Navigating complexity in emergent environments

Companies around the world face growing complexity and uncertainty.

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In Latin America, MNCs are faced with growing populism and nationalization of resources. Against this backdrop, they must learn how to harness innovation to remain competitive, despite limited resources, while simultaneously retain motivated workers who are increasingly moving toward knowledge- and project-based work.

In the book *Understanding Organizations in Complex, Emergent and Uncertain Environments*, IESE's Marta M. Elvira, together with coeditors Anabella Davila, Jacobo Ramirez and Laura Zapata-Cantu, present new research from around the world to illustrate how some companies are surviving and even thriving in this new reality.

Learning to maneuver

When an MNC expands operations into emerging countries, the complexities multiply. Government regulations and other institutional constraints can hamper even a large MNC's efforts, as is the case for BP in Brazil.

The Brazilian government tightly regulates all oil-related activities, often favoring the local, mostly state-owned player, Petrobras. As a result, BP's room to maneuver is limited.

Even so, large MNCs like BP can overcome such constraints, adapt to their new environments and accomplish their ends, provided that they get to grips with existing regulations, learn how to apply them and earn the goodwill of all relevant parties, say John Child and Suzana B. Rodrigues.

Understanding motivational preferences

The future workforce will need to become highly specialized and creative to meet the requirements of increasingly project-based organizations, resulting in a plethora of managerial and social challenges.

In another chapter, Helle Hedegaard Hein draws lessons from the case of one particular specialized worker — a prima donna from the Royal Danish Theater in Copenhagen — to illustrate the vast gulf between different workers' motivational preferences.

Like many professionals, an opera singer is less likely to be motivated by salary or competition alone. Understanding motivation as a psychological and emotional state of mind can help managers to motivate workers and maximize their performance, particularly for creative workers.

In addition, Stewart Clegg and Carmen Baumeler argue that the labor market of the future is one of project workers. The challenge for management and society is to harness the potential that a highly flexible workforce offers for productivity. In this context, companies must address the increased workloads, greater stress and job insecurity that such developments bring.

Multiple & diverse stakeholders

The emergent landscape for corporations, boards, shareholders and other stakeholders raises numerous other questions: Can shareholder activism rectify the perceived failure of boards to adequately reflect their interests? Will boards recover their lost confidence in the wake of the global financial crisis?

While shareholder activism may improve governance for some constituents, Coral Ingley, Morina Rennie, Jens Mueller, D.D. Warrick and Ljiljana Erakovic find that it can usurp the board's role of representing multiple common interests, leading to the dominance of one constituent above all others.

To ensure better governance outcomes, all players must work together, with the board taking the lead mediating role.

Trust & collaboration

Since SMEs are vital to the long-term viability of many economies, it is paramount that they find ways to overcome the obstacles they face.

Chief among these is their absorptive capacity of innovation, especially in light of the fact that these businesses' smaller size and lack of resources make it more difficult for them to develop and implement innovation and new technology on a scale to compete with their larger counterparts.

According to Paul K. Couchman and Ronald C. Beckett, R&D clubs are one important means by which SMEs can improve their absorptive capacity and innovation capability. These clubs, as illustrated by their case study of Australia, facilitate the development of social capital among participants through direct interaction.

This social capital translates into an increased diffusion of information throughout the network, encouraging higher levels of trust and cooperation among participants, which, in turn, facilitates the sharing of learning and innovation.

When direct social interaction in such a club is not possible, e-collaboration may represent an alternative solution.

Lois Burgess, Belinda Parrish, Michael Jones and Lorenzo Seritti explore trust in e-collaboration. Companies that find ways to address, encourage and establish trust will be more successful in capturing the benefits of e-collaboration and ensuring their survival and growth.

With unpredictable change as the constant variable for all organizations worldwide, the contributions of these authors provide helpful considerations for global managers to help their organizations stay the course.