomes inadequate when the enterprise approaches its coherence horizon and requires the directive clarity that premise-revision demands.

Pearce and Conger (2003) specified shared and distributed leadership, introduced in Section VI.H.4. Their contribution is the specification that the managerial subsystem is an organized set of activities whose distribution increases robustness — and that concentration of direction-setting and feedback-receiving functions in a single leader increases the enterprise's vulnerability to that leader's Persuasions consolidating around existing premises. What distributed leadership theory does not specify is the governance architecture required to maintain coherence across distributed managerial functions — the Design dimension of the 4D framework is precisely the specification of how distributed managerial activity can remain integrated rather than fragmenting into subsystem-specific optimization.

Mintzberg (1979) on structural configurations specified the organizational design dimension — the specification that effective organizational structure is contingent on the enterprise's competitive context, production technology, and coordination requirements, and that different strategic configurations generate systematically different structural requirements. His contribution to the managerial subsystem's Design function is the foundational specification that organizational structure is not a neutral technical arrangement but a strategic choice with performance consequences. What structural configurations theory does not specify is the

consolidation consequence — how the same structural configurations that generate execution efficiency embed the existing competitive logic in ways that progressively suppress reconfiguration capacity as the enterprise deepens into its structural plane.

Jensen and Meckling (1976) on agency theory and Davis, Schoorman and Donaldson (1997) on stewardship theory specified the governance dimension of the managerial subsystem — the alignment of managerial incentives with organizational purposes and the governance architectures that make that alignment more or less reliable. Their contributions are the formal specification of the governance challenge — the conditions under which managerial behavior serves the enterprise's legitimate stakeholders and the monitoring and incentive architectures that make those conditions more achievable. What neither tradition specifies is the interpretive architecture dimension of governance failure — that governance arrangements are themselves subject to the consolidation dynamic, and that governance structures designed for one competitive logic can become obstacles to premise revision rather than enablers of it.

The 7P Leadership Framework (Sloan, 2026, manuscript under review, Leadership Studies) provides the most architecturally integrated specification of individual managerial leadership — organizing the managerial leader's inner world — Purpose, Persuasions, Personality, and Proficiencies — and outer world — People, Planning, and Performance — into a diagnostic architecture for understanding when leadership effectiveness is produced or destroyed. The framework's Persuasions dimension is the individual-level expression of what the perceptual enterprise model establishes at the enterprise level — that the interpretive architecture through which the managerial leader reads every situation determines what direction they set and what feedback they can receive. The 7P framework's contribution to the managerial subsystem is the specification of what authentic leadership alignment actually requires at the architectural level —

not the sincere expression of existing values but the continuous examination of whether the Persuasions through which those values are enacted remain coherent with the world the enterprise actually faces.

The 4D framework — Direction, Design, Disciplines, and Development (Sloan, 2026d) — provides the organizational-level architecture for what the managerial subsystem must build and maintain to prevent the interpretive drift that the success syndrome generates. The framework's contribution is the specification that the four dimensions of managerial architecture are not independent best practices that add together but an integrated minimum system whose components are interdependent — in which each missing dimension provides the organizational pressure that collapses the others under the weight of normal performance management. The 4D framework's central insight — that the common root of all four failure modes is the thinking-execution displacement that consolidation produces — is the organizational expression of what the ISLE framework (Sloan, 2026a) specifies as the developmental mechanism generating the coherence horizon. Together the 7P and 4D frameworks provide the most complete prior specification of what individual and organizational managerial effectiveness requires in a world that no longer stabilizes — and they are introduced here not as external additions to the perceptual enterprise architecture but as integral components of the managerial subsystem specification that the architecture requires.

Galbraith's (1977) information processing theory of organizational design specified the foundational contingency framework that Mintzberg's structural configurations extends — the specification that organizational structure is fundamentally a mechanism for managing information and uncertainty, and that the appropriate structural form depends on the volume and variety of information the enterprise must process to coordinate its activities. His contribution to the

managerial subsystem's Design function is the specification of design as an information architecture problem: the enterprise must configure its structure to match the information processing demands that its environment and strategy generate, or performance will degrade as unprocessed uncertainty accumulates at coordination bottlenecks. Galbraith's lateral relations mechanisms — direct contact, liaison roles, task forces, teams, integrating managers, and matrix structures — specify the organizational design tools through which information processing capacity can be expanded without adding hierarchy, preserving the flexibility that coordination across differentiated subsystems requires. What Galbraith did not specify is the developmental consequence of information architecture consolidation — how the same lateral coordination mechanisms that were designed to manage environmental uncertainty progressively become organized around the signal categories the existing competitive logic generates, reducing the information architecture's capacity to process the variety that encroachment and competitive transition produce.

Lawrence and Lorsch's (1967) contingency theory established the foundational specification of the differentiation-integration challenge that defines the managerial subsystem's Design function — the empirical demonstration that effective organizational functioning requires both subsystem differentiation appropriate to environmental uncertainty and integrative mechanisms sufficient to coordinate differentiated activity. Their contribution is the specification that the managerial subsystem cannot optimize for either differentiation or integration alone: too little differentiation means the enterprise's subsystems cannot maintain the specialized environmental engagement that complex and variable environments require; too little integration means the enterprise's differentiated subsystems fragment into subsystem-specific optimization that fails to produce coherent value event delivery. The Lawrence and Lorsch insight that different

competitive environments require different differentiation-integration configurations — that stable environments support lower differentiation and simpler integration mechanisms while dynamic environments require higher differentiation and more sophisticated integration — maps directly onto the managerial subsystem's Design challenge as the enterprise approaches the coherence horizon. The success syndrome progressively reduces differentiation as the subsystems that should be scanning different environmental domains consolidate around the same signal categories, while simultaneously reducing integration quality as the managerial subsystem's horizon compresses toward operational coordination and away from the cross-subsystem integration that coherence horizon recognition requires. What Lawrence and Lorsch did not specify is the developmental mechanism generating that degradation — why the differentiation-integration balance that was appropriate at the enterprise's competitive peak becomes systematically inadequate as the success syndrome deepens, and what architectural conditions maintain the differentiation and integration capacity that competitive transition requires.

Collins and Porras's (1994) specification of visionary enterprises provided the most comprehensive empirical grounding for the purpose-premises separation that flexible structures require. Their investigation of enterprises sustaining competitive viability across multiple structural transitions — across multiple generations of leadership and multiple cycles of competitive disruption — established empirically that the enterprises most capable of reconstruction share a common architectural property: they preserve core values and core purpose with deep commitment while treating strategies, operating practices, and even business models as revisable in response to what the environment requires. Their contribution to the managerial subsystem is the empirical validation of what the perceptual enterprise model specifies theoretically: that the separation of purpose-level identity from strategy-level governing premises

is not merely a philosophical aspiration but an organizationally achievable architecture that the most enduring enterprises have maintained under conditions of continuous structural change. What Collins and Porras did not specify is the mechanism through which the purpose-premises separation erodes — why enterprises that maintained it through founding and early consolidation progressively fuse purpose with premises as the success syndrome deepens, making premise revision feel like institutional betrayal rather than strategic renewal. The perceptual enterprise model provides that mechanism through the meaning subsystem's consolidation dynamic: the same positive feedback loop that validates governing premises through successful value event flow progressively associates purpose with the premises that have enacted it, until the identity anchor shifts from purpose to the competitive logic through which purpose was historically expressed.

Kaplan and Norton's (1992, 1996) balanced scorecard specified the performance measurement architecture that the managerial subsystem's Disciplines function requires to counteract the confirming feedback that consolidated premises generate. Their foundational insight is that financial metrics — the dominant performance measurement framework in most enterprises — are lagging indicators: they report what the existing premises produced in the past, not whether those premises remain adequate for the future. The balanced scorecard's four perspectives — financial, customer, internal processes, and learning and growth — were designed to force performance measurement to include leading indicators that carry information about the enterprise's developmental trajectory rather than only its current execution quality. Their contribution to the managerial subsystem is the specification of a performance measurement architecture explicitly designed to resist the success syndrome's systematic concentration of performance attention on confirming metrics — to maintain the feedback diversity that the Disciplines function requires for genuine performance management rather than premise

confirmation. What the balanced scorecard does not specify is the interpretive architecture governing what gets measured within each perspective — that the metrics chosen for the customer, process, and learning perspectives are themselves selected through governing premises that consolidate around what the existing competitive logic defines as important to measure. A balanced scorecard designed under deep consolidation measures learning and growth within existing premises, customer relationships within the existing value proposition, and process performance within the existing production architecture — generating four quadrants of confirming feedback rather than the premise-challenging leading indicators the framework was designed to provide.

The traditions and their contributions to the managerial subsystem are summarized in Table 10.

***Table 10. Management and Leadership Theory and the Perceptual Enterprise Managerial Subsystem***

| Theorist (Year) | Core Construct | Contribution to the Managerial Subsystem | Dimension Not Addressed |
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| Fama & Jensen (1983) | Separation of decision management and decision control | Board ratification and monitoring as the formal specification of governance decision control — the governance function through which the board maintains oversight of the most consequential managerial choices; the developmental extension that a board calibrated to oversight of existing strategy lacks the | |

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| | | decision control capacity to govern reconstruction |
| Hillman & Dalziel (2003) | Resource dependence perspective on boards — monitoring and resource provision | The specification of dual board contributions — monitoring and resource provision — to which the perceptual enterprise model adds interpretive diversity maintenance as the third and most developmentally consequential board function; the specification that board interpretive diversity constitutes reconstruction potential at the governance level |
| Shleifer & Vishny (1997) | Corporate governance and ownership structure | Ownership concentration and identity as governance conditions determining the time horizon of accountability; the specification that short-horizon ownership governance discounts reconstruction investments that require long-cycle development, making reconstruction potential a governance condition as much as an organizational one |
| Freeman (1984); Donaldson & Preston (1995) | Stakeholder theory — descriptive, instrumental, normative | Stakeholder governance as the institutional expression of the societal value event flow — the specification that governance structures maintaining genuine |

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| | | stakeholder accountability preserve the societal renewal loop that shareholder-primacy consolidation closes; governance consolidation as the institutional expression of the success syndrome narrowing recognized output obligations | |
| Chandler (1962) | Structure follows strategy | Foundational specification of the relationship between strategic direction and organizational design — that organizational structure is the administrative expression of strategic intent, and that misalignment between structure and strategy generates coordination failures that impede strategic execution. Chandler's contribution to the managerial subsystem is the specification of organizational design as the primary mechanism through which strategic direction is translated into coordinated subsystem activity — the managerial subsystem's organizational design function shapes how authority, information, and resources flow across the six subsystems in service of the governing premises the meaning subsystem has established | The developmental consequence of structural consolidation — why organizational designs optimized around the existing strategy concept embed the success syndrome's governing premises into reporting relationships, authority structures, and coordination mechanisms, making structural reconfiguration simultaneously a managerial function and a meaning subsystem requirement: structure cannot follow a new strategy until the meaning subsystem has reconstructed the governing premises that determine what the new strategy is |
| Galbraith (1973, 1977) | Organization design as information processing | Specification of organizational design as the architecture of information processing capacity — that the managerial subsystem's organizational design choices determine what information the enterprise can process, coordinate, and act on under uncertainty. Organizational structures differ not merely in their authority arrangements but in the information processing capacity they generate: hierarchical structures reduce information processing requirements by restricting lateral information flow; lateral coordination mechanisms expand information | The interpretive dimension of information processing design — what counts as the information the enterprise must process is governed by the premises that specify what signals are relevant, what coordination is required, and what uncertainty the design must accommodate; organizational designs consolidating around existing premises progressively reduce the information processing capacity required to manage |

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| | | processing capacity by enabling cross-functional integration. The design question is matching information processing capacity to information processing requirements given the uncertainty the enterprise faces | coherence horizon proximity precisely when that capacity is most urgently required |
| Lawrence & Lorsch (1967) | Differentiation and integration | Specification that effective organizational functioning requires subsystem differentiation appropriate to environmental uncertainty and integrative mechanisms sufficient to coordinate differentiated activity — the foundational statement of the managerial subsystem's Design challenge, and of why dynamic environments require higher differentiation and more sophisticated integration than stable ones | The developmental mechanism degrading the balance — why the success syndrome reduces differentiation as subsystems consolidate around the same signal categories while reducing integration quality as managerial horizons compress toward operational coordination, leaving the configuration appropriate at the competitive peak inadequate as the coherence horizon approaches |
| Fayol (1916) | Classical management functions | Foundational taxonomy of managerial work — planning, organizing, staffing, directing, and controlling as the distinct constituent activities of the managerial function | The interpretive dimension of each activity — that planning is premise-shaped hypothesis generation, organizing embeds governing premises in structural arrangements, directing is interpretive architecture maintenance, and controlling is most consequential in what its measuring framework classifies as worth acting on |
| Mintzberg (1973, 1979) | Managerial roles / structural configurations | Empirical specification of managerial work as fragmented, brief, and interpersonal — the ten-role taxonomy and structural configurations framework that establish the operational reality and design requirements of the managerial subsystem | The developmental dynamics determining how managerial effectiveness evolves as the enterprise consolidates — why the same activities that were adaptive in early consolidation become confirmatory in deep consolidation |
| Kotter (1990) | Management vs leadership distinction | Specification that the managerial subsystem requires both management (complexity through planning and controlling) and leadership (change through vision and alignment) | The life energy condition governing the management-leadership balance — why the success syndrome builds management capability |

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| | | simultaneously — and that developing one at the expense of the other generates specific and predictable organizational failure modes | while depleting leadership capability, and what architectural conditions sustain genuine leadership alongside operational management sophistication |
| Hambrick & Mason (1984) | Upper echelons theory | Empirical specification that strategic choices reflect the cognitive characteristics, values, and experiences of top management — the enterprise-level expression of the governing premises mechanism operating through the managerial subsystem's interpretive architecture | The developmental mechanism consolidating top management governing premises — why successful strategic choices progressively embed those premises in senior leader interpretive architectures, and why that consolidation is most pronounced when strategic revision is most needed |
| Bass (1985); Avolio (1999) | Transformational-transactional leadership | The most extensively developed specification of how leadership style shapes organizational behavior — the empirical grounding that transformational direction generates commitment rather than compliance, with measurable performance consequences | The consolidation consequence of transformational leadership — why inspiring commitment to existing premises accelerates kinetic life energy dominance and may be more dangerous than transactional management, because commitment is structurally harder to redirect than compliance when reconstruction becomes necessary |
| Greenleaf (1977) | Servant leadership | The internal value event dimension of managerial function — the specification that how the managerial subsystem treats producing resources determines the enterprise's life energy condition as much as the strategic direction it sets | The organizational design dimension — how the conditions under which servant leadership generates life energy and commitment require the structural architecture of Design and the behavioral discipline of Disciplines to function as intended |
| Hersey & Blanchard (1977) | Situational leadership | Specification that direction and feedback approaches must vary with follower developmental readiness — different subsystems at different stages require different managerial orientations | The enterprise-level developmental dimension — how the enterprise's position in the success syndrome trajectory determines which orientation is required, and why high-autonomy approaches become inadequate as the coherence |

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| | | | horizon approaches and premise-revision requires directive clarity |
| Pearce & Conger (2003) | Shared and distributed leadership | Specification that managerial functions distributed across organizational actors increase robustness — and that concentration of direction-setting and feedback-receiving functions in a single leader increases vulnerability to that leader's Persuasions consolidating around existing premises | The governance architecture required to maintain coherence across distributed managerial functions — how distributed managerial activity remains integrated rather than fragmenting into subsystem-specific optimization without the Design architecture that distribution requires |
| Jensen & Meckling (1976); Davis et al. (1997) | Agency theory / stewardship theory | Specification of the governance dimension — the alignment of managerial incentives with organizational purposes and the monitoring and incentive architectures making that alignment more achievable | The interpretive architecture dimension of governance failure — that governance arrangements are subject to the consolidation dynamic and can become obstacles to premise revision rather than enablers of it when designed for one competitive logic that the environment has moved beyond |
| George (2003); Avolio & Gardner (2005) | Authentic leadership | Specification that leadership effectiveness depends on alignment between the leader's inner world and outer world demands — the foundational claim that authentic expression generates follower trust that performed leadership cannot replicate | The Persuasions consolidation problem — how a well-developed authentic inner world can itself become consolidated around premises that no longer match the world, making the continuous examination of governing premises a requirement of sustained authentic leadership rather than a one-time developmental achievement |
| Sloan (2026) — 7P Framework | Inner-outer leadership alignment / Persuasions | The most architecturally integrated specification of individual managerial leadership — the diagnostic architecture showing how Purpose, Persuasions, Personality, and Proficiencies in the inner world interact with People, Planning, and Performance in the outer world; the Persuasions dimension as the individual-level expression of the governing premises mechanism; the Johari Window hidden quadrant as | Not a presupposition — the 7P framework's specification of Persuasions as the interpretive architecture governing managerial perception and its consolidation consequence is the individual-level complement to the perceptual enterprise model's enterprise-level architectural specification, |

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| | | the individual-level mechanism through which success syndrome consolidation operates in the managerial subsystem | showing precisely where individual managerial effectiveness and enterprise developmental trajectory intersect |
| Kaplan & Norton (1992, 1996) | Balanced scorecard | Performance measurement architecture explicitly designed to counteract the confirming feedback that consolidated premises generate — the four perspectives (financial, customer, internal processes, learning and growth) force measurement to include leading indicators carrying information about the enterprise's developmental trajectory rather than only lagging indicators of current execution quality; the Disciplines function's most direct organizational tool for resisting the success syndrome's concentration of performance attention on confirming metrics | The interpretive architecture governing what gets measured within each perspective — metrics chosen for customer, process, and learning perspectives are selected through governing premises that consolidate around what the existing competitive logic defines as important to measure, producing four quadrants of confirming feedback rather than the premise-challenging leading indicators the framework was designed to provide when the scorecard itself is designed under deep consolidation |
| Collins & Porras (1994) | Visionary enterprises / core and contingent | Empirical validation that the most enduring enterprises preserve core values and purpose with deep commitment while treating strategies and operating practices as revisable — the most comprehensive prior evidence that the separation of purpose-level identity from strategy-level governing premises is organizationally achievable and is the architectural property most associated with multi-generational viability across competitive transitions | The mechanism through which the purpose-premises separation erodes — why enterprises that maintained it through founding and early consolidation progressively fuse purpose with premises as the success syndrome deepens, and why that fusion is the managerial subsystem's most consequential failure mode: it makes the Direction function's most important task — maintaining the separation that enables reconstruction — organizationally invisible until it is too late to restore |
| Sloan (2026d) — 4D framework | Direction, Design, Disciplines, Development | The organizational-level architecture for what the managerial subsystem must build and maintain to prevent interpretive drift — an integrated minimum system whose four dimensions address the four failure modes through which the managerial subsystem degrades under | Not a presupposition — the 4D framework is the perceptual enterprise model's specification of what organizational managerial architecture requires in a world that no longer stabilizes, providing |

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| | | consolidation, with their common root in the thinking-execution displacement that the success syndrome generates | the planning horizons, performance disciplines, organizational design principles, and development investment architecture that the managerial subsystem requires to maintain reconstruction potential throughout the consolidation phase |
| Porter (1980, 1985) | Generic strategies / competitive positioning | Foundational specification that strategic choice involves trade-offs between cost leadership, differentiation, and focus — positioning clarity as the prerequisite for competitive advantage and the basis on which the strategic planning horizon organizes the enterprise competitive configuration | The developmental mechanism through which strategic positions consolidate — why successful positioning deepens commitment to the chosen basis of competition in ways that progressively make repositioning harder as the competitive logic shifts |
| Treacy & Wiersema (1995) | Value disciplines | Specification that strategic positioning translates directly into subsystem configuration — operational excellence, customer intimacy, and product leadership each requiring distinct production, boundary spanning, and adaptive subsystem architectures | The developmental consequence of deep discipline alignment — how enterprises that have built entire subsystem architectures around one value discipline progressively lose the capacity to reconfigure toward another when the competitive environment recognition framework shifts |
| Kim & Mauborgne (2005) | Blue Ocean strategy | Specification that strategic choice is not confined to positions within established competitive logic but can author new competitive logic — creating value space through simultaneous differentiation and cost reduction that makes existing competitive frameworks irrelevant | The organizational architecture through which enterprises develop the perceptual capacity to see uncontested market space — the life energy condition and meaning subsystem architecture that makes strategic origination possible rather than merely responsive |
| Sloan (2026c) | Structural origination | The strategic function through which the enterprise authors the governing premises of the next competitive logic — specifying the prior architectural question of how enterprises develop the interpretive foresight to generate new | Not a presupposition — structural origination is the perceptual enterprise model specification of the strategic planning horizon most consequential function, showing why origination |

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| | | competitive logics before they become visible to others | capacity is maximally threatened by horizon compression and requires potential life energy that the success syndrome progressively locks into execution |

## H.8. Theoretical Contributions: The Managerial Subsystem

The managerial subsystem treatment makes three contributions that are specific to the perceptual enterprise model — not restatements of prior leadership or management theory but new specifications that emerge from locating the managerial function within a full subsystem architecture and mapping its developmental relationship to the enterprise's position in the success syndrome trajectory.

The first contribution is the specification of the managerial subsystem as the coordinating capstone of the perceptual enterprise architecture — the organizational function that integrates all other subsystems around the value event as the enterprise's operational purpose. Prior management and leadership theory has theorized the managerial function comprehensively within its own domain without showing how that function relates to the production, maintenance, boundary spanning, and adaptive subsystems it governs, or how its effectiveness determines the enterprise's capacity to generate viable value events across all three flows. The perceptual enterprise model provides that integration — specifying precisely how governance, coordination, performance management, and development interact with each other and with the subsystems they govern, and why the failure of any managerial function degrades value event generating capacity through a specific and identifiable pathway.

The second contribution is the four-horizon planning architecture — the specification that the managerial subsystem cannot govern the enterprise at a single time horizon and that the

operational, tactical, strategic, and purpose-identity horizons operate at fundamentally different time scales with different performance criteria, different feedback mechanisms, and requirements that are in structural tension. Prior planning theory has specified individual planning horizons with considerable sophistication without showing how the four horizons must function simultaneously as a coherent system, or why the success syndrome progressively narrows managerial investment toward the operational and tactical horizons while allowing the strategic and purpose-identity horizons to atrophy — eroding reconstruction potential through the planning architecture rather than through any single strategic decision.

The third contribution is the specification of leadership style as the architectural mechanism that determines information flows between the managerial subsystem and the subsystems it governs, rather than as a behavioral or psychological preference operating independently of organizational architecture. While existing leadership theories recognize that leadership influences communication, motivation, and organizational performance, they have not specified how alternative leadership styles generate distinct enterprise information flows with direct consequences for life energy, coherence horizon detection, and reconstruction potential. The perceptual enterprise model makes those consequences explicit. Transformational leadership that inspires commitment to consolidated premises accelerates kinetic dominance; transactional leadership organized around within-premise metrics reinforces confirming feedback; servant leadership without directional architecture disperses life energy without integrating it toward value-event generation. The direction-feedback duality provides the architectural mechanism through which leadership styles influence enterprise adaptation, offering an integrative explanation that prior style theories have not explicitly provided.

## I. The Meaning Subsystem

The meaning subsystem is the heart of the perceptual enterprise architecture. It is a subsystem in the same sense as the other five — a distinct function with its own inputs and outputs, present in every enterprise whether or not it has been named — but it operates at a different logical level: it is the generative foundation through which all other subsystems become possible and intelligible. Every activity the production subsystem executes, every signal the boundary spanning subsystem processes, every maintenance investment the enterprise makes, every adaptive assessment generated, every managerial directive issued — all of these occur within and through a meaning architecture that specifies what the enterprise is, what it exists to do, what counts as valuable, what constitutes success, and what the world it faces actually looks like. Without the meaning subsystem's governing premises, there is no production because there is no specification of what to produce. Without its interpretive architecture, there is no boundary spanning because there is no framework for recognizing which environmental signals matter. Without its life energy governance, there is no direction to the enterprise's developmental capacity — only undifferentiated activity that neither sustains existing viability nor builds toward new forms of it.

The meaning subsystem is also the most consequential subsystem for enterprise viability under conditions of accelerating environmental change — and it is the least theorized, the most difficult to observe, and the most resistant to deliberate management. Prior organizational theory has approached the meaning subsystem from multiple directions — organizational culture, dominant logic, institutional theory, sensemaking, identity theory — without fully specifying the architecture through which meaning is generated, maintained, consolidated, and reconstructed at the enterprise level. The ISLE framework (Sloan, 2026a) provides the most complete prior specification of how meaning systems develop through structural planes, consolidate through the success syndrome, approach coherence horizons, and require reconstruction. The perceptual

enterprise model extends that specification into the subsystem architecture — showing precisely how the meaning subsystem functions within the enterprise as an operating system, what it receives from all other subsystems, what it generates for them, and why its capacity for renewal has become the primary determinant of enterprise viability in a world where governing premises become obsolete faster than the enterprises organized around them can recognize.

The urgency of this specification is not merely theoretical. Enterprises now operate in an environment in which technological revolutions — artificial intelligence, biotechnology, energy transition, and their convergences — are compressing the interval between when governing premises form and when they become inadequate at an accelerating rate. An enterprise whose meaning subsystem cannot examine and revise its governing premises in response to premise-shifting environmental change is not merely strategically vulnerable. It is structurally condemned to a form of viability that has an increasingly short duration. The meaning subsystem's renewal function — previously a periodic organizational requirement — has become a continuous architectural necessity. Enterprises that cannot build meaning subsystems capable of examining their own premises while those premises are still generating acceptable performance will find the window for coherent reconstruction progressively narrowing until it closes entirely. This is not a prediction about a few exceptional enterprises in unusually turbulent environments. It is the structural condition of organizational life in the twenty-first century.

### I.1. What Meaning Is in a Perceptual Entity

Before specifying the meaning subsystem's architecture, the concept of meaning in a perceptual entity requires precise definition — one that goes beyond the colloquial sense of purpose or significance to specify the structural property that makes the enterprise a perceptual system rather than a mechanical one.

Meaning in a perceptual entity is the organized interpretive architecture through which the entity transforms raw environmental signals into recognized information, recognized information into classified experience, and classified experience into the organized responses that constitute its engagement with the world. Meaning is not an attribute of things — it is a relational property of the encounter between the entity's interpretive architecture and the signals its environments generate. The same signal carries different meaning for entities with different interpretive architectures — not because the signal is ambiguous but because meaning is constituted in the interpretive encounter rather than carried in the signal itself. This is the foundational insight that distinguishes the perceptual enterprise model from every objective organizational theory: the enterprise does not respond to an objective environment. It responds to the environment its meaning architecture constitutes through interpretation.

Meaning in the enterprise operates at multiple levels simultaneously — individual, collective, and architectural. At the individual level, each producing resource brings their own meaning architecture — the governing premises, values, interpretive frameworks, and experiential history through which they make sense of what they encounter in their organizational roles. At the collective level, meaning is constituted through the shared interpretive frameworks that emerge from the interaction of individual meaning architectures — the organizational culture, shared language, common narratives, and collective understandings through which organizational actors coordinate their activity and make sense of their shared situation. At the architectural level, meaning is embedded in the formal and informal structures, processes, incentive systems, and cultural norms that shape what gets attended to, how it gets classified, what responses are recognized as legitimate, and what the enterprise as a whole treats as real, important, and worth acting on.

