



Resurrecting organization by going beyond organizations



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ABSTRACT

This essay is motivated by two related observations about the field of organization studies. First, organization studies researchers have traditionally been good at importing ideas from other areas of research but poor at exporting their own ideas to other fields. Second, even within the field of organization studies, interest in organizations has decreased over the past decades as organization scholars have turned away from organizations to address such other phenomena as institutions or networks. Both developments are undermining the significance of organization studies as a distinctive field of research, the insights of which are necessary for understanding modern society. In this essay, we elaborate on recent suggestions by distinctively European scholars for strengthening concern for the particularities of organization in social theorizing. The first suggestion is to move decisions back to the core of the field. The second suggestion is to extend the notion of organization beyond organizations. We illustrate these two moves with examples from the literature and discuss implications for the future of organization studies.

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1. Introduction

Organization studies is a large field of research involving thousands of scholars all over the world and taught at universities and at an ever-expanding number of business schools (Augier, March, & Sullivan, 2005). The field has a wide agenda – dealing with almost any type of event in formal organizations and other more general social phenomena such as institutional logics, institutional work, categorization, and networks. Organization studies has been open to import concepts and theories from other social sciences and even from natural science, including such disciplines as economics, psychology, science and technology studies, and biology. However, organization studies has been less successful in exporting its ideas to other fields of social science; interest in the issues addressed by organization studies is not great outside the field. Many scholars, like Bourdieu, Giddens, or Habermas, who presented general societal theories during the late 20th century seemed to need no concept or theory of organization and the concept is almost equally weak in economics. The common view among organizational scholars – that organizations matter and

that modern society is filled with organizations, such that it can even be characterized as a “society of organizations” (Perrow, 1991) or an “organisational economy” (Simon, 1991) – has had little impact outside the field of organization studies.

In order to make organization a relevant category, one must demonstrate that the social order we find in organizations is not a mere reflection of a more general social order that can be adequately understood by concepts and theories describing society in general. An early example is Max Weber's (1922) theory of bureaucracy, which described organization as a specific phenomenon requiring special concepts and a special theory. A generation later, March and Simon (1958) characterized organizations as a specific type of social order, distinct from other forms of order. Yet, whereas classic organization scholarship was concerned with the particularities of organizations, over the past few decades there has been a drift away from organizations to such other phenomena as institutions or networks.

In this paper, we develop two proposals for the future of organization studies aimed at increasing its significance and relevance for studies of social processes outside organizations. The first move involves a return to the classics by emphasizing the distinctiveness of organization as a particular type of social order. We argue that this requires a return of decisions to the core of the field. The second move involves the extension of our notion of organization

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beyond (formal) organizations, thereby allowing insights from organization research to be applied to phenomena studied in other fields and increasing the chance of a transfer of theories and concepts to other disciplines.

The rest of this paper is structured into five sections. We first elaborate on how the field of organization studies has increasingly lost sight of organization as its central object of research. We then advance our suggestion to return to the classics and put decisions at the core of the field. This is followed by an elaboration of our suggestion to widen the concept of organization to phenomena beyond formal organizations. We then illustrate how organization studies can fruitfully be extended to other domains such as markets, standards or families. And finally we elaborate on the general implications of the two suggestions and suggest a new research agenda for organization studies.

2. Organization studies losing sight of the organization

Although organizations have been studied since the days of Max Weber and even before, the field did not really take off until the 1960s. In their seminal book, *Organizations*, James March and Herbert Simon (1958) summarized organizational research up to that time and laid out issues for further inquiry. They argued that organizations had played “an unobtrusive part in the literature of modern social science” (March & Simon, 1958: 2). They attributed that lack of attention to the fact that little was known about organizational research in other social sciences, and it seems that they hoped to remedy that situation with the publication of their book. Their explicit motivation for a special theory of organizations was that organizations influence people's behaviour in a different way than was the case outside of the organizational context. This influence makes a particularly high degree of coordination possible, which “accounts for the ability of organizations to deal in a highly coordinated way with their environments” (March & Simon, 1958: 4).

