<http://www.diva-portal.org>

Postprint

This is the accepted version of a paper published in *Journal of Organisational Transformation and Social Change*. This paper has been peer-reviewed but does not include the final publisher proof-corrections or journal pagination.

Citation for the original published paper (version of record):

Brunsson, K. (2015)

Sustainability in a Society of Organisations.

Journal of Organisational Transformation and Social Change, 12(1): 5-21

<http://dx.doi.org/10.1179/1477963314Z.000000000032>

Access to the published version may require subscription.

N.B. When citing this work, cite the original published paper.

Permanent link to this version:

<http://urn.kb.se/resolve?urn=urn:nbn:se:hj:diva-26202>

Sustainability in a society of organizations

*Karin Brunsson,
associate professor,
Uppsala University and Jönköping International Business School, Sweden*

This article makes a distinction between global, organizational and individual sustainability. It argues that sustainability relates to ethics, and that individuals and organizations are expected to follow different ethical standards. When, in a society of organizations, individuals adopt an organizational kind of ethics, global sustainability is at risk. The article discusses some effects of an organizing – rather than an organization – perspective. It is suggested that global sustainability depends on how individuals define their true interests.

Key words: sustainability, ethics, organization, individual, Henri Fayol, Mary Parker Follett

In his book *General and Industrial Management (Administration industrielle et générale, 1916/1949)* Henri Fayol presented the following managerial dilemma (p. 98):

There is within the company an employee (“old servant” according to the 1949 translation), who in the past was of great use to the company, but whose faculties are failing to the extent that he no longer is able to fulfill his tasks. In fact he now does more harm than good to the organization. What is the duty of the manager in this situation?

Fayol was well aware that many managers feel sorry for a loyal employee. They recall many years of good services in the past and hesitate to take the drastic step of dismissal. Fayol himself sympathized with such sentiments and allowed for extra financial compensation to this particular employee, or non-financial rewards, even a replacement within the company (“light duties,” p. 99). His advice to managers was stern and quite straightforward, however: this man must be replaced!

To Fayol the “elimination of the incompetent” (p. 98) was one important task for managers, whose duty it was to serve their organizations first of all.

In this article I contrast Fayol’s managerial perspective, which, as already noted, gives priority to the interests of the organization, with the organizing perspective of Karl Weick, Michael Hammer and – most important – Mary Parker Follett. The question is that of global sustainability: in a society of organizations, where a Fayolist view on management dominates, the prospects for global sustainability seem quite gloomy, and they become gloomier still when individuals adopt an organizational kind of ethics for their own lives. But perhaps an organizing view on organizations provides some

consolation. I suggest that, when recognized, Follett's notion of true, long-term individual interests, in particular, should mitigate organizational or individual-as-organization interests, and provide a basis for global sustainability.

The article is organized around three themes: (i) the difference between individual and organizational ethics and its consequences for global sustainability, (ii) the tendency of individuals to adopt an organizational kind of ethics as guidelines for their own lives, and (iii) the organizing alternative. But I start by arguing that organizations form an undisputable part of contemporary society and that, more often than not, they are dominated by the management ideals of Henri Fayol.

A society of organizations

Some fifty years ago, Arthur Stinchcombe (1965) related the abundance of organizations that he observed to modernity. "It is common knowledge," said Stinchcombe (p. 145), "that 'modern' societies carry on much more of their life in special-purpose organizations than do 'traditional' societies." To Stinchcombe, this was so obvious that he need not define either "modern" or "traditional" (pp. 145-146):

Any one of the numerous ways of dividing societies into "modern" and "traditional" gives the same result: wealthier societies, more literate societies, more urban societies, societies using more energy per capita, all carry on more of their life in special-purpose organizations, while poor, or illiterate, or rural, or technically backward societies use more functionally diffuse social structures.

Over the past fifty years there seems to have been a dramatic increase in the number of for-profit and nonprofit organizations worldwide. Organizations now engage other organizations to produce or market their products, to tell them how to organize, and to guarantee the quality of their work. Organizations are so dominant that Herbert Simon (1991) suggested that the term "organizational economy" substitute for the often used "market economy." In all parts of the world, individuals encounter numerous organizations with which they are obliged to deal. They cannot help but belong to several organizations themselves; in fact, many are anxious to become members of particular organizations, which provide citizenship, employment, or a general sense of communality. Modernity explains this development only partially. Besides economic factors, globalization includes cultural and political processes of standardization, scientification and common norms (Drori, Meyer and Hwang, 2006).

