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1 Organization Unbound

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How can an airplane land on another continent? How can we know that exotic fruits at the grocery shop have been produced in a relatively fair way? How is it that we can learn about some universities being better than others – even universities on the other side of the globe? How are we able to know which scientists are among the most outstanding in the world? In order to answer such questions, one must realize that all these phenomena rely on organization.

Contemporary everyday life is rife with organization. Working life contains much organization, but consumers also encounter various forms of organization in shops and restaurants. Leisure activities such as sports or tourism involve a substantial degree of organization, as does the Internet. One can even speak of 'hyper organization' as a characteristic of the contemporary world: 'Faced with any problematic situations, the modern impulse is to create more organizational structures' (Bromley & Meyer, 2015: 4).

Much organization takes place within formal organizations; they constitute an extremely common element of contemporary social life. There are states, firms, and associations everywhere, taking care of almost every aspect of society. The abundance of organizations has motivated ever-expanding research and academic education about these entities. A special academic field of organization studies has been formed, involving many thousands of scholars studying formal organizations in all their complexity, including research on how they organize their activities.

One effect of this development is the fact that the study of formal organizations has overshadowed other forms of organization. Organization seems to happen only in formal organizations. And although scholars specializing in the study of organizations have

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been interested in wider aspects of society, their conceptualizations have reinforced the image of organization as tied only to formal organizations. What happens outside the context of formal organizations has been dubbed 'organizational environments', and organizational environments have seldom been seen as organized. Rather, they have been described as resources, as markets, as institutions, or as networks within which a focal organization is a part.

In this book, we take another stance. We believe that there is more organization than is contained in formal organizations. Or, more precisely, we believe that it is easier to understand many aspects of contemporary society by seeing them as organized. And organization happens not only inside, but also outside the context of formal organizations. Organizations are more similar to their environments than most organizational scholars have acknowledged.

Yet, our concept of organization is conservative, in the sense that it is closely connected to the ways in which early students of organization distinguished formal organizations from other social phenomena, and it connects to common, contemporary perceptions of the specificities of formal organizations. We define organization as a decided order – an order created by people having made decisions about others. We see some decisions as more fundamental than others when it comes to organization and have dubbed these decisions 'organizational elements'. These are decisions about who can participate, about rules for how people shall behave, about ways to monitor others' behaviour, about how to issue positive or negative sanctions, and decisions about who can make decisions for others and in what way. But organizers do not necessarily use all organizational elements, and all settings are not organized by all elements. There is much *partial organization* within – but above all outside – formal organizations (Ahrne & Brunsson, 2011).

Individuals or organizations can use organizational elements to organize other individuals or organizations, even if they do not belong to the same organization. In this book we give examples of how organizations consider part of their environment as members;

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how they set rules in the form of standards for how other organizations shall behave and for what they shall produce; and how other organizations distribute sanctions in the form of awards. Yet others monitor other organizations by rating or ranking them. We also demonstrate how we can find elements of organization where it is usually not expected – in markets, families, or social movements, for instance.

Organization is one base of social order: It can create predictability and facilitate interaction among individuals or organizations. But it is essential to distinguish organization from other forms that contribute to social order – forms such as institutions or networks that are much discussed in social science. Those forms are not decided by anyone, but have emerged out of processes of mutual adaptation among individuals or organizations. Their effects differ from organization, and they change in different ways. Organization is more transparent and is more likely to be challenged than emerging forms are. It is also crucial to distinguish among various forms in order to make it possible to analyse transitions from one form to another – how organization sometimes becomes institutionalized and how networks become organized, for instance (Ahrne & Brunsson, 2011; Ahrne, Brunsson, & Seidl, 2016).

The concept of organization is salient for understanding many social phenomena that happen outside formal organizations, not least many aspects of globalization – like those we mentioned in the first paragraph. Air travel is dependent on a huge number of rules in the form of international standards, goods are marked with fair trade labels, universities all over the globe are monitored and ranked by ranking organizations, and scholars are awarded by organizations such as the Nobel Foundation.

Because there is little systematic research about organization outside organizations, there are many remaining questions about organization. Under what circumstances can we expect organization? Why is organization often partial? Why are some organizational elements used rather than others? When does organization succeed to create order and when does it fail? What difference does organization

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make and what consequences does it have? The purpose of this book is to discuss these types of issues, in order to develop greater knowledge about a crucial aspect of contemporary society. We base our arguments on a large number of empirical studies of a wide array of social settings and situations.

After this short overview of our main arguments, we now turn to a more detailed account. In the next section, we use the concepts of social relationship and formal organization to specify further what we mean by organization and organizational elements. We compare organizational elements as they are used within formal organizations with other ways by which social relationships are formed. We then give examples of partial organization outside formal organizations. Thereafter, we discuss the special characteristics of organization that require us to distinguish organization from other forms of order. Finally, we introduce a number of questions about how organization outside formal organizations works in practice and provide an overview of the chapters that follow.

