**Abstract / Definition**

Complex adaptive systems (CAS) consist of diverse components that are interdependent, act as a unified whole, have the ability to learn from experience and to adapt to change in the environment. Examples of CAS are the global economy, stock markets, emerging cities, online social networks and the internet. The insights from CAS that are significant to strategic management are their high degree of adaptive capacity and their resilience in the face of disruptive change. Strategists would benefit from an understanding of how to create businesses that react and adjust rapidly to changing market conditions, and that are able to innovate and evolve in difficult economic environments. Complexity theory provides an evolutionary perspective to explain how markets work and what organisations and industries do to survive and evolve. It proposes a set of insights on how to encourage market processes by adopting the features of CAS (adaptation, emergence, self-organisation and co-operation described below) to create more responsive and agile organisations. The strategic relevance of CAS and the positive impact on revenues are becoming more evident to managers of traditional businesses. Hybrid business models are seen in both internet businesses and traditional companies. Companies are encouraging hierarchical structures and CAS to exist side by side.

**Keywords**

Complex adaptive systems, complexity theory, self-organising systems

**Link to publication**