

Chapter One Organising Dynamics

1.0 Introduction

Conceptualising organisations as complex adaptive systems is well-trodden ground (Stacey, 1996; Wheatley and Kellner-Rogers, 1996; Capra, 2002). Stacey explains complex adaptive systems as:

“a number of components, or agents, that interact with each other according to sets of rules that require them to examine and respond to each other’s behaviour in order to improve their behaviour and thus the behaviour of the system they comprise”.

He argues for regarding business organisations as complex adaptive systems. The purpose of this chapter is to restate the case for organisations as interacting systems of dynamic and complex systems, which they certainly are. Too many however are not adaptive. Recent high-profile events like General Motors going into receivership and Toyota’s public relations disaster over product recalls come immediately to mind as examples of outcomes of non-adaptation. Stacey goes on to say that complex adaptive systems can be alternatively viewed as co-evolving suprasystems, which “learn their way into the future”. How to facilitate adaptiveness and learning is a major focus of this book. For the moment, this sprint through the basics of organising dynamics is presented from three perspectives:

- how elements of organising integrate to become flows of behaviour
- themes arising from flows of behaviour among people
- context influencing flows of behaviour.

The brief review of the dynamics of organising provides the foundation for exploring in later chapters how organisations are changing, what this means for supporting structures and systems, what it implies for management skills and capabilities, and how it influences and shapes smart working and managing behaviours in practice. It serves another purpose, which is a reminder that current hoopla about organisations being networks of formal and informal relationships is only a re-discovery of something we have always known. Organisations always have consisted of networks of inter-related relationships, despite repeatedly overstated pronouncements about the supposed dominance of hierarchy. Figure

1.1 is summarised from the work of theorists and researchers from past decades, whose contributions are referenced throughout the chapter.