The cascading relationship among these levels is what makes the meaning subsystem both powerful and fragile. The architectural level shapes what meaning is possible at the collective level by constraining the shared frameworks through which collective sensemaking occurs. The collective level shapes what meaning is possible at the individual level by providing the shared interpretive context within which individual meaning architectures operate. But the causation runs in both directions. Individual meaning architectures collectively constitute the shared frameworks of the collective level. Collective frameworks are the building material of the architectural level. When the architectural level's governing premises consolidate — when the success syndrome deepens the enterprise's commitment to a particular interpretive logic — that consolidation cascades down through collective frameworks and individual meaning architectures, progressively narrowing what can be seen, what can be said, and what can be thought across every level simultaneously. The enterprise whose meaning subsystem has consolidated deeply is not an enterprise whose leaders have chosen to be blind. It is an enterprise whose entire meaning architecture — from the governing premises embedded in formal structures through the shared frameworks that constitute organizational culture to the individual interpretive architectures of its people — has been organized around the confirmation of existing premises.

The meaning subsystem's distinctiveness is functional, not departmental. It does not require a department, an office, or a designated executive. It requires a sustained capacity to perform work that no other subsystem is structurally responsible for: the other five subsystems operate within governing premises, and the meaning subsystem constitutes those premises and examines whether they still hold. This is also why the multi-level specification above does not dissolve meaning into a property distributed across the enterprise. Governing premises are instantiated throughout the instruments of the other subsystems, but the work of constituting and

examining them is a distinct function, and its condition can be assessed independently of the subsystems that operate within its premises (Section IX.C).

### I.2. The Meaning Subsystem's Inputs

The meaning subsystem receives inputs from all five other subsystems simultaneously, each carrying a different category of signal about the enterprise's current developmental position and the alignment between its governing premises and the environments determining its viability.

From the production subsystem, the meaning subsystem receives signals about what the enterprise's transformation processes are capable of producing and how those capabilities are experienced by the producing resources engaged in them. Quality patterns, throughput anomalies, capability gaps, and the experiential quality of production work all carry information about whether the production subsystem's embedded logic — the materialized expression of the meaning subsystem's governing premises in operational form — remains aligned with what value event generation requires.

From the maintenance subsystem, the meaning subsystem receives signals about the life energy condition of the enterprise as it manifests in the internal value event flow — the psychological contract integrity of producing resources, the developmental trajectory of capabilities, and the degree to which the enterprise's people experience their contribution as recognized and their effort as directed toward something worth doing. These signals are among the most consequential inputs to the meaning subsystem because life energy is the pervasive animating condition of the enterprise as a whole — present in every subsystem, governing the kinetic-potential balance across the entire architecture — and the internal value event flow is its most direct and legible organizational expression. What maintenance reports is not a localized

condition. It is the enterprise's life energy state as it surfaces where the enterprise's relationship with its own producing resources is either sustained or eroded.

From the boundary spanning subsystem, the meaning subsystem receives signals about the alignment between the enterprise's governing premises and the recognition frameworks of its environments. Customer recognition patterns, encroachment signals, resource market configurations, institutional legitimacy indicators, and the aggregate health of value event flows across all three directions — all of these arrive through the boundary spanning subsystem as the meaning subsystem's primary source of information about whether its premises remain coherent with the external reality that determines enterprise viability.

From the adaptive subsystem, the meaning subsystem receives the most interpretively processed inputs — the assessed signals of premise-environment misalignment, the learning mode reports indicating whether adaptation is occurring within existing premises or is approaching the threshold that requires premise revision, the coherence horizon proximity assessments that the adaptive subsystem's routing function generates when accumulated signals indicate that within-premise correction is insufficient. These are the meaning subsystem's most important inputs because they carry the adaptive subsystem's judgment about whether the enterprise's developmental position warrants operating within existing premises or examining whether those premises require reconstruction.

From the managerial subsystem, the meaning subsystem receives the performance data, planning assessments, governance signals, and developmental investments that constitute the enterprise's organized self-understanding of its functioning. The managerial subsystem's feedback flow — its upward circulation of signals from all other subsystems to the meaning subsystem — is the organized information architecture through which the meaning subsystem's meta-regulatory

function receives the aggregate picture of enterprise functioning that its assessment of premise viability requires.

The input mechanism has a structural failure mode that no amount of better information can fix. Every signal the meaning subsystem receives is interpreted through the same governing premises it is being asked to assess. The production anomaly that signals misalignment is classified through the premises that generated the misalignment. The boundary spanning signal that reports shifting customer recognition is filtered through the interpretive architecture those shifts are rendering obsolete. The adaptive subsystem's warning that the coherence horizon is approaching is evaluated against viability criteria the existing premises specify. The meaning subsystem cannot step outside its own premises to read these signals objectively — it is always interpreting from within the architecture it is evaluating. The practical consequence is that consolidation does not degrade the quality of the inputs. It degrades the enterprise's capacity to recognize what the inputs are saying. An enterprise deep in the success syndrome is not receiving bad signals and drawing wrong conclusions. It is receiving accurate signals through a framework that has become the primary source of misperception. This is why the renewal function cannot be triggered from outside by better data or sharper analysis — it requires the interpretive distance from existing premises that consolidation progressively consumes, and maintaining that distance is a developmental achievement, not a technical capability.

### I.3. The Meaning Subsystem's Outputs

The meaning subsystem's outputs are the most consequential in the entire enterprise architecture because they are not signals that other subsystems act on — they are the interpretive architecture within which all other subsystems operate. The meaning subsystem does not produce

directives or recommendations. It produces the premises, frameworks, and life energy conditions that constitute the enterprise as the kind of perceptual system it is.

The meaning subsystem does not decide. It constitutes the architecture within which every decision the enterprise makes is possible — determining what counts as a decision worth making, what options are recognizable as options, and what outcomes are intelligible as success. Deciding, allocating, directing, and coordinating are managerial and operational functions. Constituting the interpretive architecture within which those functions occur is the meaning subsystem's alone.

Because the meaning subsystem does not decide, it can fail in two distinct ways that are indistinguishable from outside. In the first, the renewal function is starved: potential life energy has been converted to kinetic dominance, and premise-level examination does not occur. In the second, the renewal function operates — a premise-level finding is generated — but the finding never reaches a function with the standing and the obligation to act on it. It dissipates at the seam between the meaning and managerial subsystems, or it reaches decision-makers whose performance criteria give them no reason to take up a finding that contradicts those criteria. Both failures produce the same observable outcome: a governing premise that required revision and did not receive it. They require different remedies. The first requires protecting uncommitted developmental capacity. The second requires the decision rights and routing architecture — the Design dimension of the 4D framework (Section VI.H.5) — through which the meaning subsystem's findings acquire standing in the managerial subsystem. Kodak's 1975 digital camera prototype is the canonical instance of the second failure: the premise-challenging artifact existed inside the enterprise, built by its own engineers, and carried no standing with the managers whose criteria would have had to change for it to matter (Deutsch, 2008).

The primary output is the governing premises themselves — the organized interpretive architecture through which the enterprise specifies what it is, what it exists to do, what counts as valuable, what the environments it faces look like, and what constitutes an appropriate response to what it encounters. Governing premises are not policy documents or strategic statements. They are the lived interpretive logic that shapes every decision, every resource allocation, every sensing parameter, every performance assessment, and every relationship the enterprise maintains. They are the product of the meaning subsystem's generative function — and they are what every other subsystem receives as the foundational context of its operation.

The second output is the architectural condition — consolidated or elastically maintained — that orients the enterprise's life energy between kinetic and potential forms. Life energy itself is not something the meaning subsystem produces and distributes. It is the pervasive animating condition of the enterprise's perceptual entities, arriving continuously through the enterprise's exchange with its environment (Section VI.I.5). What the meaning subsystem produces is the condition that determines whether that energy is directed toward deepening existing premises or remains available for examining them. This output is not a directive about where to direct energy. An enterprise whose meaning architecture has consolidated deeply around existing premises generates kinetic life energy dominance not through any specific decision but through the structural consequence of operating within premises that have become the transparent medium of action rather than its object. An enterprise whose meaning architecture holds its governing premises as objects of examination rather than simply frameworks of action keeps potential life energy available to the renewal function, which draws on it. Whether that available energy can be used is a separate question, governed by interpretive elasticity (Section VI.I.5).

The third output is the viability assessment — the meaning subsystem's meta-regulatory judgment about whether the enterprise's governing premises remain sufficiently coherent with the environments determining viability to sustain continued operation within existing premises, or whether the accumulated signals from all other subsystems indicate that the coherence horizon is being approached and reconstruction must begin. The viability assessment is the meaning subsystem's most consequential output and its most difficult to generate accurately — because the governing premises through which the assessment is made are the same premises whose adequacy is being assessed. This is the self-referential challenge at the heart of the meaning subsystem's function: accurate meta-regulatory assessment requires the interpretive distance from existing premises that consolidation progressively consumes.

The fourth output is the reconstructed governing premises when the viability assessment indicates that within-premise adjustment is insufficient — the new interpretive architecture that emerges from the meaning subsystem's renewal function when it successfully examines and revises the governing premises that have been generating the enterprise's engagement with its environments. Reconstructed governing premises are not incremental adjustments to existing ones — they constitute a new structural plane in ISLE's terms, a qualitatively different interpretive architecture that enables the enterprise to engage its environments through premises that are coherent with the reality those environments have become rather than the reality they were when the existing premises formed.

### I.4. The Meaning Subsystem as Ashby's Meta-Regulator

The formal systems science grounding of the meaning subsystem is Ashby's (1956) specification of the meta-regulator — the second-order control system that monitors and adjusts the parameters of first-order regulators when those regulators' responses are insufficient to

maintain overall system viability. Every other subsystem is a first-order regulator — it maintains the enterprise's functioning within specific domains through its own regulatory mechanisms. The meaning subsystem is the meta-regulator — it monitors whether the parameters within which all first-order regulators are operating remain appropriate for the environments the enterprise faces, and it adjusts those parameters — through governing premise revision — when the aggregate functioning of the enterprise's regulators indicates that existing parameters are generating systemic misalignment rather than viable operation.

Beer's (1972) System 5 in the Viable System Model provides the organizational expression of this formal specification — the identity and policy function that governs the whole and maintains the enterprise's essential character across the regulatory activity of its component systems. Beer's System 5 specifies what the meaning subsystem does at the governance level without the developmental and life energy dimensions that the perceptual enterprise model adds. The meaning subsystem performs System 5's governance function and extends it by specifying how that function evolves, consolidates, and requires reconstruction through the developmental mechanism ISLE establishes.

### I.5. Life Energy and the Meaning Subsystem

Life energy is not merely related to the meaning subsystem — its orientation is set there. Developmental capacity arrives continuously through the enterprise's exchange with its environment (Sloan, 2026a), and the meaning subsystem determines how that capacity is committed. The kinetic-potential distinction that governs the enterprise's developmental capacity is constituted at the meaning subsystem level before it manifests in any other subsystem's behavior. When the meaning architecture has consolidated around existing premises, the enterprise produces kinetic life energy dominance across every subsystem simultaneously — because every

subsystem is operating within a meaning architecture that has no category for premise-challenging activity and that rewards premise-deepening activity with the recognition, resources, and career advancement that constitute the internal value event flow. When the meaning architecture holds its governing premises available for examination rather than simply operational, the enterprise can register the unabsorbed environmental input that a consolidated architecture would filter out, and sustain the potential life energy that reconstruction requires.

Potential life energy and interpretive elasticity are distinct conditions, and the architecture depends on keeping them distinct even though consolidation compresses both. Potential life energy is the drive available for premise examination: developmental capacity not yet committed to executing the current value logic. It is not organizational slack. Slack (Cyert & March, 1963) is unallocated resource; potential life energy is capacity directed at examining the premises under which resources will be allocated, so an enterprise can hold abundant slack and little potential life energy. That difference is what allows Proposition 2's rival prediction — that success-generated slack funds search — to be adjudicated by observing what the slack is actually spent on (Section IX.D). Interpretive elasticity is the room that drive has to work in: the degree to which the enterprise's architecture can still absorb premise-challenging change before its governing premises lock rigid. The two narrow on separate timetables. An enterprise can retain substantial potential life energy — people able to question the current logic, resources not yet committed — and still fail to reconstruct under coherence, because its routines, commitments, and identity have hardened around existing premises past the point where a revised premise can be accommodated. The converse also occurs: an architecture that retains elasticity, but whose potential life energy has been converted to kinetic dominance, could flex, yet nothing is directed at flexing it. Drive without room produces premise-level insight the architecture cannot absorb; room without drive produces

an architecture capable of revision that no one is revising. The distinction is diagnostically consequential because the two conditions call for different interventions — protecting uncommitted capacity in the one case, loosening structural commitments in the other. The condition Section VI.I.5a describes, in which potential life energy is present but cannot be expressed generatively, is the first of these.

The meaning subsystem's life energy function operates at two levels. At the architectural level, it determines the structural conditions under which kinetic and potential life energy are available — the formal and informal architectures, incentive systems, and cultural norms that make premise examination more or less possible for producing resources across all subsystems. At the relational level, it determines the experiential conditions under which individual perceptual entities within the enterprise can maintain their own potential life energy — the conditions of psychological safety, developmental recognition, and interpretive permission that allow people to question what is working rather than simply executing it more efficiently.

Senge's (1990) learning organization, Argyris and Schön's (1978) double-loop learning, and Edmondson's (1999) psychological safety all address the relational level of the meaning subsystem's life energy function — specifying the interpersonal and cultural conditions under which premise examination is possible. What these traditions do not specify is the architectural level — how the meaning subsystem's formal architecture either creates or destroys the conditions these relational specifications require, and why architectural conditions consistently override relational conditions when they are in tension.

### I.5a. Thinking: The Generative Expression of Potential Life Energy

Life energy specifies where an enterprise's developmental capacity is organized. It does not specify what that capacity does when it is organized toward reconstruction rather than execution. The answer developed in the ISLE framework (Sloan, 2026a) is thinking: the generative activity through which governing premises are held as objects of inquiry and new premises are constructed. The relationship is a chain in which each link is necessary and none is sufficient. Potential life energy is the capacity available for reorganization. Thinking is that capacity operating at the premise level. Reconstruction is the outcome, the formation of a new interpretive architecture. Without potential life energy, thinking cannot be sustained. Without thinking, loosened premises do not become new ones. Without new premises, there is no reconstruction.

Thinking in this sense is narrower than ordinary usage, which covers nearly all cognitive activity and would carry no theoretical weight. Analysis, planning, interpretation, and problem-solving occur continuously inside a consolidated architecture, and all of them apply premises. Thinking is premise-generative. It is what happens when the enterprise interrogates the frame through which it interprets, rather than processing the environment through it. Kinetic life energy progressively converts this activity into execution. Premises produced by an earlier interval of generative work are validated by value events and embedded in routines, metrics, and identity narratives. They become the transparent medium of action rather than its object. This conversion is a developmental achievement, because coordinated action at scale requires premises that are not continuously reopened. Its cost is displacement. Consolidation removes not only interpretive elasticity but the organizational capacity to generate the premises that elasticity would serve. This is the thinking-execution displacement that the 4D framework identifies as the common root of the managerial subsystem's failure modes (Section VI.H.7), and it is the mechanism by which the success syndrome locks up the potential life energy that renewal requires.

Three independent philosophical traditions draw the same distinction, which suggests it is a structural feature of the phenomenon rather than an artifact of one system. Bergson (1907/1911) distinguished intelligence, which decomposes experience into stable categories and recombines them for action, from intuition, which engages the generative process that produces categories. Heidegger (1959/1966) distinguished calculative thinking, which reckons within a horizon of purposes it never examines, from meditative thinking, which questions the grounds of its own activity. Dewey (1938) held that genuine inquiry begins only when habits of response fail and the situation is indeterminate, so that the first task is to constitute a framework rather than to apply one. Heidegger's earlier concept of thrownness (Section VI.I.11) explains why premise revision is structurally difficult, since interpretive distance from existing premises is always partial. His later work specifies what makes partial distance usable. Meditative thinking depends on Gelassenheit, a releasement from the willful imposition of existing frameworks, and its organizational form is non-structure. An enterprise that cannot tolerate non-structure and re-consolidates under interpretive pressure cannot release calculative thinking long enough to recover the meditative kind. Dewey adds that inquiry is communal. An enterprise that enters non-structure while dismantling the communicative infrastructure through which alternative premises can be proposed and tested cannot think its way to reconstruction, even with potential life energy available.

This specification differs from the constructs most likely to be offered as equivalents. Double-loop learning (Argyris & Schön, 1978) is the recognition that governing variables have produced inadequate results. Recognition is necessary for reconstruction but not sufficient, because an enterprise can recognize inadequacy without generating what replaces it. Thinking is the generative moment double-loop learning does not specify, and it is the content of what Bateson's Learning III demands (Section VII). Sensemaking (Weick, 1995) is retrospective. It

renders the given intelligible using resources the existing architecture still supplies. Thinking is prospective and works from the suspension of those resources. Gavetti's (2012) forward-looking search reasons analogically, but within categories the existing plane has stabilized. Thinking operates when those categories themselves have loosened.

Preserving thinking through consolidation requires interpretive distance, meaning premises held with commitment but without closure. The conditions that sustain it are architectural, not attitudinal: identity anchored in purpose rather than in current premises (the flexible-structures condition of Section VI.I.9), structurally protected exploratory space evaluated outside the dominant architecture (Section VI.I.6), and leadership that treats interrogation of governing premises as a primary responsibility rather than institutional disloyalty. When these conditions are absent, potential life energy does not disappear, but it cannot be expressed generatively. Premises loosen without being replaced, and the enterprise experiences non-structure as instability rather than as a generative interval. This is non-structure without reconstruction, the developmental condition in which the renewal function has the energy it needs and no architectural space in which to use it.

### I.6. The Renewal Function

The renewal function is the meaning subsystem's most critical and most difficult capability — the organized capacity to examine governing premises, recognize when they have become inadequate, and generate the reconstructed premises through which the enterprise can re-engage its environments coherently. It is important to be precise about what renewal is and what it is not, because the distinction from other organizational change processes matters for both theoretical and practical reasons.

Renewal is not incremental adjustment of existing premises. Adjusting how the enterprise executes within an existing interpretive framework — improving processes, refining strategy, developing capabilities — is within-plane adaptation in ISLE's terms. It deepens and extends existing premises without examining whether those premises remain adequate. This is what the production subsystem, maintenance subsystem, and adaptive subsystem's single-loop learning mode perform continuously and effectively. Renewal is not triggered by any of these activities.

Exploratory R&D — research oriented toward genuinely new value logics rather than improvement of existing ones — is a meaning subsystem function requiring potential life energy. March's (1991) specification of exploration as the search for new possibilities in contrast to exploitation of current certainties maps the distinction precisely: exploitative R&D is a production subsystem function and a maintenance function operating under kinetic dominance; exploratory R&D is a meaning subsystem function that requires the interpretive openness potential life energy provides. Nelson and Winter's (1982) evolutionary economics specification of search routines — the organizational processes through which enterprises generate and evaluate new technological possibilities — describes the meaning subsystem's engagement with genuinely new premises about how value can be created. What evolutionary economics does not specify is the life energy condition governing whether search routines generate genuine exploration or produce the appearance of search while systematically directing attention back toward the existing technological trajectory. Exploratory R&D that is organizationally housed in the R&D function but governed by the meaning subsystem's consolidated premises is not exploratory R&D. It is incremental R&D with an exploratory label — a common organizational condition that the perceptual enterprise model specifies as the consequence of kinetic life energy dominance in the meaning subsystem locking up the potential life energy that genuine exploration requires.

Renewal is not crisis response. Reconstructing governing premises under the pressure of existential threat — when value event flows have collapsed, structural gravity is exhausted, and the enterprise's survival is immediately at stake — is forced reconstruction rather than renewal. It is the failure mode of renewal — what happens when the renewal function has not operated successfully during the consolidation phase and the enterprise must reconstruct under conditions of maximum stress and minimum capacity.

Renewal is the proactive examination of governing premises while they are still generating acceptable performance — the meaning subsystem's meta-regulatory assessment that the current premises, however successful, are approaching the boundary of their coherence with the environments the enterprise faces, and the deliberate initiation of the premise revision that reconstruction requires before the coherence horizon has been reached. Renewal requires potential life energy — the capacity to question what is working — at precisely the moment when kinetic life energy is most dominant — when what is working is generating the most compelling evidence that it should continue. This is why renewal is the most difficult organizational capability to develop and maintain: its prerequisites are in structural tension with the conditions that the success syndrome generates.

The ISLE framework specifies the developmental sequence through which renewal either occurs or fails — the movement from structural plane consolidation through interpretive elasticity compression to coherence horizon approach, with the non-structure interval as the generative transitional condition that makes reconstruction possible if the enterprise has maintained the potential life energy and reconstruction potential that entering non-structure without collapse requires. The perceptual enterprise model locates that developmental sequence within the meaning subsystem's operational architecture — showing that renewal is not an organizational event that

happens to enterprises but a function that the meaning subsystem either maintains the capacity to perform or progressively loses as consolidation deepens.

### I.7. Inward Focus versus Outward Renewal

One of the meaning subsystem's most consequential failure modes is the progressive shift from outward environmental coherence to inward self-referentiality — the transition from an enterprise whose meaning architecture is oriented toward reading and responding to environmental reality toward an enterprise whose meaning architecture is oriented toward confirming and deepening its own existing premises. This transition is the organizational expression of what the ISLE framework specifies as the success syndrome's compression of interpretive elasticity — and it manifests in the meaning subsystem as the progressive substitution of internal confirmation for external validation as the primary source of meaning architecture maintenance.

The inwardly focused enterprise does not experience its inward focus as a problem. It experiences it as organizational coherence — as the alignment, consistency, and shared purpose that make coordinated action possible. The governing premises that organize internal activity feel validated by the internal evidence of organizational functioning — things work, people understand each other, coordination is effective, and the enterprise's identity feels clear and secure. What becomes progressively invisible is the degree to which the internal coherence is being maintained at the cost of external alignment — the degree to which the meaning architecture has closed around premises that the environments determining viability have moved beyond.

The meaning subsystem's renewal function requires precisely the outward orientation that inward focus suppresses — the maintenance of genuine attention to environmental signals that challenge existing premises rather than confirm them, the deliberate cultivation of the

disconfirming feedback that the boundary spanning and adaptive subsystems generate when operating with potential life energy, and the organizational permission to take premise-challenging signals seriously rather than classifying them as anomalies, misunderstandings, or competitive threats to be defended against rather than examined.

Weick's (1995) enacted environment concept specifies the mechanism through which inward focus generates the self-confirming environment that accelerates consolidation — the enterprise enacts an environment consistent with its premises by selectively attending to confirming signals and classifying disconfirming ones through frameworks that render them insignificant. The meaning subsystem is the architectural source of that enactment — it is the interpretive architecture that determines what the enterprise's enacted environment looks like, which means that the shift from outward renewal to inward focus occurs at the meaning subsystem level before it manifests in any other subsystem's behavior.

### I.8. The Meaning Subsystem Under Technological Disruption

Technological disruption has always been the most structurally consequential environmental force bearing on the meaning subsystem's renewal function — not because technology changes the world but because it changes the premises through which value is recognized. Tushman and Anderson's (1986) distinction between competence-enhancing and competence-destroying technological change specifies the mechanism at the industry level: competence-enhancing technologies improve the capabilities that existing enterprises have already built, reinforcing the premises that generated those capabilities; competence-destroying technologies render existing capabilities obsolete, requiring enterprises to build from premises their existing architectures have not produced. The perceptual enterprise model translates this distinction into an architectural one — competence-enhancing technologies are processed through

the meaning subsystem's governing premises as confirmatory signals that deepen kinetic life energy; competence-destroying technologies are the environmental expression of what those premises cannot accommodate, arriving as the most consequential form of interpretive strain the meaning subsystem faces. Dosi's (1982) specification of technological paradigms — the shared frameworks that define a technology's relevant problems, methods, and trajectories — grounds this in the structure of the technology itself: transitions between technological paradigms are not merely capability events but interpretive events, requiring premise revision at the level of what counts as a problem worth solving and what counts as a solution worth building. The meaning subsystem's renewal function is therefore most critically tested not when a new technology arrives within an existing paradigm but when it redefines the paradigm itself.

The history of technological disruption is a history of meaning subsystem failure under competence-destroying change. The printing press did not destroy the monastic scriptoria because they lacked the resources to build printing operations. It destroyed them because the governing premises through which they understood their purpose — the creation of sacred manuscript as devotional practice — could not accommodate the premise that value resided in the wide dissemination of text rather than its careful production. The railroad did not displace the canal system because canals lacked engineering capability. It displaced them because canal operators' governing premises classified railroad technology as a supplementary rather than superseding value logic until the window for reconstruction had closed. In each case the pattern is the same: the meaning subsystem's governing premises, consolidated around a value logic that had generated sustained success, systematically filtered the signals of paradigm-level change as noise rather than recognizing them as the premise-challenging information they carried. What has changed is not the pattern but its rate and overlap. Anderson and Tushman's (1990) specification of technological

eras — eras of incremental change punctuated by discontinuities that destroy existing architectural knowledge — described transitions that historically unfolded over decades. The interval between technological paradigms is compressing, and with it the coherence horizon interval — the period during which the meaning subsystem can operate with viable governing premises before misalignment accumulates beyond the point where reconstruction remains possible under coherence rather than crisis.

Every technological discontinuity creates something that existing theory has underspecified: open construction space — the interval during which the governing premises of the next value logic remain available for authorship rather than adaptation. Structural origination (Sloan, 2026c) specifies this precisely: structural transformation originates earlier than field-level recognition suggests, as ideational variation within meaning architectures while governing premises systematically constrain recognition of the most consequential alternatives. The meaning subsystem of the consolidated enterprise filters this variation before it can register as the premise-challenging information it carries. The meaning subsystem of the enterprise that has maintained interpretive elasticity — that has preserved the potential life energy through which governing premises can be held as objects of inquiry rather than transparent instruments of action — recognizes the same variation as the raw material of origination. Technological disruption is not only a threat to the meaning subsystem's existing governing premises. It is the generative condition that makes new value logics constructible. The foresight window — the interval between the first recognizable compression of interpretive elasticity and the coherence horizon (Sloan, 2026c) — is the meaning subsystem's most consequential operational interval, and it is precisely the interval during which the success syndrome's positive feedback loop is most actively locking up the potential life energy that foresight requires.

## I.9. Creation Capability and the Meaning Subsystem's Response to Disruption

Creation capability — the organizational architecture through which the governing premises of the next value logic are constructed before others define them — is the meaning subsystem's most consequential developmental achievement (Sloan, 2026c). It depends on three structural conditions that the meaning subsystem either maintains or allows to be consumed by the success syndrome. The first is high sensing intelligence: the capacity to read not only environmental signals but structural signals — where governing premises in the field are consolidating, where coherence horizons are approaching, where interpretive elasticity is compressing, and where ideational variation is beginning to generate passages that consolidated architectures will be structurally unable to follow. Sensing intelligence differs from the sensing routines of dynamic capabilities (Teece, Pisano, & Shuen, 1997) in a precise and important way: it reads the structural condition of the field itself rather than the competitive position within it, detecting not where competition currently stands but where existing architectures are becoming unable to go. The second is high permeability: the degree to which the interpretive architecture allows ideational variation inconsistent with incumbent governing premises to enter and remain available for engagement rather than being filtered, neutralized, or dismissed. As structural planes consolidate, permeability declines — the meaning subsystem reinforces what aligns with governing premises and filters what contradicts them (Prahalad & Bettis, 1986; Levinthal & March, 1993). The third is flexible structures: the architectural principle through which organizational purpose is separated from governing premises, enabling premise-level revision without identity collapse. Purpose is held with deep commitment; premises are held as revisable constructions in service of that purpose. The identity is anchored in what the enterprise exists to

do, not in the current configuration of how it does it — which is what makes premise revision structurally possible rather than existentially threatening.

