

The Dual Function of Organizations

By Sven-Erik Sjöstrand^{*)}

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uced over time with almost no fundamental variation (cf Therborn, 1978).

Like some social psychologists and micro economists, I find both these positions (the ideas of 'simple' as well as 'extended' reproduction) too deterministic. Or to put it in other words: the sociologist's perspective on reproduction processes in societies often – but not always – underestimates the actual freedom actors have in carrying out these processes. My parenthesis around the prefix 're' tries to illustrate my own position. (Re)production is always – in my perspective – incomplete and imperfect. Incomplete because man is simultaneously both shaped by and creating his environment. Man is assumed to be a cognitive being who evaluates and chooses among different impressions. Therefore there is never a perfect, or close to perfect, correspondence between environmental structures and human actions. Imperfect because I agree with social psychologists such as Weick (1976), who suggested that an environment is not just selected by man but is also simultaneously produced by his actions.

Common in these variations in defining (re)production processes in society is a belief (an assumption) that societies to a certain degree repeats them basic ways of functioning. In these processes a kind of order (laws, institutions, positions) is formed and ideas and ideals are inoculated in actors. Of particular importance are those processes which ensure that the main structures are kept stable and that men are trained to fill corresponding positions. According to a.o. Althusser (1973), no society can last which is incapable of (re)producing its production and consumption conditions.

Clegg and Dunkerly (1980) claimed that the function of reproduction processes in a society is more to disguise and mystify its organization through explaining the order as a rational or necessary consequence of a 'technical' logic. Then reproduction is assigned to the self-evident, to things that are seldom formulated as problematic and therefore are often not even noticed.

Therborn (1980) introduced three 'fundamental' reproduction mechanisms: economic force, physical violence, and ideological pressure. They are present in the economic system, the political system and in the ideological apparatuses, respectively. Economic force is obviously founded in man's basic (existential) uncertainly situation, his dependences both in relation to nature and – although modified by institutions

and an 'order' – to other people. Also, economic force is defined by the current conditions of production which place restrictions on how work can be organized. Economic force continually (re)produces a specific structure of economic positions with the use of potential sanctions like bankruptcy, unemployment, poverty, starvation and so on.

The second fundamental reproduction mechanism mentioned above, the use of – or the potential to use – physical violence, is often enforced by a specific institution in a society: the state. As violence is of low importance in ordinary economic organizations such as business firms, I will disregard this mechanism in the following presentation. Ideological pressure, the third (re)production mechanism, however, is of much interest in the following analysis of economic organizations.

The next important issue is to find out what is (re)produced in a society through the mechanisms described above. Althusser (1973) made a distinction between the (re)production of materialistic conditions in a society and the (re)production of competent people to carry out the production of wealth. Poulanzas (1973) suggested both the (re)production of positions in a certain social structure and of those organizations containing these positions.

If one combines the thoughts of Althusser and Poulanzas, then (re)production processes contain three ingredients; material conditions (non human capital) and infrastructures (institutions, a certain order, an so on), organizations (including positions or work roles) and competent people.

People can be allocated to work positions in different ways. Stinchcombe (1965), drawing from among others Phelps (1957), described several 'mechanisms' which distribute/allocate people to different jobs. He mentioned educational organizations, (which of course themselves represent a specific job structure), rights associated with the use of different competences, organizations producing norms regulating the use of human competences (for example unions and professional associations), power distributions (how jobs are integrated into hierarchies or careers) and the degree of competitiveness regarding human competence.

People tend to be allocated to jobs on different principles. One principle is through clans (of family and kinship relations), another is through 'bureaucratic' mechanisms (school marks, age, time spent in a certain position/organization, and so on), yet another is through competition

regarding achievements (cf different market solutions). In the next section I will elaborate on these different allocation principles through an analysis of exchange processes between people in a society.

