

Business Skills and Performance Management

Lecture Title:
Complex Organisational Challenges



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Masters in
Human Resources Management

Learning Objectives

- Apply critical thinking and decision-making skills to a complex, ambiguous business scenario
- Demonstrate group problem-solving, negotiation, and presentation Skills
- Justify recommendations using evidence-based reasoning and ethical considerations



Group Discussion

How can you define 'Complex Organisational Challenges'?



Definition of Complex Organisational Challenges

Complex organisational challenges are multifaceted problems within organisations that involve interdependent variables, dynamic stakeholder relationships, and unpredictable outcomes, where cause-and-effect relationships are unclear and solutions must emerge through learning, adaptation, and collaboration rather than linear analysis.

(Adapted from Snowden & Boone, 2007; Stacey, 2011; Uhl-Bien & Marion, 2009.)



Defining Complexity

Understanding the difference between Complicated and Complex

Complicated	Complex
Cause-and-effect relationships clear	Cause-and-effect only visible in retrospect
Can be solved with expertise	Requires experimentation and learning
Predictable outcomes	Emergent, adaptive outcomes
Example: Building an aircraft	Example: Leading a cultural transformation

The VUCA World

The term VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity. It describes the fast-changing, unpredictable environment in which modern organisations operate. Originally coined by the U.S. Army War College to describe post–Cold War conditions, it has since been adopted in management and leadership studies to explain why traditional, linear planning approaches often fail.

Term	Meaning	Example
Volatility	Speed of change	Tech disruptions, social media trends
Uncertainty	Lack of predictability	Sudden regulatory shifts
Complexity	Many interconnected parts	Global supply chains
Ambiguity	Multiple interpretations	Ethical dilemmas, unclear stakeholder expectations

Utilising VUCA World

Within organisations, the VUCA world acts as a diagnostic and developmental framework — helping leaders and teams interpret environmental turbulence, design adaptive systems, and cultivate mindsets that thrive amid volatility, uncertainty, complexity, and ambiguity.

VUCA Dimension	Impact on Organisations	Effective Organisational / Leadership Response
Volatility	Frequent disruptions to plans Unstable operating environments Pressure on forecasting accuracy	Develop agile strategies Maintain flexible resources and reserves Emphasise vision and communication to provide stability amid change
Uncertainty	Difficulty in planning and decision-making Increased risk perception Reduced confidence	Invest in data analytics, scenario planning, and continuous learning Foster information sharing and transparency across teams

Utilising VUCA World

VUCA Dimension	Impact on Organisations	Effective Organisational / Leadership Response
Complexity	Challenges in understanding cause-and-effect Potential for unintended consequences Coordination problems.	Encourage systems thinking Build cross-functional collaboration Simplify processes where possible Empower decentralised decision-making
Ambiguity	Miscommunication Confusion about priorities Risk of ethical or strategic misalignment	Promote experimentation and sensemaking Clarify purpose and values Cultivate adaptive, ethical leadership and learning culture

The Cynefin Framework

The Cynefin Framework was created by Dave Snowden in 1999. Snowden developed the Cynefin Framework while working at IBM Global Services as part of efforts to improve decision-making and knowledge management in complex environments.

The concept of the framework is that not all problems should be approached the same way.

Domain	Characteristics	Recommended Approach
Simple	Clear cause–effect	Apply best practice
Complicated	Knowable but requires analysis	Bring in experts
Complex	Emergent patterns, unpredictable	Experiment → sense → respond
Chaotic	No cause–effect relationship	Act decisively to establish order

Decision Making Under Ambiguity



Group Discussion

“Imagine you are the leader of a company facing a critical decision: you have incomplete information, conflicting stakeholder interests, and tight time pressure. How would you decide what to do — and what risks or biases might influence your choice?”



Rational vs. Bounded Rationality

Concept	Definition	Implication
Rational Decision-Making	Assumes decision-makers are fully informed, logical, and aim to maximise outcomes (classical economic view)	Works for <i>complicated</i> problems, but unrealistic in real-world, complex contexts.
Bounded Rationality (Herbert Simon, 1957)	Humans have cognitive, informational, and time constraints; they <i>satisfice</i> (choose a good-enough option) rather than optimise	Recognises human limits Decisions rely on judgment, heuristics, and context.

Heuristics and Biases

When making decisions in uncertain or ambiguous situations, we often rely on heuristics—mental shortcuts that simplify choices but can introduce biases and errors.

Common Bias	Description	Example in Organisations
Confirmation Bias	Seeking data that confirm existing beliefs	A manager only looks for positive feedback on a new product launch
Anchoring Bias	Relying too heavily on the first piece of information	Initial cost estimates influence all later discussions
Availability Heuristic	Judging likelihood by relying on the memory of similar situations	Recent failures lead managers to overestimate future risks
Groupthink	Desire for harmony overrides critical evaluation	Executive team avoids conflict and approves a risky strategy

Ethical Decision Frameworks

When data and logic can't guide us to take the right decisions, we turn to ethics to guide our reasoning.

Ethical Framework	Core Principle	Key Question	Example
Utilitarian (Bentham, Mill)	Maximise overall good / minimise harm	"Which option produces the best outcome for the most people?"	Downsizing to save the company and most jobs
Deontological (Kantian)	Duty, rights, and moral rules matter	"What is the morally right action, regardless of consequences?"	Refusing to mislead customers, even if profits fall
Virtue Ethics (Aristotle)	Focus on character and moral integrity	"What would a good or virtuous leader do in this situation?"	Acting with honesty and empathy in negotiations
Justice/Fairness (Rawls)	Equity and impartiality	"Is this decision fair to all stakeholders?"	Transparent pay and promotion decisions

The Role of Evidence & Data in Decision Making

Evidence-based management (Rousseau, 2006) emphasises integrating best available data, organisational context, expertise, and stakeholder values.