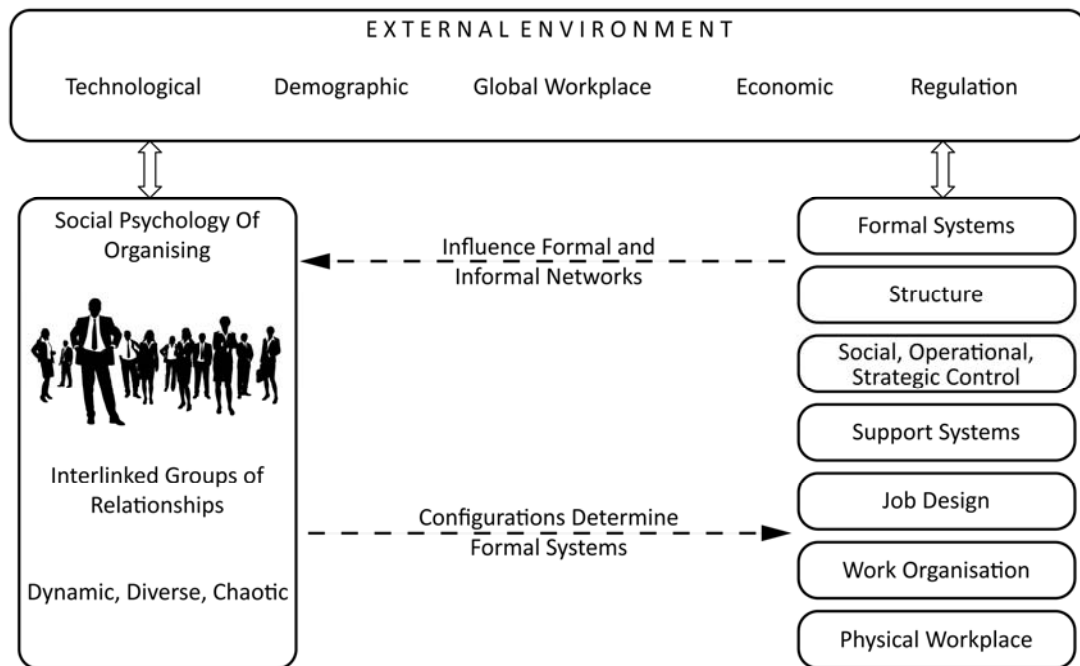


Figure 1.1 How Organisations Work

Both sides of the diagram review a range of research and theoretical perspectives from the psychology, sociology and management literatures. This chapter concentrates on the left hand side of the diagram, with topics specified on the right-hand side and top of the diagram tackled in the following chapters. On the matter of research and theoretical perspectives, it is inevitable that this brief review is open to criticism for its selectivity. A comprehensive review of multiple literatures would not be possible within the scope of the time and resources available. The selection of research included is necessarily personal, drawn as it is from my experience of over fifteen years of working with and researching businesses that have made the transition to new ways of working and managing, experimenting with and discovering which approaches work for different people and within specific business contexts. The models, frameworks and theoretical approaches that you will apply to your own unique practical business challenge will be similarly biased towards your own values, world views, experiences and your own discovery of theoretical perspectives that you judge will help shape how you and your colleagues act together. My

intention is to draw the practitioner's eye to representative and recurring themes on how organisations work, and fail to work, from theory, research and practice.

Senge (1992) says that he takes no credit for inventing the five major disciplines which he writes about in *The Fifth Discipline*. They “represent the experimentation, research, writing, and inventions of hundreds of people” and this is also the case here. Rather than review vast literatures across a number of knowledge disciplines, a few sources are concentrated on to illustrate themes. The rationale for my choice of authors is that they have written what I and others consider to be key theoretical texts on the first principles of organising, which are associated with smart working and managing outcomes. Alternatively they have carried out research, for example on the characteristics of innovating organisations, (Pettigrew and Fenton, 2000). This is recommended for anyone interested in a thorough review of theoretical perspectives on organisational design.

1.1 Social and Complex

Organisations are essentially dynamic networks of relationships. Weick (1979) provides strong thought leadership in understanding how complex social interactions among people play out. He speaks about organising as flows of behaviour and describes the basic building blocks of organising in terms of "individual behaviours interlocked among two or more people, who change each other's behaviour". When two people engage, he calls the act of one person responding to another an interact. If the person who instigated the exchange then further responds, this is a double interact. Weick tells us that the double interact is the stable component in organisational growth and decay, and that inter-locked behaviours are the elements that make up dynamic processes.

We are all individually complex to begin with and we constantly change; our moods fluctuate, we feel more or less at ease in different places and with different people, we have sensitivities, agendas, positions to defend, cultural biases and personal values that influence how we communicate, how we react and so on. Add to this fluctuating and fluid personal change the influence we are able, or unable, to exert on each other and it is not difficult to see what happens when complex individuals try to communicate with and manipulate other equally complex individuals.