On Exchange Processes in a Society

An analysis of (re)production processes has to be founded on an explicit view of the nature of man. Neoclassical economic theory has emphasized – with very few but recent exceptions – a view often conceptualized as ‘homo oeconomicus’. This perspective could be traced back to the works of Adam Smith, and it mainly built on the ideas of man as a utility maximizer; perfectly informed and with an infinite cognitive capacity.

Simon (1959, and many others) is perhaps the one researcher who is most associated with both a critique of, and a production of alternatives to, the notion of homo oeconomicus in economic analysis. The ideas that man could be characterized as a (successful) maximizer, that he at least tries to maximize (but often fails) or that one could describe his actions ‘as if’ he (tries to) maximize(s) are all rejected and empirically proved wrong. In uncertainty situations, man is not only a maximizer – the fact that his cognitive capacity is limited and information usually incomplete and sometimes even false creates other strategies than maximization behavior (cf Koziol, 1981; Heiner, 1983; and others).

“There can no longer be any doubt that the micro assumptions of the theory – the assumptions of perfect rationality – are contrary to fact. It is not a question of approximation; they do not even remotely describe the processes that human beings use for making decisions in complex situations.

Moreover, there is an alternative. If anything there is an embarrassing richness of alternatives . . . while these theories certainly do not yet constitute a single coherent whole, these is much in common among them. In one way or the other they incorporate the notions of bounded rationality: the need to search for decision alternatives, the replacement of optimization by targets and satisficing goals, and mechanisms of learning and adaption . . . it is now entirely clear that the classical and neoclassical theories have been replaced by a superior alternative that provides us with a much closer approximation to what is actually going on.”

Experiments of different types (cf for example the works of Kahneman, Tversky, Kelley and Arrowood, Stryker and Psathas, and Gamsen) indicate that there are alternatives – or at least complementaries – to maximization behavior. For example, the principle of ‘social fairness’ is introduced. Some researchers, like Homans (1961) and Caplow (1968), claimed that people are mainly governed by expectations of fairness – mostly that individual rewards should roughly correspond to individual contributions. This kind of social proportionality is a principle which is underestimated by many economic theorists – and so is the principle of equality (e.g. split-half-solutions).

A certain conception of ‘rationality’ has often been linked both to maximization behavior and to the assumption of man’s perfect cognitive capacity (also often supported by an assumption of a situation of perfect information). Personal utility has been maximized. Simon and others have shown that as the cognitive capacity of man is limited and his aspirations variable and diffuse, the rationality concept has to be modified. Moreover the action of man are not perfectly individualistic but instead often carried out in organized settings.

Crozier and Friedberg (1980) have a perspective on rationality that differs from the statements put forward in neoclassical economic theory. They regard rationality as a subjective thing – all people are rational but their rationality is based on their personal experiences, their perceptions of a situation and their expectations for the future. They suggest a kind of contextual rather than a goal related rationality. As an alternative to the solution tried by Crozier and Friedberg Gustafsson (1979) tried to introduce the idea of ‘interactive man’ thereby indicating that ‘homo oeconomicus’ is not a complete description of the richness of man. Human interaction and human exchange is a more complicated and composite matter than most neoclassical economic theorists allow.

Tönnies (1963/1887) made a distinction between ‘Gemeinschaft’ und ‘Gesellschaft’ which is basic to the understanding of the complexity of the concept of human rationality. ‘Gemeinschaft’ was linked to the spirit (being) of man and to qualities like kinship, friendship and vicinity. ‘Gesellschaft’, instead, was connected to the way man visibly acts – concepts like calculation, rationality, and autocraticalness were here in the foreground.

Later, Polanyi (1964) described three modes of transactions between

human beings; reciprocity (underlying social relationship expressed: kinship, friendship), redistribution (political or religious affiliation) and market exchange (none). Polanyi used economic anthropology and early economic history to jar us loose from ideas and generalizations about man and society implanted by the industrial revolution. He was particularly concerned to dislodge the notion – so widely and implicitly held by economists – that markets are the ubiquitous and variable form of economic organization; that any economy can be translated into market terms, and the further notion that economic organization determines social organization and culture.

