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Resurrecting organization without renouncing society: A response to Ahrne, Brunsson and Seidl

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ABSTRACT

In a recent article in this journal, Ahrne, Brunsson, and Seidl (2016) suggest a definition of organization as a 'decided social order' composed of five elements (membership, rules, hierarchies, monitoring, and sanctions) which rest on decisions. 'Partial organization' uses only one or a few of these decidable elements while 'complete organization' uses them all. Such decided orders may also occur outside formal organizations, as the authors observe. Although we appreciate the idea of improving our understanding of organization(s) in modern society, we believe that Ahrne, Brunsson, and Seidl's suggestion jeopardizes the concept of organization by blurring its specific meaning. As the authors already draw on the work of Niklas Luhmann, we propose taking this exploration a step further and the potential of systems theory more seriously. Organizational analysis would then be able to retain a distinctive notion of formal organization on the one hand while benefiting from an encompassing theory of modern society on the other. With this extended conceptual framework, we would expect to gain a deeper understanding of how organizations implement and shape different societal realms as well as mediate between their particular logics, and, not least, how they are related to non-organizational social forms (e.g. families).

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1. Introduction

In a recent article published in this journal, [Ahrne, Brunsson and Seidl \(2016\)](#) advanced a programmatic claim to "extend the notion of organization" (p. 93) beyond the current understanding of formal organizations by putting decisions back at the center of organization research. Their claim is complex and extends beyond a rehashing of historical debates and competition between theories of formal organization and decision-making approaches. First, their claim relates formal and decisional aspects of organizations; second, it reflects recent developments (in theory as well as in applying empirical evidence); and third, it traverses the traditional

range of organization studies.

Based on recent developments in our field, which have empirically and/or theoretically tended to dissociate from organization studies in the narrow sense, the authors underscore that organization represents a highly important and very specific phenomenon in modern society. Thus, organization is "not a mere reflection of a more general social order that can be adequately understood by concepts and theories describing society in general" ([Ahrne et al., 2016](#), p. 93). In other words, the authors suggest that the concept of organization can be maintained and strengthened by distinguishing it clearly from other concepts and phenomena in modern society. By defining organizations as decision-based social orders, the authors explicitly draw on the latest works of the sociologist Niklas [Luhmann \(2000b, 2003\)](#), who described organizations as constantly making and reproducing decisions while also deciding their own structures. With respect to the elements of formal organizational structure, Ahrne et al. depart from Luhmann by distinguishing five basic elements of organization: membership,

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rules, monitoring, sanctions, and hierarchy (Ahrne & Brunsson, 2011, p. 86; Ahrne et al., 2016, p. 95).

Building on this framework, the authors go beyond the classic concept of formal organization. By making use of the five formal elements, they suggest that different degrees of “organizationality” (Ahrne et al., 2016, p. 98) can be realized on a continuum that ranges from complete to partial organization. Although a complete organization would incorporate all five elements, the authors see the possibility of so-called “partial organization” (p. 95) that only uses a few or even one of these elements. Compared with the classic ideas of organization, a new variety of organizational forms appears on the agenda, including forms that had not been previously considered in organization studies but rather were left to other specialists and addressed by the theory of society, e.g., in the case of families. However, the authors not only advocate for a specific theory of organization that will lead to a better understanding of the phenomenon, but they explicitly claim that expanding the concept of organization will provide “insights [...] necessary for understanding modern society” (Ahrne et al., 2016, p. 93).

Ahrne et al. touch on a sore spot. As US scholars stress, organization studies are “facing a kind of existential crisis” (Barley, 2016, p. 3; see also similarly Davis, 2014; Gorman, 2014) because organizations seem to morph furiously into new forms, and “old theories are no longer as relevant as they once were” (p. 2). However, Ahrne et al. make clear that European organization studies have already spawned means for understanding such new forms of organization.

We concur that a criterion is required so that organizations can be understood as a specific form of social order, and we believe that this criterion can be found in the peculiarity of organizational decision-making. Further, we also agree that organizational theories already have the means to understand “organizational” phenomena, which may initially appear to be outside the scope of the traditional conceptualization of organizations.