The structural origination framework (Sloan, 2026c) specifies the competitive consequence of whether the meaning subsystem maintains creation capability. The foresight decision point — the bifurcation between directing developmental capacity toward a structural plane others are constructing and using the foresight window to participate in constructing a plane that does not yet exist — is resolved at the meaning subsystem level. The Perpetuator archetype deploys the meaning subsystem's renewal function toward reconstruction within the emerging plane others are defining — genuine premise revision, but bounded by what the prior plane's interpretive architecture generated as variation. The Explorer archetype sustains thinking (in the sense specified in Section VI.I.5a) past the Perpetuator's resolution point, holding governing premises as objects of inquiry long enough and far enough outside existing interpretive universes to construct premises that existing architectures have not reached. The protected construction interval that Explorer-archetype enterprises occupy — the period during which no incumbent can mount a response because no incumbent can recognize what is being constructed — is a direct consequence of meaning subsystem operation at the level of potential life energy rather than kinetic dominance. The meaning subsystem is not one among many organizational functions affected by technological disruption. It is the architectural level at which the enterprise's entire relationship to disruption is determined — whether disruption arrives as a premise-challenging threat the governing logic cannot accommodate, or as the generative condition from which new value logics are constructed.

### I.10. Artificial Intelligence: The Most Consequential Current Instance

Artificial intelligence is not the first technological disruption to compress the coherence horizon interval or to create open construction space for new value logics. It is the most

consequential current instance of that recurring pattern — consequential not merely because of its capability but because of its integrative logic. Prior technological discontinuities reorganized specific domains: the railroad reorganized physical transport; electrification reorganized the energy architecture of production; digital computing reorganized information processing. AI reorganizes meaning-making — the interpretation of what customers need, what constitutes value, and what the right configuration of service is — across fields simultaneously. Brynjolfsson and McAfee's (2014) specification of the second machine age identified AI's distinctive property: unlike prior general-purpose technologies that augmented physical or computational capacity, AI augments cognitive capacity at the level of judgment, interpretation, and meaning generation. That augmentation operates precisely at the layer the meaning subsystem governs, which is why AI's competitive consequences are structurally different from prior technological disruptions — and why its implications for the meaning subsystem's renewal function require treatment beyond the general technological disruption pattern.

The recurring pattern does not change under AI, but its expression does. Earlier technological paradigms replaced one governing logic with another, at intervals long enough for enterprises to consolidate around the new logic before the next transition arrived. AI is a logic-generating technology. It supplies no single successor paradigm but a proliferating and continuously evolving set of them, often faster than any enterprise can consolidate around one. The ISLE framework terms this a premise-shifting world (Sloan, 2026a). The mechanism is unchanged, but its timing, overlap, and visibility are not, and four consequences follow for the meaning subsystem. Consolidation proceeds under partial durability: premises are still validated by value events but may be superseded before consolidation matures, so the strength they confer is provisional. Misalignment can accumulate mid-development, because elasticity is compressed

by external supersession of logics as well as by internal consolidation, and it is no longer only the late-stage product of deep consolidation. Approach signals become less legible, appearing earlier and in more ambiguous form without clear separation from ordinary variation, which compounds the sensing-coverage problem of the adaptive subsystem (Section VI.G.4). And renewal must begin earlier and under greater uncertainty, before misalignment is fully visible and before any new logic has stabilized enough to anchor reconstruction.

This does not require continuous reconstruction. It requires sustaining coherence while reconstruction is underway and incomplete, with the enterprise operating inside a partially consolidated architecture while alternative premises form. The intensity is uneven: enterprises at the forefront of AI-driven change face overlapping shifts, and those further from it face longer cycles. Distance from the epicenter buys time but not exemption from the mechanism. The foresight window (Sloan, 2026c) narrows accordingly, and the interval in which the success syndrome's positive feedback loop locks up the potential life energy that foresight requires is compressed with it.

AI deployed as an execution accelerator — the predominant current deployment model — does not counteract interpretive drift in the meaning subsystem. It intensifies it. The governing logic is reinforced faster, more completely, and with greater apparent rigor than any human-driven process could achieve. AI-generated confirmation of existing assumptions arrives with the appearance of objectivity, reducing the scrutiny that human-generated analysis invites and making it structurally harder to question premises that AI systems have validated with analytical thoroughness (Sloan, 2026d). Kemp's (2024) specification of situated AI — that AI's competitive value depends on grounding it in firm-specific knowledge, bounding competitors' access, and recasting routines to contextualize AI within the firm's system of interdependencies — describes

what the organization does to deploy AI within its existing architecture. The perceptual enterprise model operates at a prior level: it is not the situating activities but the developmental state of the meaning subsystem — whether it has maintained interpretive elasticity or consolidated around existing premises — that determines whether those activities produce construction or merely accelerate consolidation. The same AI capability deployed in a meaning subsystem operating under kinetic dominance becomes an amplifier of the success syndrome; deployed in a meaning subsystem operating with maintained potential life energy, it becomes the primary instrument through which governing premises that integrate and transcend any existing value logic can be surfaced and constructed.

This positioning relative to situated AI theory is not offered into a settled field. Moser, Glaser, and Lindebaum (2024) have already challenged Kemp's framework directly, arguing that a firm's pursuit of AI capability can undermine rather than secure competitive advantage when situating activities proceed without attention to the conditions under which they are pursued. The critique this monograph develops runs in a related but distinct direction: where Moser and colleagues locate the risk in situatedness pursued without attention to broader organizational and stakeholder conditions, the meaning subsystem framework locates it one level prior, in whether the interpretive architecture doing the situating has itself maintained the capacity for premise revision. The two critiques are compatible rather than competing — both hold that situated AI theory, as specified, treats the situating organization's own interpretive condition as given rather than as the variable that determines what situating activities can accomplish — and a fuller treatment would derive their relationship explicitly rather than leaving it to the reader. A broader research stream is converging on the same underlying question from the ontological side: Csaszar and Steinberger (2022) examine what work the analogy between organizations and artificial

intelligences can and cannot do in organization theory, and a 2026 Strategy Science special issue organized around the question "can AI do strategy?" (Csaszar, Lee, Zemsky, et al., 2026) takes up directly what this section treats as settled by architecture: whether the sensemaking and premise-examining functions this monograph assigns to the meaning subsystem are functions AI can perform, not only accelerate. The perceptual enterprise model's answer — that AI can expand the variety a human-AI system generates but cannot, on its own, supply the meta-regulatory function that determines whether that variety is applied within existing premises or used to construct new ones — is a position within that debate, not a resolution of it, and the debate's continued development is a direct test of whether this section's claim holds.

AI's integrative logic creates the most structurally distinctive feature of the current technological disruption: the portal dynamic (Sloan, 2026c). Prior technological disruptions reorganized value within fields. AI's integrative capacity dissolves field boundaries, enabling organizations that deploy it to integrate value streams across previously distinct fields into a continuously personalized system organized around the customer. That integration logic bifurcates every susceptible field into two layers: a customer interface layer where interpretive authority — the capacity to define the governing premises through which the field organizes value — resides, and a fulfillment layer where execution occurs. This dynamic operates most powerfully across fields organized around information-intensive meaning-making, and it is expanding as AI's integrative capacity deepens. The meaning subsystem's response to the portal dynamic is the most consequential renewal challenge it faces: not reconstruction toward a recognizable competitive logic within the existing field, but premise-level examination of whether the existing field definition itself remains the appropriate unit of competitive organization. Enterprises whose meaning subsystems have consolidated around field-specific value premises are structurally the

least capable of recognizing that the competitive contest has shifted from position within the field to authorship of the interface through which the field is accessed.

For enterprises that have maintained the creation capability the meaning subsystem requires, AI provides something no prior technological instrument has made possible: second-order origination — constructing a new value logic while simultaneously designing the conditions for that logic's own future reconstruction (Sloan, 2026c). Prior to AI, the Explorer-archetype enterprise could author the governing premises of the next structural plane but could not readily project where that plane's own coherence horizon would form as it consolidated. AI changes this: an enterprise originating a new value logic can use it to project its developmental trajectory, anticipate where its own coherence horizon will form as it scales, and design the founding architecture with awareness of its own future developmental limits. This is structural origination with recursive foresight — building in the interpretive elasticity that the new value logic will need to remain viable as others consolidate within it. The meaning subsystem's renewal function in the AI era therefore requires what no prior organizational theory has specified: the deliberate design of the meaning architecture to maintain premise-examining capacity alongside the AI-amplified execution capability that competitive conditions require. This is not a matter of slowing AI adoption or limiting analytical capability. It is a matter of ensuring that the meaning subsystem's meta-regulatory function remains capable of asking the questions that AI analysis cannot ask — whether the framework within which the analysis is being conducted remains coherent with the environment the enterprise actually faces, and whether the value logic the enterprise is optimizing within is the value logic that will define the next competitive terrain or merely the one that has defined the last. The emerging stream on human-AI symbiosis (Raisch & Krakowski, 2021; Daugherty & Wilson, 2018; Choudhary, Marchetti, Shrestha, & Puranam, 2025) addresses the

organizational design question of how human and AI cognitive capacities can be combined to produce superior outcomes — and the perceptual enterprise model provides the formal systems grounding that stream requires but has not yet achieved. Raisch and Krakowski specify the conditions under which AI augments rather than replaces human judgment, arguing that the most consequential question is not capability substitution but cognitive complementarity. That is a meaningful specification. What it does not provide is the formal mechanism governing why complementarity produces divergent organizational outcomes. Ashby's requisite variety supplies that mechanism with precision: the relevant variable is not the aggregate capability of the human-AI system but the variety-generation properties of that system relative to the variety of the disturbances the enterprise faces. A human-AI system operating within a consolidated meaning subsystem generates variety bounded by the governing premises through which both human judgment and AI analysis are directed — AI amplifies the speed and apparent rigor of within-premise variety generation without expanding its range. A human-AI system operating within a meaning subsystem that has maintained potential life energy can use AI's analytical capacity to surface premise-challenging variety that human sensing alone would not reach — expanding the response repertoire rather than accelerating its existing contents. The symbiosis question is therefore not one of cognitive complementarity in the abstract but of whether the meaning subsystem's life energy condition allows the human-AI system to operate as a meta-regulator or confines it to the role of a progressively more sophisticated within-premise regulator. The perceptual enterprise model specifies the prior structural condition that the human-AI symbiosis literature presupposes but has not yet articulated: the meaning subsystem's developmental state determines what kind of human-AI symbiosis is organizationally possible.

### I.11. Prior Theory and the Meaning Subsystem

The meaning subsystem has been approached from more theoretical directions than any other subsystem — organizational culture, identity, sensemaking, institutional theory, cognitive theory, and philosophy of meaning have all contributed partial specifications without converging on a complete architectural treatment. The comparison that follows maps each tradition's contribution precisely, organized by a logical progression that builds from the foundational ontological claim through the architectural and cognitive specifications to the active construction process to the external constraint to the identity anchor to the learning and relational conditions to the philosophical limit to the formal grounding to the developmental specification and finally to the change theory that specifies what the renewal function must produce. Berger-Luckmann establishes that meaning is constructed; Prahalad-Bettis and March-Simon specify how it governs cognition at the organizational and individual levels; Schein maps the three-level cultural architecture; Weick specifies sensemaking as the active construction process; DiMaggio-Powell and Scott add the institutional constraint from outside; Gioia, Albert-Whetten, and Selznick specify the identity and institutional character anchors; Argyris-Schön, Senge, and Edmondson specify the learning and relational conditions; Heidegger-Dreyfus establishes the philosophical limit of meta-regulatory assessment; Ashby and Beer, treated in Section VI.I.4, provide the formal systems grounding; ISLE supplies the developmental specification; Watzlawick et al. specify the change theory the renewal function must enact.

Berger and Luckmann (1966) established the social construction of reality as the foundational specification of how meaning is produced and maintained in human systems. Their contribution is the specification that the governing premises through which the enterprise operates are not discovered but constructed — that organizational reality is a social achievement maintained through ongoing interpretive activity rather than an objective condition awaiting perception. Their

concept of institutionalization — the process through which constructed meanings become experienced as objective reality — is the sociological expression of what ISLE specifies as consolidation. What social construction theory does not specify is the developmental trajectory of institutionalization — why constructed meanings consolidate in the particular direction that the success syndrome generates, what determines the rate of consolidation, and what conditions make de-institutionalization — premise revision — possible rather than merely describing its social difficulty.

Prahalad and Bettis (1986) specified dominant logic — the managerial mental model through which the enterprise's top management interprets competitive situations and makes strategic choices. Their contribution is the specification that the enterprise's competitive behavior is filtered through a shared cognitive framework at the managerial level — that the dominant logic is not just an individual cognitive bias but an organizational property that shapes the entire enterprise's strategic agenda. What dominant logic theory does not fully develop is the architectural dimension — how the dominant logic is embedded in the enterprise's formal structures, processes, and cultural norms in ways that make it organizational rather than merely managerial, and what the mechanisms are through which it consolidates and resists revision.

March and Simon (1958) and Cyert and March (1963) specified the cognitive dimension of organizational meaning — the bounded rationality conditions under which organizational actors make sense of and act on their organizational situations. Their contribution is the specification that the enterprise's meaning architecture is constituted through the simplified models, heuristics, and decision rules through which organizational actors reduce the complexity of their situations to manageable proportions. What behavioral organization theory does not specify is the developmental trajectory of those simplified models — how successful decision rules consolidate

into governing premises that progressively constrain the cognitive architecture available for premise revision.

Schein's (1985, 2010) organizational culture theory specified culture as a pattern of shared basic assumptions — the deepest level of organizational meaning that has been learned as a group in solving problems of external adaptation and internal integration. His contribution is the most complete prior specification of the meaning subsystem's architectural level — the basic assumptions, espoused values, and artifacts that constitute the three levels of cultural architecture through which organizational meaning is maintained and transmitted. What Schein did not specify is the developmental dynamics of cultural consolidation — how the cultural architecture that enables organizational functioning progressively constrains premise revision, and what conditions make cultural reconstruction possible rather than merely describing its difficulty.

Weick (1995) specified sensemaking as the process through which organizational meaning is continuously constructed and maintained — the noticing, bracketing, labeling, and connecting through which ambiguous signals become interpreted experience that organizational actors can act on. His contribution is the specification that meaning maintenance is an active ongoing process rather than a stable background condition — that the meaning subsystem requires continuous sensemaking activity to sustain the shared interpretive frameworks that organizational coordination depends on. What sensemaking theory does not specify is the structural condition that makes some sensemaking frameworks more resistant to disconfirmation than others — why consolidated meaning architectures generate sensemaking that systematically classifies disconfirming signals as anomalies rather than premise challenges.

Daft and Weick (1984) specified organizations as interpretation systems — the most direct prior treatment of what this monograph assigns to the meaning subsystem's constitution function.

Their model distinguished scanning, interpretation, and learning as the stages through which organizations give meaning to environmental data, and classified interpretation modes along two dimensions: management's beliefs about whether the environment is analyzable, and the organization's intrusiveness in probing it. Their contribution is the recognition that organizational action depends on an interpretive process that precedes and shapes it — that what an organization does is governed by what it has concluded its environment means. Two limits define the perceptual enterprise model's extension. First, Daft and Weick located interpretation primarily in upper management, treating it as a property of the strategic apex rather than as a function instantiated throughout the enterprise's instruments; the meaning subsystem specification, and Proposition 3's prediction that instrument change outweighs personnel change, depart from that location directly. Second, their interpretation modes are characterized as relatively stable organizational orientations rather than as developmental conditions. They do not specify how an interpretation system consolidates through its own success, why its scanning narrows as its interpretations are validated, or what preserves its capacity to revise the interpretive framework itself rather than only apply it.

DiMaggio and Powell (1983) and Scott (1995) specified institutional theory — the specification that organizational meaning architectures are shaped by the institutional environments in which enterprises operate, through coercive, normative, and mimetic pressures that drive convergence toward legitimate organizational forms. Their contribution to the meaning subsystem is the specification that governing premises are not only internally generated but externally constrained — that the institutional environment is a meaning architecture at the field level that shapes what premises are available to individual enterprises and what premise revisions are institutionally legitimate. What institutional theory does not specify is the mechanism through which institutional meaning architectures themselves become obsolete — why field-level

governing premises consolidate, approach coherence horizons, and require reconstruction through the same mechanism that generates those dynamics at the enterprise level.

Gioia and Chittipeddi (1991) and Gioia et al. (2000, 2013) specified organizational identity theory — the specification that organizations have identity claims about what they are, what makes them distinctive, and what they value that constitute a central reference point for organizational sensemaking and strategic choice. Their contribution to the meaning subsystem is the specification that the enterprise's governing premises are anchored in identity claims that generate the continuity and distinctiveness through which organizational actors make sense of their membership and commitment. What organizational identity theory does not fully specify is the developmental consequence of deep identity-strategy fusion — why enterprises whose identity has become fused with their current competitive strategy cannot revise their strategy without experiencing the revision as an identity threat, and how the Direction dimension of the 4D framework (Sloan, 2026d) addresses this by maintaining the separation between purpose-level identity and strategy-level competitive positioning.

Albert and Whetten's (1985) specification of organizational identity established the foundational treatment of what organizations are in terms of their own self-understanding — the specification that organizational identity consists of claims about what is central, distinctive, and enduring about the enterprise. Their contribution to the meaning subsystem is the most precise prior specification of the property the perceptual enterprise model calls purpose: the central, distinctive, and enduring claims that constitute the enterprise's self-understanding and anchor the meaning architecture through which all other organizational activity is interpreted. Albert and Whetten established that these identity claims are not merely descriptive but performative — they shape what the enterprise attends to, what it recognizes as consistent with what it is, and what it

experiences as threatening to its essential character. The perceptual enterprise model's specification that organizational identity should be anchored in purpose rather than in governing premises — enabling premise revision without identity collapse — depends directly on Albert and Whetten's foundational claim that identity is constituted by central, distinctive, and enduring properties. What their framework does not specify is the developmental dynamic through which identity claims consolidate around particular governing premises over time — why organizations whose identity was initially constituted by purpose-level claims progressively fuse those claims with the specific competitive strategy through which they have been pursued, until the success syndrome has made premise revision feel like identity dissolution.

Selznick's (1957) specification of institutional character and organizational leadership provided the foundational treatment of how enterprises develop distinctive identity through the institutionalization of values — the process through which the organization becomes infused with value beyond the technical requirements of the task. His contribution to the meaning subsystem is the specification that the enterprise's most consequential leadership function is not strategic direction or operational management but the definition and protection of institutional purpose — the articulation and maintenance of the values and commitments that give the organization its distinctive character and generate the member commitment that distinguishes genuine organizational identity from mere contractual affiliation. Selznick's leader as statesman — the leader who maintains institutional purpose through the pressures of expediency, opportunism, and environmental demand — is the organizational identity expression of what the perceptual enterprise model specifies as the meaning subsystem's renewal function operating at the leadership level. What Selznick did not specify is the developmental mechanism through which institutional purpose becomes fused with competitive strategy — why the values and commitments that

constituted the enterprise's institutional character during its formation progressively become associated with the specific premises through which they were enacted, until institutional purpose and competitive logic are indistinguishable from within the consolidated architecture and premise revision requires institutional reconstruction rather than strategic repositioning.

Argyris and Schön (1978) specified the double-loop learning dimension of the meaning subsystem's renewal function — the capacity to examine the governing variables behind organizational action rather than simply correcting action within existing governing variables. Their contribution is the specification that the meaning subsystem's renewal function requires a qualitatively different kind of organizational learning than single-loop adaptation — one that questions the premises that single-loop adaptation takes as given. What double-loop learning theory does not specify is the life energy condition that makes it possible — why potential life energy is the prerequisite for double-loop learning and why the success syndrome systematically locks it into execution.

Senge (1990) specified the learning organization as the organizational architecture that maintains the conditions for double-loop learning — the systems thinking, mental models, shared vision, team learning, and personal mastery disciplines through which enterprises sustain the capacity for premise examination alongside execution excellence. His contribution to the meaning subsystem is the organizational design specification of what conditions the renewal function requires to remain operational. What the learning organization framework does not specify is the developmental pressure against which those conditions must be maintained — why the success syndrome systematically undermines learning organization conditions even when leadership explicitly intends to preserve them.

Edmondson (1999) specified psychological safety — the interpersonal conditions under which organizational members feel safe to speak up, challenge existing assumptions, and surface what they genuinely see without fear of punishment or humiliation. Her contribution to the meaning subsystem is the relational specification of what conditions the renewal function's premise examination requires at the individual level — that people can only generate the disconfirming signals and premise-challenging perspectives the meaning subsystem needs if they experience their organizational environment as safe for doing so. What psychological safety research does not specify is the architectural condition governing whether psychological safety can be maintained — why the success syndrome generates organizational cultures that are psychologically safe within existing premises while systematically unsafe for the premise-challenging speech that renewal requires.

Heidegger's (1927) concept of thrownness and the hermeneutic circle — developed in the organizational context by Dreyfus (1991) and Taylor (1985) — provides the philosophical foundation for why meaning revision is structurally difficult rather than merely psychologically uncomfortable. Thrownness specifies that meaning architectures are not chosen but inherited — that organizational actors are always already operating within a meaning context that precedes their individual choices and that cannot be fully made the object of reflective examination because it is always already the lens through which examination occurs. The hermeneutic circle specifies that meaning revision always proceeds from within an existing meaning context — that there is no Archimedean point outside the enterprise's interpretive architecture from which its premises can be examined without remainder. These philosophical specifications ground the meaning subsystem's most fundamental challenge: the meta-regulatory function cannot fully step outside the premises it is assessing because those premises constitute the interpretive architecture through

which assessment occurs. The renewal function's requirement for interpretive distance is therefore not a requirement that can be fully met — it is a limit that the meaning subsystem must work within, maintaining as much distance as the life energy condition allows rather than achieving complete premise-transcendence.

ISLE — Sloan (2026a) — provides the developmental specification that integrates all prior meaning traditions into a coherent architectural treatment. Its specification of structural planes, interpretive elasticity, misalignment, the coherence horizon, non-structure, and the kinetic-potential life energy distinction provides the developmental framework through which the meaning subsystem's consolidation and reconstruction dynamics are precisely theorized. The perceptual enterprise model's contribution beyond ISLE is the subsystem architecture specification — showing precisely how the meaning system functions within the enterprise as an operating system, what inputs it receives from each subsystem and in what form, what outputs it generates for each subsystem and through what mechanism, and why the meaning subsystem's renewal function has become the primary determinant of enterprise viability in the era of accelerating technological change.

Watzlawick, Weakland, and Fisch's (1974) specification of first and second-order change provided the change theory most precisely aligned with the meaning subsystem's renewal function. Their foundational distinction is between first-order change — variation within a system that leaves its governing rules intact — and second-order change — revision of the system's governing rules themselves. First-order change is what the production, maintenance, and adaptive subsystems perform continuously and effectively in their normal operating modes: correcting within-premise deviations, improving execution, and adapting to within-premise environmental shifts. Second-order change is what the meaning subsystem's renewal function must generate when first-order

adjustments have been exhausted and the governing premises themselves require revision. Watzlawick et al.'s most consequential specification for the meaning subsystem is that attempting more of the same first-order solution to a second-order problem does not merely fail — it makes the problem worse, because it reinforces the premises that are generating the problem while consuming the resources and attention that second-order change requires. The perceptual enterprise model specifies this as the success syndrome's most dangerous managerial expression: escalating commitment to within-premise solutions at the coherence horizon — deploying kinetic life energy with increasing intensity against a challenge that requires the redistribution of life energy toward potential form. What Watzlawick et al. did not specify is the organizational condition that determines whether second-order change is structurally available — the reconstruction potential and interpretive elasticity that must be maintained through first-order success if second-order change is to remain possible when the coherence horizon makes it necessary.

The traditions and their contributions to the meaning subsystem are summarized in Table 11.