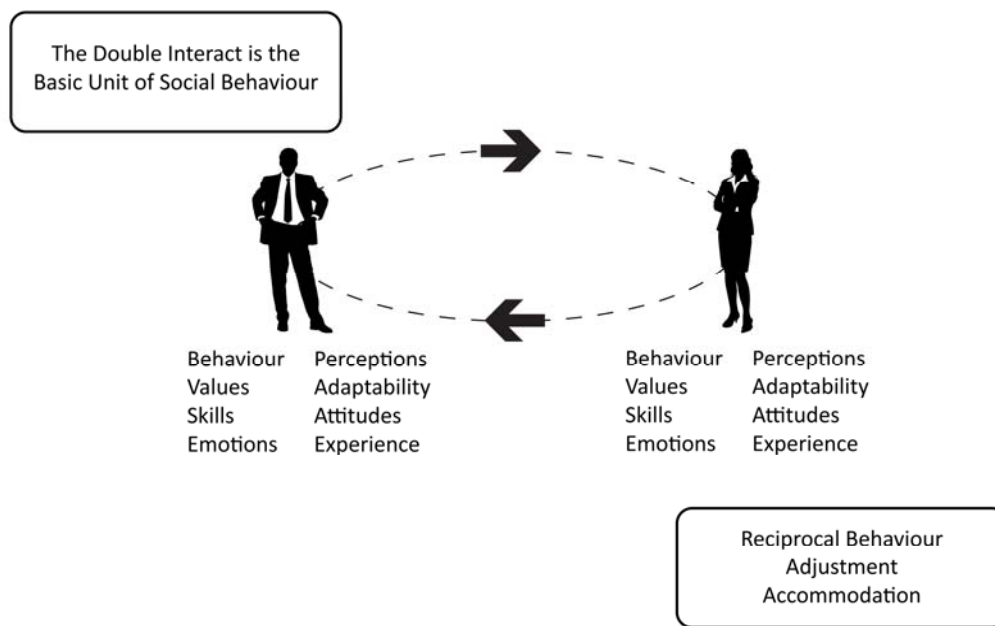


Figure 1.2 Weick's Concept of The Double Interact

Weick was far from alone in focusing on the highly-dynamic and social nature of human systems. Argyris and Schon (1978) for example recognised organising as active and cognitive, and Schoderbeck et al (1978) described groups interacting within 'organised complexities', which they describe as "phenomena composed of a very large number of parts that interact in a non-simple way". In Bandura's social cognitive view of human functioning, events are the outcome of continuously interacting behavioural, cognitive and environmental influences, which are inter-locked and mutually shaped (Bandura, 1978). This 'reciprocal determinism' is a core feature of Bandura's work. His stance is very much in opposition to behaviourist theorists, who believe that behavior is causally determined by what is happening in the environment, so that the environment "becomes an autonomous force that automatically orchestrates and controls behaviour". Bandura disputes this. Although the environment does influence behaviour, people choose, through cognition, what they want to see and how they perceive their environment. They learn in four ways:

- Enactively - by doing and experimenting
- Vicariously - by watching other people's experiences
- Socially – through conversation and by listening to the judgments of others

- Logically – by developing rules of inference and deriving new knowledge from reasoning.

As Bandura says, “by their actions, people play a role in creating the social milieu and other circumstances that arise in their daily transactions”. Self-regulating, self-organising and self-reflecting are core concepts in Bandura’s accounts of the constantly shifting, mutually adapting and dynamic engagements of people with each other and their environments. Bandura points out that complex interactions among behaviour, cognition and environment lead to probabilistic outcomes rather than predictability.

1.2 Social And Networked

Weick makes the important observation that relationships are the crucial control point in organisations. This insight is fundamental to a number of different but related process perspectives of organising. Relationships and interactions, and the events they create being the basic elements of organising, lead inevitably to consideration of organisations as process-based, knowledge-based and network-based. Dennison’s critique of process-based perspectives of organisations is comprehensive and useful (Dennison, 1997). As well as summarising the emergence and development of a range of process perspectives, he sets them within the context of the value chain: managing, organising and designing it. The value chain concept, originating in Porter’s work on competitive strategy (1985), is about how enterprises systematically organise resources, people, business units and partnerships with suppliers to deliver customer value. According to Dennison, an organisation has to “first define a value chain, and then to establish the relationships to exploit these potential advantages in the workplace.” More recently Osterwalder (2009) talks about business model innovation, rather than value chains, “embracing new and innovative models of value creation.”

Managing the value chain is concerned with control and innovation, for example, eliminating waste from processes and applying quality approaches through continuous improvement and problem-solving. Managing the value chain does not involve reconceptualising customer needs. Methods associated with organising the value chain

includes an element of redefining the value chain, as well as eliminating waste. As Dennison admits, the distinction between managing and organising the value chain is ‘fuzzy’. He nevertheless defends the inclusion of the organising category in his analysis because:

“an important insight is introduced: the value chain is fluid and abstract, and a multitude of potential value chains exist that can deliver the same product to the same customer.”

Choices over the design of value chain is the defining feature of Dennison’s third category of process-based perspectives. Methods and approaches associated with designing the value chain are about configuration, flexibility, agility, customisation and differentiation. Methods include mass customisation, partnerships and alliances, knowledge networks, virtual organisations and the knowledge-based organisation.