Organizations must be managed

But organizations are not seen as "organizations" (or "formal organizations"), unless there is somebody – an individual or a group of individuals – who is responsible for their various activities. These individuals (groups of individuals) are expected to engage in a number of activities, subsumed under the term *management*.

Those who engage in management – the managers – shall help organizations become successful; this is the very *raison d'être* of management. Success may be defined as profits or shareholder interests, or in any other terms; what is seen to be successful

depends on the objectives of the organization. The organization perspective, which Fayol emphasized and which dominates management thinking to the extent of being taken for granted, does not take the production of the particular organization into account: irrespective of what their organization produces, it is the duty of managers to help make it successful. Corporations may produce goods that many dislike (like weapons) but be successful in terms of profits, because they attract a sufficient number of customers. Public organizations are successful in terms of survival as long as they get parliamentary support; even if many citizens find their services superfluous. And non-profit organization may promote their interests with only limited support.

Managers use *the interests of the organization* as an argument for decisions that they know will hurt many of their colleagues, and with which they themselves feel uncomfortable. Interviews with sixteen formally responsible managers showed that they experienced making people redundant as their most difficult decisions (Fryer, 2011). They dealt with this cumbersome task by referring to organizational ethics: their decisions were necessary, indeed inevitable. When the decisions were not altogether beyond their control, they were necessary in order to promote organizational efficiency. Efficiency, they argued, would make the organizations effective and provide for organizational sustainability. Moreover, the remaining employees would be in a better position after the dismissal of some of their colleagues. These managers regarded the prosperity of the organization as their primary duty. Other concerns must accommodate to this obligation, which was one reason why sentiment (and sentimentality) should give way to rationality, consistency and a dispassionate approach.

Managers who stress the value and importance of strategy give evidence of a similar approach. “Our strategy provides guidelines for our growth efforts,” they may say – but substitute flexibility and effectiveness for their strategy when they encounter unexpected changes and see a need for downsizing. Like Fayol, they see the wellbeing of the organization as their number one priority (Holmblad Brunsson, 2013).

But despite an abundance of intense management research, as of yet there is no one management formula that guarantees success to all kinds of organizations. Although Fayol’s notion of general management is widely accepted, his ideas of the activities that comprise management – planning, organizing, commanding, coordinating and controlling – are often described as “traditional” or outmoded (Holmblad Brunsson, 2007). Management fashions come and go, much like fashion in clothing or home styling (Abrahamson, 1996), but the relationship of management to organizational success remains unclear (March, 2010: 54): ‘most studies of organizational performance are unable to untangle the causal structure affecting performance with any confidence’. An intensive debate over which managerial activities are most effective notwithstanding: the *idea* that organizations need management remains critical to the very definition of “organization” (Holmblad Brunsson, 2013).

The idea of effectiveness

One generally accepted idea coincides with the organization perspective and is presumed to lead to organizational success: the idea of effectiveness. Analytically, effectiveness is simple: the fewer scarce resources organizations use in order to

accomplish their objectives, the more effective they become – and by being effective, they increase their chances of success. As a rule, effectiveness includes efficiency, the input-output ratio of resources. In practice, effectiveness has proved to involve somebody's judgment and perspective. There is no such thing as effectiveness per se. For example, managers cannot rely solely on calculations, however impartial. If that were the case their professional legitimacy would be at risk. Instead they must add their own judgment when deciding which changes will increase effectiveness and which, perhaps, are counter-productive. As already noted, they may also use the effectiveness of their organization as an argument for controversial decisions.

What is effective from one perspective is not necessarily so from another perspective, and effectiveness from one organization's point of view may be highly ineffective when considered by individuals, or other organizations. Two examples illustrate this point:

Shortly before Christmas 2012, the Swedish television reported on a leap in the demand for teddy bears and other “soft” animals. The producers had a hard time satisfying the demand, and working conditions were upsettingly poor. (Svt, 2012)

With short notice, Apple decided to change the screens on its iPhones. New screens arrived at the factory just before midnight. Immediately, 8 000 Chinese worker were ordered out of their dormitories and asked to start working. (Friedman, 2012)

Why is there no *planning* of the production of teddy bears that takes into account the working conditions of the producers throughout the year? Why must the Chinese workers give up their regular working hours? Students of management will see the *just-in-time* concept lurking in the background. Who shall pay for the stock, as of yet unsold? The companies that sell teddy bears or iPhones must think of their own effectiveness first of all. The cheaper they reach their objectives the better, and outsourcing is one way of cutting costs.

