Organisational capabilities for internal complexity: an exploration in the Coop stores

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Abstract

Purpose – Managing organizations in complex environments is a major challenge. Complexity is not only due to the external environment (market and/or technological turbulence) but also to the internal configuration and specificities. A recent stream of studies in organizational literature suggested that organizations should develop and deploy specific capabilities for facing complexity, namely dynamic capabilities. This means becoming more flexible. The paper aims to discuss these issues.

Design/methodology/approach – This paper proposes four main capabilities to face four dimensions of complexity. It then investigates if it is more appropriate to focus on a specific capability when facing higher levels of a specific dimension of complexity. The research methodology is a multiple case study in seven different organizational units of the same super-store corporate.

Findings – Data showed some important results. First of all, internal complexity is unit specific rather than corporate or industry specific. Moreover, it can derive not only from unpredictability and rate of change, but also from variety of elements and their interactions. All these elements form complexity. Internal complexity is characterized by four main elements: uncertainty, dynamicity, diversity and interdependence. Finally, for each of these elements, different organizational strategies are used: in case of uncertainty, for example, a strategy used by the companies is the sharing of information and the development of redundancy.

Originality/value – Originality lies in linking different capabilities with different dimensions of internal complexity.

Keywords Organizational design, Complexity theory

Paper type Case study

Introduction

Organizing in complex environments is a major challenge in theory and practice. Many authors tried to identify organizational solutions that allow to design a system to control, govern or at least face complexity, to rapidly adapt to changes and to increase flexibility. The main idea of these studies is to find practices that allow coping with variety of elements, and that allow organizations to react to shifts by adapting and by increasing flexibility. Literature seems to have not reached a consensus, because from a side it suggests to simplify the system – as argued for example by Luhmann (1984) "complexity reduction" (decreasing the complexity to answer to complexity) – but from another side it suggests to complexify it (increasing the complexity to answer to complexity) – as per Ashby's (1956) law of requisite variety. This paper, in accordance with Pina and Rego (2010), suggests that complex organizing may be – paradoxically – facilitated by a simple infrastructure, and that the theory of organizations may be viewed as resulting from the dialectical interplay between simplicity and complexity.