Etzioni (1961, 1965), finally, indicated in his work on compliance and control structures in organizations certain ingredients in human interaction. He distinguished between three types of engagement (of 'compliance') in an organization: alienated, calculative and moral. An alienated relationship was produced in the presence of – or with a potential for – physical violence (cf the reproduction mechanism described above); a calculative relationship was based on materialistic exchanges and means; and a moral relationship was expressed through symbolic actions and signs.

From the works of a o these researchers we can find that human exchanges have been reduced (to calculative behavior) by many economic theorists. Many sociologists and anthropologists, however, have indicated that human exchange and interaction is a more complex matter. Anderson (1979) classified the ideas of human exchange into two main lines thought – one line with a more utilitarian approach and one line with a more communicative perspective. Defenders of the former perspective have mainly been found among economists and referred to the exchange of goods and other concrete utilities. Defenders of the latter position, for example Levi-Strauss (1967), put an emphasis on the exchange act as such, rather than on the goods or utilities actually exchanged. The meaning of exchanges depends, in this perspective, on the context (cf 'organization', 'institution') in which it takes place. Perhaps a utilitarian perspective is more relevant in contexts like 'Gesellschaft', and a semiotic perspective more relevant in contexts like 'Gemeinschaft'?

I suggest that at least two dimensions of human interaction have to be considered in a analysis of the emergence and establishment of organizations of different kinds in a society. Firstly I propose that the

'meaning' or substance of an interaction, an exchange or a relationship between two individuals is important. It is connected to what makes an individual (inter)act. Secondly I suggest that the 'form' for interaction also matters. The substance of a relationship is described in three ways: as calculative (cf homo oeconomicus), ideational and as a genuine relationship. The form for interaction is described as either hierarchical or networklike.

An interaction carried out in a 'calculative' spirit approximates to the general idea of the actions taken by homo oeconomicus – 'rational' (in a narrow sense), utility maximizing, behavior. The information used or needed in the transaction is mainly expressed in prices, and strict calculation is the method by which it is processed. These exchanges mainly contribute to man's physical survival and material wealth. An ideational relationship is founded in a common ideal (or sometimes in an ideology) or in common religious beliefs, and primarily creates a kind of human identity. A genuine relationship, finally, involves interactions like love and friendship and produces a biological or a personal identity (cf table 1 below). Man is supposed to include all of these qualities and they are present – to a greater or lesser degree – in each and every interaction. In business firms, religious associations, cooperatives, peer groups, families, clans – in all emergent organizations – one can find these qualities of man.

Institution	market/ company	federation/ movement	clan/ circle
transactional mode	(market) exchange	redistribution	reciprocity
information locus	price	ideology/ religion	inheritance environment
basic kind of relationship	calculative	ideational	genuine
assumption of man	homo oeconomicus	complex, interactive man	complex, interactive man
basic function	physical survival	human identity	individual identity

Table 1: Institutional differences – some basic comparisons.

Institutional Forms for Human Exchanges in Society

Above, I have presented both my assumptions regarding human nature ('complex, interactive man') and a theory of human interaction and exchange. I focussed on two dimensions of human interaction – differences in its meaning or 'substance' and differences in its form. These two dimensions, taken together, create a six field matrix which shows different kinds of institutions in a society for carrying out human interaction and exchange. These six institutions should be perceived as 'ideal types' (cf Weber, 1922; McNeil, 1981; Szacki, 1979) rather than emergent forms of organizations.

"An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct (Gedankenbild). In its conceptual purity, this mental construct (Gedankenbild) cannot be found empirically anywhere in reality. It is utopia. Historical research faces the task of determining, in each individual case, the extent to which this ideal construct approximates to or diverges from reality." (from Szacki, 1979).