What is really interesting now is how the process-based perspectives are evolving towards re-conceptualisation as networks (Capra, 2002; Castells, 2004; Benkler, 2006).). Networks are self-configurable, complex structures of inter-connected nodes that absorb and process information. Human networks communicate, cooperate and compete with each other (Castells, 2004). According to Castells, knowledge and information have always been crucial sources of economic activity. He says that “we must let the notion of an information society or of a knowledge society wither” in favour of speaking of a network society. This re-conceptualising matters, he says, because of practical implications. Social networking and collaboration technologies enable the “extension and augmentation of the body and mind” so that networks of interactions now have global reach. People outside of businesses are connecting, self-organising and doing what they want, without leadership and at will. Social networking and collaboration technologies provide people with “new ways to imagine our lives as productive human beings” (Benkler, 1996). This includes self-directed, informal social learning and knowledge acquisition through networks and communities.

Dennison makes the interesting point that mass customisation stimulates and creates market demand, as well as satisfies it, through increased customer choice. This observation about the link between value chain design linked to competitive advantage is at the heart of

the rationale for creating the conditions for the next wave of smart working and managing. These technologies now have significant potential to multiply value chain configurations, creating opportunity for economic and social value through people interacting and sharing via decentralised, peer-to-peer networks of knowledge flows within and across organisational boundaries. Global workplace trends are examined later in the book, in Chapter Four, and it will become apparent that a number of converging trends linking knowledge networks, strategic partnerships, and collaboration across multiple boundaries, powered by social and collaboration technologies, are driving new business models. Considering the opportunities value chain reconfiguration presents for creating economic value, it very quickly becomes apparent that people, their relationships, capabilities and knowledge need to be pivotally engaged in the value creation process.

Technologies are much more than communication devices, software and machines. They include methods and techniques, like those associated with managing, organising and designing the value chain. It is people working together to engage with technologies and with each other - generating, sharing and applying knowledge - that creates economic value. It is what people actually do or not do that really matters. It almost seems so obvious as not to be worth saying but focus is too often on technologies, and not people and their relationships. Toyota may have been espousing commitment to using quality process technologies as a core capability but, for whatever reasons, the reality turns out to have been something different in practice. People working together create economic value do it through relationships and how they engage with technologies. Social technologies shine renewed focus on what has always been true; that business enterprises are social entities first and last. There is widespread discomfort in business circles about using the word 'social' in connection with work. Rather than avoid it, it is time to insist on using 'social' in recognition of the fact that networked, distributed and connected forms of organising are so instrumental in creating new potential for economic and social value. Social relationships therefore need support and nurturing rather than be denied. How purposeful sociability is nurtured in increasingly knowledge-intensive economies will have to become a core management capability.

1.3 Themes Arising

Many themes emerge from people's relationship with their work and with each other. These include, and the topics are in no way exhaustive: power, culture, conflict, collaboration and learning. Returning to Weick, he recommends adopting a minimalist approach to understanding organisational dynamics. He proposes that if you can understand what happens when nine people work together, you can understand what can happen with thousands. We already know that two people create interdependence and reciprocal behaviour. The addition of one more person increases the complexity of inter-personal dynamics. Three is a key transition point because now there is the possibility of alliances between two against one. Issues of power, control, co-operation, competition, manipulation and influence emerge. As Weick says, although these things exist between two people, "these phenomena, formerly suppressed, now become more visible and subject to manipulation and sanction" when three people interact. At seven people, groups as well as individuals, forms alliances and partnerships. The next key transition is from seven to nine, when there is the possibility of coalitions between pairs of triads, groups of three, as well as within.

With just nine people, it is easy to see how this complexity rapidly has potential to increase exponentially. It is unnecessary to spell out to anyone with management responsibilities, or indeed anyone who has ever worked with colleagues, that relationships at work can be fraught and are the cause of many if not most of managers' day to day problems. It is hardly surprising when we stop to consider that people who work together, and who might not otherwise have anything to do with each other, have such diverse beliefs, perceptions, interpretations, cultures, attitudes, emotions, capabilities, personalities and ways of communicating. The resulting delights or frustrations are the lived experience of everyone in the workplace. The wonder is that productive work gets done, which of course it does.

