

Book Review by Chris Rodgers

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Complexity and Organizational Reality

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

Ralph D. Stacey (Routledge, 2010)

The world's major financial institutions, commercial organisations and public 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 Organisational Reality*. "Why", he asks, "Do we continue to talk, explain and prescribe on an intellectual basis which completely contradicts our experience?" In response, he further develops the complex responsive process view of organisational dynamics, which he has been advocating for the past decade.

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 conventional management thinking and practice – "the dominant discourse" – and people's experience of organisational life. Despite the uncertainty surrounding everyday practice, and the lack of evidence to support mainstream prescriptions, the view persists that managers can design, build and control their organisations' futures – and do this independently of the choices made by others.

Stacey suggests that managers' attraction to this view arose from their felt need to establish a professional management identity. For this, they looked to the sciences of certainty. He argues that this has led to a number of flawed assumptions about the nature of cause and effect that continue to dominate management thinking and practice. In response, he calls for a radical reappraisal of the assumptions on which this dominant discourse is based. Drawing first on the sciences of uncertainty and complexity, he challenges 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 to the dynamics of organisations and the outcomes that emerge; emphasising the importance of diversity and difference (rather than harmony and consensus) as 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. Consistent with his previous books, he also summarily dismisses those who talk of organisations in complexity terms but do so in ways which reflect the existing assumptions of design, predictability and control.

Stacey next sets out his stall for viewing organisations 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 perpetually 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, communicative interactions. This perspective contrasts starkly with the dominant discourse, which maintains that change results from managers' deliberate intentions and designs.

In many respects, the central arguments in this latest book reiterate what might be thought of as “core Stacey”; albeit drawing on the economic crisis by way of illustration. However, he departs from that in one significant respect, when 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]. “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. He therefore 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”. I see this as a valuable addition to his complex responsive process perspective.

By way of conclusion, Stacey draws together the implications of his theory 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. Finally, he observes that management and leadership should perhaps best be viewed as fundamentally social phenomena, rather than trying to understand them simply in terms of the application of science – whether the science of certainty or of uncertainty.

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

In such a wide-ranging and in-depth review of organisational dynamics, there are inevitably 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, which I wholeheartedly support. It will therefore be very disappointing if managers and policy makers fail to take the different path that Stacey sets out in this important and insightful book.

Reviewer



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