Thus an ideal is neither a statistical average nor a synthesis of the qualities of all objects in a certain class. Nor is it some constant essence discovered through empirical investigations of the objects in focus. Instead, an ideal type is a theoretically deduced and refined 'frame of thought'. The fruitfulness of an ideal type construction is dependent both on its theoretical foundations and on its fruitfulness in (future) empirical research. An ideal type does not correspond to what 'is' but to what 'could be' important.

Two forms for human interaction and exchange have been distinguished: networks and hierarchies. A network summarizes the linkages existing among people through expectations and references. A network is a representation of established and mutual expectations among individuals where 'strong' nets correspond to normative qualities and 'weak' nets to predictive ones. Richardsson (1972) described the conceptions of networks and hierarchies as simplifications of what he perceived as a continuum:

“. . . what confronts us is a continuum passing from transaction, such as those on organized commodity markets, where the co-operative element is minimal, through intermediate areas in which there are linkages of traditional connection and goodwill, and finally to those complex and inter-locking clusters, groups and alliances which represent co-operations fully and formally developed.”

Networks are delimited from each other in several ways. Williamson (1975) discussed these demarcations in terms of transaction costs (he primarily distinguished between market and hierarchy). Tichy (1979) tried to describe both the ‘nature’ (strength, reciprocity, richness, and visibility) of different linkages and their content (information, emotions, goods and so on), and Pfeffer (1982) emphasized that a network principally defines the structure for interactions between individuals. A hierarchy (as an ideal type) represents something else than a network. The use of the hierarchy concept instead of the concept of a network adds certain qualities to the interaction structure between human beings. Law Whyte et al, 1969:

“The immense scope of hierarchical classification is clear. It is the most powerful method of classification used by human brain-mind in ordering experience, observations, entities, and information. Though yet not definitely established as such by neuro-physiology and psychology, hierarchical classification probably represents the prime mode of co-ordination or organization (i) of cortical processes, (ii) of their mental correlates, and (iii) of the expression of these in symbolisms and languages.”

The finite cognitive capacity of man was emphasized by Simon (1957):

“The capacity of the human mind for formalising and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world. (. . .) it is only because individual human beings are limited in knowledge, foresight, skill, and time that organizations are useful instruments for the achievement of human purpose.”

The link between the concepts network and hierarchy is easily established. The degree of centrality in a network varies among individuals. The very existence of this centrality could be regarded as a first sign of hierarchy (the existence of different levels). A distinguishing feature of hierarchy is that it describes super- and subordination and that – therefore – different levels exist which produce restrictions. These restrictions both reduce uncertainties among people and economize human interactions in different ways (cf ‘wheel’ – ‘all channel’ information systems). This reasoning has mainly been carried out in terms of efficiency/effectiveness. Hierarchy is, in some situations, regarded as a more efficient mode of relating people involved in interactions and exchange than networks. But the existence of hierarchy could also be explained in terms of ‘power’ (differences). Asymmetrical relationships between human beings in a society correspond then to the notion of hierarchies, which are continuously (re)produced in the organizing of societies. Such as perspective is elaborated elsewhere in detail (cf Sjöstrand, 1985, and Turk, 1983).