1.3.1 Psychological Needs

Warr (2002) summarises a range of psychological attributes related to people at work. These include the need for autonomy and self-determination, social status, the opportunity for social support and good personal relationships, rewarding work and performance feedback. These psychological traits are inter-related and mutually reinforcing. Rock (2009)

is one among many management, psychology and medical researchers and practitioners expanding on these themes. He claims that neuroscience research is revealing the social nature of workplaces, with people seeking to minimise threat responses and maximise reward. Rock cites Professor Sir Michael Marmot's research on the health impacts of status on health, concluding that "in short, we are biologically programmed to care about status because it favours our survival." Status is intimately associated with position in social hierarchies, and this in turn influences the degree to which people experience autonomy, control and self-determination. Marmot (2006) writes that he has been researching the link between the risk of early death and position in social hierarchy for the past twenty eight years. The accumulation of this research supports the relationship between control, social engagement, ill-health and early death, in the context of the workplace and wider societies. He goes on to say, "as evolved beings, we are social animals ... the other important human need, after autonomy or control, is to be socially engaged." He suggests that self-esteem of self and others is part of social engagement, as is participation in social networks for social support and affirmation of social standing.

A consistent theme on meeting psychological needs in the management literature, in ways that are not so explicit in the psychology and medical literatures, is people's need for learning and development. The newest generation coming into workplaces the world over are causing a stir, for reasons that will be explored in a later chapter. Among the plethora of articles and blogs discussing who they are, what they like and what they dislike there are claims, counter-claims and contradictions. One feature on which there is consistency, and around which data is now being collected (McCrindle, date; London Business School, date; Deloitte, 2009) is the fact that young people value and seek challenge. They prize opportunity for learning and development. This though is not unique to this new generation. A survey of 88,600 employees in 18 countries found that that challenging work and opportunity for learning was the most powerful influencer of engagement (Towers Perrin, 2007). Puybaraud (2010) set out to discover what young people want from their workplaces but she also collected data from people of other generations. As with the Towers Perrin survey, opportunity for learning was found to be a key preference in choosing an employer and this was the case across all demographics in the workplace.

A word of caution is offered at this point. Much of the research and writing about core human and psychological needs has been from a western perspective. Are autonomy, self-determination and choice really universal human needs? Even if they are, culturally-derived values can shape attitudes and behaviour towards a more collective, social orientation. Then again, cultural influences can also begin to change in the other direction. I was reminded of the crucial fact that context is key when working with executives in Russia. A Russian colleague pointed out to me that following a financial crisis in 1997, where many people lost businesses and all their money when banks collapsed, and this on top of the collapse of the Soviet Union some years earlier, that people in general were not seeking autonomy. Rather the view was that they were looking for direction and strong leadership. Was this view valid and based on informed, lived experience? The comment was not made in isolation and was one of a number of similar opinions expressed in conversations over several years with other Russian people. We have to exercise our own judgements about what we accept as valid. From my own world view, which of course is limited to what I see and experience, people do seek self-determination but what people want at a particular time is influenced by how they react to their circumstances.

1.3.2 Culture

Hofstede (date) argues that managers and theorists have neglected to recognise the extent to which ‘managing’ and ‘organising’ are culturally dependent. Trompenaars and Hampden-Turner (date) agree, saying that managers see culture as a “dish on the side”, when in reality culture pervades and is at the core of social interaction in organisations. Culture is a complex subject, with different levels (visibly manifested in behaviour through to hidden and deeply embedded beliefs) and applied to a range of factors influencing personal relationships, including attitudes to power, loyalty, rules, displays of emotion, trust, communication, status, time, gender and uncertainty. Cultural identity, especially national identity, is so personal and runs deep for many of us. To Hofstede, culture involves involving manipulating symbols that have meaning to the people who are managed or organised. For Schein, culture is “shared tacit, taken for granted, ways of perceiving, thinking and reacting”.¹

¹ Schein, H. E. (1996) “Culture: The missing concept in organisation studies”. *Administrative Science Quarterly*, vol. 41, No. 2 June. pp. 229-240