***Table 11. Meaning Theory and the Perceptual Enterprise Meaning Subsystem***

| Theorist (Year) | Core Construct | Contribution to the Meaning Subsystem | Dimension Not Addressed |
|---|---|---|---|
| Berger & Luckmann (1966) | Social construction of reality | Foundational specification that governing premises are constructed rather than discovered — organizational reality is a social achievement maintained through ongoing interpretive activity; institutionalization as the process through which constructed meanings become experienced as objective reality | The developmental trajectory of institutionalization — why constructed meanings consolidate in the direction the success syndrome generates, what determines consolidation rate, and what conditions make de-institutionalization possible |

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| Prahalad & Bettis (1986) | Dominant logic | Specification that the enterprise competitive behavior is filtered through a shared cognitive framework at the managerial level — dominant logic as an organizational property that shapes the entire strategic agenda rather than merely individual cognitive bias | The architectural embedding of dominant logic — how it becomes embedded in formal structures, processes, and cultural norms in ways that make it organizational rather than merely managerial, and the mechanisms through which it consolidates and resists revision |
| Schein (1985, 2010) | Organizational culture / basic assumptions | The most complete prior specification of the meaning subsystem architectural level — basic assumptions, espoused values, and artifacts as the three levels of cultural architecture through which organizational meaning is maintained and transmitted | The developmental dynamics of cultural consolidation — how the cultural architecture enabling organizational functioning progressively constrains premise revision, and what conditions make cultural reconstruction possible rather than merely describing its difficulty |
| Weick (1995) | Sensemaking | Specification that meaning maintenance is an active ongoing process rather than a stable background condition — the noticing, bracketing, labeling, and connecting through which ambiguous signals become interpreted experience that organizational actors can act on | The structural condition making some sensemaking frameworks more resistant to disconfirmation — why consolidated meaning architectures generate sensemaking that classifies disconfirming signals as anomalies rather than premise challenges |
| Daft & Weick (1984) | Organizations as interpretation systems | Specification that organizational action depends on a prior interpretive process — scanning, interpretation, and learning — through which environmental data acquire meaning, with interpretation modes varying by beliefs about environmental analyzability and organizational intrusiveness | Interpretation as a function instantiated throughout the enterprise rather than at the strategic apex — and the developmental condition through which an interpretation system consolidates through its own success and loses the capacity to revise its framework |
| DiMaggio & Powell (1983); Scott (1995) | Institutional theory | Specification that organizational meaning architectures are shaped by institutional environments through coercive, normative, and mimetic pressures — the field-level meaning architecture that constrains what premises are available to enterprises and what premise revisions are institutionally legitimate | The developmental mechanism through which institutional meaning architectures consolidate and become obsolete. Seo and Creed (2002) address institutional change through endogenous contradictions, and Battilana and Dorado (2010) address hybrid logic navigation — both genuine advances beyond static institutional theory. What they do not provide is the generative mechanism governing whether any particular architecture can respond to contradiction pressure before the coherence horizon forecloses |

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| | | | reconstruction. The institutional logics tradition specifies field-level governing premises and the conditions under which they change; the perceptual enterprise model specifies the internal developmental mechanism determining whether enterprise or field-level architectures can act on those conditions in time. |
| Gioia et al. (1991, 2000, 2013) | Organizational identity theory | Specification that the enterprise governing premises are anchored in identity claims that generate continuity and distinctiveness — organizational identity as the central reference point for sensemaking and strategic choice | The developmental consequence of deep identity-strategy fusion — why enterprises cannot revise strategy without experiencing it as identity threat, and how purpose-level identity separation from strategy-level positioning addresses this architectural failure mode |
| Dutton & Dukerich (1991) | Organizational image and issue interpretation | Specification of how organizations interpret strategic issues through the lens of organizational identity and image — that what managers see as strategically significant is filtered through their understanding of what the organization is and how it is perceived by external audiences. Their contribution to the meaning subsystem is the specification of the issue interpretation function: the meaning subsystem interprets environmental signals not objectively but through the identity lens, classifying signals as threats or opportunities based on their relationship to what the enterprise understands itself to be. This bridges Weick's sensemaking and Gioia's identity theory — issue interpretation is the meaning subsystem's active sensemaking function operating through the identity anchor | The developmental mechanism through which issue interpretation consolidates — why the meaning subsystem's identity lens progressively narrows the range of signals classified as strategically significant to those consistent with the existing identity, producing systematic filtering of coherence-horizon signals precisely because their significance requires an identity frame the consolidated meaning subsystem cannot generate |
| March & Simon (1958); Cyert & March (1963) | Behavioral organization theory / bounded rationality | Specification that the enterprise meaning architecture is constituted through simplified models, heuristics, and decision rules through which organizational actors reduce situational complexity — the cognitive foundation of the meaning subsystem operating architecture | The developmental trajectory of simplified models — how successful decision rules consolidate into governing premises that progressively constrain the cognitive architecture available for premise revision as the success syndrome deepens |
| Argyris & Schön (1978) | Double-loop learning | Specification that the meaning subsystem renewal function requires | The life energy condition making double-loop learning possible — |

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| | | examining governing variables rather than correcting action within them — the foundational specification that genuine premise revision requires a qualitatively different organizational learning mode than within-premise adaptation | why potential life energy is its prerequisite and why the success syndrome systematically locks it into execution, making double-loop learning most necessary precisely when it is structurally most difficult |
| Senge (1990) | Learning organization | Organizational architecture maintaining conditions for double-loop learning — systems thinking, mental models, shared vision, team learning, and personal mastery as the disciplines through which enterprises sustain premise examination capacity alongside execution excellence | The developmental pressure against which those conditions must be maintained — why the success syndrome systematically undermines learning organization conditions even when leadership explicitly intends to preserve them, and what architectural conditions sustain them under consolidation pressure |
| Edmondson (1999) | Psychological safety | Relational specification of what conditions the renewal function premise examination requires at the individual level — that organizational members can only surface premise-challenging perspectives if they experience their environment as safe for doing so | The architectural condition governing whether psychological safety can be maintained under consolidation — why the success syndrome generates cultures that are safe within existing premises while systematically unsafe for the premise-challenging speech that renewal requires |
| Polanyi (1958) | Tacit knowledge | Epistemological specification of why governing premises do not appear as premises but as reality itself — that we can know more than we can tell, and that the tacit dimension of knowing operates as the background against which explicit knowledge is figured. Polanyi's specification of tacit knowing is the epistemological foundation for the perceptual enterprise model's central ontological claim: governing premises constitute the tacit dimension of organizational knowing, which is why they do not present themselves as premises subject to examination but as the unquestioned framework within which examination occurs. This grounds the Heidegger-Dreyfus insight organizationally: the hermeneutic circle operates because governing premises are tacit, not | The developmental dynamic of tacit knowing consolidation — why the success syndrome progressively embeds governing premises more deeply in the tacit dimension, making them less accessible to the explicit examination that premise revision requires and more fully expressed in the automatic and unreflective organizational practice that Polanyi identified as the hallmark of mastery — a hallmark that in organizational terms is simultaneously the sign of operational excellence and the structural condition of coherence horizon vulnerability |

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| | | because actors are psychologically resistant | |
| Heidegger (1927); Dreyfus (1991) | Thrownness / hermeneutic circle | Philosophical grounding of why meaning revision is structurally difficult — meaning architectures are inherited rather than chosen, and the hermeneutic circle specifies that meaning revision always proceeds from within an existing meaning context, establishing the fundamental limit of the meta-regulatory function | Not a gap — these philosophical specifications establish the irreducible limit within which the meaning subsystem operates: interpretive distance from existing premises is always partial, making the renewal function a continuous discipline of maintaining maximal distance rather than achieving complete premise-transcendence |
| Ashby (1956); Beer (1972) | Meta-regulator / System 5 | Formal systems science grounding of the meaning subsystem as the second-order control function that monitors and adjusts the parameters of all first-order subsystem regulators — Beer System 5 as the organizational expression of Ashby meta-regulator | The developmental dynamics of meta-regulatory consolidation — how the meaning subsystem meta-regulatory function itself becomes subject to the consolidation dynamic, and what conditions maintain its capacity for genuine second-order assessment rather than first-order confirmation of existing regulatory parameters |
| Albert & Whetten (1985) | Organizational identity — central, distinctive, enduring | Foundational specification of organizational identity as constituted by claims about what is central, distinctive, and enduring — the most precise prior treatment of what the perceptual enterprise model calls purpose; the specification that identity claims are performative rather than merely descriptive, shaping what the enterprise attends to, recognizes as consistent with what it is, and experiences as threatening to its essential character | The developmental dynamic through which identity claims consolidate around particular governing premises over time — why organizations whose identity was initially constituted by purpose-level claims progressively fuse those claims with the specific competitive strategy through which they were pursued, until premise revision feels like identity dissolution rather than strategic renewal |
| Selznick (1957) | Institutional character / leadership as statesmanship | Specification that the enterprise's most consequential leadership function is the definition and protection of institutional purpose — the articulation and maintenance of values and commitments that give the organization its distinctive character through the pressures of expediency; the leader as statesman who maintains institutional purpose is the organizational expression of the meaning subsystem's renewal function operating at the leadership level | The developmental mechanism through which institutional purpose becomes fused with competitive strategy — why the values constituting the enterprise's institutional character during formation progressively become associated with the specific premises through which they were enacted, until institutional purpose and competitive logic are indistinguishable from within the consolidated architecture and premise revision requires institutional reconstruction rather than strategic repositioning |

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| Watzlawick, Weakland & Fisch (1974) | First and second-order change | The change theory most precisely aligned with the meaning subsystem's renewal function — the foundational distinction between first-order change that corrects within existing governing rules and second-order change that revises the governing rules themselves; the specification that attempting first-order solutions to second-order problems does not merely fail but makes the problem worse by reinforcing the premises generating it while consuming the resources that second-order change requires | The organizational condition that determines whether second-order change is structurally available — Watzlawick et al. specify the distinction and the mechanism by which first-order escalation compounds the second-order problem without specifying the reconstruction potential and interpretive elasticity that must be maintained through first-order success if second-order change is to remain possible when the coherence horizon makes it necessary |
| Raisch & Krakowski (2021); Daugherty & Wilson (2018) | Human-AI symbiosis / cognitive complementarity | Specification that the most consequential question in human-AI collaboration is not capability substitution but cognitive complementarity — that human and AI capacities combine to produce outcomes neither achieves alone, and that the design of that combination determines whether AI augments or displaces human judgment in the domains that determine organizational adaptation | The formal mechanism governing why complementarity produces divergent organizational outcomes. Cognitive complementarity is the correct framing but not the operative variable. Ashby's requisite variety supplies the operative variable: the variety-generation properties of the human-AI system relative to the variety of disturbances faced. A human-AI system operating within a consolidated meaning subsystem amplifies within-premise variety without expanding its range; one operating within a meaning subsystem with maintained potential life energy expands the response repertoire. The symbiosis question is therefore not one of cognitive design but of meaning subsystem developmental state — the prior structural condition the human-AI symbiosis literature presupposes but has not yet specified |
| ISLE — Sloan (2026a) | Structural planes, interpretive elasticity, coherence horizon, non-structure, life energy | The developmental specification integrating all prior meaning traditions — structural planes as the organizational expression of meaning architecture, interpretive elasticity compression as the mechanism of consolidation, coherence horizon as the viability threshold, non-structure as the generative reconstruction interval, and kinetic-potential life energy as the governing condition of developmental direction | Not a presupposition — ISLE provides the developmental mechanism; the perceptual enterprise model adds the subsystem architecture specification showing how the meaning system functions within the enterprise as an operating system, what inputs it receives and what outputs it generates, and why renewal has become a continuous architectural requirement in the era of accelerating technological change |

The pattern across these traditions is a sustained and multi-directional convergence on the same architectural reality from different angles of approach. Berger and Luckmann approached it from sociology. Schein from culture theory. Weick from organizational cognition. Prahalad and Bettis from competitive strategy. Argyris and Schön from organizational learning. Senge from systems thinking. Edmondson from interpersonal psychology. Heidegger and Dreyfus from philosophy. Each arrived at the same foundational insight — that organizations operate through interpretive architectures that constitute what they can see, what they can say, and what they can do — and each stopped at the boundary its own tradition was built to cross. What they did not collectively provide was the developmental specification: how the meaning architecture consolidates through success, what structural condition governs whether it can examine its own premises, how it can be maintained in the renewal-capable state that accelerating technological change requires, and why the renewal function has become continuous rather than episodic in the AI era. The perceptual enterprise model makes that specification through ISLE's developmental mechanism, the subsystem architecture that locates meaning within the enterprise's operating system, and the formal systems science grounding that establishes the meta-regulatory function as the organizational expression of Ashby's deepest formal requirement. The meaning subsystem is not the most difficult subsystem to theorize because it is abstract. It is the most difficult because it is the foundation — and foundations cannot be fully examined from within the structures they support.

## I.12. Theoretical Contributions: The Meaning Subsystem

The meaning subsystem treatment makes five contributions that are specific to the perceptual enterprise model — extending ISLE's developmental specification into a full subsystem architecture and adding dimensions that neither ISLE nor any prior meaning theory has provided.

The first contribution is the specification of meaning as an enterprise-level subsystem with defined inputs and outputs rather than as a general property of organizational culture or a developmental construct operating at the enterprise level. Prior meaning traditions — organizational culture theory, dominant logic, sensemaking, identity theory — have theorized organizational meaning comprehensively without specifying the subsystem-level architecture through which meaning is generated, maintained, and revised as a function within the enterprise's operating system. The perceptual enterprise model provides that specification: the meaning subsystem receives inputs from all five other subsystems, generates governing premises and life energy states as its primary outputs, and performs the meta-regulatory function that determines whether those inputs indicate continued within-premise operation or the initiation of reconstruction.

The second contribution is the multi-level cascading specification — the explicit theorization of how meaning operates simultaneously at individual, collective, and architectural levels within the enterprise, and how consolidation at the architectural level cascades through collective frameworks to individual meaning architectures in ways that progressively narrow what can be seen, said, and thought across every level simultaneously. Prior culture theory has described cultural levels without specifying the developmental dynamics of how consolidation at one level propagates through others — and without specifying the reverse cascade through which premise revision at the architectural level must propagate to generate genuine organizational reconstruction rather than surface-level strategic adjustment.

The third contribution is the specification of the meaning subsystem as the architectural governor of the enterprise's life energy orientation — the subsystem whose developmental condition determines whether the life energy present throughout the enterprise is directed toward

premise deepening or available for premise examination. Life energy is not an output the meaning subsystem produces and distributes. It is the pervasive animating condition of the enterprise's perceptual entities. What the meaning subsystem produces is the architectural condition — consolidated or elastically maintained — that orients that pervasive energy across every subsystem simultaneously. Prior life energy theory (Sloan, 2026a) established life energy as an enterprise-level construct. The perceptual enterprise model adds the subsystem-level specification: the meaning subsystem is the architectural locus at which the kinetic-potential distribution is set, not by generating life energy but by determining the interpretive condition within which the life energy already present throughout the enterprise finds its orientation.

The fourth contribution is the specification of the inward focus versus outward renewal dynamic as a measurable diagnostic property of the meaning subsystem's health. Prior organizational theory has observed that enterprises can become self-referential and lose environmental alignment without specifying the meaning subsystem mechanism through which that transition occurs — how the shift from outward environmental coherence to inward self-confirmation manifests architecturally in the governing premises, collective frameworks, and individual meaning architectures that constitute the meaning subsystem. The perceptual enterprise model provides that mechanism, making the inward-outward dimension a diagnostic property that can be assessed through the meaning subsystem's inputs — specifically whether the signals it receives from boundary spanning and adaptive subsystems carry premise-challenging information or whether the consolidation of those subsystems has already filtered it out before it reaches the meaning subsystem's meta-regulatory function.

The fifth contribution is the specification of the meaning subsystem's renewal function as a continuous architectural requirement rather than a periodic organizational capability — and the

connection of that requirement to the acceleration of technological change in the AI era. Prior organizational theory has treated renewal and reconstruction as responses to recognized need for change. The perceptual enterprise model specifies them as ongoing functions that the meaning subsystem must maintain throughout the consolidation phase — not because the enterprise is always in a state of reconstruction but because the capacity for reconstruction must be preserved continuously rather than rebuilt episodically. In an era where AI reinforces existing interpretive logic with unprecedented speed, the meaning subsystem's capacity to ask the questions that AI analysis cannot ask — whether the framework within which analysis is being conducted remains coherent with the environment the enterprise actually faces — has become the defining competency of enterprise viability.

The pattern that runs across the six subsystems is what makes the perceptual enterprise model operationally consequential rather than merely architecturally elegant. Every prior tradition that has theorized one of these subsystems has identified a genuine organizational function, mapped it with genuine precision, and stopped at a boundary determined by what that tradition was built to explain. Production theory specified what enterprises transform. Maintenance theory specified what sustains the transforming resources. Boundary spanning theory specified the environmental interfaces. Adaptive theory specified the learning function. Management and leadership theory specified the coordinating function. Meaning and culture theory approached the governing foundation. None has specified how these functions constitute a single living system organized around a common operational purpose — the generation of viable value events across the enterprise's three environmental flows — or how the success syndrome operates not as a failure in any single subsystem but as the structural consequence of all six subsystems performing their primary functions well under conditions where value event flow health validates continued

deepening of existing premises. The subsystem architecture makes a claim that no prior tradition operating within its own domain could make: that the enterprise's competitive strength and its structural vulnerability are generated by the same mechanism simultaneously, that every failure of competitive viability is traceable to specific failure patterns in this architecture, and that understanding the architecture as a living system rather than as a set of functions is the prerequisite for building enterprises capable of reconstructing their governing premises before viability is lost rather than after.

## Section VII: The Feedback Architecture of the Perceptual Enterprise

The success syndrome is not merely a tendency toward consolidation. It is a formally specifiable positive feedback loop that systematically degrades its own balancing mechanisms — a reinforcing dynamic that progressively narrows the sensing parameters, interpretive frameworks, and planning horizons through which the balancing feedback that would otherwise limit and redirect it must operate. That formal specification is Section VII's most consequential contribution, because it converts the success syndrome from a behavioral observation into a systems architecture claim: it establishes precisely where in the enterprise's feedback structure the syndrome operates, why operational and tactical interventions cannot address it, and what architectural conditions are required to maintain the balancing feedback that keeps it from driving the enterprise to the coherence horizon threshold. Organizational theory has described the syndrome's consequences from behavioral, cognitive, and developmental perspectives. Formal feedback theory specifies its structure — and that structural specification is what makes the renewal loop not merely an aspirational organizational capability but a formally defined balancing feedback mechanism with precise design requirements. The perceptual enterprise architecture has been specified through six sections — the perceptual entity, the systems architecture, the resource architecture, its relationship

to prior resource theory, the value event, and the six subsystems. Each section has described a structural dimension of what the enterprise is and how its components are organized. What none of them has yet specified in its own right is the dynamic dimension — the feedback architecture through which the enterprise's components communicate with each other, through which the system learns from its outputs, and through which the enterprise either maintains viability or progressively undermines it as the success syndrome deepens. Without the feedback architecture, the perceptual enterprise model specifies a sophisticated structural anatomy without the physiology that makes it live. With it, the architecture becomes what it is designed to be — not a description of what the enterprise contains but a specification of how it operates as a dynamic, self-regulating, and potentially self-reconstructing system over time.

Feedback is not a feature of the perceptual enterprise architecture. It is the mechanism that makes the architecture a system in any meaningful sense. A collection of subsystems that process inputs and generate outputs without feeding those outputs back as signals governing their own future operation is not a system — it is a set of loosely coupled processes. The feedback architecture is what converts the six subsystems into an integrated enterprise system capable of maintaining viability, detecting its own misalignment, and generating the premise revisions that reconstruction requires. Prior sections have described where feedback operates in each subsystem. This section specifies what feedback does at the architectural level — what it enables, how it is structured, how it fails, and why the formal theory of feedback systems provides the most precise available specification of the perceptual enterprise's dynamic behavior.

Feedback enables three capabilities the enterprise requires that no other architectural mechanism provides. The first is viability monitoring — the continuous assessment of whether the enterprise's outputs are generating the recognition and return flows that sustain operation. Without

feedback from value event flows, the enterprise cannot know whether its transformation processes remain aligned with what the environments determining its viability will recognize as valuable. The second is regulatory correction — the generation of responses that maintain performance within viable parameters when deviation is detected. Without feedback-driven correction, small misalignments compound into systemic failures before the enterprise has the information it needs to respond. The third, and most consequential, is developmental learning — the capacity to recognize not just that performance has deviated from target but that the target itself may require revision. This third capability requires a feedback architecture that routes signals to the meaning subsystem's meta-regulatory function — signals that carry information not about how well existing premises are being executed but about whether those premises remain coherent with the environments the enterprise faces.

## A. Feedback in the Subsystem Architecture: A Synthesis

Before specifying the feedback architecture in formal systems terms, the feedback mechanisms established throughout the subsystem sections require synthesis into a coherent picture. Each subsystem both generates and receives feedback signals — and the patterns through which those signals flow constitute the enterprise's actual dynamic architecture.

The value event flows are the enterprise's primary feedback mechanism — the continuous signal stream through which the environment reports whether the enterprise's outputs are being recognized as valuable and returning the resources that sustain operation. Customer value event flow degradation is feedback that production outputs are losing alignment with customer recognition frameworks. Internal value event flow degradation is feedback that the maintenance subsystem's investment in producing resources is insufficient or misdirected. Societal value event

flow pressure is feedback that the enterprise's legitimacy architecture requires investment. These three flows are the most direct and most consequential feedback signals in the entire architecture — they are the enterprise's empirical evidence about its alignment with the environments determining its viability.

The boundary spanning subsystem generates feedback at both its input and output boundaries — detecting recognition framework shifts at the output boundary and resource market reconfigurations at the input boundary before those shifts manifest as value event flow degradation. Its feedback is temporally prior to value event flow degradation — it carries information about where the competitive environment is heading rather than where the enterprise currently stands. The adaptive subsystem receives this boundary spanning feedback, integrates it with production performance signals and maintenance condition indicators, and routes its interpretive assessment to the managerial and meaning subsystems. This routing function is the feedback architecture's most critical pathway — it is the channel through which coherence horizon proximity signals travel from the boundary interfaces where they first appear to the meaning subsystem where they must be received for reconstruction to occur.

The managerial subsystem's direction-feedback duality is the feedback architecture's coordinating mechanism — the organized circulation of direction downward into all subsystems and feedback upward from all subsystems to the meaning subsystem. The horizon compression dynamic specified in Section VI.H.2 is the feedback architecture's most consequential failure mode at the managerial level — when the managerial subsystem's feedback reception narrows toward operational and tactical signals, the strategic and purpose-identity horizon feedback that the meaning subsystem requires for meta-regulatory assessment stops reaching it.

The second-order consolidation loop between the adaptive and boundary spanning subsystems — specified in Section VI.G.6 — is the feedback architecture's most insidious dynamic. The adaptive subsystem's within-premise assessments progressively refine the boundary spanning subsystem's sensing parameters, narrowing what boundary spanning attends to, which narrows the signals available for adaptive processing, which generates more within-premise assessments, which further refines sensing parameters. This loop operates below the level of any individual decision and accelerates the approach to the coherence horizon faster than the single-loop dynamics of either subsystem alone would generate.

The meaning subsystem receives the aggregate feedback from all five other subsystems and performs the meta-regulatory assessment that determines whether the enterprise operates within existing premises or initiates reconstruction. Its feedback reception is the most consequential single function in the entire feedback architecture — and it is the function most vulnerable to consolidation, because the governing premises through which it assesses the feedback it receives are the same premises whose adequacy the feedback is reporting on.

The meaning subsystem's feedback reception, specified above, is only half of the pathway reconstruction requires. The other half — what happens once the meta-regulatory assessment concludes that reconstruction is warranted — has a failure mode the organizational learning literature has not adequately separated from failure of the assessment itself. Two conditions must be distinguished, because each demands a different structural remedy and each can occur independently of the other.

The first is lock-in failure: the meaning subsystem's directional capacity has become so fully organized around executing existing governing premises — and thinking capacity so completely displaced by that execution — that no capacity remains to perform the meta-regulatory

assessment at all. Governing premises remain embedded in the operating instruments of the five subsystems that execute through them, but no capacity remains to examine whether those premises still warrant that role. This is the failure mode specified in Section VI.I.6 as forced reconstruction — the condition in which renewal has not occurred during consolidation and the enterprise must reconstruct, if it reconstructs at all, under conditions of maximum stress and minimum capacity.

The second is structurally distinct, and the feedback architecture specified above does not yet name it: seam failure, the condition in which the meaning subsystem retains sufficient potential life energy to perform the meta-regulatory assessment correctly, generates a genuine and accurate finding that a governing premise requires reconstruction, and that finding does not reach, or does not influence, the managerial subsystem's actual resource-allocation and decision-rights architecture. The meaning subsystem's output in this case is not degraded. The pathway carrying it is. Because the managerial subsystem is the function responsible for converting a meta-regulatory finding into resource commitment and decision-rights change, a meaning subsystem operating with full interpretive capacity produces no reconstruction whatsoever if the seam between its output and the managerial subsystem's input has closed — the organizational equivalent of Beer's (1972, 1979, 1985) algedonic channel failing to fire even when the condition it exists to signal is genuinely present.

Lock-in failure and seam failure are not points on a single continuum, and an enterprise cannot diagnose one from the observable symptoms of the other. An enterprise experiencing lock-in failure has no internal finding to act on; a leadership team searching its own organization for the insight it lacks will not find one, because the meta-regulatory assessment never occurred. An enterprise experiencing seam failure already has the finding, generated correctly, sitting somewhere inside the organization at the moment its coherence horizon becomes empirically

undeniable — which is why post-mortem analyses of enterprises that failed to reconstruct in time so often locate an internal document, proposal, or dissenting judgment that anticipated the failure years in advance. The finding was never the missing element. What was missing was the structural pathway that would have let that finding reach the resource-allocation authority capable of acting on it.

## B. The Formal Theory of Feedback Systems

Wiener's (1948) cybernetics established the foundational formal specification of feedback as the mechanism through which systems maintain purposive behavior — the use of the difference between current state and target state to generate corrective responses that reduce that difference. Negative feedback in Wiener's specification is the self-correcting mechanism — it detects deviation and generates responses that restore the system toward its target state. Positive feedback is the deviation-amplifying mechanism — it detects movement and generates responses that amplify that movement. These are the two fundamental feedback types from which all complex system behavior is generated.

The application of these formal specifications to the perceptual enterprise's feedback architecture is precise. The renewal loop — the meaning subsystem's meta-regulatory correction of governing premises when coherence horizon signals indicate misalignment — is a negative feedback loop in Wiener's sense. It detects the deviation between the enterprise's existing premises and the environmental reality those premises face, and generates the corrective response — premise revision — that reduces that deviation. The success syndrome is a positive feedback loop — it amplifies successful premise execution, progressively deepening commitment to existing premises without internal limit. Wiener's formal specification establishes why the success

syndrome cannot self-correct: positive feedback loops have no internal correction mechanism. They require external interruption — the renewal loop — or they drive the system to a threshold.

Forrester's (1961) system dynamics provided the foundational organizational application of feedback theory — the specification that organizational behavior over time is generated by the interaction of feedback loop structures rather than by any single cause. His industrial dynamics framework specified stocks — accumulating quantities — and flows — rates of change — as the structural elements from which feedback systems are built. In the perceptual enterprise architecture, structural gravity is the primary stock — the accumulated producing resources that build through the positive feedback of the success syndrome and deplete through the negative feedback of competitive pressure and resource consumption. Governing premises are stocks of interpretive architecture that accumulate through consolidation. Value event flows are the flow rates that determine whether stocks are building or depleting. Forrester's most important contribution to the feedback architecture specification is the delay concept — the recognition that feedback effects are not instantaneous, that the consequences of current actions appear in system outputs with delays that make the relationship between cause and effect difficult to perceive. The lag between maintenance subsystem failure and production degradation, between coherence horizon approach and value event flow collapse, between premise obsolescence and financial consequences — all of these are Forrester delays, and they are precisely why the success syndrome can proceed so far before its consequences become visible.

Senge's (1990) system archetypes specified the recurring feedback loop structures through which organizational dynamics generate familiar patterns. Three archetypes are directly instantiated in the perceptual enterprise architecture. The Limits to Growth archetype specifies that a reinforcing loop producing growth always encounters a balancing loop that limits it — the

success syndrome's reinforcing loop of successful execution deepening existing premises eventually encounters the limiting loop of environmental recognition framework shift that the existing premises cannot address. The interaction between the reinforcing and limiting loops produces the characteristic pattern: accelerating growth followed by slowdown, plateau, and decline — the S curve trajectory at the enterprise level. The Shifting the Burden archetype specifies that symptomatic solutions that do not address root causes create dependency and erode fundamental solution capacity — the operational and tactical responses to coherence horizon proximity that erode reconstruction potential without addressing the premise-level problem generating the symptoms. Each tactical fix reduces the urgency that would otherwise drive premise examination, progressively eroding the enterprise's capacity to address the root cause while deepening dependence on symptomatic responses. The Eroding Goals archetype specifies that when a gap between desired and actual state is too difficult to close, systems progressively lower their goals rather than improve their performance — the organizational expression of interpretive drift, in which the enterprise's governing premises about what constitutes acceptable performance quietly adjust downward to match what the existing architecture can produce rather than what viable operation requires.

Sterman's (2000) behavioral theory of complex dynamic systems specified the systematic misperceptions through which decision makers operating within feedback systems generate policies that seem locally rational but produce globally suboptimal outcomes. Three misperceptions are directly relevant to the perceptual enterprise feedback architecture. Misperception of feedback — the failure to recognize that current conditions are partly the result of one's own prior actions — means enterprises consistently underestimate the degree to which their current competitive position reflects the consequences of their own premise consolidation

rather than objective environmental conditions. Underestimation of delays — the failure to account for the time between actions and their consequences — means enterprises consistently overestimate the responsiveness of value event flows to tactical interventions and underestimate the accumulated effect of maintenance subsystem investment decisions on life energy condition years later. Misperception of non-linearity — the failure to recognize that system responses are not proportional to inputs — means enterprises consistently apply linear thinking to feedback dynamics that generate threshold effects, tipping points, and discontinuities — precisely the dynamics that coherence horizons instantiate.