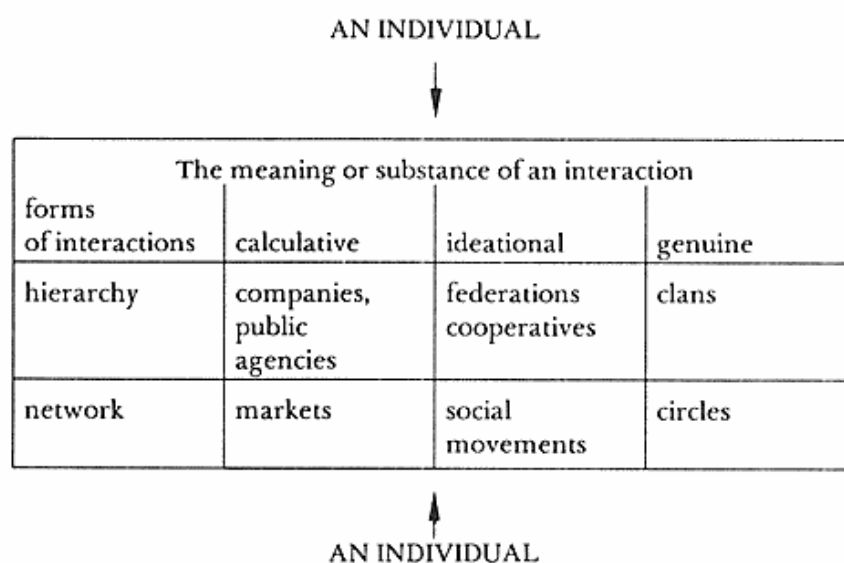


Figure 1: Six different basic institutions (ideal types) for human exchanges in a society. An institution roughly refers to a “rationality context” or a kind of infrastructure for human interactions.

The other dimension in the institutional matrix presented in figure 1 was described as the 'meaning' or 'substance' of human interaction. Three types of meanings or substances were identified, corresponding to basic rationalities in human actions. Firstly I referred to 'homo oeconomicus' or 'economic man' and mentioned that 'interactive' or 'composite/complex' man includes those qualities – but these qualities alone do not form a complete description of man and human exchange. Institutions like markets and companies/public administrations need to be complemented by others.

Secondly, I described an ideational relationship between individuals (cf social movements). The stimulant for interaction – the very meaning and substance of exchange – is the (a) common idea(s) or ideal(s) among at least two persons. Thus, in certain situations the character of a relationship is more 'ideational' than calculative. For example social movements represent a kind of institution where people become part of (concerned with) or made participant in some of the different ideas of mankind – thus they primarily create human identity (rather than material wealth or physical survival). Instead of exchanges based on price information (calculative relationships), ideational relations are based on the information contained in ideology and/or religion (ideational or affiliative relationships). I will especially return to the concept of ideology in the next section.

Thirdly, and finally, I characterized some relationships and interactions as 'genuine' (cf authentic; 'free from hypocrisy or pretense') and they were expressed through 'circles' (cf friends, intimates, comrades, cliques). Circles function by expressing a biological or a personal rather than a human identity. Information is located in inheritance, common environments or joint interests (cf table 1). The platform for circles is reciprocity and small numbers (cf trust, confidence, faith, reliance) – the relationship is a 'complete' or holistic one, and it often corresponds to a lasting interaction.

As mentioned above these institutions – as the very use of the concept 'institution' indicates – represent ideal types not actual emergent forms of configurations of human interactions. I choose the term 'organization' to denominate those emergent forms. Therefore, in practice, when using the concept (emergent) organization I describe company organizations as well as, for example, clan organizations and so forth.

It should be mentioned that all collectives do not constitute organizations. Gatherings and crowds is a social fact but differs from an organization in its lack of collective character. The gathering as such is not anybody's goal or interest – each individual fulfills his personal ambitions and goals and other persons are just objects – the gathering (for example the spectators at the movies, the queue in a supermarket, the passengers in a bus or the students attending a lecture) is close to a multiple of solitarinesses. Each individual is exchangeable, unknown to the others – the individuals are not dependent on each other to reach their goals – on the contrary they tend to stand in the way of each other (cf Jensen and Vestergaard, 1979, referring to among others the works of Sartre).

'Institutions' represent forms of infrastructures which facilitate/prevent exchanges or resource (re)allocations. Like Hernes (1978), I describe institutions as 'rationality contexts' – contexts that delimit/open up the action fields of individuals. The basic function of institutions in a society is to reduce or absorb uncertainty. But it is important to understand that although institutions are mechanisms for reductions of uncertainty they are at the same time continuously (re)producing uncertainty through the emergent organizations.