Cultural Dimensions	Description
Rules versus relationships	Rule-focused cultures insist on following regulations. At the opposite end of the rules / relationship continuum, personal loyalty is crucial even if rules are broken or overlooked.
Individual versus the group	The issue here is action in pursuit of self-interest or with dominant regard for the collective?
Neutral versus emotional	Reason or emotion? Although both are present in thinking and acting, which dominates in social interaction is influenced by accepted cultural norms.
Diffuse versus specific	In the diffuse approach, engagement takes place once trust has been established. In the specific approach, engagement is initiated by getting down to business.
High versus low context	High context cultures assume non-verbal clues and unspoken assumptions are understood. Low context cultures require direct spoken and textual information.
Status	Is status accorded through achievement or by ascription (gender, nationality or class)? In some societies age and experience carry more weight than achievements or qualifications.
Power distance	Low power distance cultures expect equality in dealings among people, irrespective of formal positions. High power distance cultures tend to be autocratic or paternalistic.
Uncertainty avoidance	People in weak uncertainty avoidance cultures take each day as it comes, do not work too hard and tend to feel relatively secure. Other societies try to 'beat the future' and are anxious around time.
Masculine versus feminine	In 'feminine' societies, common values include not showing off, helping others, putting relationships before money and promoting 'small is beautiful'. Masculine societies are characterised by showing off, being seen to achieve, big is good, and might is right.

Table 1.1 From Schein (date), Trompenaars and Hampden (date), and Hofstede (date).

Moffat (2009) also focuses on shared meaning and sees culture as socially-constructed, emerging in time through participation and dialogue. Conversations reveal values, norms and deeply buried assumptions that people hold, perhaps without even realising it. Moffat stresses that culture is not a product, rather it is a dynamic outcome of the struggle to live and work the way we want.

Cultural attitudes fundamentally affect the way we react and behave towards one another. For example, two people might have a different attitude to the same event depending on how their cultural beliefs influence their attitudes. Taking just one aspect of culture, a person from a rule-focused culture might see it as his duty to report a friend involved in a hit-and-run car accident whereas another from a relationship-focused culture would never betray a friendship even though he did not approve of what his friend had done. Culture applies to nations, organisations, departments, professional and demographic groups, online communities and individual people. Norms, values and ways of working can be so deeply embedded within specific groups that even tactics for increasing social interaction among these groups, like physical co-location, can be ineffective². Communication across groups of knowledge specialists is more challenging than across national boundaries, a problem that will increase as businesses become more knowledge-based.

1.3.3 Power

In his quest to promote civilised workplaces, Sutton (2007) explores abuse of power. He says that even normally well-behaved and sensitive people can turn nasty given even small amounts of power. He cites “a huge body of research” showing that once people are put in positions of power they become more self-centred, ignore how less powerful people react to their behaviour, and treat others as a means of getting what they want. Staying with Bandura (1999) as an example of one of the contributions to this body of theory and research, he explores how people behave towards each other within the context of ‘moral disengagement’ from self-sanction for inhumane treatment of other people. Although much of the paper is concerned with extreme cruelty and inhumane behaviour, like the My Lai massacre for example, Bandura also says that many things in contemporary life are conducive to impersonalisation and de-humanisation. It is through the constant reminder

² Dr Judith Heerwagen, J.H. Heerwagen & Associates, ‘Building and Social Science’, London, November 29, 2007

that we are dealing with human beings that temptation is subdued to abdicate from personal obligation for moral behaviour. Among conditions of the modern world that he sees contributing to social alienation are bureaucratisation, automation and urbanisation, where “strangers can be more easily de-personalised than can acquaintances”. Interestingly, he includes geographical mobility in the list of factors that contribute to de-humanisation. Bandura also blames social practices that divide people into in-group and out-group members. He continues:

“Under certain conditions, wielding institutional power changes the power holders in ways that are conducive to de-humanisation. This happens when persons in positions of authority have coercive power over others with few safeguards for constraining their behaviour. Power holders come to devalue those over whom they wield control.”

