Book Review

by Chris Rodgers
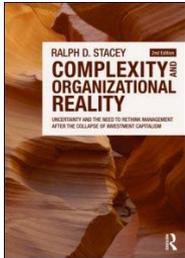
Complexity and Organizational Reality

Uncertainty and the need to rethink management after the collapse of investment capitalism

Ralph D. Stacey (Routledge, 2010) ISBN: 9780415556477 List Price £31.99

The world's major financial institutions, commercial organisations and public policy bodies are peopled by scores of MBA graduates, advised by the world's foremost consultancies, and informed by millions of research papers, books and journals on business and organisational performance. Despite this, the global economy plunged into a crisis that nobody planned, few predicted and none of these 'highly tuned' organisations was able to control. How could this be? And, equally significantly, how is it that most things have gone on largely 'as normal' in the face of these high-level failures?

These are the questions that Ralph Stacey invites us to consider in his latest book, *Complexity and Organizational Reality*. "Why", he goes on to ask, "Do we continue to talk, explain and prescribe on an intellectual basis which completely contradicts our experience?" His frustration with this state of affairs is clear. In response, he sets out – and further develops - the complex responsive process view of organisational dynamics, which he and his colleagues at the University of Hertfordshire have been advocating for the past decade. His main proposition is that this new thinking is required to deal both with the collapse of investment capitalism and the failure of the managerialist and market-based prescriptions that have been imported into the public sector despite the lack of evidence of their validity.

I have been a follower of Stacey's work since I first bought one of his early books, *Dynamic Strategic Management for the 1990s* (Stacey 1990)*,* almost 20 years ago. In particular, I am attracted by the challenge that he makes to conventional thinking and practice in relation to the leadership and dynamics of organisations. His willingness to take his thinking forward, where appropriate, is another feature of his writing. And this latest book continues that tradition. Somewhat puzzlingly, the book is referred to as a

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Second Edition. In the preface, Stacey himself explains its genus and clearly positions it as "… far more a new book than a new edition of any of the [earlier volumes]." I agree with that assessment.

The Argument

Those who are familiar with Stacey's work will recognise the pattern of his argument, which provides the broad structure for the book. He begins by exposing the contradictions between people's ongoing experience of organisational life and the approaches embodied in conventional management thinking and practice – "the dominant discourse". Despite the evident uncertainty surrounding everyday organisational practice, and the lack of evidence to support mainstream prescriptions, the view persists that managers can design, build and control the future of their organisations. Not only that, but the myth also remains that they can each choose this future direction independently of the choices made by everyone else.

Stacey suggests that managers' attraction to this manifestly flawed view of organisational dynamics arose from their felt need to establish a professional management identity, much more than a desire to reach better decisions. For this, they looked to the sciences of certainty. To support this view, he traces the emergence and development during the 20th century of, in particular, scientific management and systems thinking, in their various guises. He argues that these have given rise to a number of assumptions about the nature of cause and effect that continue to dominate management thinking and practice. He identifies three distinct causalities. The first he describes in terms of linear models and processes, which assume that clear steps can be taken to discover and realise an optimal outcome. The second assumes that the desired outcomes can be achieved by applying reason and deliberate choice within a universally accepted ethical framework. And finally, he cites the 'systems' perspective. In this, the desired outcome state is already "enfolded" in the design and is then presumed to unfold over time in a predictable and predetermined fashion. He labels these three causalities "efficient", "rational" and "formative" respectively. Adopting this "science of certainty" perspective has also brought with it the notion of the manager as objective observer and designer (the 'scientist'). As such, he/she chooses and designs a particular course of action (rational cause), which is then realised either through the mechanistic application of a presumed linear process (efficient cause) or the 'organic' unfolding of outcomes that are already enfolded in the system as designed (formative cause). Implicit in this is the further assumption that humans are autonomous, rational and control-seeking in their behaviour.

In response, Stacey calls for a radical reappraisal of the assumptions on which this dominant discourse is based. For this, he looks to the sciences of uncertainty and complexity. He sees these as offering explanations of the dynamics of organisations that resonate more strongly with his own experience of what goes on in organisations. Within this, though, he rejects what he terms the "neo-Darwinist" perspective, on the basis that its emphasis on chance as the motivator of change fails to take account of the powerful influence that managers and others demonstrably have on the process. He refers to this chance-based causality as "adaptionist". Instead of this, he offers what he sees as a radical challenge to mainstream thinking, in the form of "transformative" causality. This sees the future as being perpetually constructed in

the present, through the ongoing process of local interaction. It is these local interactions that both form and, at the same time, are formed by population-wide patterns of interaction and meaning that we recognise as continuity and change/transformation. And it is similarly through this interactional process that individual and collective identities are formed, maintained and transformed. Importantly too, this process both expresses and potentially shifts the patterns of power relations and underlying ideologies that are at play in what Stacey rightly describes as the everyday politics of organisational life.