A significant theme of the book was decisions and decision-making. March and Simon argued for a perspective from which organization members are seen as decision makers and problem solvers. The book was followed by extensive research into organizational decision-making, with March and Simon as forerunners, but with contributions from many others (Brunsson, 2007; Hodgkinson & Starbuck, 2008; March, 1988; Simon, 1960). In particular, the weak relationship between rationality and decision was emphasized. And an important issue became the extent to which and how decisions were implemented (Pressman & Wildavsky, 1973).

Another dominant theme in early organization theory, already present in March and Simon's book, was the relationship between organizations and their so-called environment. Arguably, this perspective came from systems theory in biology, which was fashionable at the time, and in which the distinction between organism and environment was translated to organization and environment (Czarniawska, 2013). In biology, this distinction can be understood as a physical one, whereas for organizations it can only be a metaphor, which can be helpful or misleading.

These themes fit well into an argument for organizations as representing a special social order worthy of its own concepts and theories. The metaphor of organization and environment indicated that there was a fundamental difference between the two. March and Simon (1958: 4) contrasted organizations – which they assumed to have individuals as their members – to “the diffuse and variable relations among organizations” and mentioned markets as an example of organizational environments. Although it was noted early that a large part of the “environment” consisted of other organizations (Perrow, 1991), they were not assumed to be ordered in

the same way. March and Simon discussed decisions and communication and compared the high specificity of the transmission of a customer order within organizations with the low specificity of the transmission of rumours in society. Organizational order seemed to be largely a decided order, filled with plans and instructions, an order that differed from the order outside the organization.

In the late 1970s, however, an article by John Meyer and Bryan Rowan (1977) sparked the development of a new approach in North-American (and later also in European) organization scholarship which came to be known as neo-institutional theory and which provided a fundamental criticism of the earlier perspective on organizations. According to proponents of this theory, the image of organizations as locally decided orders was exaggerated at best and misleading at worst. Instead, a more traditional sociological perspective was revived. Organizations were treated as local editions of a major societal institution, and much if not most of their behaviour was seen as determined by institutions rather than by local decisions unique to each organization. In essence, organizations were conceptualized not so much as local orders, but as orders representing wider social institutions. Accordingly, the driving force of change in organizations was seen to lie not in the internal conditions and organizational decisions, but in changes in ideas, perceptions, and norms in society at large or in a particular organizational sector or field.

With the rise of institutionalism, the concept of the organizational environment became awkward; although it seemed possible to describe other organizations or markets as being outside a focal organization, it was difficult to describe institutions as existing outside organizations. Organizations were rather conceptualized as being submerged in a wider culture. But most important, the institutional argument was radical and reactionary, at least implicitly, in the sense that it questioned the fairly new and fragile idea that the study of organizations required its own concepts and theories. Yet unexpectedly, the institutional perspective became extremely influential in organization research for three decades. It has also been highly fruitful, giving rise to many new insights in organization studies, many of which are now central parts of the standard knowledge in the field. Still, we believe that it is now worth reviving the search for the special characteristics of organizations that can be found in the classical version of organization studies. The fact that organizations are deeply immersed in a wider culture does not preclude the possibility that they are also special systems with special characteristics. First and foremost, we believe that it is time to revive the fundamental idea of the significance of decisions and decision-making in organizations.

3. Back to the classics – decisions at the centre

On the European scene, at least two attempts have been made to put decisions back at the core of the field, as fundamental phenomena for understanding organizations and for distinguishing them from other social phenomena. One attempt was undertaken by Niklas Luhmann who in the 1960's started to analyse organizations as systems of decision, a project that ended in 2000 with the posthumously published book, *Organization and Decision* [*Organisation und Entscheidung*] in 2000 (Seidl & Mormann, 2015). Inspired by March and Simon (1958), Luhmann argued that organizations differed from other forms of social order in that they were based on decisions, which Luhmann conceptualized as a particular form of communication. Decisions, he argued, differed from “ordinary” communications in that they informed not only about a particular content (i.e. the selected option), but also about the fact that this content is the result of a selection (Luhmann, 2005). In other words, the decision highlights its own contingency – the fact that there are other options that could have been selected; only by

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