

Successful organizational transformation: The perspective of bifurcation and self-organization

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May 2004

Abstract

In a complex organizational context impacted by many unpredictable external and internal factors, running a business is no longer easy. Ideal management procedures of strategy formulation, goal deployment, implementation, evaluation, and corrective actions may not go as smoothly as expected. Since organizational environment has become more dynamic and chaotic, it is better that organizational transformations are assessed from the perspective of complexity theory to unveil the real business problems and solutions.

In contrast to the existing management science emphasizing control and predictability, complexity theory focus on understanding the interaction between the environment and the organization. However, no matter how complex, nonlinear, or chaotic the system is, the order emerges in systems. Chaos theory, complexity theory, self-organization and bifurcation are the most selected characteristics in describing the complex systems.

This study has a special interest in overseas Chinese who uprooted themselves from their home country and pursued their career in the United States. The rationale for investigating entrepreneurs of overseas Chinese is that with comparatively less resource and support, their business in a foreign country is prone to failure and by nature more complex and chaotic, this provides rich data for analysis.

To explore their complex organizational phenomena, in-depth interviews is a better approach than questionnaire survey. This author personally interviewed three entrepreneurs who had failed at least once, then rose up like sphinx stronger than before. All three entrepreneurs were interviewed twice, about one month apart between the two interviews. The duration of interview ranges from 3 hours to 5 hours for each entrepreneur. On an average, they have been in the business for about 20 years. Total six bifurcation incidents were identified. Based on a framework of external

environment (economic, social, political, technological, and physical), working environment (customer, supplier, competitor, and labor market), and internal environment (strategy, structure, system, shared value, style, skill, and staff), each bifurcation incident was examined. The extensive interviews provided us with very rich longitudinal data to study the antecedents of chaos, the bifurcation, the self-organized measures in each crisis, and their transformation. The following six propositions are generated based on the research results:

- P1: Organizational bifurcation is more likely to be caused by internal factors.
- P2: Bifurcations caused by internal factor are generally controllable; whereas those caused by external environment are generally uncontrollable.
- P3: Bifurcation caused by external environment is less likely to be successfully turned around.
- P4: Organizational bifurcation is likely to be complicated by key member's personality.
- P5: Self-organization process should consider the interactions of external environment, working environment, and internal environment.
- P6: The loop of organizational bifurcation and self-organization is a major source of innovation.

Although some previous studies investigated the chaotic behavior and self-organization underlying the complex system, few researches integrated all the relevant environments and internal factors to construct a framework that explains the “co-change” and interactions between the environment and organization. The present study explores the key characteristics underlying the successful transformation through the lenses of complexity and chaos theories. Hopefully, research results can shed some light for interested parties.