All in all then, Stacey uses the science of uncertainty and complexity to challenge mainstream thinking across a number of fronts: stressing the limits to predictability, individual choice, and the ability to design and plan the future; highlighting the centrality of local interaction and its relational (enabling-constraining) nature to the dynamics of organisations and the outcomes that emerge; emphasising the importance of diversity and difference (as opposed to harmony and consensus) as the sources of novelty; seeing the need to express identity (individually and collectively) as the prime motivator of human action; and recognising that people are interdependent, rather than autonomous individuals.

Complexity's Challenge to Current Ideology

Having argued that insights from the complexity sciences offer a potential way out of the current 'rut', Stacey reflects on why it might be that complexity-based approaches are still only to be found at the fringes of organisational thinking and practice. He says that many maintain that this is because there are insufficient tools or rigorous enough models to 'operationalise' the theory. However, I agree with his view that failure to embrace complexity is much more likely to be due to the challenge that this poses to the existing ideology. It threatens the "professional" identity of managers, who have come to see themselves as rational and objective directors and controllers of other people's actions; and it further raises anxiety by threatening the figurations of power that are intimately interwoven with this. "After all," as they might say, "If I'm not in control, how can I (or anyone else) consider myself (me) to be a leader?" Ironically, then, the very dynamics to which these insights point seem to be the same ones that are tending to prevent them being taken up!

Consistent with his previous books, Stacey also draws attention to (and summarily dismisses!) those writers who talk of organisations in complexity terms but do so in ways which reflect and justify the existing assumptions of design, predictability and control. In this way, the existing orthodoxy survives unscathed, albeit clothed in new language. This usually occurs where nature is invoked as a metaphor for organisational dynamics (viewing organisations as "living systems"); and/or where the behaviour of (externally programmed) multi-agent, complex systems is seen as being directly applicable to the complex *social* process that is organisation. These approaches involve such strategies as introducing "a few simple rules" or (somehow) 'moving' the organisation to the "edge of chaos" to stimulate the required self-organising dynamics. In all such cases, writers use the language of complexity and uncertainty but continue to imply that managers have the ability to achieve predictability and control. Stacey argues that they also tend to conduct the debate and discuss the dynamics at the 'macro' level, with ordinary people seen merely as the resources of 'organisations' that interact with each other:

"… it is striking how in the dominant discourse and in its re-presentation in the vocabulary of complexity, the organizational reality of ordinary people acting in ordinary, everyday ways to get things done together, disappears completely from the scene. Instead, we have forces, wholes, systems, abstract entities such as 'the organization' which intends and does."

Organisations as Complex Responsive Processes

Having 'made the case' for looking at organisations differently, Stacey then sets out his stall for viewing them as complex responsive processes of people interacting locally. In doing so, he re-emphasises the social and emergent nature of these processes, in which the future is continuously constructed through present interactions. Everyone influences these dynamics, through their ongoing, local participation. And population-wide patterns emerge from (and, at the same time, influence) the content and patterns of these local interactions. Stacey also stresses that this is essentially a communicative process; as the patterns of communication change, so does the organisation. This perspective stands in stark contrast to the dominant discourse, which maintains that change results from managers' deliberate intentions and designs. Indeed, in the penultimate chapter, he once again stresses that what is 'going on' in these local interactions is rarely if ever confined to structured problem solving and rational decision making. Instead, people are involved in an ongoing process of "… communicative interaction in which they construct patterns of power relations, expressed as categories of inclusion and exclusion, reflecting their ideologies and constructing their identities". In other words, in *socially* complex processes, so-called "facts" are always circumscribed by issues of power, ideology and identity.

In many respects, the central arguments in this latest book reiterate what might be thought of as "core Stacey" of the past 10 years or so; albeit drawing on the current economic crisis by way of illustration. However, he departs from that in one very significant respect, when he suggests that we should look at organisations as "games we are pre-occupied in". This is an idea that he has drawn from the writings of sociologist, Pierre Bourdieu, who introduces the notion of "the game" to describe people's habitual social customs and ways of thinking. Stacey uses it to emphasise that people "… are pre-occupied by the game rather than [as suggested by the dominant discourse] acting rationally to achieve goals." I see this as an important addition to his formulation of the complex responsive process perspective. In this latest iteration, he adds Bourdieu's ideas and the work of political scientist and anthropologist James C. Scott, to the main influencers of his thinking to date, such as the philosopher Hegel, sociologist Norbert Elias, and sociologist/psychologist George Herbert Mead. The upshot of this is that he introduces two new concepts into the discourse of complex responsive processes. These he describes as "… the paradoxical activities of *immersion* in the experience of local interaction and *abstracting* from it at the same time" [my emphasis]. So, 'in for a penny, in for a pound', so to speak, Stacey now sees two orders of abstraction occurring through the interactional process. "First order abstracting" occurs when, whilst immersed in interaction, we abstract from that experience by "simplifying, generalizing and categorizing in the forms of narrative and philosophy". In contrast, "second order abstracting" is the act of generalizing from experience to develop models, maps and frameworks. From his current perspective, therefore, he argues that we draw on these abstractions as we