Bandura’s focus on minimising the de-humanising effects of the environment and social relations finds an echo in Sutton’s solution of reducing power distances in organisations between those in power and those on whom their power impacts. Sutton says of learning lessons from observing primates:

“when the social distance between higher- and lower-status mammals in a group is reduced and steps are taken to keep the distance smaller, high-status members are less likely to act like jerks, too”.

Sutton (2007, p66)

He comments that pay is a potent symbol of power and that reducing the scale of differences between executive pay and low-pay staff is associated with business benefits. This unfortunately is not happening. Benkler (2008) although speaking of General Motors, could have been talking of many workplaces where bonuses are paid to attract and retain senior staff when he said that “they incentivise at the top and monitor at the bottom”.

Abuse of power can happen at all levels and among peers. It is so insidious at the top however because bad behaviour at this level, and tolerance of it, sends out messages

throughout the organisation about what you can get away with and creates a model for others to copy. As Garratt observes, a fish rots from the head (2003). His writing about a failure of boards to enforce effective governance was more recently addressed in the Walker review of governance in the UK banking and finance industries (Walker, 2009).

It is not my intention to bash senior managers, very much the opposite. The operating environment is so uncertain and challenging, and organising dynamics have become so complex, that the task facing senior teams seems overwhelming. Anything that might help senior people navigate this complexity while retaining a semblance of personal well-being is surely to be welcomed. The cost of dysfunctional organisational behaviour associated with power imbalance is to individuals and business. In the extreme, the cost is to the eventual viability of the business when people feel unable to challenge those in positions of power. In a statement on his experience of trying to raise his concerns over the risk profile of a UK bank, Moore³ (2009) said that “there is a natural tension between the need to raise legitimate challenge on the one hand, and the likely reaction of those individuals who are the subject of the challenge”, and spoke of alleged threatening behaviours by executives when he and his team were attempting to fulfill their legitimate roles. He concludes that “openness to challenge is a critical cultural necessity for good risk management and compliance”.

1.3.4 Collaboration

Following Dennison’s analysis of the evolution of process approaches from managing and organising through designing multiple possibilities for value chain is the conclusion that knowledge networks and distributed supply networks involves collaboration within and among enterprises. Designing for collaboration and tools for encouraging effective collaboration will be picked up in a later chapter. What we can say for the moment is that it can be challenging in the extreme. It can also be intensely rewarding. Hirsch et al (2005) make explicit that collaboration can be an emotional roller coaster for people, who need to be able to tolerate ambiguity and uncertainty, plus have inter-personal and political skills to mediate among conflicting perspectives and agendas. Whereas Hirsch et al approach collaboration from a context of partnerships and alliances among networks of different

³www.publications.parliament.uk/pa/cm200809/cmselect/cmtreasy/144/144w243.htm

organisations, Mortensen (2009) explores collaboration within organisations and across organisational units. He says that collaboration rarely happens naturally because of barriers that get put in the way, often unintentionally. This leads him to ask “How do we cultivate collaboration in the right way so that we achieve the great things that are not possible when we are divided?”. Mortensen’s book concentrates on ‘disciplined collaboration’, which is:

“The leadership practice of properly assessing when to collaborate (and when not to) and instilling in people both the willingness and the ability to collaborate when required.”

One point he makes, and one that will become a core focus for us when we come to explore the conditions associated with smart working and managing, is that disciplined collaboration “requires that organisations be centralised and yet co-ordinated”.

Both Hirsch et al and Mortensen, although they speak from different perspectives, are clear that the costs and benefits of collaboration must be understood and evaluated for effective collaborative efforts. This demands more consideration than just the business logic and would include assessment of the risk of emotional upheaval that leads to staff turnover, stress, disengagement and dysfunctional behaviour.

Given the complexity of interactions among people, ambiguity and conflict are inevitable. They are also desirable and necessary for learning and adaptation. Westley (2007) was a keynote speaker at a conference exploring Canada’s response to global trends how and Canadian companies will compete and collaborate in a workplace landscape that is becoming increasingly fluid and unpredictable. The main theme of Dr Westley’s talk was the need to integrate knowledge and purpose. She spoke about traditional discipline-based knowledge and the need to move to transgressive, transdisciplinary, collaborative and reflexive knowledge production. Her comments were directed at the academic community but within the context of their relationship with businesses. Academics need to create new methodologies and change their mindsets to engage in a culture of synthesis, in which individuals simultaneously keep their disciplinary specialist knowledge while integrating it with those of other disciplines.