The emergent organizations are usually constituted and delimited in a society through legal foundations or they are at least extentionally definable. For example there is a linkage between company organization and association rights and between clan organization and family (or civil) rights. But it must be noted that the emergent organizations are more complex constructions than indicated when linking them to law. For example company organizations are not reducible to the institution (ideal type) company. Emergent company organizations contain qualities from all the other ideal types – in a company organization one will usually also find both ideational and genuine relations – in other words, for example, both clan and circle relationships. In the following section I will focus on the composite nature of the emergent organizations through a discussion of company organization.

Organizations as Ideological Systems

Before I concentrate my analysis on emergent company organizations I have to elaborate on the concept of ideology. Dale and Spencer (1977) asserted that an ideology refers to the ordering of all objects and event in a society. An ideology should both be advocated by a significant grouping of individuals and be rather well framed or formulated. Gouldner (1976) traced the conception of 'ideology' back to the end of the 18th century when Tracy used the concept to introduce a new science – the science of ideas. The more common use of the concept, however, is to denote a united system of ideals. An ideology then both has the capacity to join the abstract holistic perspective with the concrete situational condition. An ideology legitimates (through explanation and justification) the mobilization of human engagement and the release of action. It makes man a participator in (some) ideas of mankind – ideology contributes to human identities. An ideology is fulfilled by ordinary men and it works like a change force through its refocussing and reframing of everyday experiences and its unveiling what is known but not previously made explicit. Ideologies link unknowns – tie those who only share ideals but often no other qualities or experiences.

Therborn (1980) used 'ideology' in broad sense. He referred to it both as grasping what gives life a meaning – defining ideology as a medium through which consciousness and meaningfulness work – and as the intellectual framework as such. 'Ideology' then refers both to everyday experiences and institutionalized systems of thought. It intermediates structures to people, relates individuals (cf 'ideational relations'; figure 1, above; also cf social movements, cooperations, federations) to each other and makes them understand. An ideology gives reality a structure, it tells us what is good/bad and what is possible/impossible. It is an 'instrument' which integrates (in an ambiguous way) human values, descriptions and norms. Sometimes ideology is referred to as a system of stable attitudes, sometimes it is described as the illusions of the actors of an era, especially regarding their historical function.

When characterizing organizations as 'ideological systems' I try to describe where and how ideals and values are (re)produced in a society. As previously mentioned these are not just (re)produced in for example educational, political or religious organizations but they are present in almost all emergent organizational forms. Company organiz-

ations, stock markets, auctions, social movements, cooperatives, public agencies, clan organizations, and so on – all hold ideological (cf values) qualities to a certain extent and all represent arenas for the (re)production of ideologies in a society. But the foundational qualities vary among the different emergent organizational forms – company organizations are basically founded on calculative interactions and based on property rights and contract law (cf association rights) while, for example, clan organizations are rooted in genuine relationships and family law and the idea of partnerships.

In my following analysis of company organizations (cf public companies), I will try to show how a commercial idea – a concept of business – coexists with individual as well as more collective ideals (collective ones; cf ideologies). A company is an arena for actions of complex, interactive man which means that all three basic types of relationships and types of (inter)actions are present simultaneously (but each to a varying degree). A company is not just a hierarchy for reasons of efficiency/effectiveness (cf scale economics) and exchange of goods/services, but also an arena for (re)production of ideas/ideals and human identity in a broad sense.

Meyer and Rowan (1977) analysed how the (re)production mechanisms of a society actually affect the functioning of organizations. They argued that (emergent) organizations, to a considerable degree, reflect upheld rules of what they labelled 'institutions' in a society. When speaking of 'rules', Meyer and Rowan referred to classifications fabricated in a society. These rules could be taken for granted (cf traditions, customs) and/or be enforced by laws, opinions or violence. Thus most positions, procedures and action rules in organizations are supported and maintained by ideologies and ideologists, legitimated by competence conventions and cemented by laws and contracts. These rules function like myths, strengthening specific organizational structures and processes:

“Large numbers of rationalized professions emerge (Wilensky 1965; Bell 1973). These are occupations controlled, not only by direct inspection of work outcomes but also by social rules of licensing, certifying, and schooling. The occupations are rationalized, being understood to control impersonal techniques rather than moral mysteries. Further, they are highly institutionalized: the

delegation of activities to the appropriate occupations is social expected and often legally obligatory over and above any calculations of its efficiency.