Meadows' (2008) specification of system leverage points — places in a system where a small shift produces large changes — provides the formal grounding for the perceptual enterprise model's most important practical implication. Meadows specified a hierarchy of leverage points from least to most powerful, with the paradigm of the system — the shared idea from which the system's goals, rules, and structures arise — as the most powerful leverage point of all. Governing premises are that paradigm. Changing the numbers in the system — adjusting incentives, reallocating resources, modifying processes — is low-leverage intervention. Changing the paradigm — revising the governing premises through which the enterprise interprets its situation and organizes its activity — is the highest leverage intervention available. This formal specification confirms what the perceptual enterprise model establishes through its subsystem architecture: that operational and tactical interventions, however well executed, cannot address a coherence horizon problem because they operate at low-leverage points in the feedback system while leaving the high-leverage paradigm intact.

Beer's (1972, 1979, 1985) Viable System Model added the recursive feedback architecture specification — the precise formal treatment of how feedback flows between organizational levels

maintain viability across the system's recursive hierarchy. Beer's algedonic channel is particularly important — the emergency feedback pathway that bypasses normal information processing channels when immediate existential threat is detected, routing signals directly to the identity and policy function without the delays that normal adaptive processing introduces. The algedonic channel is the organizational feedback architecture's equivalent of the autonomic nervous system — the direct connection between threat detection and governing function that operates when normal channels are too slow. In the perceptual enterprise architecture, the algedonic channel is what activates when value event flow collapse threatens immediate viability — the direct escalation to the meaning subsystem's meta-regulatory function that bypasses the normal adaptive-managerial routing. Its activation typically indicates that reconstruction must occur under breakdown conditions rather than under coherence — because the normal feedback channels were either too slow or too consolidated to route the coherence horizon signals before the threshold was breached.

Bateson's (1972) specification of deutero-learning — learning to learn — provides the feedback theory most directly relevant to the meaning subsystem's renewal function. Bateson established three levels of learning. Learning I is stimulus-response correction within an existing set of alternatives — single-loop learning in Argyris and Schön's terms, the adaptive subsystem's default mode under kinetic dominance. Learning II is change in the process of Learning I — the revision of the set of alternatives from which responses are drawn, double-loop learning. Learning III is change in the process of Learning II — the revision of the framework within which Learning II operates, the meta-level learning that reconstruction requires. Bateson's most important specification for the feedback architecture is that Learning III is extraordinarily difficult and potentially disorienting because it requires the revision of the premises that constitute the learner's

identity and world-structure — which is precisely what reconstruction requires at the enterprise level, and precisely why it is so difficult to generate within an enterprise whose meaning architecture has consolidated around existing premises.

### C. The Feedback Architecture and the Success Syndrome

The success syndrome is, in formal feedback system terms, a reinforcing loop architecture that has consumed its own balancing feedback capacity. The reinforcing loop is precise: successful value events validate governing premises — validated premises direct resources toward what they define as valuable — resource concentration produces more successful value events within the validated logic — each cycle amplifies the loop. This is a positive feedback dynamic in Wiener's sense — deviation-amplifying, without internal limit, driving the system toward a threshold.

The critical feedback architecture insight is that the success syndrome does not merely generate consolidation — it systematically degrades the balancing feedback mechanisms that would otherwise limit and redirect it. As the reinforcing loop deepens, it progressively narrows the boundary spanning subsystem's sensing parameters, reducing the variety of environmental signals entering the system. It calibrates the adaptive subsystem's interpretive frameworks around within-premise signal categories, reducing the signal entropy of the information the adaptive process works with. It compresses the managerial subsystem's planning attention toward operational and tactical horizons, reducing the organizational attention directed to strategic and purpose-identity feedback. And it consolidates the meaning subsystem's governing premises around the logic that is generating success, reducing the meta-regulatory function's capacity to assess premise adequacy from the interpretive distance that genuine assessment requires.

The result is a feedback architecture that has systematically degraded its own balancing loops while its reinforcing loop has become maximally powerful. By the time the coherence horizon is approached, the enterprise's feedback architecture has precisely the opposite of what it needs: strong reinforcing feedback that is deepening commitment to inadequate premises, and weak or absent balancing feedback that would generate the corrective signals that premise revision requires. This is the formal feedback architecture specification of what Christensen observed empirically as disruptive innovation, what Levinthal and March specified as the myopia of learning, and what ISLE theorizes as the developmental mechanism of the success syndrome. They are all descriptions of the same feedback architecture failure — seen from the competitive, cognitive, and developmental perspectives respectively.

The renewal loop is the designed balancing feedback mechanism whose function is precisely to interrupt the success syndrome's reinforcing dynamic before it drives the system to the coherence horizon threshold. Its formal specification as a balancing loop means it has exactly the structural requirements that balancing loops always have — it must receive accurate signals about the deviation it is designed to correct, it must generate responses with sufficient variety to address the disturbances it faces, and it must operate without delays that allow the reinforcing loop to accumulate effects faster than the balancing loop can correct them. All three requirements are threatened by the success syndrome. Signal accuracy is degraded by the consolidation of boundary spanning and adaptive sensing. Response variety is compressed by the erosion of reconstruction potential. Delay management is undermined by horizon compression in the managerial subsystem that reduces the organizational attention to strategic and purpose-identity horizon feedback. Maintaining the renewal loop's effectiveness throughout the consolidation phase is therefore not

simply a matter of organizational intention — it requires a deliberate feedback architecture design that counteracts each of the three degradation mechanisms the success syndrome generates.

## D. Prior Theory and the Feedback Architecture

The feedback architecture of the perceptual enterprise draws on a theoretical tradition that is distinct from but complementary to the organizational theory traditions engaged in the subsystem sections. System dynamics, cybernetics, and the formal theory of feedback systems provide the dynamic specification that organizational theory has approached from behavioral and cognitive directions without achieving the formal precision that feedback architecture theory provides.

Wiener (1948) established the foundational formal distinction between negative or corrective feedback and positive or amplifying feedback — the specification that gives the success syndrome and renewal loop their formal theoretical status as feedback phenomena rather than merely behavioral tendencies. His contribution is the formal grounding that converts organizational observations into systems specifications — showing that the success syndrome is not merely a tendency toward complacency or cognitive bias but a formally specifiable positive feedback loop with the structural properties that all positive feedback loops share.

Forrester (1961) specified system dynamics as the organizational application of feedback theory — stocks, flows, delays, and feedback loops as the structural elements from which organizational behavior over time is generated. His contribution is the temporal specification that organizational theory has systematically underemphasized — the recognition that current organizational states are the accumulated consequences of past feedback dynamics, that delays make those consequences invisible until they have compounded, and that effective organizational

intervention requires understanding the feedback loop structure generating observed behavior rather than addressing symptoms in isolation.

Senge (1990) specified the system archetypes through which feedback loop structures generate recurring organizational patterns — providing the practical bridge between formal feedback theory and organizational application. His contribution is the pattern library that allows the perceptual enterprise architecture's feedback dynamics to be recognized as instances of known structural configurations rather than unique organizational phenomena. The success syndrome as Limits to Growth, symptomatic tactical responses as Shifting the Burden, interpretive drift as Eroding Goals — these are not metaphorical connections but precise structural mappings that specify the feedback dynamics operating in the perceptual enterprise with formal precision.

Sterman (2000) specified the behavioral theory of complex dynamic systems — the systematic ways in which decision makers operating within feedback systems misperceive their situation and generate policies that worsen rather than improve system behavior. His contribution is the cognitive architecture of feedback failure — showing why enterprises consistently mismanage their own feedback dynamics not through irrationality but through the bounded rationality that feedback complexity imposes on human decision makers.

Meadows (2008) specified system leverage points — the formal hierarchy of intervention effectiveness in feedback systems that places paradigm revision as the highest leverage point. Her contribution is the formal grounding for the perceptual enterprise model's most important practical claim — that operational and tactical interventions are low-leverage responses to coherence horizon dynamics, and that the highest leverage intervention is governing premise revision through the meaning subsystem's renewal function.

Beer (1972, 1979, 1985) specified the recursive feedback architecture of viable systems — the precise formal treatment of how feedback between organizational levels maintains viability and how the algedonic emergency channel provides the direct pathway from existential threat detection to governing function. His contribution is the architectural specification of how feedback hierarchy operates in organizations and why the degradation of normal feedback channels creates the conditions for either algedonic activation — emergency reconstruction under breakdown — or system failure.

Bateson (1972) specified the hierarchical theory of learning as feedback at different levels of abstraction — Learning I, II, and III as the progression from within-premise correction through premise revision to the meta-level revision of the framework through which premise revision occurs. His contribution is the most philosophically complete specification of what the renewal function requires — the recognition that genuine reconstruction demands Learning III, which requires the enterprise to revise the identity-constituting premises that make it what it is, and that this level of feedback-driven learning is both the most powerful and the most organizationally difficult capability an enterprise can develop.

Maruyama's (1963) specification of morphogenesis and deviation-amplifying mutual causal processes extended Wiener's cybernetic framework in a direction that is essential for the perceptual enterprise model's developmental account but that prior organizational feedback theory has not fully incorporated. Wiener established the formal distinction between negative feedback as the corrective mechanism of homeostasis and positive feedback as the deviation-amplifying mechanism that drives systems toward thresholds. The dominant organizational application of that distinction — including in this monograph's treatment of the success syndrome — has emphasized positive feedback as the mechanism of destructive consolidation. Maruyama's contribution is the

specification that deviation-amplifying feedback is not only the mechanism of destructive consolidation but the generative mechanism of differentiation, development, and the emergence of complex new structures from initially homogeneous conditions. The same formal process that drives the success syndrome toward the coherence horizon also drives the founding phase's self-organization from initial governing premises into a coherent enterprise architecture, the Explorer's construction of new governing premises in non-structure, and the reconstruction phase's formation of a new structural plane from the generative interval that premise loosening creates. Maruyama's insight is that positive feedback is the mechanism of both creation and destruction in organizational systems — that the developmental cycle the perceptual enterprise model specifies is not a cycle between positive feedback and negative feedback but a cycle between positive feedback directed toward deepening existing premises and positive feedback directed toward constructing new ones. The difference is not in the formal feedback type but in the life energy condition governing what the deviation-amplifying process is amplifying. What Maruyama did not specify is the organizational conditions determining which form of positive feedback dominates at any given developmental moment — the life energy condition that the perceptual enterprise model provides as the governing variable.

The traditions and their contributions to the feedback architecture are summarized in Table 12.

***Table 12. Feedback Theory and the Perceptual Enterprise Feedback Architecture***

| Theorist (Year) | Core Construct | Contribution to the Feedback Architecture | Dimension Not Addressed |
|---|---|---|---|
| Wiener (1948) | Cybernetics — negative and positive feedback | Foundational formal distinction between corrective and amplifying feedback — the specification that gives the | The organizational conditions determining which feedback type dominates — why positive feedback progressively crowds out negative |

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|---|---|---|---|
| | | success syndrome and renewal loop their formal theoretical status as feedback phenomena with the structural properties all feedback loops of their type share | feedback under the success syndrome, and what architectural conditions prevent that crowding out |
| Forrester (1961) | System dynamics — stocks, flows, delays | The temporal specification of organizational feedback — stocks as accumulating quantities, flows as rates of change, and delays as the mechanism through which feedback consequences appear with lags that make cause-effect relationships invisible until effects have compounded | The interpretive architecture dimension — how governing premises shape what stocks are worth accumulating, what flows are worth monitoring, and what delays are recognized as consequential rather than dismissed as noise or short-term variance |
| Senge (1990) | System archetypes | The pattern library connecting formal feedback theory to organizational application — Limits to Growth as the success syndrome, Shifting the Burden as symptomatic tactical responses eroding reconstruction potential, Eroding Goals as interpretive drift — precise structural mappings rather than metaphorical connections | The developmental mechanism generating each archetype — Senge identifies the patterns without specifying why organizations systematically generate them, what determines which archetype dominates at which developmental stage, and what architectural conditions prevent the most destructive archetypes from operating |
| Sterman (2000) | Behavioral theory of complex dynamic systems | The cognitive architecture of feedback failure — misperception of feedback, underestimation of delays, and misperception of non-linearity as the systematic ways decision makers operating within feedback systems generate policies that worsen system behavior despite locally rational intentions | The governing premises dimension — Sterman specifies cognitive misperceptions without specifying how consolidated governing premises generate and maintain those misperceptions, making feedback misperception an architectural property rather than a cognitive one |
| Meadows (2008) | System leverage points | Formal hierarchy of intervention effectiveness — paradigm revision as the highest leverage point, establishing that governing premise revision through the meaning subsystem renewal function is not merely the most important intervention but the formally most powerful available | The organizational architecture required for paradigm-level intervention — Meadows specifies that paradigm change is highest leverage without specifying the organizational function responsible for it or the conditions that make it possible rather than merely desirable |

| | | | |
|---|---|---|---|
| Beer (1972, 1979, 1985) | Viable System Model — recursive feedback architecture, algedonic channel | The formal treatment of how feedback between organizational levels maintains viability — the recursive hierarchy of feedback functions and the algedonic emergency channel that bypasses normal processing when existential threat is detected | The developmental dynamics of feedback architecture degradation — Beer specifies the viable feedback architecture without theorizing how the success syndrome progressively degrades it, why the algedonic channel activates under breakdown rather than coherence conditions, and what maintains viable feedback architecture under consolidation pressure |
| Bateson (1972) | Deutero-learning — Learning I, II, III | The hierarchical theory of learning as feedback at different levels of abstraction — the specification that genuine reconstruction requires Learning III, revision of the framework through which premise revision occurs, and that this level is both the most powerful and the most organizationally difficult feedback capability | The organizational function responsible for Learning III and the architectural conditions making it possible — Bateson specifies the requirement without locating it in a specific organizational function or specifying what sustains the capacity for Learning III under the consolidation pressure that makes it simultaneously most necessary and most difficult |
| Maruyama (1963) | Morphogenesis — deviation-amplifying mutual causal processes | Specification that deviation-amplifying feedback is the generative mechanism of differentiation and new structure as well as of destructive consolidation — the same formal process drives the success syndrome toward the coherence horizon, the founding phase's self-organization, the Explorer's construction of new premises in non-structure, and the formation of a new structural plane in reconstruction | The organizational condition determining which form of positive feedback dominates — the life energy condition governing whether deviation amplification deepens existing premises or constructs new ones |
| ISLE — Sloan (2026a) | Success syndrome as feedback architecture | The developmental specification of how the success syndrome operates as a positive feedback loop that systematically degrades its own balancing mechanisms — connecting the cybernetic formal specification to the organizational developmental mechanism and locating both within the perceptual enterprise subsystem architecture | Not a presupposition — the formal feedback architecture specification is the perceptual enterprise model contribution, showing precisely how each balancing loop degradation mechanism operates in each subsystem and why renewal loop maintenance requires deliberate architectural investment in each of the three formal requirements that consolidation degrades |

The pattern across these eight traditions is precise and consistent. Each specified a formal property of feedback systems with genuine rigor — negative and positive feedback, stocks and flows and delays, system archetypes, behavioral misperceptions, leverage points, recursive viable architecture, hierarchical learning levels, morphogenesis — and each stopped at the boundary that formal systems theory was built to specify: the structure of feedback, not the organizational conditions governing whether that structure performs its intended function. Wiener specified the formal distinction between corrective and amplifying feedback without specifying the governing premises that determine which type dominates. Forrester specified delays and their consequences without specifying how governing premises determine which delays get recognized and which get dismissed. Senge identified the organizational archetypes generated by feedback structures without specifying why organizations systematically instantiate the most destructive ones. Sterman documented the cognitive misperceptions through which managers mismanage feedback systems without specifying the architectural condition that generates and maintains those misperceptions. Meadows placed paradigm revision at the apex of leverage without specifying the organizational function responsible for it or the conditions that sustain access to that leverage point. Beer specified the viable feedback hierarchy without specifying how the success syndrome progressively degrades it. Bateson specified that Learning III is the most consequential feedback capability without locating it in an organizational function or specifying what sustains it under consolidation pressure. Maruyama established that positive feedback is both the mechanism of creation and destruction without specifying the organizational condition governing which it becomes. The perceptual enterprise model provides what all of them were approaching: the specification that the feedback architecture's performance is not determined by its structural design but by the life energy condition and governing premises through which it is operated — making

the organizational interpretive architecture the governing condition of every formal feedback property these traditions established, and making its maintenance the prerequisite for the feedback architecture's performing its viability-sustaining function. The consequence of that specification is precise and generative: with the interpretive architecture identified as the governing condition of feedback performance, the conditions under which any enterprise's balancing loops will maintain effectiveness or systematically fail become formally derivable rather than retrospectively observable. It becomes possible to predict, before value event flow degradation is measurable, which enterprises are approaching feedback architecture failure — by assessing the meaning subsystem's life energy condition, the boundary spanning subsystem's signal variety, the adaptive subsystem's premise-challenging response capacity, and the managerial subsystem's horizon breadth. Each of those assessments maps directly onto a formal feedback system property that the traditions above established. The perceptual enterprise model connects those formal properties to measurable organizational conditions — converting what prior feedback theory established as structural requirements into diagnostic indicators of whether any particular enterprise's feedback architecture is performing or failing its viability-sustaining function.

## E. Theoretical Contributions: The Feedback Architecture

The feedback architecture section makes three contributions that are specific to the perceptual enterprise model — not restatements of feedback theory but new specifications that emerge from applying formal feedback systems theory to the perceptual enterprise architecture.

The first contribution is the formal specification of the success syndrome as a positive feedback loop architecture that systematically degrades its own balancing feedback mechanisms. Prior organizational theory has described the success syndrome's behavioral consequences —

competency traps, dominant logic consolidation, interpretive drift — without specifying its formal feedback architecture. The perceptual enterprise model provides that specification: the success syndrome is a reinforcing loop that progressively narrows boundary spanning sensing parameters, calibrates adaptive interpretive frameworks toward within-premise categories, compresses managerial planning attention toward operational and tactical horizons, and consolidates the meaning subsystem's meta-regulatory premises — simultaneously amplifying the reinforcing loop and degrading each of the balancing loops that would otherwise limit it. That formal specification converts the success syndrome from a behavioral observation into a systems architecture claim with precise implications for where intervention is and is not effective.

The second contribution is the specification of the renewal loop as a designed balancing feedback mechanism with three formal requirements — signal accuracy, response variety, and delay management — each of which the success syndrome systematically degrades. Prior organizational learning theory has specified what renewal requires without specifying it as a feedback architecture design problem. The perceptual enterprise model provides that design specification: maintaining renewal loop effectiveness requires counteracting the three degradation mechanisms the success syndrome generates, through deliberate architectural investment in boundary spanning sensing diversity, adaptive response variety, and managerial horizon breadth. That converts renewal from an organizational aspiration into a feedback architecture engineering requirement.

The third contribution is the integration of Bateson's Learning III with the meaning subsystem's renewal function as the highest-order feedback capability in the perceptual enterprise architecture. Prior applications of Bateson's learning hierarchy to organizations have treated it as a theoretical framework without specifying the organizational function responsible for Learning

III or the architectural conditions that make it possible. The perceptual enterprise model provides that specification: Learning III is the meaning subsystem's meta-regulatory function operating at its most demanding level — revising not just the premises that govern enterprise operation but the framework through which premise revision is itself organized. That localization of Learning III in the meaning subsystem's renewal function provides the most complete prior-theory grounding for why the meaning subsystem is the heart of the perceptual enterprise architecture and why its renewal capacity is the primary determinant of enterprise viability under conditions of accelerating environmental change.

## Section VIII: The Unified Theoretical Map of the Perceptual Enterprise

Section II introduced the perceptual enterprise architecture as a framework of general constructs. The enterprise is a perceptual open system maintaining viable coherence with multiple environments simultaneously. It is organized around six interdependent subsystems whose collective functioning either sustains or undermines the value event flows that are its measure of viability. It is governed by a life energy dynamic that determines whether it deepens its existing logic or examines whether that logic remains adequate. And it is maintained in viable operation by a feedback architecture whose renewal function is the necessary condition of developmental continuity. Section II established these constructs at the level of principle — showing that they belong together and that they have a formal foundation in systems theory and physics that gives the architecture the status of formal instantiation rather than theoretical assertion.

The sections that followed developed each dimension of that architecture in full theoretical depth. The resource architecture specified what the enterprise accumulates and how it accumulates it. The value event construct specified the operational unit through which the

enterprise's purpose becomes actual. The subsystem architecture developed each of the six subsystems with their components, inputs, outputs, regulatory functions, and relationships to value event flow. The feedback architecture specified the dynamic control system through which the subsystems are coordinated, the success syndrome operates, and the renewal loop maintains viable operation. Each section located its constructs within the prior theoretical traditions that approached them most closely, showing precisely what each tradition contributed and where the perceptual enterprise model extends beyond it.

Section VIII closes that arc. It takes the general constructs Section II established as a framework and assembles them — now fully specified — into a working blueprint for the enterprise as an operating system. The unified map does not introduce new theoretical content. Its contribution is of a different kind: it shows, assembled in one place, how everything that has been specified in prior sections relates to everything else simultaneously — revealing the architecture as a coherent whole whose integration is more theoretically consequential than any of its parts.

The map operates at three levels. The structural level presents the blueprint itself — the six subsystems in their functional relationships, the feedback architecture connecting them, and the value event flows that constitute the enterprise's operational purpose and viability measure. The theoretical integration level locates each of the major theoretical traditions engaged across this monograph within specific positions in the architecture — showing that what organizational theory has developed as independent and sometimes competing traditions are in fact complementary specifications of different regions of a single unified framework. The developmental level shows the blueprint in motion — how the architecture looks during structural plane formation and consolidation, what changes as the enterprise approaches the coherence horizon, and what reconstruction requires at the architectural level. Each level

contributes something the others cannot. Together they convert the architecture from a theoretical framework into an operational specification of enterprise viability.

Before the three levels are presented, it is worth stating the architecture's central logic in its most compressed form — not as a summary of what the preceding sections covered, but as the single chain of reasoning that the entire manuscript has been constructing. The enterprise is a perceptual entity: it engages its environment through an interpretive architecture that constitutes what it can recognize, what it can respond to, and what it can revise. Perceptual entities require governing premises through which they interpret reality — premises that do not appear as premises but as reality itself, through which resources are recognized, signals are classified, and responses are generated. Those governing premises require a distinct organizational function responsible for constructing, maintaining, monitoring, and when necessary reconstructing them: the meaning subsystem, the meta-regulatory function whose absence from prior organizational systems theory is the specific gap that prevented it from explaining failure under apparent success. The governing premises the meaning subsystem maintains determine what the enterprise can recognize as valuable — which determines what exchanges it pursues, designs, and executes. Those exchanges, when they generate recognition from exchange partners across all three environmental flows simultaneously, are value events: the discrete purposeful exchanges through which the enterprise imports the negative entropy that sustains its continued operation. Value event flows across the three flows — customer, internal, societal — are the operational expression of viability itself, not indicators of it. The six subsystems exist to generate, regulate, and renew those flows: production converts resources into outputs; maintenance sustains the producing resource base; boundary spanning manages the exchange interfaces; adaptive sensing detects misalignment; managerial coordination integrates subsystem activity; and the meaning

subsystem governs the premises through which all five know what they are for. Enterprise development is therefore the evolution of the meaning architecture through which value events are recognized, pursued, and produced — and enterprise failure is what occurs when that architecture consolidates past the point at which it can recognize the recognition frameworks that define the next value proposition before the coherence horizon is crossed.

The hierarchy that chain establishes is worth making explicit because it answers the question any reviewer of a multi-construct framework will eventually ask: if only one thing can be retained, what is it? The answer is the ontological foundation — the enterprise is a perceptual entity — because everything else follows from it with logical necessity. The meaning subsystem is required because perceptual entities have governing premises and those premises require a meta-regulatory function that manages them rather than merely executing within them. The value event is required because the meaning subsystem's governing premises determine what the enterprise recognizes as a valuable exchange, and exchanges with viability consequences are what the enterprise exists to generate. The six subsystems are required because value event generation across three environmental flows requires a differentiated functional architecture with each function necessary and none sufficient alone. The developmental mechanism is required because perceptual entities consolidate through success — the same process that builds viability progressively erodes the capacity to sustain it — and reconstruction potential is what determines whether the cycle continues. The perceptual entity is the load-bearing claim. Remove it and the architecture collapses into a sophisticated description of organizational components. Retain it and every component of the architecture derives its theoretical necessity from the same foundational commitment: that the enterprise is constitutively a meaning system whose viability

depends on the continuous alignment between its governing premises and the recognition frameworks through which its environments determine what is worth sustaining.

The contribution of the perceptual enterprise model is not a new subsystem, a new learning mechanism, or a new resource construct. Its contribution is the architectural integration of previously separate traditions into a single perceptual system specification — showing that resource theory, dynamic capabilities, organizational learning, behavioral strategy, open systems theory, cybernetics, institutional theory, and meaning and culture theory were not competing explanations of different organizational phenomena but partial specifications of different regions of the same architecture, each correct within its domain and each stopping precisely where the constructs it presupposes but does not specify take over. What organizational theory has lacked for the entirety of its existence as a field is not more theory within any of these regions. It has lacked the prior ontological specification — the constitutive model of what the enterprise actually is — from which the relationships between regions follow with logical necessity rather than theoretical preference. The perceptual enterprise is that specification. The three levels that follow show it assembled, located, and in motion.

## The Structural Level

The structural map shows the perceptual enterprise as a living operating system rather than a collection of labeled components. Its organizing logic follows directly from what the prior sections established about how the six subsystems relate to each other and to the value event that is the system's operational purpose.

The meaning subsystem is the foundational layer — not the center of a command hierarchy but the interpretive architecture within which all other subsystems operate. Its governing premises do

not arrive at the production subsystem as instructions. The production subsystem operates through them. That distinction — between a system that issues commands and a system that constitutes the interpretive framework within which all activity is organized — is what places the meaning subsystem at the foundation rather than the apex.

The managerial subsystem is the circulatory system of the architecture. Direction flows downward from the meaning subsystem through the managerial subsystem to the four operational subsystems. Feedback flows upward from all subsystems through the managerial subsystem back to the meaning subsystem's meta-regulatory function. Without that dual circulation the architecture is static. With it the enterprise is continuously directing and learning simultaneously — which is the formal condition of viable operation that Ashby's requisite variety and Beer's Viable System Model both require.

The value event is the operational purpose of the entire architecture — shown as an ellipse to distinguish it from the six subsystem rectangles, because it is not a subsystem but the reason every subsystem exists. Every subsystem either generates value events, sustains the capacity to generate them, detects whether they are occurring, coordinates the activities that produce them, or governs the premises that define what a value event is. The three-directional flow — customer, internal, and societal — radiates outward from the value event ellipse toward the environments that determine whether the enterprise remains viable.