ORGANIZATION AND ORGANIZATIONAL ELEMENTS

In the field of organizational studies there is relatively general agreement over what shall count as a formal organization. When it comes to defining the more general concepts of organization and organizing, there is more variation, less agreement, and a certain lack of clarity. Sometimes organization and organizing are given a broad meaning, identical or close to the concepts of coordination or co-operation (Weick, 1979; Lindberg & Czarniawska, 2006). In this book we use a more narrow and specific definition, which covers a smaller part of social reality but allows us to highlight what we think is a special but crucial phenomenon in contemporary society. Our concept of organization can be understood as describing a special form for achieving coordination or co-operation, but organization may also be used for other purposes and may exist without giving rise to those effects.

We begin our analysis of organization by using the concept of social relationships and relating it to existing knowledge about formal

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organizations. This analysis of organization inside organizations we then use in the next section for describing our main theme: organization outside organizations.

According to Max Weber, a *soziale Beziehung* (social relationship) exists as soon as people act with each other in mind and orient themselves to each other, when 'the action of each takes account of the others and is oriented in these terms' (1968: 26). Yet Weber's definition seems to include both what is nowadays called interaction (see, e.g., Goffman, 1972) and more permanent social relationships. Interaction is occasional and merely presupposes the co-presence of those involved. Relationships, on the other hand, are expected to last for some time. A relationship can continue even through periods of isolation and may exist even if the parties seldom or never interact with each other.

Rather than being dependent on co-presence and interaction, relationships are supported by other factors. There are at least five elements that help link people together in a relationship: (1) They know who is involved in the relationship; (2) they have some common ideas about what the relationship involves and what they are expected to do; (3) they have the means to acquire some knowledge about the extent to which the others do what they are expected to do; (4) they have some possibility of influencing each other in a way that makes them fulfil the expectations; and (5) they have common ideas about who can take initiatives and who can act in order to maintain and develop the relationship.

These aspects of relationships may arise in various ways. In formal organizations, they can be decided. By creating a formal organization, one creates a specific type of relationship among the people involved – a relationship that is decided upon to a large extent. The organization is created by a decision, and decisions are fundamental in organizations (March & Simon, 1958; Luhmann, 2003, 2005). People in organizations not only make decisions for what they shall do themselves; some of them make decisions for what others shall do. Organizational decisions are communications about the way people should act or the distinctions or classifications they should make.

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Organizational decisions are ubiquitous. But most significantly, the five aspects of relationships constitute objects for decisions in organizations. Organizations are expected to make decisions about (1) who can be a member; (2) rules that specify expectations for what the members shall do; (3) monitoring of what the members do; (4) positive or negative sanctions connected to the members' tendencies to meet the decided expectations; and (5) how decisions shall be made and who shall make them.

These organizational elements bind an organization together and constitute the fundamental relational decisions in organizations. Formal organizations are expected to make decisions on these elements, or at least be able to do so. If they don't, they run the risk of not being considered organizations or 'true' organizations, and scholars tend to characterize them as networks. Yet, these decisions typically constitute only a small part of all decisions in organizations; in Kemper's (2012: 12) terms, relational activities in organizations can be contrasted to 'technical' activities that tend to be more common.

We now discuss the organizational elements in more detail. We systematically contrast the organizational elements to other ways of creating and maintaining relationships – to their functional non-decided equivalents. For each element we start by exemplifying its non-decided equivalents and then show how organization is different.

Membership

In life in general, with whom one has a relationship often emerges as a result of interaction. People meet each other because they get involved in common activities. They have children in the same school class; they share a hobby or the like. Or friends or colleagues introduce them to other people. Such interactions, especially if they are repeated, sometimes lead to relationships that evolve when people get to know each other.

People sometimes categorize themselves or are categorized by others as belonging to a certain group on the basis of ethnicity,

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nationality, age, preferred music style, and the like. Such categorizations may lead to relationships as well, as people orient themselves to the actions of their peers and 'think of themselves as equivalent and similar to, or compatible with, others' (Lamont & Molnár, 2002: 188). Such perceived similarities create symbolic boundaries.

In contrast, organizational *membership* is not something that merely emerges in complex and implicit social processes. People in organizations decide who is to be a member. Those who want to become members must usually apply for membership, which is conditional on the approval of existing members. Membership provides a more distinct and less floating categorization of affiliation than do other forms, like friendship. Citizenship in a state is a much more distinct category than nationality is. The duration of a membership may be short, but is often expected to be long, and the decision about membership is often lacking a time frame. For the membership to cease, a new decision is required. Members are not anonymous. They are usually asked to provide a name, address, e-mail address, and telephone number, thereby facilitating further contact. Moreover, new members may increase the importance and strength of those who are already members, because it is possible to communicate how many members there are and who they are.

