



## SST 31 Power, Feedback Distortion, and System Blindness



### The Headquarters That Never Heard Bad News

Northbridge Services had grown into a large and successful organisation. Its headquarters occupied an impressive modern building. Senior leaders met regularly to review performance reports and discuss strategy. Detailed dashboards displayed key performance indicators. Monthly reports suggested that everything was functioning well. On paper the organisation appeared healthy. However, conditions on the ground were rather different. Front-line staff were becoming increasingly frustrated. Equipment failures were occurring more frequently. Customers were complaining about declining service quality. Experienced employees were leaving and finding replacements was becoming difficult.

These problems were discussed locally, but they rarely appeared in reports reaching senior management. Middle managers often softened negative information before passing it upwards. Staff became reluctant to raise concerns because previous warnings had been ignored. Departments increasingly focused on presenting positive results rather than identifying emerging problems.



As information travelled through successive organisational layers, important details were gradually filtered out.

The leadership team remained confident that the organisation was performing well. Meanwhile, operational difficulties continued to grow.

The organisation did not fail because information was unavailable. It failed because accurate feedback no longer reached those responsible for making decisions.

### Formal Description

Power concentration occurs when decision-making authority becomes increasingly centralised within a small number of individuals, groups, or institutions.

Centralisation can improve coordination and enable rapid decision-making. However, it can also increase the distance between decision-makers and operational realities.

Within the Enhanced Morphogenetic Cycle (EMC), effective constraint regulation depends upon accurate feedback regarding changing conditions. When power becomes concentrated, information often passes through multiple hierarchical layers before reaching decision-makers.

At each stage information may be:

- filtered;
- simplified;
- delayed;
- selectively reported;
- strategically altered.

This process creates feedback distortion.

As distortion increases, governance structures become progressively detached from the systems they are intended to regulate.

The result is system blindness: an inability to perceive important changes, emerging problems, or unintended consequences.

### Plain English Explanation

For a system to adapt successfully, decision-makers must understand what is happening.

This requires accurate feedback.

In small organisations, problems are often visible directly.

In larger organisations, information usually passes through multiple layers before reaching those in authority.

At each stage there is an opportunity for information to be altered.

People may:

- avoid reporting bad news;
- emphasise successes;
- protect reputations;
- simplify complex situations;
- misunderstand what is important.

The problem is often made worse by organisational culture. Where criticism is punished, mistakes are treated harshly, or leadership reacts negatively to unwelcome information, people become less willing to communicate problems honestly. Similarly, highly competitive environments may encourage individuals to conceal difficulties, exaggerate successes, or avoid sharing information that could place them at a disadvantage. Under such conditions feedback distortion becomes self-



reinforcing, and decision-makers may receive an increasingly unrealistic picture of operational reality.

Over time leaders may receive an increasingly incomplete picture of reality.

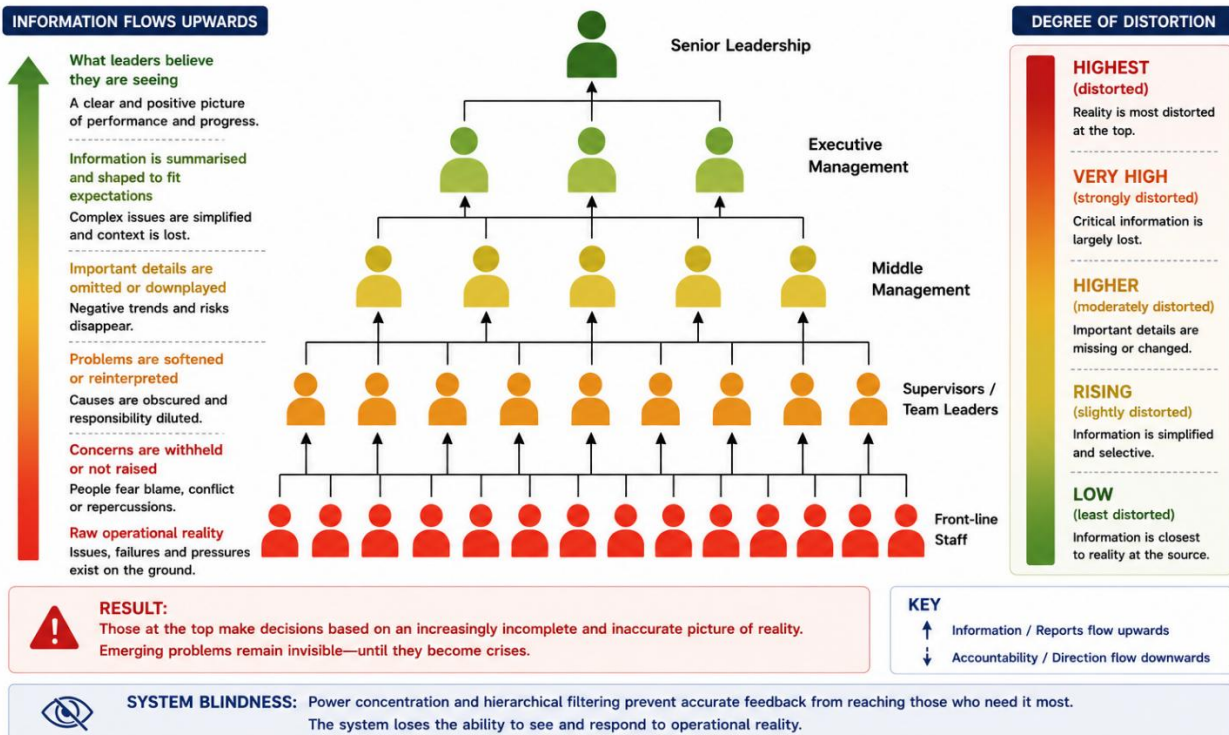
Ironically, the more authority becomes concentrated, the greater the risk that decision-makers become isolated from the information needed to make good decisions.

The key diagnostic question is:

**"Can decision-makers receive and act upon accurate negative feedback?"**

## FEEDBACK DISTORTION IN HIERARCHICAL ORGANISATIONS

*As information moves up the hierarchy, it is filtered, simplified and distorted.*



### Example 1 – Corporate Failure

Senior leadership receives increasingly optimistic reports while operational problems accumulate. Warnings fail to reach decision-makers.

Result: Delayed recognition of emerging risks.

### Example 2 – Highly Centralised Bureaucracies

Authority becomes concentrated in a small leadership group.

Local information travels through multiple reporting layers.

Feedback becomes delayed and distorted.

Result: Policy decisions become increasingly disconnected from operational realities.



### **Provenance and Links**

The concepts of power concentration and feedback distortion emerged from cybernetics, organisational theory, and governance studies.

Cybernetic approaches emphasised the importance of feedback for effective regulation. Later organisational research demonstrated that hierarchical structures can unintentionally distort information flows, reducing adaptive capacity.

Within the development of the EMC and Constraint Analysis framework it became apparent that many governance failures arise not from a lack of intelligence or effort, but from impaired feedback systems.

The module draws upon:

- Cybernetics (Norbert Wiener)
- Management Cybernetics (Stafford Beer)
- General Systems Theory
- Organisational Theory
- Governance and Public Administration research

### **Practical Exercise – Student Response Area**

Think of an organisation, institution, or governance system that you know well.

1. How does information reach decision-makers?
2. How many layers separate operational activity from leadership?
3. Are people comfortable reporting bad news?
4. Are negative outcomes visible to those with authority?
5. What incentives might encourage feedback distortion?
6. How could more accurate feedback be maintained?