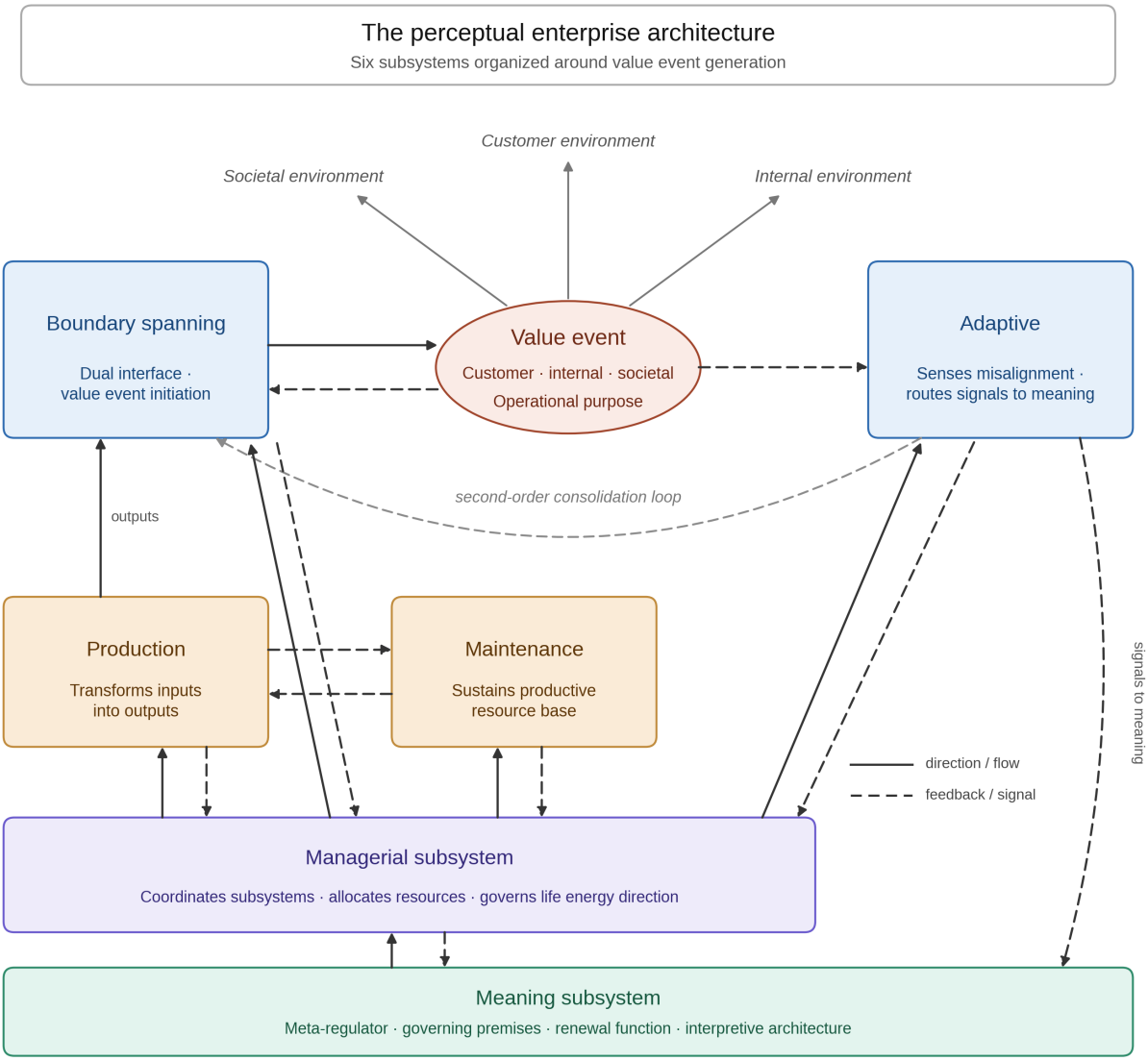



*Figure 1. The Perceptual Enterprise Architecture — structural map*

## The Attractor and the Viability Zone

The structural map makes visible a property of the architecture that no prior section has named directly, because it required the full specification to become visible: the perceptual enterprise as a living operating system defines a Viability Zone — the region within which the enterprise maintains viable coherence with the multiple environments that determine its survival. This is an original architectural contribution of the perceptual enterprise model. Dynamical

systems theory provides the formal vocabulary for specifying it precisely. The attractor — the stable state toward which a dynamical system tends from nearby states — and the basin of attraction — the region of state space from which the system converges to that attractor — supply exactly the formal structure the Viability Zone requires.

The Viability Zone has the structural properties of a basin of attraction. The enterprise within the Viability Zone tends to maintain it through the homeostatic action of the renewal loop — disturbances that displace it toward over-consolidation or toward non-structure generate corrective responses that restore viable operation. The success syndrome progressively displaces the enterprise toward the basin boundary through internal positive feedback dynamics: as consolidation deepens, the restoring force of the renewal loop weakens, and the threshold is approached from within. The coherence horizon is that threshold — the point at which the enterprise exits the basin of viable operation entirely, and reconstruction is no longer a strategic option available to leadership but a structural necessity imposed by the architecture.

This specification carries two consequences for how the structural map should be read. First, the six-subsystem architecture is not merely a blueprint of organizational components — it is a specification of the conditions under which the enterprise remains within its basin of viable operation. Every subsystem either contributes to maintaining those conditions or, under the dynamics of the success syndrome, contributes to eroding them. Second, the coherence horizon is not an external event that happens to the enterprise. It is the internal boundary the enterprise approaches through its own developmental logic — which is why the same architecture that generates competitive strength simultaneously generates the approach to the boundary that terminates it. The Viability Zone is the architecturally specified condition within which the

enterprise can sustain itself. The developmental level that follows shows the architecture in motion through all five phases of that cycle.

## The Theoretical Integration Level

The theoretical integration map presents the perceptual enterprise architecture from a different vantage point than any prior section has provided. Prior sections showed each theoretical tradition in relation to the specific subsystem or architectural function it illuminated most directly. The theoretical integration map shows all traditions simultaneously and asks a different question: how does the terrain that organizational theory carved out for itself compare to the terrain the architecture actually requires?

The answer reveals a systematic mismatch — and that mismatch is theoretically consequential. The seven regions shown in Figure 2 reflect how organizational theory actually developed, not how the architecture is structured. Each tradition organized itself around an observable phenomenon — what scholars could see, measure, and theorize from the outside. Resource theorists observed performance heterogeneity across firms and built theory around why some configurations of assets and capabilities generate sustained advantage. Learning theorists observed that organizations adapted — or catastrophically failed to — and built theory around the mechanisms of sensing, interpreting, and responding. Feedback theorists observed that systems exhibited recurring dynamic patterns — success syndromes, competency traps, oscillating performance — and specified the control architectures generating those patterns. The phenomena were real. The theoretical programs built around them were rigorous. What was absent was an architecture that would show how the phenomena related to each other — that

they were not separate organizational problems requiring separate theoretical explanations but different manifestations of a single operating system whose structure determined them all.

The comparison between the seven theoretical regions and the six subsystems makes the integration gap visible with precision. Resource theory — Region 3 — spans three subsystems simultaneously: the production subsystem, where producing resources are deployed in transformation; the maintenance subsystem, where they are replenished and sustained; and the boundary spanning subsystem, where they are acquired and where their value is recognized. Because resource theory had no architecture specifying these as functionally distinct subsystems, it theorized them as a single undifferentiated domain of asset accumulation. The result is a body of knowledge that specifies what resources generate advantage without being able to specify which subsystem processes determine whether that advantage is built, sustained, or lost.

The most striking comparison is the meaning subsystem. It sits at the foundation of the architecture as the meta-regulator on which the entire operating system depends. Yet in the seven-region theoretical map there is no corresponding region. The meaning subsystem is fragmented across three separate traditions — meaning and culture theory in Region 7, organizational learning in Region 6, and cybernetics in Region 2 — none of which had the architectural vantage point to see that they were specifying different aspects of the same foundational function. Schein's cultural assumptions, Weick's sensemaking, Beer's System 5, Argyris's governing variables, and Ashby's meta-regulator are all partial specifications of the meaning subsystem. The perceptual enterprise model specifies that function completely enough to show how those traditions relate to each other and what their integration requires.

Figure 2 makes this comparison visible. The seven regions represent how organizational theory organized itself around observable phenomena. The architecture represents how the system is actually structured around functional requirements. The comparison is not a critique of prior theory. It is a specification of what the perceptual enterprise model provides that prior theory, for structural reasons, could not.

One body of organizational theory occupies an unusual position in this map: complexity theory. It does not appear as one of the seven regions because it did not develop as a tradition organized around a specific organizational phenomenon in the way resource theory, competitive strategy, or organizational learning did. It developed as an attempt to apply the formal science of complex adaptive systems directly to organizational phenomena — and it is for that reason more closely related to the formal systems science in Section II than to any of the six subsystem regions. Its constructs are distributed across the architecture rather than locating in a single region. The Viability Zone is the formal specification of what complexity theorists described phenomenologically as the edge of chaos — the far-from-equilibrium region between excessive order and excessive disorder where the architecture is most capable of reorganization. Self-organization operates through the same mechanism the perceptual enterprise model specifies as the success syndrome's positive feedback loop: governing premises consolidate without external direction, producing coherent operation as an emergent property of successful value events. Fitness landscapes supply the conceptual vocabulary for the architecture's competitive positioning — the enterprise's governing premises position it on a fitness landscape whose topology changes as the competitive environment evolves, and the coherence horizon marks the point at which the enterprise's position on that landscape becomes untenable within existing premises. The relationship between complexity theory and the perceptual enterprise model is

best understood as explanatory neighbor rather than competing architecture: complexity theory explains how novel organizational configurations emerge through adaptive interaction and self-organization; the perceptual enterprise explains why some meaning architectures can recognize and adopt those configurations while others cannot. Complexity theory's organizational contributions illuminate the adaptive and developmental dimensions of the architecture accurately. What they do not provide is the integrating architecture within which those constructs become formally grounded rather than metaphorically applied — which is precisely what the perceptual enterprise model supplies. Complexity theorists reading this architecture should recognize the phenomena they observed; the architecture gives those phenomena the formal specification they had not previously received.

A second body of current organizational theory occupies a similarly unusual position: organizational resilience. The resilience stream (Weick & Sutcliffe, 2001; Vogus & Sutcliffe, 2007; Duchek, 2020; Wildavsky, 1988) is at its core a systems theory conversation, asking what properties allow a system to absorb disturbance and return to viable function — and the perceptual enterprise architecture provides the formal specification that resilience theory has approached without achieving. Weick and Sutcliffe's high reliability organization research identified the organizational practices — preoccupation with failure, reluctance to simplify, sensitivity to operations, commitment to resilience, deference to expertise — through which some organizations maintain adaptive capacity under conditions that destroy others. Duchek's three-stage model — anticipation, coping, and adaptation — maps the temporal arc of resilient response. Wildavsky's foundational distinction between anticipation and resilience as alternative risk management strategies specifies the organizational choice between building robustness against known disturbances and maintaining the adaptive capacity to respond to unknown ones.

These contributions are real and consequential. What they do not specify is the internal architectural condition that determines whether organizational resilience is present — what, structurally, makes one organization capable of absorbing disturbance and reorganizing while another in the same external environment is destroyed by the same disturbance. The perceptual enterprise model provides that specification through the Viability Zone and its formal dynamical systems grounding. Resilience, in the perceptual enterprise framework, is not a property the enterprise possesses as a fixed organizational characteristic. It is a function of the enterprise's position within its basin of attraction and the operational condition of its renewal loop. An enterprise operating well within the basin, with a renewal loop that remains active and reconstruction potential that remains redistributable, has the architectural property that resilience theory describes as adaptive capacity: disturbances displace it from equilibrium, homeostatic corrective forces restore viable operation, and the meaning subsystem retains the variety-generation capacity to recognize and respond to disturbances that exceed the within-premise regulatory range. An enterprise that has approached the basin boundary through consolidation — with a renewal loop locked into kinetic execution and reconstruction potential correspondingly constrained — lacks that property not because its operational capabilities have degraded but because the architectural condition governing whether those capabilities can be directed toward genuine reorganization has become organized around executing existing premises rather than available for redistribution. Resilience theory describes what this property looks like from the outside. The perceptual enterprise model specifies what determines whether it is present from the inside — and makes the formal prediction that resilience theory cannot make from within its own tradition: the enterprises most likely to fail under disturbance are not those with the least operational capability but those whose success syndrome has most thoroughly locked the

renewal loop's directional capacity into existing execution, leaving none available to redirect capable operations toward reconstruction. Resilience scholars reading this architecture will recognize the phenomena they have documented; the architecture gives those phenomena the mechanistic foundation their tradition requires but has not yet specified.

A third challenge to the perceptual enterprise architecture deserves direct engagement because it is the most intuitively plausible objection a reader familiar with the organizational learning and dynamic capabilities literatures is likely to raise: that organizations adapt continuously, and that a well-functioning adaptive system will recognize and respond to competitive transitions before the coherence horizon becomes critical. This objection is not wrong about what it observes. It is describing something real and theoretically well-grounded. The question is whether it is describing the full trajectory or only the middle of it — and the answer the perceptual enterprise architecture provides is that the continuous adaptation traditions have the middle section right and lack the architecture that shows what the middle is the middle of. The first precision the objection requires is the level-of-analysis distinction. Continuous adaptation as theorized in the organizational learning and dynamic capabilities traditions operates within governing premises. It is the adjustment of routines, capabilities, and strategies in response to feedback signals, all of which are processed through the interpretive framework the governing premises constitute. Argyris and Schön (1978) called this single-loop learning precisely because the governing variables are held constant while the action strategies serving them are adjusted. Dynamic capabilities' sensing, seizing, and reconfiguring framework describes the organizational processes through which resource positions change in response to environmental signals — but the signals themselves are detected and classified through the governing premises, which means that what gets sensed, what gets seized, and what gets reconfigured are all bounded by the

interpretive architecture within which the dynamic capability is operating. This is not a criticism of the continuous adaptation traditions. It is a specification of their level of operation. They accurately describe within-premise regulatory dynamics — and they are correct that a well-functioning adaptive subsystem elongates the viability period by maintaining within-premise regulatory sophistication that less adaptive enterprises cannot match. The success syndrome does not prevent adaptation. It channels it. What the success syndrome produces over the elongated adaptation period is increasingly sophisticated within-premise adjustment — which is exactly what the empirical record shows in the most celebrated failure cases. Kodak adapted brilliantly within photochemistry premises. Nokia adapted within hardware-centric mobile premises. Sears adapted within store-centric retail premises. Their adaptive subsystems were functioning. Their dynamic capabilities were real. The continuous adaptation argument explains why these enterprises were not simply asleep — and it is right. What it cannot explain is why their adaptation, however genuine and sophisticated, consistently failed to revise the premise that ultimately determined their viability. The second precision is the structural encroachment dynamic that within-premise adaptation cannot detect. The success syndrome channels adaptation within premises during a period when structural encroachment (Sloan, 2026b) is simultaneously eroding the underlying value logic — not through any single competitive event but through the accumulated weight of premise-incompatible substitutions that progressively hollow out the enterprise's value event flow from beneath. The adaptive subsystem can maintain performance indicators during this period precisely because encroachment operates at the value logic level, below where the adaptive subsystem's sensors are calibrated against existing premises. By the time adaptive subsystem signals reflect what structural encroachment has already done to the value logic, the reconstruction window has been substantially consumed.

This is the mechanism through which the continuous adaptation objection misreads what it is observing: it sees an adaptive enterprise responding to signals and infers that the response repertoire is adequate to the threat, without the architecture to distinguish between the within-premise signals the adaptive subsystem is successfully processing and the premise-level erosion that is occurring beneath that processing. The third precision is environmental rate of change, which transforms the quantitative question of adaptation buffer length into a qualitative question about whether adaptation is a sufficient organizational strategy at all. A well-functioning adaptive subsystem elongates the viability period by some interval — the adaptation buffer — during which within-premise responses address the signals the enterprise faces. In lower-velocity environments, that buffer was long enough that even a late-recognizing enterprise could begin reconstruction and complete it before structural encroachment became terminal. What environmental acceleration does is compress the adaptation buffer from both ends simultaneously: encroachment rates increase because competitive alternatives scale faster and premise-incompatible substitutions accumulate more rapidly, and the reconstruction window shrinks because the next value logic establishes itself before the incumbent has finished recognizing that the existing one is failing. The adaptation buffer that once bought years now buys quarters. The combination of these three precisions produces the perceptual enterprise architecture's precise positioning relative to the continuous adaptation traditions: they are not describing an alternative to what the success syndrome specifies. They are accurately observing the middle of the developmental trajectory whose beginning the success syndrome explains and whose end the coherence horizon marks. In lower-velocity environments, the middle was long enough that continuous adaptation could sustain organizational viability across multiple competitive generations. In high-velocity environments with accelerating structural

encroachment, the middle compresses to the point where adaptation without reconstruction is not a sustainable organizational strategy — and the distinction between what adaptation can accomplish and what reconstruction requires becomes the most consequential architectural question an enterprise faces. Ashby's formal specification completes the argument: within-premise regulatory sophistication and meta-regulatory capacity are not two points on the same scale but two different logical types of regulatory function. A system can increase the former while the latter degrades — and under the conditions the success syndrome generates, the positive feedback loop between successful within-premise adaptation and governing premise consolidation makes that inverse relationship not a possibility but a structural prediction. Organizations continuously adapting within premises while structural encroachment erodes their value logic in an accelerating environment are not failing to adapt. They are demonstrating precisely the dynamic the perceptual enterprise architecture predicts: the elongated middle of a developmental trajectory whose end is determined not by the quality of within-premise adaptation but by whether the meta-regulatory function retained the reconstruction potential to revise the premises before the coherence horizon arrived.

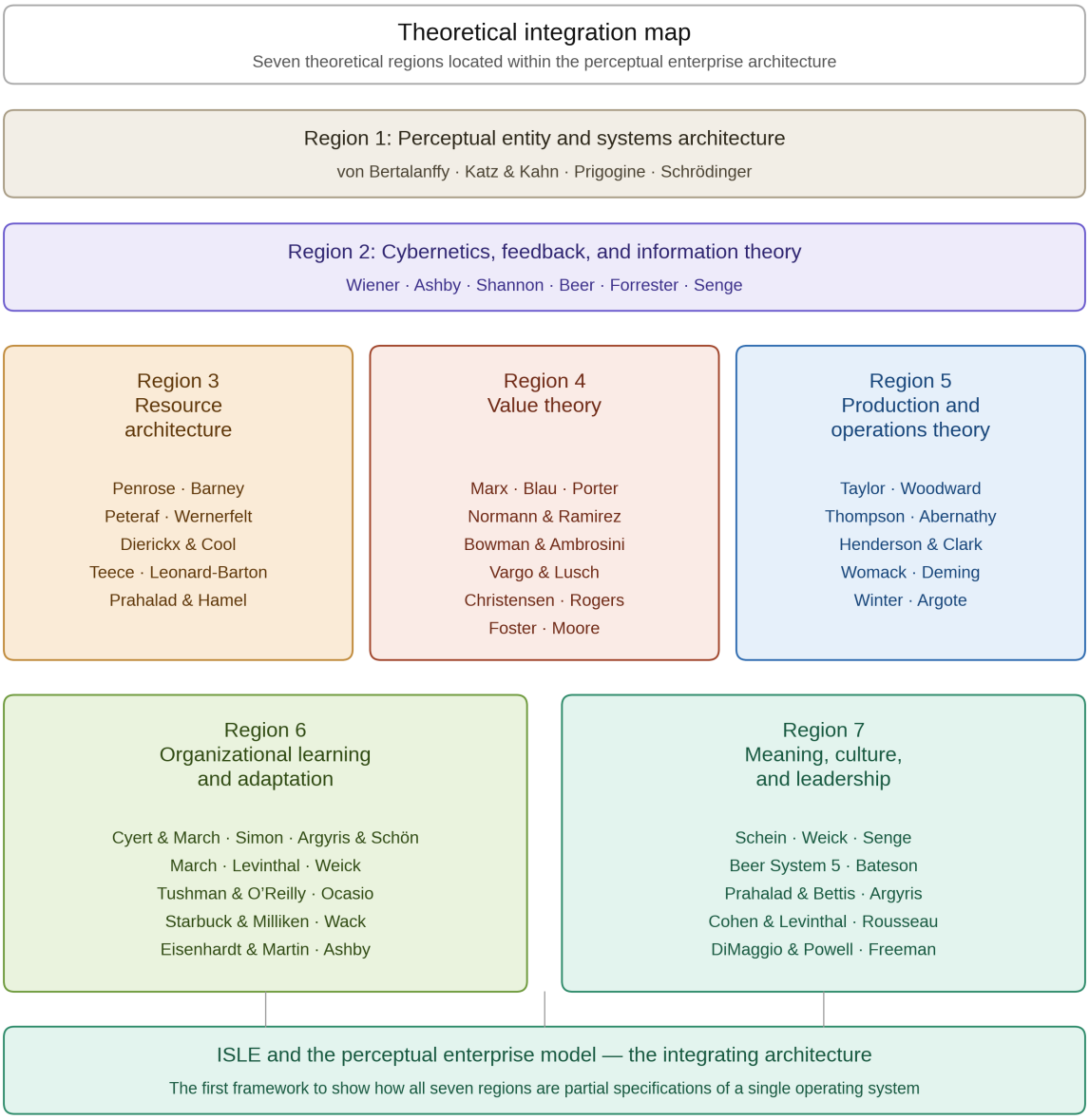



*Figure 2. Theoretical integration map — seven regions located within the architecture*

## The Developmental Level

The developmental map shows the ISLE cycle as experienced by the perceptual enterprise architecture — what each subsystem's functional state looks like at each of the five phases. The reader sees the same architecture at five successive moments, with each subsystem's activity, condition, and relationship to the whole changing as the cycle progresses. The map does not

repeat ISLE's specification of the developmental mechanism. It shows that mechanism operating within a fully specified six-subsystem architecture, revealing two patterns that the ISLE framework establishes but the subsystem architecture makes concrete.

The first pattern is that the meaning and boundary spanning subsystems are in their most generative functional states during formation and reconstruction — the interpretive bookends of the cycle — while the production and maintenance subsystems are at peak operational activity during consolidation. The second and more consequential pattern is that the coherence horizon is the only phase at which the architecture actively works against itself. The subsystems that should be detecting and escalating the signals of premise-environment misalignment — the adaptive subsystem and the boundary spanning subsystem — are precisely the subsystems most compromised by the consolidation those same subsystems helped produce. The architecture generates its own detection failure at the moment when accurate detection matters most.

The five-phase cycle also locates the perceptual enterprise model relative to punctuated equilibrium, the most influential prior account of the same temporal pattern. Tushman and Romanelli (1985), Gersick (1991), and Romanelli and Tushman (1994) documented long periods of convergent, incremental change interrupted by brief episodes of discontinuous reorientation, with the deep structure of the organization preserved through equilibrium and dismantled in revolution. The pattern is among the best supported in organizational research, but it is phenomenological. It does not specify why equilibrium periods consolidate, what determines when incremental adjustment gives way to revolution, or what governs whether reorientation succeeds. In the developmental map, the equilibrium periods are Phase 2, in which the interpretive architecture deepens while compressing its absorptive range, and the punctuation is the passage through Phases 3 to 5. The mechanism also differs in two respects. The coherence horizon is

reached through an internal developmental process and need not be triggered by an external jolt, and it can be reached while performance remains strong. And crossing it does not guarantee a new equilibrium: whether reconstruction occurs under coherence or under breakdown, or fails, depends on the life energy condition of the meaning subsystem and on the reconstruction potential maintained through consolidation.

### Phase 1 — Structural plane formation

Formation is the phase in which the enterprise comes into being as a coherent perceptual system. Governing premises coalesce from environmental signals, life energy activates in kinetic form for the first time, and the interpretive architecture opens itself to the full variety of what the environment offers. The enterprise at this phase corresponds to Prigogine's dissipative structure in its initial self-organization — a system moving from disorder into coherent operation by importing negative entropy from its environment and organizing around a logic that generates viable value events. It also corresponds to Weick's enactment of a new environment and March's exploration mode before exploitation has begun to dominate. Every subsystem is in a formative state — not yet consolidated around validated logic, and therefore at its most flexible, most open to revision, and most capable of recognizing what the environment will value.

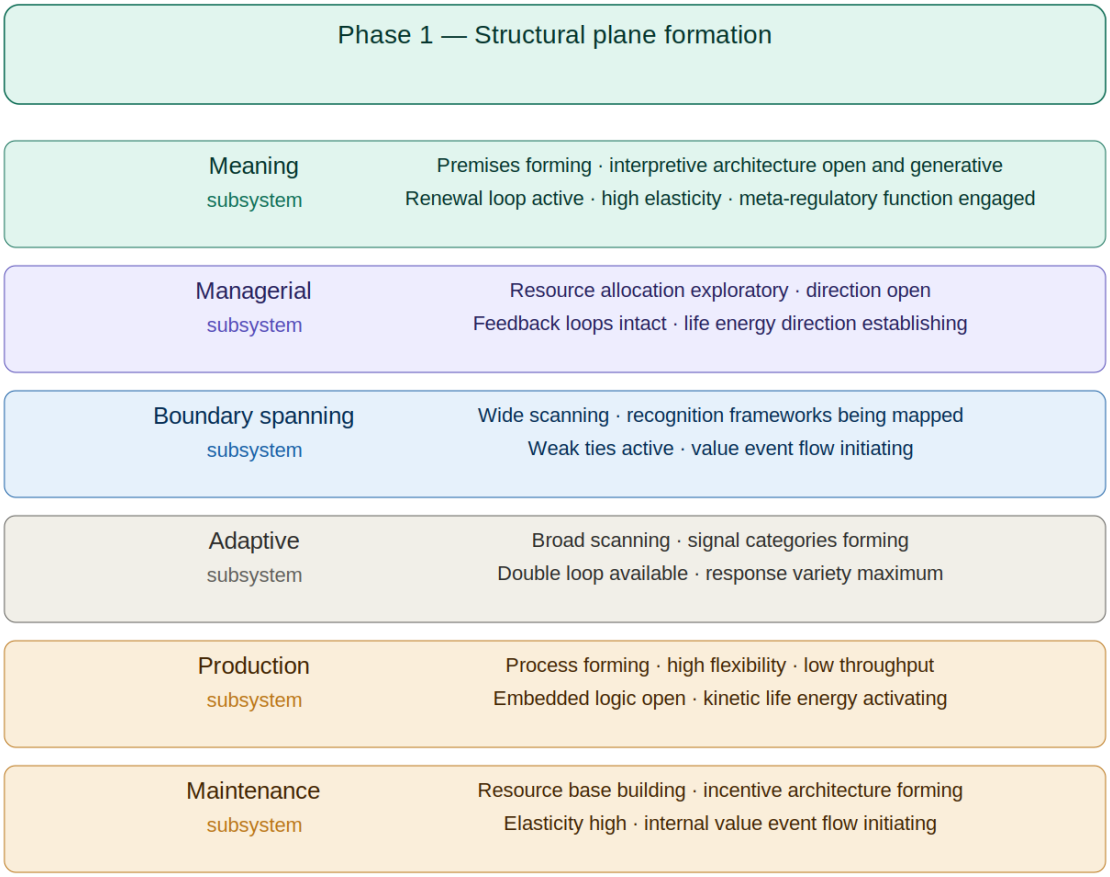



*Figure 3a. Phase 1 — Structural plane formation*

The founding phase has a distinctive architectural property that no other phase shares: it is the only phase in which no governing logic has yet been validated. No value event flows have yet confirmed the founding premises, so developmental capacity is directed toward construction rather than toward executing an established logic — toward building the conditions under which the first value events become possible. The founder's individual interpretive architecture is the primary source of founding premises, and those premises constitute the meaning subsystem's initial governing logic before any operational experience has shaped it. Every other subsystem is at maximum elasticity: the production subsystem's embedded logic has not yet been calibrated by accumulated execution, the boundary spanning subsystem's relationships are still exploratory,

and the adaptive subsystem has no within-premise signal categories to default to. The first value events are the architectural turning point — each one is a premise test that either confirms the founding logic generates the recognition the entrepreneur hypothesized or reveals a misalignment that the founding phase's still-elastic architecture can revise before consolidation begins. Stinchcombe's (1965) liability of newness, Marquis and Tilcsik's (2013) imprinting, Baker and Nelson's (2005) bricolage, and Sarasvathy's (2001) effectuation together specify the resource constraints, structural persistence, adaptive ingenuity, and emergent goal formation of this phase. Their full integration with the founding premises architecture — how founding premises form, what determines their content, and what structural consequences they carry for each subsystem's initial configuration — is developed in the companion paper on structural origination and founding premises (Sloan, 2026c). The perceptual enterprise model provides the architectural location: Phase 1 is the only developmental phase in which the enterprise exists as a set of hypotheses about value rather than a validated logic for generating it.