When discussing the increasing number of organizations, Simon (1991) pointed to the tendency of employees within organizations to follow managers' instructions. People who accept an employment generally do as they are told, Simon argued. This is also what employers expect, and it concurs with a general difficulty for them to predict what needs to be done in the future. When, in addition, employees identify with organizational goals, they become inclined to see what is best for the organization: “most human beings are gifted with a considerable measure of docility” (p. 36). When loyalty (as Fayol recommended) and docility (as Simon observed) characterize the people within an organization, these people will accept a kind of ethics that is different from the ethics that most of them subscribe to in other situations.

Individual and organizational ethics¹

One may argue that any appreciation of virtuous individual behavior is context dependent and malleable (MacIntyre, 2007). Yet, even in highly secular, modern societies, the ideals proposed by religious leaders or moral philosophers over the centuries (millennia) are not completely outmoded. The cautions of Saint Paul, Mohammed, Immanuel Kant, or John Rawls are still valid: individuals should relate to others in a considerate, respectful and charitable manner. They should not be tainted by pride, undue confidence, or envy, but seek instead qualities such as forbearance, kindness, goodness, faithfulness, gentleness and self-control (Galatians 5: 22-23). These and similar qualities do not serve as guidelines for a Christian life only, but constitute general moral guidelines for individuals. Irrespective of their origin, such guidelines are indispensable for upholding social relationships (MacIntyre, 1967/2002).

Interaction among organizations follows a kind of ethics that is radically different from those just cited. In many respects the norms that organizations are expected to follow are the direct opposite of the norms stipulated for civilized interaction among individuals. Most important, organizations must be egoistic (Holmblad Brunsson, 2011). They were formed because somebody – an entrepreneur, a government, or a group of enthusiasts – hoped to accomplish certain objectives, thus every organization should seek to become successful in terms of its particular objectives. Whether management in practice is helpful or not becomes irrelevant: it is morally right for organizations to insist on their own prerogatives, and managers should seek to further organizational objectives.

With egoism come other traits, which are not recommended for individuals, but all the more so for organizations. Organizations should be impatient. To organizations, long-term relationships have no intrinsic value; instead organizations should constantly reevaluate their relations with others. For example, they should get rid of non-profitable customers, look for new, less expensive suppliers, find inexpensive alternatives to in-house production, or re-evaluate their outsourcing. Organizations, in short, should prepare for constant change.

Nor should organizations be humble; instead they should market their products, their brands, and themselves as organizations in an assertive, even aggressive manner. In inter-organizational relationships, competitiveness is something positive, and organizations may see the bankruptcy of another organization as a triumph and an indication of clever management. (This applies to businesses in a competitive situation in particular, but similar situations appear with relation to government agencies or organization based on voluntary work.) Organizations, and especially business organizations, *should* kill (murder) other organizations whenever possible, and grow at other organizations' expense.

¹ I see *ethics* as a comprehensive concept that denotes the system or code of morals of a particular person, religion, group or profession, while *moral* refers to actual behavior and somebody's ability to make a distinction between right and wrong in conduct (Roos, 2007). But the concepts are not easily separated, and I use them without making any clear distinction between them. Relations are involved in both cases: how does a certain behavior affect others (Buchanan, 1994)?

Individuals within organizations

The egoism that organizations must rely on affects the relations between individuals in an organization as well. When individuals enter an organization general rules for decent behavior are modified. The UN declaration of human rights, which states that all human beings are born free and equal in dignity and rights (Article 1), is ignored – for within organizations it becomes obvious that people are indeed unequal. Some are paid considerably more than others; some are free to come and go as they please, while others are only allowed to leave their fixed positions for short breaks; some have the right to make important decisions: they can tell others when and how they must work, or even force them to leave the organization. Because employees in different countries and on different hierarchical levels within an organization often mean radically different costs for an organization, managers who are to see to the interests of their organization must look for inexpensive employees and preferably as few employees as possible – or machines (Davis, 2013).

The obvious contrast between what is right and wrong when individuals as opposed to organizations interact does not mean that organizational ethics are the only kind of ethics that apply to organizations. Organizations are made up of individuals, who, hopefully, bring to the organization the ethics of religious leaders and moral philosophers.² An obvious conflict between individual and organizational ethics gives managers the awkward position already described. Fayol was acutely aware of this conflict when he allowed for extra benefits to the loyal employee about to be dismissed; those engaged in business ethics address it in a more verbose manner.

Business ethics

Business ethics was classified as one of the “growth industries” of the late twentieth century (Maurice, 1996) and have emerged as a separate field of management studies, perhaps a management fad (Zald, 1993). In contrast to other kinds of management recommendations this field is not concerned with helping managers make their organizations successful. Rather, the business ethics literature concentrates on dilemmas that managers encounter when they combine (or try to combine) an organization perspective, including organizational ethics, with the individual ethics that they feel should apply among individuals within the organization; a situation much like the one Fayol and later authors observed (see above).