Members are treated differently than non-members by other members and by non-members. This relationship can be referred to when one wants to interact with other members, thus facilitating the beginning of an interaction. But membership can be upheld without any interaction with other members. As an employee in a firm or a state, one does not interact with all other members. Most members in large contemporary organizations interact only with a few other members, and the task of some members, such as salespeople, may be to interact primarily with non-members. Management control systems may have an enormous impact on members in subsidiaries of multinational companies without requiring much interaction between the subsidiary and the head office. And as a member of

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a political party or the Red Cross, one need not interact with any other member.

Rules

Many expectations about how people should behave are controlled by social norms. Norms have slowly emerged, are taken for granted, and have no clear origin, their origin is forgotten, or their origin is seldom brought to mind. They differ across societies and are bound to specific social situations. There are norms for such salient aspects of social life as justice, equality, or reciprocity, but also for such mundane behaviour as the way people greet each other, how they talk to each other, or who shall be invited to a wedding. Norms are sometimes described in terms of their behavioural effects, such as ceremonies, rituals, or traditions. These can even be understood as whole packages of norms.

Many scholars like us make a sharp distinction between norms and decided expectations. In the introduction to an anthology about various ways of defining and explaining norms, the editors describe the difference between norms and laws:

> Social norms, by contrast, often are spontaneous rather than deliberately planned (hence, of uncertain origin) unwritten (hence, their content and rules for application are often imprecise) and enforced informally (although the resulting sanctions can sometimes be a matter of life and death).
>
> *(Hechter & Opp, 2001: xi)*

Although Hechter and Opp talk about laws in contrast to norms, their distinction applies to all types of rules. Rules are decisions about how people are expected to behave: when they shall meet, what they shall do, how they shall do things together, and the goals they are expected to achieve. Organizations such as states or firms typically issue many rules. For achieving internal coordination, they cannot rely only on shared social norms among their members.

The source of a rule is virtually always known. Most rules are in written form, and they often include a statement about who

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decided what and when – which does not preclude the fact that people often learn about rules from their colleagues' oral communications. Rules can be specific to certain people. And they are useful for people who do not share norms that are common among the majority.

One can often find a distinction in the organizational literature between rules on the one hand and goals or objectives on the other hand. But as the literature on management by objectives tells us, this distinction is easier to uphold in principle than in practice (Sundström, 2003). A goal or objective is described as an expectation of what shall be achieved, whereas a rule is described as a script for how it shall be achieved; but the difference between ends and means is often vague and open to interpretation. In the context of this book, we do not have to enter this debate, but simply categorize goals and objectives as constituting one form of rules.

Monitoring

People observe each other in their interactions, but in a relationship interaction is often infrequent (or even non-existing), which makes direct observation of what the others are doing virtually impossible. In relationships including more than two people, the parties gossip about each other instead: One person informs another about what others have done or about rumours of what they have done. People tell stories that describe and evaluate the behaviour of the others (Burt, 2005: 105; Gambetta, 1994).

In organizations, principals regularly decide to monitor what members do and how they meet expectations, deciding who and what shall be monitored and by what means. Monitoring systems vary among organizations (Edwards, 1979; Mintzberg, 1983). They can be relatively simple, as when one monitors attendance at work or at a meeting. Or they can be more complicated, as when the organization monitors whether job instructions have been complied with or what results have been achieved. Some organizations, such as schools, regularly use tests and other detailed examinations as monitoring tools.

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Monitoring can be done secretly, and even the decision to monitor is not necessarily communicated to the person to be monitored. But most often organizations inform their members about their monitoring decisions, as they may have implications for discipline or may have a motivational effect (Focault, 1977). The 'monitorees' may even demand monitoring – as when students take tests in order to obtain diplomas.

Sanctions

People's (perceived) behaviour in relationships may lead others to pay respect to and honour them, or, conversely, to show contempt for and despise them. Such reactions may, in turn, incite pride or shame with those concerned. But it may also lead others to become more or less interested in contacting them or may cause them to be finally squeezed out of the relationship (Burt, 2005: 105). If it is difficult to avoid meeting a despised person, bullying may arise.

There are many ways to decide about positive sanctions that are appropriate to an observed performance: by giving grades, bonus payments, wage rises, or awards to the employee of the month, or by appointing someone as an honorary member. Negative sanctions may take the form of warnings or lowered pay. Decisions about sanctions are communicated to the person involved – and often to other members as well, in order to demonstrate the preferred behaviour or performance.

Hierarchy

The power of people in relationships may be unevenly distributed. Some have more power than others and are better able to take initiatives and influence the others. Power may be based on superior access to resources that others want, centrality in a multiperson relationship (Borgatti & Halgin, 2011: 1173), or high status. People considered high status, whether by tradition or because of their individual qualities, can even expect voluntary compliance from others (Kemper, 2012).

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