Skills for engaging in new knowledge production include deep knowledge, risk taking, making judgements, pattern discernment, inter-personal skills, negotiation, active listening and conflict management. Dr Westley maintains that constructive conflict is a critical element in surfacing knowledge; learning how to engage with conflict is crucial. People have to learn how to listen, negotiate and adapt. She linked collaboration and culture, saying that learning to crack the code of other cultures would have to become a core capability in engaging in collaborative knowledge creation. People hold their beliefs deeply. Values and beliefs need to be surfaced, and people need to be aware that they work from cultural values and assumptions. Being an outsider can help people figure it out, crack the cultural codes and recognise patterns to assist integrative thinking.

1.4 Context

The discussion this far has not taken account of contextual or environmental factors that influence how people experience work and how they experience each other under different circumstances. Stress, excessive workload and time constraints are common for many. According to a European Agency for Safety and Health at Work report on stress (2009)⁴ throughout the twenty seven countries of the EU, for example:

“The changing world of work is making increased demands on workers; downsizing and outsourcing, the greater need for flexibility in terms of both function and skills, increasing use of temporary contracts, increased job insecurity, higher workloads and more pressure, and poor work-life balance are all factors which contribute to work related stress. Studies suggest that stress is a factor in between 50% and 60% of all lost working days. This represents a huge cost in terms of both human distress and impaired economic performance.”

This was true before the global financial crisis. Unless management attitudes and behaviour begin to change, it is not unreasonable to suppose that stress and unreasonable workloads are likely to continue as organisations, especially in the public sector, face stringent cost-cutting and belt-tightening. Businesses need a different response to conducting business

⁴ http://osha.europa.eu/en/publications/reports/TE-81-08-478-EN-C_OSH_in_figures_stress_at_work

within challenging operating conditions such as are currently being experienced. They need to engage with their workforces, supply networks and other stakeholders to nurture goodwill towards the business. The “great reset” (Florida, 2010) presents businesses with a tremendous opportunity to rethink how they do things and create the conditions for smart working and managing to emerge.

There are many factors inside and outside of businesses that create context at any given time, and of course context is dynamic and evolving. Many people have been quick to analyse what led to the denting of Toyota’s image, which was supposedly synonymous with and built on commitment to quality. Among the reasons put forward was the push for rapid growth in the US, which resulted in Toyota taking their attention away from quality and compromising safety (reference). Table 1.2 summarises just a few of the multitude of contextual factors that influence how people experience work and work together.

Environment	Recession, hyper-competitive, regulation, rapid growth?
Business	Professional and national cultures, history, post-merger, rapid growth, competitive pressures?
Process - task	Familiar – unfamiliar Temporary project – permanent and ongoing Routine – complex Time-constrained – flexible High volume – low volume High variability – low variability
Process - integration	Who involved? How many? Distribution across boundaries – organisation, function, specialist knowledge group, geography, demography?
People	Who? What are the groups and sub-groups? What do we know about cliques, alliances, inter-personal relationships and power structures?
Place	Distributed, single site, virtual?

1.2 Off-the-top-of-my-head contextual factors

1.4 Summary and Key Learning Points

- Organisations are dynamic, social and complex;
- Organisations are social and networked;
- Social networking and collaboration technologies are refocusing attention on organisations as complex social entities;
- Complex interactions among behaviour, cognition and environment lead to probabilistic outcomes rather than predictability;
- Whereas adaptation is the mechanism for survival in complex adaptive systems, many business organisations are maladaptive;
- Culture and context deeply influence how social dynamics play out, and how people interact with their work and each other.

Given the complexity of relationship dynamics, pressures from an increasingly turbulent business environment, and current opportunities for socially-based business models, what sort of formal systems do enterprises put in place to co-ordinate, facilitate and mediate social dynamics?