"meaningfully pattern our interactions" during "our pre-occupation in the game of ordinary, everyday organizational life".

This is a welcome addition to the complex responsive process perspective; although I remain to be convinced that there is a need to distinguish between first- and second-order abstractions. The interplay between immersion and abstraction as postulated by Stacey resonates strongly with my own perspective on what's actually going on, as described in *Informal Coalitions* (Rodgers, 2007). And, to my mind, these notions of immersion and abstraction strongly echo those of participation and reification that Etienne Wenger describes in his book, *Communities of Practice* (Wenger, 1999) – although Stacey has previously argued that Wenger's conception fails to embrace the paradoxical nature of these dynamics that are fundamental to his own understanding. Stacey now describes the dominant discourse as operating at 'one pole' (abstraction) of the immersion-abstraction dynamic, with little or no regard to the impact that immersion has on the overall process. It might reasonably be argued that earlier conceptions of the complex responsive process perspective fell into the opposite trap; exclusively valuing what Stacey now calls "immersion" and overlooking the important role that abstraction plays in the everyday life of organisations. The current formulation brings these together, as simultaneously occurring attributes of a single process of communicative interaction.

In arguing in this way, Stacey seeks to address what I have always seen as a weakness in the way that his complex responsive process view has dealt with – or rather tended not to deal with - the formal (and necessarily abstract) aspects of organisational dynamics. To date, although Stacey referred briefly to the notion of an "abstract-systematic framework" in an earlier volume (Stacey, 2001), the complex responsive process approach has tended to marginalise any reference to the abstract aspects of communicative interaction. Instead, pre-eminence has been given to narrative descriptions of present, local experience; with abstract thinking tending to be seen – often in a pejorative way - as unhelpful reification. I'm sure that Stacey wouldn't see it in those terms, but that is how it has tended to come across to me.

Implications for Organisational Practice

By way of conclusion to the book, Stacey draws together what he sees as the implications of the theory of complex responsive processes for a range of organisational issues. These include policy making and public sector governance; the roles of leaders and managers "after the collapse of investment capitalism"; organisational and management research; management education; and management consultancy. Overall, he maintains that the current crisis cannot be dealt with simply by new fiscal measures and tighter regulatory regimes for the financial community. Instead, he argues for a radical rethink of how organisations work *in practice*; and what this means in terms of the emergence of unintended outcomes – such as the banking collapse, and the perceived failure of managerialism and marketisation in the public sector. Finally, having earlier maintained that analogies drawn from the sciences of uncertainty and complexity offer a more resonant view of organisational reality than that offered by the science of certainty, he makes the following observation:

> "Perhaps we need to accept that management and leadership are not sciences but fundamentally social phenomena which cannot be understood simply in terms of the application of science, both the sciences of certainty and those of uncertainty."

I share Stacey's yearning for managers and other practitioners to adopt a view of leadership and organisational dynamics that is much more congruent with lived experience than that which might be described as management orthodoxy. *Complexity and Organizational Reality* provides a comprehensive and credible picture of what that different view might be. As a note of caution for those who are currently unfamiliar with Stacey's work, the coupling of challenging concepts with the felt need for academic precision in the writing can sometimes make for a challenging read. However, my view is that those leaders and development specialists who are prepared to take the time to get to grips with the ideas in this book will find the investment well worth their while.

In such a wide-ranging and in-depth review of organisational dynamics, there are inevitably some aspects of Stacey's perspective with which I would take issue. However, in the main, these are 'at the margins' of the argument. What I see as more important is the challenge that he makes to the dominant management discourse, with which I wholeheartedly agree. Sadly, though, as regards his call for a fundamental rethink of management thinking and practice, early post-crisis signs are not good. It does not seem to me as if any significant lessons have been learnt in either the private or public sectors. Rather, it appears that the previous assumptions and established practices remain largely intact (bonuses, targets, and so on), with the only concession being that these need to be implemented more effectively in the future. It would be very sad if this proves to be the case and the opportunity were lost to take the different path that Stacey sets out in this important book.

References

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Reviewer

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