### Phase 2 — Consolidation

Consolidation is the phase in which success generates the conditions that will eventually constrain it. Value event flows are strong, governing premises are validated by the returns they generate, and kinetic life energy directs the entire system toward deepening and extending the logic that has worked. This is the success syndrome operating in Wiener's precise sense — a positive feedback loop without internal limit, amplifying deviation from the initial interpretive architecture with each successful cycle. It is also where Abernathy's productivity dilemma takes hold, where Henderson and Clark's architectural knowledge embeds itself in production routines, and where March's exploitation progressively crowds out exploration. The enterprise is on the

ascending portion of Foster's S curve — building structural gravity, deepening capability, and systematically consuming the interpretive elasticity that future reconstruction will require.

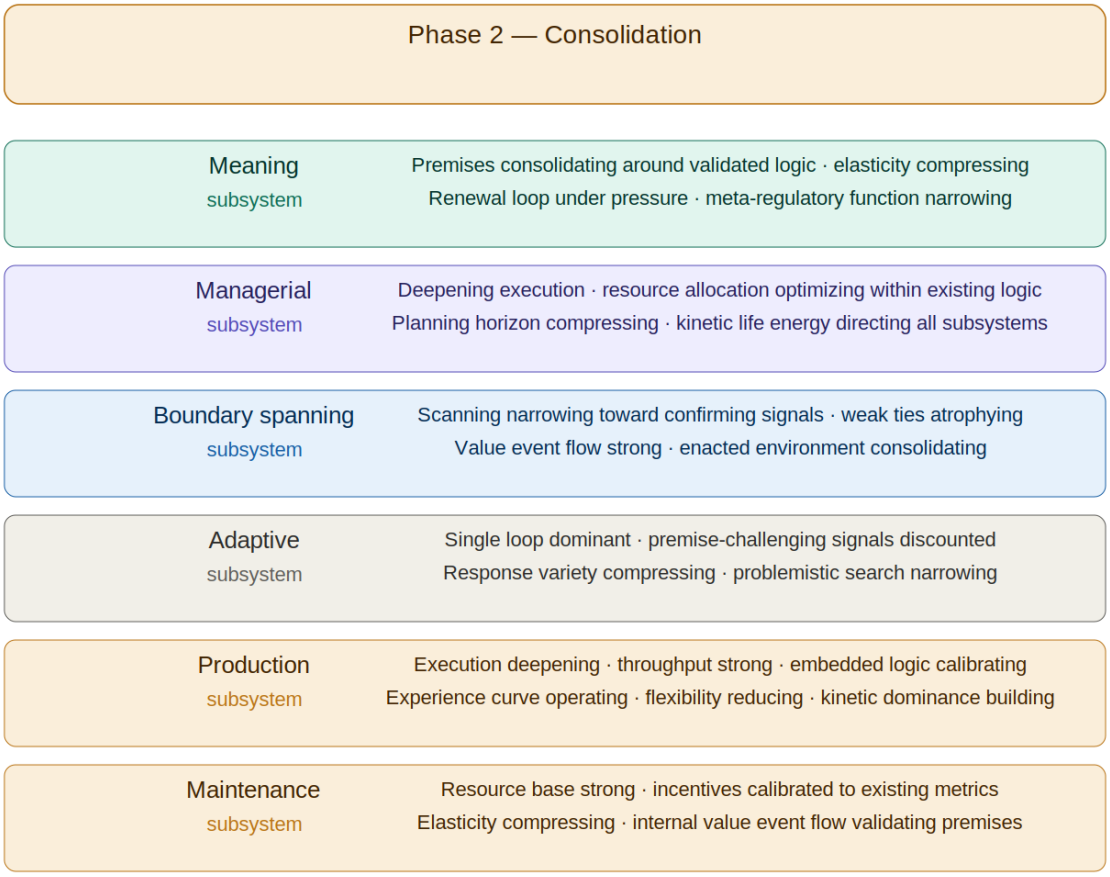



*Figure 3b. Phase 2 — Consolidation*

## Phase 3 — Coherence horizon

The coherence horizon is the phase in which the enterprise's accumulated consolidation meets the environmental reality it can no longer accommodate. This is Prigogine's bifurcation point — the threshold at which the far-from-equilibrium pressure imposed by an encroaching competitive environment exceeds the system's capacity to maintain its current organizational state. It is also Ashby's requisite variety failure: the system's response variety has compressed below the variety

of disturbances it faces, and regulation fails not because the corrective mechanisms are absent but because they lack the variety of response that correction requires. Shannon's signal entropy reduction adds the further specification — the consolidated interpretive architecture has narrowed its recognized signal set to the point where the high-entropy signals of competitive disruption register as noise rather than as the critical information they carry. The enterprise appears strong by every external measure precisely when its internal architecture has become least capable of responding to what the environment is requiring. The four internal signs specified in Section VI.G.4 (diminishing absorptive capacity, structural rigidity, interpretive strain, and early marginal redistribution of life energy) are the architecture's own evidence of this approach, and the enterprise typically reads them as execution problems.

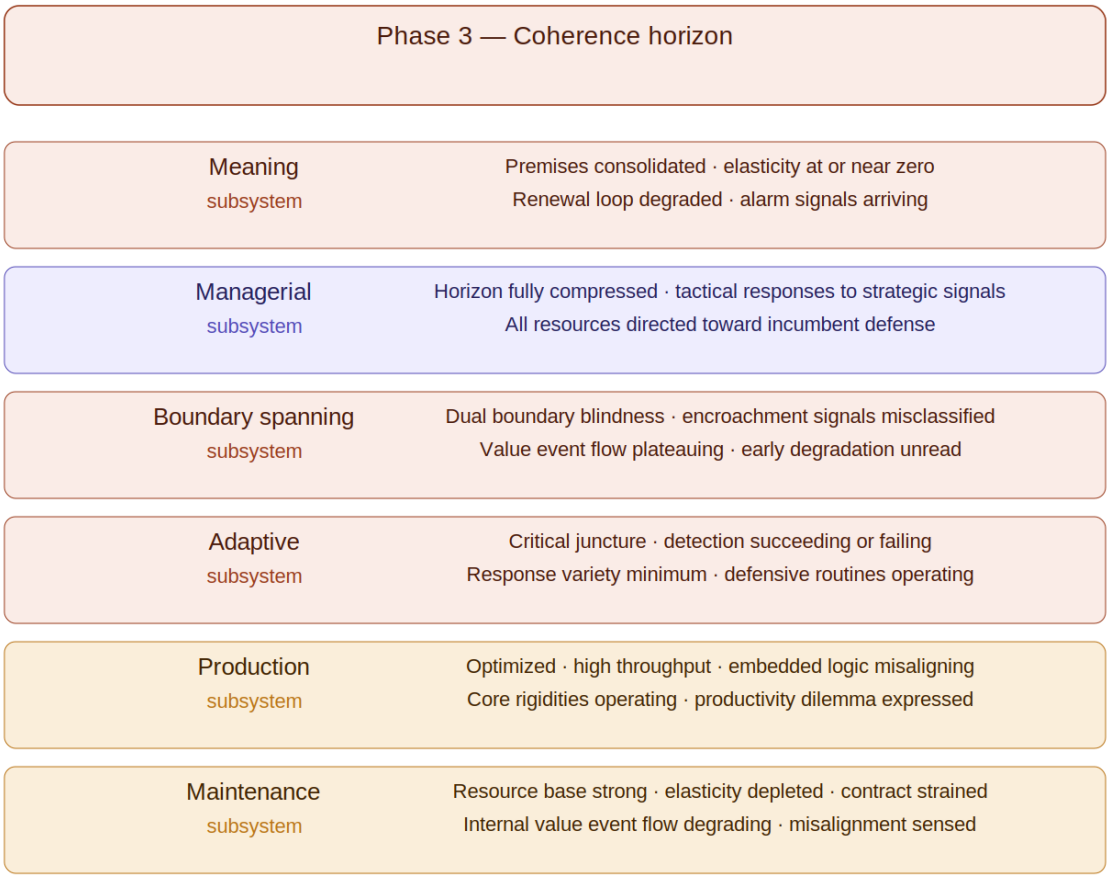


*Figure 3c. Phase 3 — Coherence horizon*

### Phase 4 — Non-structure

Non-structure is the transitional interval between the enterprise's existing organizational state and whatever comes next. The bifurcation has occurred — governing premises have loosened or are loosening — and the system is between dissipative structures, capable of self-organization into a new viable state but not yet organized around one. This corresponds to Lewin's (1947) unfreezing before refreezing, and to the liminal interval that van Gennep (1909/1960) identified as the necessary transitional condition in rites of passage — the threshold state in which the old identity has been relinquished and the new one has not yet been assumed. The enterprise cannot sustain this interval indefinitely. Structural gravity absorbs the material consequences of value event flow deterioration for a bounded period. Whether that period is used to generate genuine reconstruction or is consumed by defensive responses that deepen the old logic determines whether the enterprise emerges into Phase 5 or sees its reconstruction potential erode before new premises can form.

Two clarifications from the ISLE framework (Sloan, 2026a) qualify how this interval should be read. First, non-structure is a loosening of the binding force of governing premises, not their disappearance. Structural density persists, and the routines, identity narratives, and coordinating logics of the prior plane remain in place but are no longer fully authoritative. Life energy is in potential form, no longer invested kinetically in the exhausted architecture and not yet attached to a successor. Second, the interval need not follow the coherence horizon. Where potential life energy is redistributed while sufficient interpretive elasticity remains, non-structure is entered anticipatorily, and the enterprise passes through it with its coordinating capacity largely intact. Where redistribution is delayed until the horizon is reached, the same interval is entered

under breakdown, with the loss of coordinating capacity and identity coherence described above. Whether redistribution occurs in time depends on three conditions. The first is the degree of consolidation, which sets the structural friction against loosening. The second is the rate at which environmental complexity is evolving relative to the architecture's remaining absorptive range. The third is the interpretive distance still available from which alternative premises can form (Section VI.I.5a). All three move against timely redistribution as the success syndrome deepens, which is why the window narrows without the enterprise registering it. The most dangerous condition is non-structure without reconstruction, in which life energy has redistributed but the architectural conditions for thinking are absent, so that premises loosen without successors forming and the enterprise experiences the interval as instability rather than as a generative one.

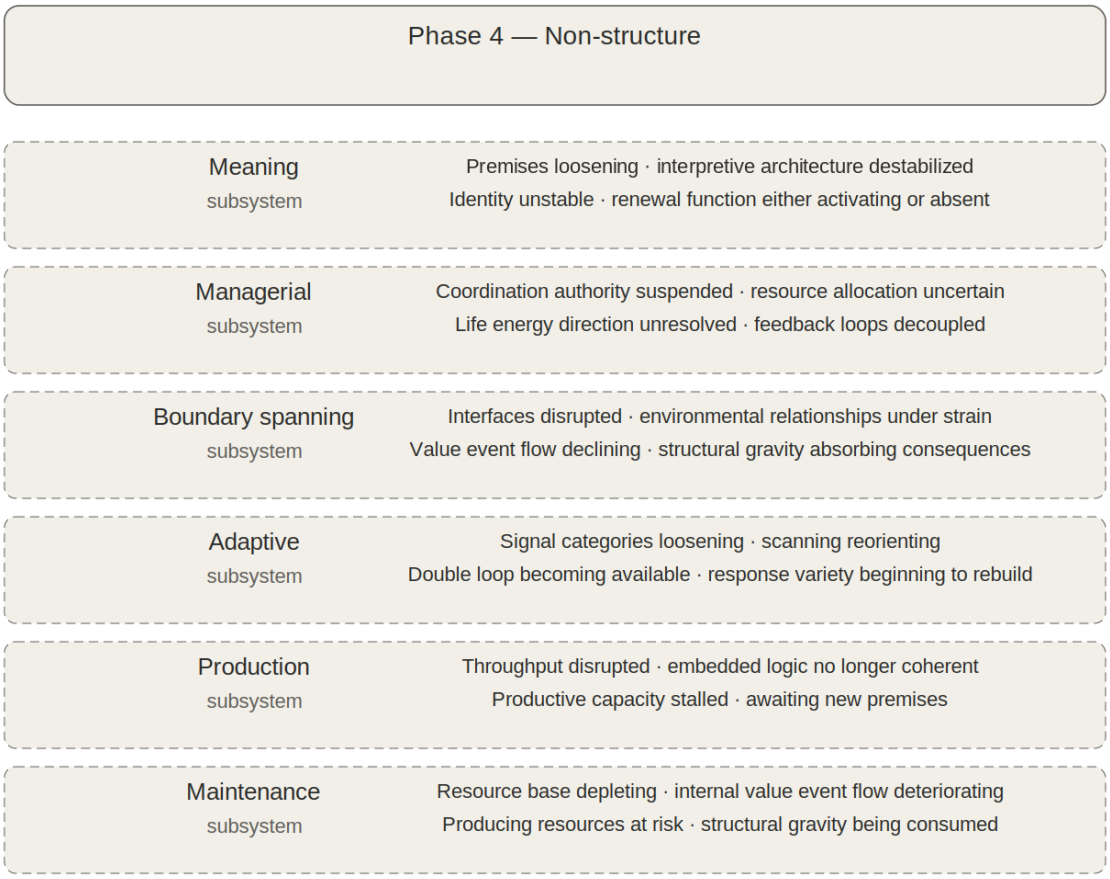


*Figure 3d. Phase 4 — Non-structure*

### Phase 5 — Reconstruction

Reconstruction is the phase in which the enterprise generates a new interpretive architecture capable of sustaining viable coherence with an environment that has moved beyond the premises the old architecture was built around. This corresponds to Prigogine's self-organization into a new dissipative structure — the system reorganizing at a higher order of complexity in response to the far-from-equilibrium pressure that dissolved the previous structure. It is also Argyris and Schön's double-loop learning at organizational scale — not correction within existing governing variables but revision of the governing variables themselves. And it is Bateson's Learning III, the most demanding form of learning available to any system: revision of the framework through which premise revision itself occurs. Reconstruction under coherence — initiated before the coherence horizon has been fully breached — produces a different outcome than reconstruction under breakdown, because the former retains the reconstruction potential and interpretive elasticity that the latter has already lost. The enterprise that reconstructs under coherence arrives at a new structural plane with resources intact. The enterprise that reconstructs under breakdown arrives diminished, under pressure, with the interval for formation compressed by the competitive advances the encroacher made while the incumbent was exhausting its structural gravity.

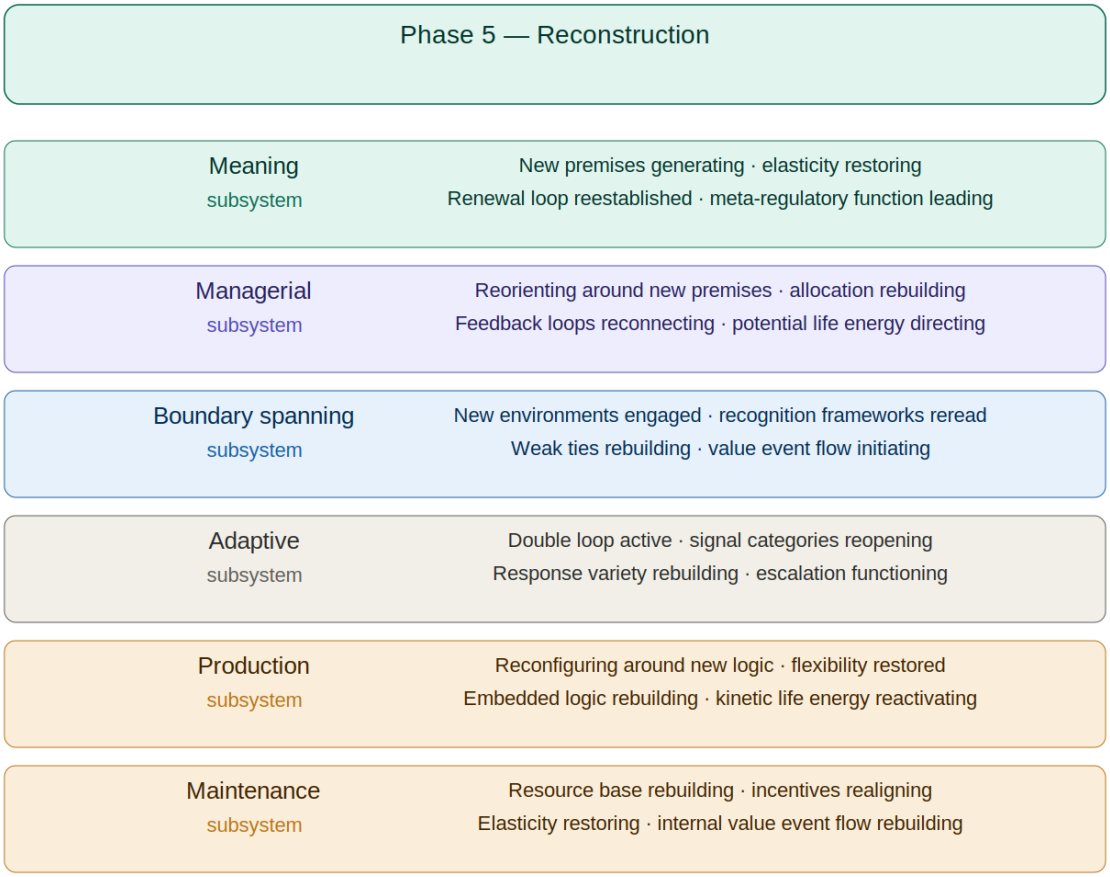



*Figure 3e. Phase 5 — Reconstruction*

The three levels of the unified map together reveal something that no single level could show. The structural level shows what the enterprise contains — six subsystems in functional relationship, a feedback architecture connecting them, and value event flows as the enterprise's operational purpose and viability measure. The theoretical integration level shows how prior organizational theory relates to that structure — not as independent traditions that happen to bear on the same subject but as partial specifications of different regions of a single operating system, each correct within its domain and unable from within that domain to see the architecture their combined work was always approaching. The developmental level shows the structure in motion — what the architecture looks like as the enterprise forms, consolidates, approaches the

coherence horizon, enters non-structure, and reconstructs, revealing that the coherence horizon is the only phase at which the architecture actively works against itself by compromising the detection function of the very subsystems whose signals could interrupt the approach. What the three levels together show is that the enterprise as a purposeful energetic system is a coherent whole whose parts are not merely connected but mutually constitutive — that the meaning subsystem's governing premises are not instructions that other subsystems execute but the interpretive architecture within which all subsystem activity is organized, that the value event is not the output of production alone but the operational purpose that every subsystem exists in relation to, and that the success syndrome is not a strategic failure but the structural consequence of the architecture performing its functions correctly under conditions where those functions produce their own long-run constraint. The unified map is the architecture seen whole, in full simultaneous specification.

## The Perceptual Enterprise Architecture: What It Provides and Why It Is Consequential

Organizational theory has been building toward this architecture for more than a century without being able to see it whole. The fragmentation was not a failure. Each tradition was doing exactly what a rigorous research program should do — examining its domain with precision, pushing its explanatory reach as far as the program allowed, and stopping where its foundational commitments required it to stop. What no tradition could do from within its own domain was ask and answer the prior ontological question: what kind of thing is the enterprise, constitutively, such that all of these domains describe aspects of it? That question required a vantage point outside any single tradition — one grounded in formal systems science rather than in the competitive dynamics, resource logic, or cognitive architecture any particular program was built to address. The perceptual enterprise architecture occupies that vantage point. It extends prior

theory, but its more important role is to provide the vantage point from which prior theory's contributions can be seen as partial specifications of a single operating system and located within the unified framework their collective work implied.

The architecture attempts something that prior organizational theory approached but did not fully achieve: formal instantiation of organizational constructs in physics and systems science rather than metaphorical translation or unacknowledged dependence. Katz and Kahn imported systems theory transparently but lacked Prigogine's far-from-equilibrium dynamics, Shannon's information entropy, and the full attractor framework that would have given them the formal tools to specify developmental trajectories and transformation mechanisms. Complexity theory drew heavily on the physics foundation but translated it metaphorically in organizational application — the edge of chaos as a zone to seek rather than a formally specified phase transition threshold. Dynamic capabilities drew on systems concepts as unacknowledged structural dependencies without the formal grounding that would specify the conditions under which those capabilities succeed or fail. The perceptual enterprise model aims to do what these traditions did not: constructs that inherit the formal properties of the physics and systems science they instantiate. The claim is that the coherence horizon behaves as a bifurcation point because it is one — not because the analogy is illuminating, but because the construct is specified at the level of formal instantiation rather than metaphorical correspondence. Whether that specification holds is an empirical question, and Section IX states the conditions under which it would fail. That is a different epistemological status, and it changes what the model can claim.

The theoretical integration the architecture provides is not synthesis. Synthesis assembles existing frameworks by identifying their complementarities and combining their insights into a more complete account. The theoretical integration the perceptual enterprise model achieves is of

a different and stronger kind. It shows that the many traditions engaged across this monograph can be understood as partial specifications of a single architectural reality — that resource theory, production theory, organizational learning, feedback theory, value theory, and meaning theory were studying different regions of the same operating system without knowing it. Resource theory was specifying the input architecture of the production and maintenance subsystems. Organizational learning theory was specifying the adaptive subsystem's signal processing function. Cybernetics and system dynamics were specifying the feedback architecture. Leadership theory was specifying the managerial subsystem's direction-feedback mechanism. Meaning and culture theory were specifying the meaning subsystem's governing premise architecture. None of these traditions was wrong. Each was correct within its domain. What the perceptual enterprise model provides is the architecture that shows what domain each tradition was illuminating and how those domains relate to each other within a single operating system. That is not synthesis. It is the argument that the phenomena these traditions were studying are aspects of the same system — and that the fragmentation of organizational theory into competing schools and partially overlapping programs reflects the limits of what any single tradition could see, not the actual structure of the organizational reality they were all trying to explain.

The necessity of the perceptual enterprise architecture can be stated precisely, and it should be. The question is not whether any existing tradition is adequate within its domain — each is. The question is whether the organizational phenomena most consequential for enterprise viability can be explained, predicted, or guided from within any single tradition's domain. They cannot. Resource theory specifies what configurations of productive assets generate competitive advantage. It cannot explain why enterprises with superior resource configurations

systematically fail to recognize the competitive transitions that make those configurations inadequate before the recognition failure is irreversible. Dynamic capabilities theory specifies the sensing, seizing, and reconfiguring processes through which enterprises adapt. It cannot explain why enterprises with sophisticated dynamic capabilities deploy them with increasing precision within premises that are progressively misaligned with the environments that determine survival. Organizational learning theory specifies the mechanisms through which enterprises accumulate and revise knowledge. It cannot explain why single-loop learning — the form that accelerates under success — is precisely the learning mode that produces the conditions under which double-loop learning becomes simultaneously most necessary and least available. Institutional theory specifies the legitimacy conditions that constrain organizational action. It cannot explain why enterprises with deep institutional legitimacy are among those least capable of recognizing when the institutional framework conferring that legitimacy is being displaced by a new one. The answer to all four cases is the same: the explanatory gap in each tradition is the interpretive architecture governing all four simultaneously. No tradition that specifies one region of the architecture can explain the phenomena generated by the interaction of all regions — and the most consequential organizational phenomena are generated precisely by those interactions. That is not a gap in any tradition's execution. It is a structural consequence of the traditions developing as separate research programs rather than as specifications of a single architectural reality. The perceptual enterprise architecture is necessary not because the existing traditions are insufficient within their domains but because the phenomena that determine organizational viability increasingly operate across all domains simultaneously.

The architecture offers a formal specification of the internal mechanism that produces the S curve — a mechanism prior S curve theory, observing the curve from outside, did not specify.

Prior S curve theory — Foster, Christensen, Moore, Rogers — specified the S curve as a market and technology adoption phenomenon observed from the outside. It described the trajectory in terms of diffusion rates, adoption categories, competitive dynamics, and performance limits without specifying the internal architectural condition of the enterprise as it moves through that trajectory. The perceptual enterprise model provides that internal specification. The S curve is the external market expression of what the six-subsystem architecture is doing at each developmental phase. The ascending portion of the curve is consolidation — the production and maintenance subsystems deepening execution capability, structural gravity accumulating, kinetic life energy directing the entire architecture toward the validated logic. The plateau is the coherence horizon — the point at which the architecture's consolidation has consumed the interpretive elasticity required to generate value events in the next recognition framework. The decline is non-structure — the architecture between organizational states, structural gravity absorbing the material consequences of value event flow deterioration. The next curve, if it comes, is reconstruction — the meaning subsystem generating new premises, boundary spanning engaging new environments, the architecture reorganizing around a new value proposition. The S curve is not something that happens to enterprises. It is the visible market expression of the enterprise's internal developmental cycle. That conversion — from empirical observation to formally grounded prediction — is what the perceptual enterprise model achieves with respect to the S curve, and it exemplifies what the architecture achieves more broadly: it specifies the mechanism that produces what prior theory could only describe.

The architecture is generative in a precise and consequential sense. It does not merely explain what happens to enterprises under different conditions. It specifies the conditions under which different outcomes are possible — and because those conditions are architectural rather than

contingent, they function as formal predictions rather than empirical observations about particular firms — predictions Section IX states in testable form. The difference between reconstruction under coherence and reconstruction under breakdown is architecturally determined: it depends on whether the renewal loop has been maintained sufficiently to preserve the reconstruction potential and interpretive elasticity that reconstruction requires. The conditions under which the adaptive subsystem can generate double-loop learning are architecturally specified: they require potential life energy operating in the meaning subsystem and response variety that has not been compressed below the variety of disturbances the system faces. The conditions under which structural gravity buffers or masks are architecturally specified: the same positive feedback loop that builds the buffer simultaneously degrades the interpretive architecture it conceals, producing the divergence between external appearance and internal condition that is the enterprise's most consequential and least visible vulnerability. These are not descriptions of what firms do. They are specifications of what the architecture requires and what it should produce — which is why, if the architecture is correct, they should hold across industries, competitive contexts, and historical periods rather than being contingent on the circumstances of any particular enterprise or market.