Many formalized organizational programs are also institutionalized in society. Ideologies define the functions appropriate to a business – such as sales, production, advertising, or accounting; to university – such as instruction and research in history, engineering, and literature; and to a hospital – such as surgery, internal medicine, and obstetrics. Such classifications of organizational functions, and the specifications for conducting each function, are prefabricated formulae available for use by any given organization.

Similarly, technologies are institutionalized and become myths binding on organizations. Technical procedures of production, accounting, personnel selection, or data processing become taken-for-granted means to accomplish organizational ends. Quite apart from their possible efficiency, such institutionalized techniques establish an organization as appropriate, rational, and modern. Their use displays responsibility and avoids claims of negligence.” (Meyer and Rowan, 1977).

Meyer and Rowan showed how professions are (re)produced in specific settings (schooling, licencing, authorizing) and are rationalized (presented as objective, natural phenomenon instead of as ‘moralistic’ or idealistic choices). The number of formal organizations increases and their actions become more sophisticated. Society is leavened with these organizations and gradually becomes petrified with these mechanisms for norm production and norm preservation (cf Olson, 1965, 1984).

It is important to add a historical perspective to this description of (re)production processes in a society. At a certain point in time, there exists – like a structural arrangement or environmental condition – a ‘stored’ distribution of competence (and power) and that structure acts as an intermediary of differences between people, organizations and societies. Some people act to defend that ‘initial’ distribution thereby reproducing power and competence. Others reproduce these structures in a more passive way by accepting or constricting underlying ideals and interests. Still others critically examine these (re)production processes (Sjöstrand, 1985).

Exchange Ideas and the Formulation of Ideals

In this section I will use the example of company organization to illustrate the dual function of emergent organizations in a society – the simultaneous presence of exchange ideas and more or less collective ideals. The conception of an exchange idea has often been formulated in company organizations in terms of markets and products/services (cf 'business ideas').

Norman (1975) made an important distinction visible by distinguishing between ongoing 'exchange processes' and more long run 'development (evolution; growth) processes'. The business idea concept does not take care of that important distinction.

Many researchers have formulated definitions of the conception of a business idea. Most definitions have taken as their starting-point a description of a market (the demand from potential customers). Christensen (1973), Uytterhoeven et al (1977), and others expressed the concept of 'business idea' more exactly by adding three specifications: namely the horizontal width of the activities (one or several product-market areas), its vertical depth (the whole or a part of the sequence from basic raw materials to finished customer (end products), and its geographical spread. Tilles (1968) defined a business idea as a prescription of the product(s)/service(s), the market(s) and the relationship(s) between the two. Some Swedish researchers, for example Rhenman (1969) and Norman (1975), have chosen a much wider conception of business ideas. They also included human and organizational resources and described a business idea as 'a complicated system for domination'. Such a system for domination could follow many lines – from controlling a distribution net to controlling critical human competences. I find that conception too comprehensive and therefore somewhat indistinct. Like most researchers, I make a distinction between the business idea of an organization and its competences (in a broad sense – cf resources). With such a perspective, several organizations can compete using roughly the same business idea, but utilizing different combinations of competences (resources) for its realization.

A business idea is further characterized by a form of relative stability. It has the flavour of a kind of long term vision for the development of a company organization. It is connected to the 'raison d'être' or existen-

tial anchorage of the organization. A business idea sometimes unites members of an organization, even in situations where they possess opposing interests.