Sources of Evidence	Examples
Scientific research	Industry studies, analytics reports
Organisational data	KPIs, financials, employee surveys
Professional expertise	Managerial judgment, domain experience
Stakeholder values	Ethics, culture, sustainability priorities

Group Discussion – Understanding Complexity

1. Tech & AI: A company must decide whether to implement AI that may replace human roles, facing uncertain legal, ethical, and employee reactions.
 2. Global Supply Chain: A retailer experiences disruptions due to climate events and geopolitical tensions, affecting multiple suppliers and markets.
 3. Financial Innovation: A bank considers launching a new product in a market with rapidly changing regulations and unpredictable customer behavior.
- Which elements of these vignettes make them complex rather than complicated?



Group Discussion – Understanding Complexity

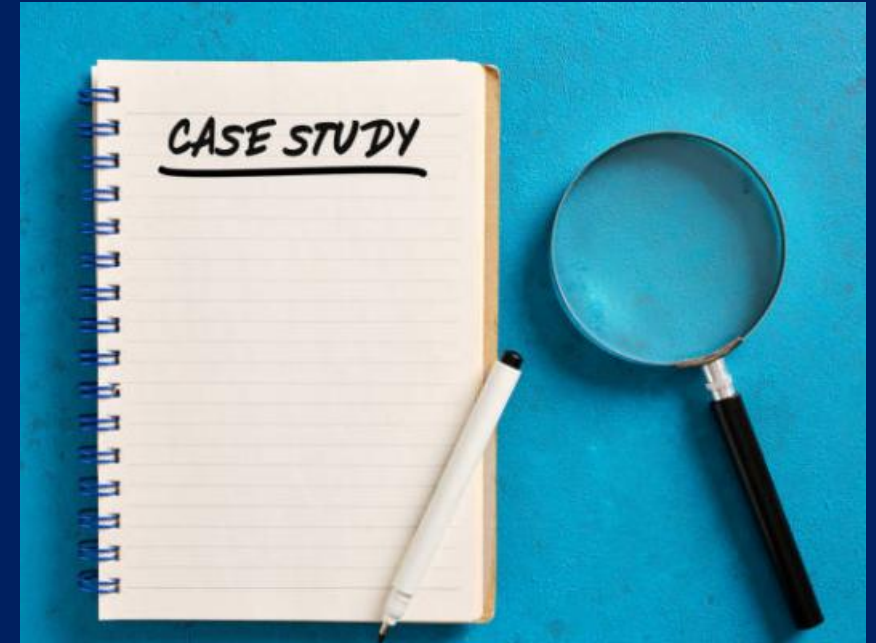
Vignette	Complexity Indicators
Tech & AI	uncertain; legal, ethical, and employee reactions; replacing human roles
Global Supply Chain	disruptions due to climate/geopolitical events; multiple suppliers and markets
Financial Innovation	rapidly changing regulations; unpredictable customer behavior; need for experimentation



Case Study

Instructions:

- Refer to the worksheet provided
- Work in your group to analyze the case scenario
- Identify problems and stakeholders
- Develop alternatives, assess risks and ethics
- Recommend a course of action.
- Prepare a 5-minute pitch summarizing your findings



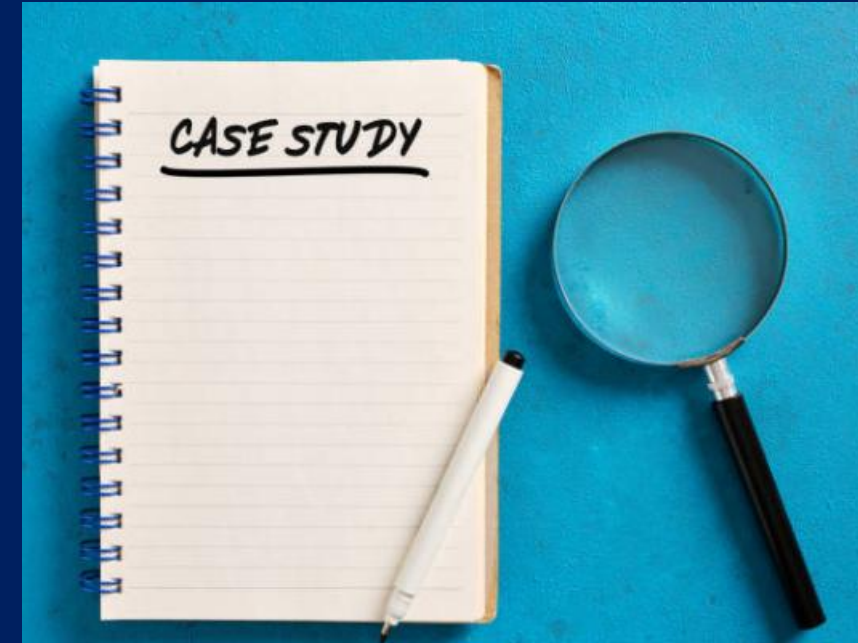
Case Study – Part 2

Stakeholder Challenge & Negotiation

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Instructions:

- Take role assigned
- Investors / Board members – focus on cost, ROI, risk
- Employees / Unions – focus on fairness, morale, job security.
- Regulators / Government – focus on compliance and ethics.
- Customers / NGOs – focus on trust, social responsibility, and sustainability.



Challenge the group with your concerns.

Presenting group needs to negotiate with stakeholder and convince on the recommended course of action.



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