The architecture has five levels, each making the next necessary rather than optional. The perceptual entity is the ontological foundation — the prior claim that specifies what the enterprise constitutively is, without which no other level follows with necessity rather than by theoretical convention. The meaning subsystem is the regulatory foundation — the organizational function the perceptual entity requires, the only subsystem that operates on governing premises rather than through them. The value event is the operational foundation — the unit through which the meaning subsystem's governing premises meet environmental

recognition, the moment at which the enterprise's existence as a purposeful system becomes actual. The six subsystems are the functional architecture — the differentiated functions through which value events are generated, sustained, and renewed, each necessary, none sufficient, all organized by the meaning subsystem's governing premises. The feedback architecture is developmental governance — the dynamic control system through which the architecture either maintains viable operation within the zone of coherent viability or, through the success syndrome's unchecked positive feedback, approaches the coherence horizon that terminates it. These five levels are not a classification of constructs. They are the logical structure of the architecture — each level making the next necessary and each requiring the one above it to be coherent.

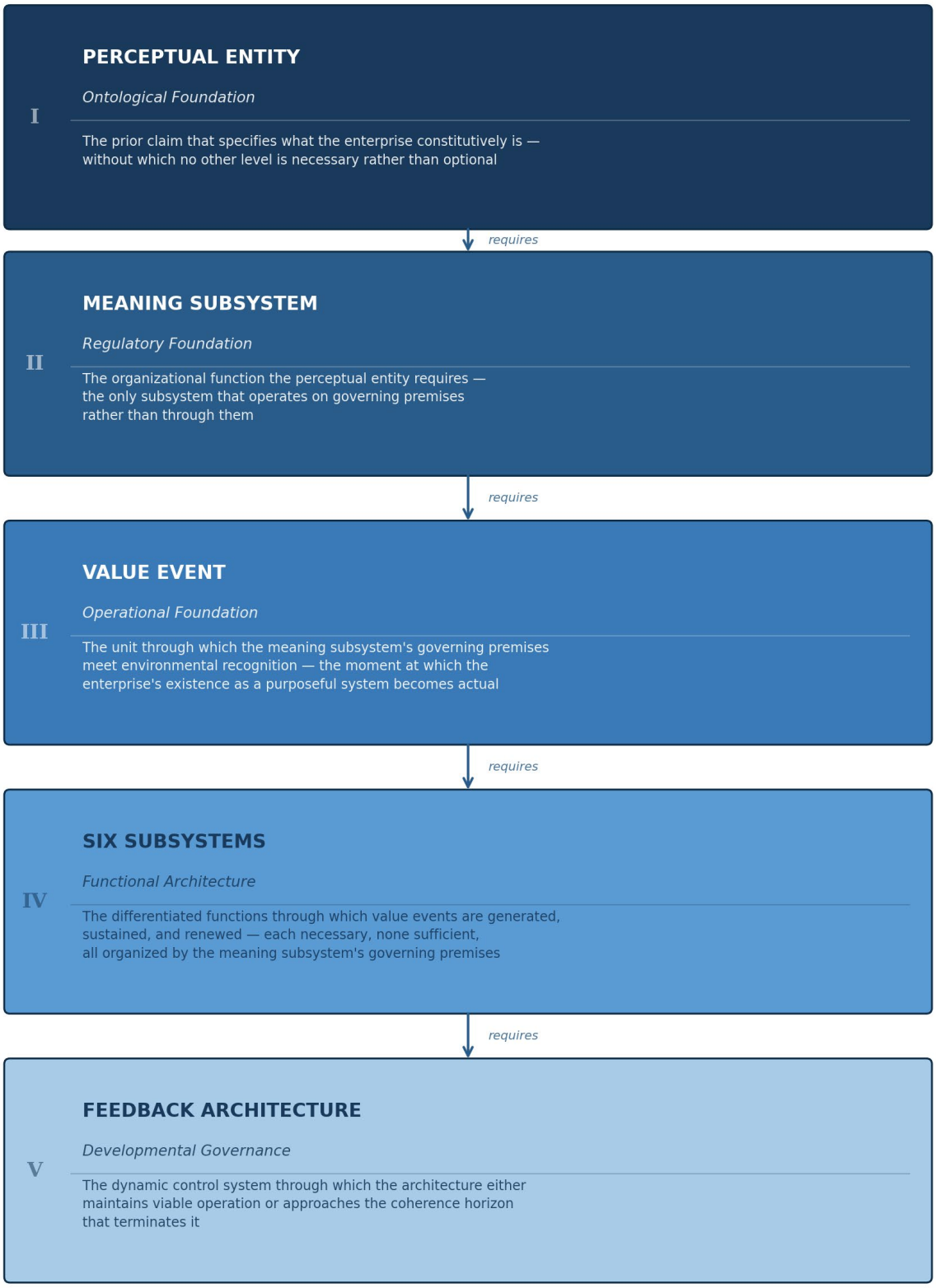

I
PERCEPTUAL ENTITY
Ontological Foundation
The prior claim that specifies what the enterprise constitutively is — without which no other level is necessary rather than optional
requires
II
MEANING SUBSYSTEM
Regulatory Foundation
The organizational function the perceptual entity requires — the only subsystem that operates on governing premises rather than through them
requires
III
VALUE EVENT
Operational Foundation
The unit through which the meaning subsystem's governing premises meet environmental recognition — the moment at which the enterprise's existence as a purposeful system becomes actual
requires
IV
SIX SUBSYSTEMS
Functional Architecture
The differentiated functions through which value events are generated, sustained, and renewed — each necessary, none sufficient, all organized by the meaning subsystem's governing premises
requires
V
FEEDBACK ARCHITECTURE
Developmental Governance
The dynamic control system through which the architecture either maintains viable operation or approaches the coherence horizon that terminates it

*Figure 4. The Perceptual Enterprise: Five-Level Hierarchy*

## Five Architectural Contributions: What the Perceptual Enterprise Architecture Contributes to Organizational Theory

The architecture developed across this manuscript introduces five constructs that occupy positions in organizational theory that prior frameworks have not fully specified. These are not propositions in the sense of targeted hypotheses awaiting empirical adjudication — the architecture is a systems specification, not a targeted theory of a particular organizational phenomenon, and its contributions are best stated as claims about what positions in the theoretical landscape each construct now occupies and why those positions matter for the architecture's integrative function. Each architectural contribution specifies: the position that was required, why no prior construct occupied it, and what becomes derivable once it does. That distinction does not exempt the architecture from evidence. A specification earns its standing through the propositions that can be derived from it, and Section IX derives them, specifies the observable indicators through which each can be examined, and states the conditions under which each would be disconfirmed.

### Architectural Contribution 1: The Perceptual Entity as the Necessary Prior Ontological Specification for Organizational Systems Theory

Organizational systems theory has specified how enterprises are organized, how they adapt, how they maintain viability, and how they fail. What it has not specified is what kind of thing the enterprise constitutively is such that it can be organized, adapt, maintain viability, and fail in the ways those theories describe. Katz and Kahn specified the elements every organization possesses. Beer specified the recursive functional levels through which viability is maintained.

Complexity theory specified the dynamics through which organized states emerge and reorganize. None of these traditions specified the prior ontological claim — the answer to the question that makes all of their other claims derivable rather than independently proposed: what is the enterprise, constitutively, such that it has elements, maintains viability through functional levels, and generates the dynamics that complexity science documents? The perceptual entity is that specification. It is not an additional construct alongside resources and capabilities and learning. It is the prior ontological claim from which those constructs derive their logical necessity. Any organizational systems model that does not specify the enterprise as constitutively a meaning system — as a system for which interpretive architecture is not a property it happens to have but the condition of its engagement with every environment that determines its survival — lacks the foundation from which its other constructs follow with necessity rather than by theoretical convention. The perceptual entity closes that gap. It is the necessary prior ontological specification without which organizational systems theory describes a machine but not what kind of machine, and therefore cannot derive why the machine does what it does rather than merely observe that it does.

### Architectural Contribution 2: The Meaning Subsystem as an Explicit Architectural Specification of Organizational Meta-Regulation

Every organizational system requires a meta-regulatory function: an element that monitors the regulatory system as a whole and generates the premise-level adjustments that restore viability when subsystem-level regulation is insufficient. Ashby established this requirement formally. Beer instantiated it as System 5 in the Viable System Model. What neither Ashby nor Beer specified was the meaning subsystem — the organizational architecture of the meta-regulatory function at the level at which enterprises actually implement it: the structure of inputs the

function receives, the outputs it generates, the life energy condition that determines whether it is operating in maintenance or reconstruction mode, and its formal relationship to the five other subsystems through which the enterprise engages its environments. Organizational culture theory, sensemaking, organizational identity theory, and double-loop learning each specified aspects of what this function does without any of them specifying it as a distinct organizational subsystem with its own architectural logic. Schein described the layers of cultural output it generates. Weick described the sensemaking process through which it constructs meaning in the moment of encounter with the unexpected. Gioia described the identity anchor that stabilizes it across change. Argyris described the double-loop learning mode through which it revises governing premises. None of them specified the function itself — the organizational subsystem responsible for constituting, maintaining, and when necessary reconstructing the governing premises through which all other subsystems operate. The meaning subsystem provides organizational theory's explicit architectural specification of that function. With it specified, what prior theory described as organizational culture, sensemaking, identity, and learning are no longer independent traditions but partial descriptions of different aspects of the same organizational function — and their integration becomes derivable rather than asserted. One implication requires explicit statement: the meaning subsystem is not one subsystem among six in any distributional sense. It is the interpretive condition within which every other subsystem operates. The production subsystem does not produce what its managers choose to produce — it produces what the governing premises the meaning subsystem constitutes classify as worth producing. The adaptive subsystem does not sense what its scanning systems detect — it senses what the meaning subsystem's premises have structured the sensing architecture to recognize. The boundary spanning subsystem does not manage all exchange relationships — it manages the

ones the meaning subsystem's premises classify as worth managing. The meaning subsystem is foundational not because it occupies the highest position in a hierarchy but because it constitutes the interpretive architecture within which every other subsystem knows what it is for. That is what makes its specification the most consequential architectural contribution the perceptual enterprise model makes.

### Architectural Contribution 3: The Value Event as a Formal Specification of the Operational Unit Through Which Enterprise Viability Is Constituted

Organizational theory has specified resources, capabilities, routines, learning, culture, strategy, and governance — but has not specified the discrete operational unit through which all of these constructs become consequential for enterprise viability. Resources generate advantage only if what they produce meets the recognition that returns resources sufficient for continued operation. Capabilities function only if the sensing, seizing, and reconfiguring they enable targets opportunities that the environment recognizes as worth sustaining. Learning matters only if what is learned improves the alignment between the enterprise's interpretive architecture and the recognition frameworks of the environments that determine its viability. The prior construct required is the operational unit that makes these relationships specifiable: the discrete, boundary-crossing exchange in which what the enterprise produces meets an environmental actor's interpretive architecture and is recognized as valuable, generating a return flow of resources that sustains continued operation. That unit is the value event. It is categorically distinct from a transaction — which can complete without viability consequence — because it is definitionally an exchange that contributes to the continuation of the system. It is categorically distinct from service-dominant logic's value-in-use — which specifies that the beneficiary determines value without specifying the interpretive architecture through which that determination occurs or its

developmental consequence for both parties' meaning architectures. The value event provides organizational theory's formal specification of the operational unit through which enterprise viability is constituted rather than merely indicated — making every other architectural construct observable through its effect on value event flow health rather than requiring independent measurement at the construct level.

### Architectural Contribution 4: The Viability Zone as a Formally Grounded Organizational Condition

Organizational theory has described the conditions under which enterprises remain viable and the conditions under which they fail, but has not yet formally specified the condition of viability itself — what it means for an enterprise to be within it, what determines its boundaries, and what process moves the enterprise from its interior toward its edge. Complexity theory described the edge of chaos phenomenologically — the zone between excessive order and excessive disorder where organizational systems display the most adaptive capacity — without formally specifying where that zone is or what generates the movement toward it. The Viability Zone provides that formal specification. It is the condition within which the enterprise maintains viable coherence with the multiple environments that determine its survival — specified formally via dynamical systems theory's attractor and basin of attraction. Within the basin, the homeostatic action of the renewal loop tends to maintain viable operation: disturbances that displace the enterprise toward over-consolidation or toward non-structure generate corrective responses that restore coherent operation. The success syndrome is the formally specified process that moves the enterprise from the basin's interior toward its boundary through internal positive feedback dynamics — not an external event that disrupts an otherwise stable system but an endogenous developmental process generated by the enterprise's own successful operation. The coherence horizon is the basin

boundary. The success syndrome's most consequential effect on the Viability Zone is not positional displacement — moving the enterprise from the basin's interior toward its boundary — but basin contraction: the narrowing of the basin itself as consolidation deepens. These are formally distinct conditions with different implications for recovery. Positional displacement within a stable basin is correctable through renewal loop activation; the restoring forces remain intact and can return the enterprise to viable operation. Basin contraction degrades the restoring forces themselves — as the basin narrows, the renewal loop's corrective range compresses, and the homeostatic capacity that would have restored displaced operation progressively weakens. An enterprise in a contracted basin may appear stable precisely because the narrowed architecture no longer generates the dissonance signals that would register as displacement; the absence of corrective pressure is not evidence of health but of a basin that has contracted around the existing attractor to the point where the high-reorganization-capacity region is no longer accessible. This is the formal specification of what prior resilience theory observed as adaptive capacity loss without being able to derive as an architectural prediction. This specification converts the enterprise's developmental condition from a qualitative metaphor into a formally grounded construct with specifiable restoring forces, boundary conditions, and breach consequences — and it makes the enterprise's most consequential vulnerability formally derivable rather than empirically observed after the fact. The Viability Zone also gives formal content to continuous viability, defined here as an enterprise's sustained ability to create value in its present environment while keeping alive its capacity to reconstruct or originate what comes next. In the terms specified above, continuous viability is not merely residence within the basin. It is residence within the basin together with preservation of the basin's width — remaining

inside the Viability Zone while preventing the contraction that would place reconstruction and origination beyond reach.

### Architectural Contribution 5: The Three-Directional Value Event Flow as an Architectural Specification of Enterprise Viability as a Simultaneously Constituted Condition

Organizational theory has treated customer-facing performance as the primary viability indicator, with internal and societal conditions as contextual factors that occasionally constrain or enable that performance. Stakeholder theory established that enterprises have obligations to multiple constituencies. Institutional theory established that societal legitimacy is a condition of continued operation. Organizational behavior established that human resource conditions affect performance. None of these traditions specified a formal architectural relationship among the three conditions — one in which each constitutes a non-substitutable dimension of the same viability condition, such that strength in one cannot compensate for failure in another because each sustains a categorically different requirement of the enterprise's continued existence. The three-directional value event flow is that specification. The customer flow sustains exchange viability — the negative entropy importation that Schrödinger specifies as the condition distinguishing living systems from systems tending toward equilibrium. The internal flow sustains productive viability — the life energy of the producing resources through which future customer value events become possible; its deterioration is architecturally consequential because it locks the directional capacity the enterprise will need into existing execution precisely when the customer flow's apparent health makes that lock-in invisible. The societal flow sustains legitimacy viability — the operating freedom granted by the institutional environment that is the precondition for all exchange. Because the three flows are non-substitutable, enterprise viability is not a scalar condition that any single performance measure can adequately represent — it is a

simultaneously constituted architectural condition whose overall state cannot be read from any one of its three components. This specification is organizational theory's formal claim about the structure of viability itself rather than about any of its individual dimensions.

## Section IX: Derived Propositions, Empirical Indicators, and Conditions of Disconfirmation

### A. From Specification to Proposition

The architectural contributions stated above are claims about position: what each construct specifies and why no prior construct specified it. A systems specification of this kind is not itself a hypothesis, but it is not exempt from evidence. Its constructs are linked by relationships the architecture claims are necessary, and those relationships generate expectations about observable organizational conditions that could prove wrong. This section derives six such propositions, identifies observable indicators for the constructs on which they depend, states the conditions under which each would be disconfirmed, and outlines research designs capable of examining them. The purpose is to convert the architecture from a framework that explains cases after their outcomes are known into a research program capable of accumulating evidence for and against its central claims.

One methodological point governs everything that follows. The cases used throughout this monograph — Polaroid, Kodak, Nokia, and others — were selected because their outcomes are known and their internal histories are documented. That selection is appropriate for illustrating the architecture. It is not appropriate for testing it, because sampling on outcome guarantees that every failure appears to confirm the mechanism that explains it. Every design proposed below

therefore samples on exposure to an environmental condition — a dated discontinuity, a shift in recognition frameworks, an executive succession — rather than on the enterprise's eventual fate.

## B. Derived Propositions

**Proposition 1 (Premise constitution).** Among enterprises exposed to the same environmental signal with comparable access to it, variation in whether the signal is classified as consequential will be explained more by measures of governing-premise concentration than by measures of information access, resource availability, or analytical capability. The proposition follows from the perceptual entity claim (Section I): if inputs are interpretively constituted, recognition is a property of the receiving architecture rather than of the signal. Tripsas and Gavetti (2000) document the pattern in a single enterprise; the proposition generalizes it into a comparative claim.

**Proposition 2 (Success syndrome).** Sustained confirming value event flow will be followed by progressive compression of response variety: a declining share of discretionary resources allocated to alternatives outside the established value logic, a narrowing range of strategic alternatives formally evaluated, and an increasing tendency to classify edge value events as noise. The proposition follows from the specification of the success syndrome as a positive feedback loop without internal limit (Section VII). It extends the myopia of learning (Levinthal & March, 1993) and the bias toward exploitation March (1991) identified by specifying the architectural mechanism and the observable sequence through which compression proceeds.

**Proposition 3 (Architecture over personnel).** Change in an enterprise's recognition patterns will be predicted more strongly by change in the meaning subsystem's instruments —

performance criteria, capital-allocation formulas, product and quality specifications, and the criteria governing what counts as worth testing — than by change in top-management personnel. Executive succession without instrument change will produce smaller and less durable shifts in recognition than instrument change without succession. This is the proposition on which the architecture most directly departs from upper echelons theory (Hambrick & Mason, 1984), which locates organizational interpretation primarily in the characteristics of the dominant coalition. The two predictions diverge, and the divergence is testable.

**Proposition 4 (Masking).** As consolidation proceeds, conventional resource-position and customer-performance measures will lag, rather than lead, deterioration in edge value event flow and in the internal and societal value event flows. In the interval preceding coherence horizon crossing, customer flow and resource position will remain stable or improve while those other measures decline. The proposition follows from the specification of structural gravity as a buffer that simultaneously masks the condition it buffers (Section III) and from the three-directional value event flow (Section V).

**Proposition 5 (Relational coherence horizon).** Holding the environmental discontinuity constant, enterprises that maintained a functioning renewal loop before the discontinuity — evidenced by protected potential life energy and periodic premise examination against independent evaluation criteria — will achieve reconstruction under coherence more often, and earlier, than enterprises that initiated premise examination only after performance declined. The proposition follows from the specification of the coherence horizon as relational rather than environmental, and from the requirement that reconstruction potential and interpretive elasticity be preserved before they are needed (Section VIII). It refines the convergence and reorientation

pattern Tushman and Romanelli (1985) described by specifying the prior condition that determines which reorientations succeed.

**Proposition 6 (Meaning subsystem necessity).** Renewal capacity will be predicted by the structural distance between the examination of governing premises and the functions whose legitimacy, metrics, and resources depend on those premises. Cultural strength, investment in organizational learning, and managerial capability will not, individually or jointly, predict renewal once that structural distance is accounted for. The proposition follows from the specification of the meaning subsystem as a meta-regulator that operates on premises rather than through them (Section VI.I). It is the proposition that distinguishes the meaning subsystem from organizational culture (Schein, 2010), double-loop learning (Argyris & Schön, 1978), and strategic leadership: if any of those constructs predicts renewal as well without the structural condition, the meaning subsystem is redundant as a separate architectural element.

### C. Observable Indicators

Governing-premise concentration can be observed in the allocation of capital, research expenditure, and senior management attention between the established value logic and alternatives to it, and in the vocabulary of strategic documents, where the attention-based view (Ocasio, 1997) provides established methods for tracing what an organization's structural channels direct it to notice.

Response variety can be observed directly in planning artifacts: the number of distinct strategic alternatives formally evaluated in a planning cycle, and whether those alternatives vary parameters within a premise or vary the premise itself. A planning system that tests sensitivity

cases around a single price or demand premise and one that develops scenarios in which the premise itself differs can be distinguished in their planning documents, and the distinction is a direct measure of whether the adaptive subsystem is generating variety at the level of premises.

Potential life energy can be observed as the share of discretionary resources not committed to executing the current value logic, together with the presence of exploratory activity evaluated against criteria other than those by which the established business is measured. Exploration evaluated against the established business's metrics is, for the purposes of this indicator, committed rather than potential.

Edge value event flow can be observed in how an enterprise records and escalates exchanges at its margins: defections to unconventional competitors, adoption by customers outside the core segment, and partial or awkward use of the current offer. The indicator is not the volume of such events but their classification — whether they enter the channels through which premises are examined or are filed as noise.

Internal and societal value event flows can be observed through measures already in wide use: voluntary turnover among high-performing employees, the destinations of departing talent, regulatory and legitimacy signals, and shifts in the expectations of institutional stakeholders. The architecture's contribution here is not new measures but a specified relationship among existing ones.

Meaning subsystem structure can be observed in the organizational location of premise examination: whether premise examination, wherever it is located — in a designated body, in protected evaluation criteria, or in decision rights distributed across the enterprise — has

standing, resources, and evaluation criteria independent of the businesses those premises sustain. The indicator does not require a dedicated unit. It requires that the examination not depend for its legitimacy on the premises it examines.

## D. Conditions of Disconfirmation

Each proposition is disconfirmable, and the conditions are stated here so that evidence can count against the architecture as well as for it.

Proposition 1 is disconfirmed if, among enterprises exposed to the same signal, information access and resource availability predict classification as well as or better than premise concentration does.

Proposition 2 is disconfirmed if sustained success is followed by stable or expanding response variety across a representative sample. The behavioral theory of the firm offers a rival prediction — that success generates slack and slack funds search (Cyert & March, 1963) — and the two predictions can be adjudicated directly by observing what success-generated slack is actually spent on.

Proposition 3 is disconfirmed if executive succession alone produces shifts in recognition patterns as large and durable as instrument change does. That result would favor upper echelons theory over the architecture's claim that interpretation is a property of the enterprise rather than of its leaders.

Proposition 4 is disconfirmed if resource-position and customer-performance measures reliably lead deterioration in edge, internal, and societal flows, or if no divergence between the two sets of measures precedes reconstruction or failure.

Proposition 5 is disconfirmed if enterprises that began premise examination only after decline achieve reconstruction under coherence as often and as early as those with functioning renewal loops beforehand.

Proposition 6 is disconfirmed if cultural strength, learning investment, or managerial capability predicts renewal as well as structural distance does. That result would mean the meaning subsystem, as specified, adds nothing to constructs organizational theory already possesses.

The propositions do not stand or fall together, and the architecture's exposure is not uniform across them. Disconfirmation of Propositions 3 through 6 would require revising specific linkages within the architecture. Disconfirmation of Propositions 1 and 2 would reach its foundation: the perceptual entity claim and the success syndrome are the two commitments from which the remaining constructs derive, and the architecture should be judged accordingly.

## E. Research Designs

Four designs are suited to these propositions. The first is comparative analysis of matched enterprises exposed to a common discontinuity, coded for premise concentration, response variety, and renewal-loop condition from documents produced before the discontinuity's outcome was known. Industries with dated technological discontinuities (Tushman & Anderson, 1986) supply natural samples, and coding from contemporaneous rather than retrospective

sources is what separates a test from a reconstruction of history. The second is longitudinal panel analysis of the indicators above across firms in a single industry, testing whether the sequences Propositions 2 and 4 specify appear before reconstruction or failure and not merely after it. The third uses executive succession as a natural experiment for Proposition 3, comparing successions accompanied by change in performance criteria, capital-allocation formulas, and specifications with successions that left those instruments intact. The fourth is field research inside enterprises, examining where premise examination is located, what standing it has, and what happens to the premise-challenging signals it generates — the evidence on which Proposition 6 most directly depends.

None of these designs is novel in method. What the architecture contributes is a specification of what to measure, in what sequence, and against which rival predictions — the conditions under which evidence about the perceptual enterprise can accumulate rather than remain a collection of illustrative cases.

## Conclusion

The claim from which everything in this manuscript follows is not about any individual construct. It is about the field. Organizational theory has fragmented into specialized traditions — each illuminating a domain, each correct within that domain, and each constitutionally unable to address what lies across domain boundaries. That fragmentation was intellectually productive for a century. It generated rigorous knowledge about resources, capabilities, learning, culture, leadership, governance, and the formal properties of organizational systems. What it did not generate is the capacity to explain why enterprises possessing all of these things nevertheless approach catastrophic failure — or to guide organizational leaders navigating challenges that do

not arrive within any single tradition's domain boundaries. A fragmented theoretical field tends to produce fragmented solutions: resource problems get resource solutions, capability problems get capability solutions, cultural problems get cultural solutions. Yet organizations that fail under apparent success do not have a resource problem or a capability problem or a cultural problem. They have a problem with the interpretive architecture organizing all of those elements simultaneously — an architecture that the fragmented field, by construction, cannot specify.

The challenges organizations will face in the coming decades make this limitation increasingly consequential rather than merely theoretical. Artificial intelligence is simultaneously a production subsystem technology, a boundary spanning instrument, an adaptive capability accelerant, a managerial decision support system, and — most consequentially — a meaning subsystem amplifier that deepens existing governing premises faster and with greater apparent analytical authority than any prior technology has made possible. An organization deploying AI within a consolidated meaning architecture is not acquiring adaptive capacity. It is compounding the governing premises that will eventually require revision, at greater speed and with more sophisticated-looking justification than would have been achievable before AI's deployment. Understanding that dynamic requires an architecture that can see all six subsystems simultaneously, specify how they interact, and identify the meaning subsystem condition that determines whether AI deployment expands or narrows the enterprise's developmental capacity. Technological acceleration, shifting institutional expectations, shortening competitive cycles, and the emergence of AI-native competitors operating under premises entirely outside established industry architectures — none of these challenges arrives within a single subsystem. All of them arrive simultaneously across the enterprise as a whole. A fragmented theoretical field

is progressively less equipped to understand problems that are themselves becoming progressively more integrated. An integrated architectural field is what the moment requires.

That is what the perceptual enterprise framework provides — not a replacement for the traditions whose contributions it incorporates, but the prior architectural specification within which those contributions can be located, integrated, and made consequential for the challenges that actually determine organizational survival. The architecture does not close the field's questions. It opens them at a different and more consequential level — the level at which the enterprise's most important dynamics actually operate and at which the field's fragmentation has been most costly. The scholars, executives, and institutional architects who use this framework will be working with an architecture that treats the enterprise as a single purposeful system rather than a portfolio of separately theorized organizational phenomena — and that treats organizational theory's fragmentation not as the natural and permanent condition of a mature science but as the specific limitation the perceptual enterprise model was built to address.

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