Previously I described how ideals/ideologies are (re)produced through (emergent) organizations in a society. These (re)production processes are partly separate from the formulation of business ideas which is simultaneously taking place in company organizations. But, to a certain extent, the formulation of business ideas also includes the creation of (dominating) values and norms in organizations (cf for example the growing research and reports on 'organizational cultures'). These 'business (related) ideals' thus both are related to the ideals and competences (re)produced in society through different (kinds of) organizations and are related to strictly commercial analyses. A relative freedom of human action (cf Crozier and Friedberg, 1980), creativity and historically generated sediments of thought together form the (re)production of ideals/values expressed in emergent organizational forms.

In company organizations, business ideals are advocated or upheld by certain actors. Particularly the founder of an organization – the entrepreneur – is an important source of ideals in this respect. Also some significant actors or leading members usually support or (re)produce these ideals. Thus, to find out the predominant values, ideals and norms in an organization, one should look at its history. Business ideals as presented by stakeholders or principals bring meanings and explain the connections between business ideas (concept of business) and values/norms. This coupling between a business and certain ideals is a platform for legitimatizing processes in an organization. Therefore organizations (also) represent systems for preserving ideals which make continued submission guaranteed (ruler/master/manager versus controlled/dependent/subordinate)(cf Pfeffer, 1981).

Above I discussed so called 'business ideals' without making the important distinction between ideals (re)produced in organizations more in general and ideals especially mediated by creators of business firms or significant actors in its organizations. Some ideals present in a company organization are present without any specific connections to the business idea as such. Although, as described above, there are such linkages I suggest that other – and perhaps most – ideals in an organization primarily have other sources. The organization constitutes, not just an arena for human exchanges of goods/services, but also an

arena for the (re)production of ideals/ideologies in a society. Some of these ideals are simultaneously produced and reproduced (=re)produced) by principals or significant actors – most are mediated by all individuals in their different organized actions in a society. Therefore in, for example, company organizations contradicting values, ideals and norms are the prevalent condition or ‘form of life’. These contradictions between (business) ideas and ideals and between ideals and ideals have often been disguised for example through religious, moral or patriarchal imperatives or even taboos operating in organizations. The very fact that organizations as such represent arenas for the (re)production of values and ideals was mystified – the dual functioning of all organizations was not made visible and pregnant. Its functioning both as an arena for production/exchanges/consumption of goods/services and as an arena for the (re)production of values/ideals/ideologies, was concealed or unrevealed.

Conclusions

In this paper, I have tried to describe the dual function of (emergent) organizations. I have proposed a framework that distinguishes between organizations as arenas for economic exchange processes and as arenas for the (re)production of competences and ideals. This framework is theoretically constructed on the notion of (re)production processes operating in a society. This fundamental concept – (re)production – introduces time as a central ingredient and focusses on the crucial relationship between order (structure) and change (actions, processes). (Re)production processes are described as the mechanisms whereby society, to a certain degree, repeats its basic ways of functioning through the (re)production of competences and organizations. (Re)production is, however, regarded both as imperfect and as incomplete. The perspective used is not a ‘deterministic’ one.

To understand what is (re)produced in a society, I have developed neo-classical micro economic theory through an institutional approach. The assumption of *homo oeconomicus* was substituted for the idea of complex, interactive man and the institutional repertoire was widened from ‘markets’ to companies, movements, federations/cooperatives, circles and clans. These institutions represented rationality contexts for

human interaction and could also be described as infrastructures in a society. Two dimensions built up these institutions – the ‘meaning’ or substance of an interaction and the form for the interaction (network or hierarchy). Together these exchanges between complex, interactive men are supposed to produce both material wealth and create human and personal identities (reduce uncertainties and regulate dependence relationships).

Finally I have described organizations as ideological systems and I have tried to suggest where and how ideals (ideologies) are (re)produced in a society. I emphasized that they are not just (re)produced in e.g. educational or political organizations (institutions mainly built on ideational relations) but they are also present in all emergent organizations including company organizations, auctions, public agencies, clan organizations, and so on. I used company organization as an example of how – simultaneously – ideals are (re)produced and business exchanges are carried out.

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