However, we believe that the contribution of Ahrne et al. presents two major difficulties. The first difficulty concerns the current idea of partial organization. As the authors make clear, partial organization can represent (1) a formal organization that only uses some of the possible five structural elements, and (2) certain structural elements that exist outside of formal organizations, such as standards. These forms of organization are all considered “decided orders.” Therefore, we argue that although Ahrne et al. want to sharpen the distinctiveness of the concept of organization, their proposal threatens to blur the lines even more and to result in the loss of a distinctive concept of formal organization.

Our second concern is related to Ahrne et al.’s claim that their proposal can offer insights for understanding modern society. As sociologists, we assert that the authors’ reflections on society fall short because they fail to connect their theory of organization with a key insight of sociological theory: the concept that modern society is differentiated into distinctive realms of social reality defined by others as “societal sectors” (Scott & Meyer, 1983), “social fields” (Bourdieu, 1988), “value spheres” (Weber, 1946), “social worlds” (Guston, 2001) or “subsystems of society” (Luhmann, 1994). Ahrne et al. avoid using a similar societal theory and limit themselves to general remarks on the relevance of “decided orders” as distinctive phenomena used to understand society. Therefore, Ahrne et al. cannot provide an explanation of how organizations and their decision-based processes are related to other forms of social order. Although Ahrne et al. (2016, p. 94) criticize Neo-Institutionalism for not presenting an elaborated theory of organizations when trying to understand the relationship between organizations and society, we are concerned that an attempt to understand this relationship with a theory of organization but

without a theory of modern society introduces the same flaw only in the other direction.

We believe that both problems stem from the fact that the authors do not take their underlying Luhmannian framework seriously enough. The sociological theory of Niklas Luhmann offers a far more radical perspective of how we can understand organizations as systems of decisions and an elaborated understanding of modern society. By thoroughly acknowledging Luhmann’s concepts, one can more clearly show how organizations play a major role in modern society. Our response is structured as follows.

First, we introduce a radical concept of formal organization by returning to the Luhmannian definition of an organization as interconnected decision processes. In our view, it is not simply the capability to make a decision but the process of interconnected decision making that constitutes the difference between formal organizations and other social orders. Second, we suggest that the role of organization(s) in our society can be understood only if we are able to sociologically describe modes of building order, which differs from organizational order. We argue that the concept of institution is too weak and return to the Luhmannian concept of functional differentiation to describe the building of order in different societal realms. In the last step, we elaborate on how a radicalized version of Ahrne et al.’s proposal can be used for empirical research on the role of organizations in society. Thus, our contribution supports Ahrne et al.’s (2016) effort to place “organization studies at the heart of social sciences” (p. 99).

2. Organizations and beyond

Ahrne et al. as well as Ahrne and Brunsson (2011) built their analysis of organization on the crucial idea that decisions are the central feature of organization, and they define organization (i.e., in the singular) as “decided social order.” The idea of Ahrne et al. (2016) is that the “concept of organization as ‘decided order’ allows for the transfer of the term to other domains outside formal organization, while simultaneously preserving its distinctiveness” (p. 95).

Based on the authors’ new conceptualization of the term, “organization” can be used to describe several decided social orders that encompass decisions on at least one of the following elements: rules, hierarchies, membership, monitoring, and sanctions. In this respect, the authors see a continuum of degrees of “organizationality” (Ahrne et al., 2016, p. 98). If a decided order uses all five structural elements, it is denoted complete organization. If the order only uses certain elements, it is called partial organization. However, Ahrne et al. also maintain a notion of formal organization and, interestingly, suggest that formal organizations can be complete or partial:

“This conception of organization opens up the possibility that organization may come in parts, such that only one or a few elements of organization are actually used within or outside a formal organization.” (Ahrne et al., 2016, p. 95)

From our perspective, this duality leads to considerable confusion because a formal organization can be a partial organization while partial organization can also be a type of organization that is outside of a formal organization. What distinguishes formal organizations from other decided orders outside of them? Unfortunately, Ahrne et al. do not present a clear answer to this question.

To overcome this ambiguity, we propose applying the concept of organization elaborated by Niklas Luhmann, which Ahrne et al. build on but do not entirely adopt. Luhmann (2000b, 2003) offers a radical understanding of formal organizations (i.e., in the plural) as systems of decisions (see also Seidl & Becker, 2006; Seidl, 2005).

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