Textbook authors argue that the term business ethics refers to business situations, where moral issues are at stake (e.g., Crane and Matten, 2004/2007). Their idea is to expose management students to moral dilemmas and help them reflect on complex situations, thereby enhancing the “moral sensitivity” of would-be managers (Brülde and Strannegård, 2007, p. 229, translated from Swedish). Among other things, students must decide to whom they are primarily responsible, or find compromises that satisfy opposing views (McMahon, 1995). But there is no obvious stance that morality itself establishes, and authors of business ethics books provide little guidance as to which

² The question whether or not employees sympathize with anonymous colleagues in organizations to which production has been outsourced to the same extent as with colleagues whom they meet on a daily basis remains to be answered.

concessions to individual ethics managers must allow. Say the authors of *Essentials of Business Ethics* (Chryssides and Kaler, 1996: 4): ‘students must supply their own conclusions. The authors are not “ethical consultants”!’ The organization perspective demands that even morally sensitive managers give priority to the interests of their organization, however. Not only should they seek success for their organization, but they should also hold a long-term perspective.

Individual and organizational sustainability

Expectations of continuity are included in the very definitions of “individual” and “organization.” Obviously, individuals must survive in order to fulfill their duty as moral beings. The longer they live, the greater their chances (one may argue) of being kind and forbearing towards their fellow humans. Similarly, organizations as a rule see long-term survival – sustainability – as one of their objectives (and some organizations become much older than any individual). It follows from their egoistic imperative that management recommendations claiming to provide *sustainable competitive advantage* (e.g., Teece, 2009) refer to the aspirations of organizations to become sustainable *as organizations*. This is true also for nation states, which may be characterized as a special, territorially based, kind of organizations (Ahrne, 1998). They, too, are hierarchical structures with members who “belong” and others, whom they may or may not accept as members. Like many other organizations they seek sustainability by means of economic growth and by competing for investments. The obligation of nation states is to their owners, who in democratic states are their (remaining) members. The same line of reasoning applies to organized cooperation among nation states, like the European Union. As this obligation normally includes accommodating a number of other organizations, nation states must accept the presence of organizational ethics within their borders.

The organization perspective on management makes organizational sustainability, including national sustainability, into the primary concern of managers and political leaders. Global sustainability becomes a secondary concern also to nation states. In view of the acute environmental – and global – crisis (as described by United Nations experts and others) this is a depressing observation, and the question is whether or not – or to what extent – more comprehensive management ideals, as those of stakeholder models or social responsibility engagements, help remedy a precarious global situation.

Stakeholder models

Inspired by organization scholars, such as Chester Barnard, James March and Herbert Simon, the Swedish professor Eric Rhenman is known to have coined the term stakeholder model (*intressentmodellen* in Swedish) in the late 1960s (Stymne, 1995). By comparing a Swedish public hospital with an industrial corporation, Rhenman (1969) hoped to find inspiration for making the public sector more effective. His stakeholder approach included employees, managers, owners, patients, central and local government, and suppliers. While Rhenman presented an in-depth empirical study, both earlier and later discussions have been distinctly normative (Donaldson and Preston,

1995).³ Already in the early 1930s, the idea that managers should only serve the owners of a company (“be fiduciaries”) was questioned, and it was argued that business should be encouraged first of all because of its social value (Dodd, 1932). The social responsibility of a company, it was argued, included employees, customers and the general public. Similarly, attempts to incorporate stakeholder theory in a theory of “the common good” (Argandoña, 1998) expect all companies to benefit society at large, including – perhaps – future societies. They, too, neglect the fact that there are diverging opinions on which particular production of goods and services actually benefit present and future societies.

When summarizing their own and other people’s work, Freeman *et al.* (2010) claimed to take a broader view than Rhenman. These authors defined “the organization” as consisting of owners or a board of directors, managers and employees. Within “the operating environment” they included government agencies and administrators, customers, activist groups, local communities, financial intermediaries, unions, competitors and suppliers. A “broad environment” was seen to include technological change and three “forces:” global political or legal forces, global economic forces, and sociocultural forces (p. 105). Yet in spite of these elaborations, a Fayolist kind of organization perspective dominates the stakeholder theory. Expectations are that organizations should profit from allowances to their stakeholders, or at least not be in a worse position by making such allowances (O’Toole, 1991).

Critics object that different stakeholders will have conflicting interests. The proponents of stakeholder theory retort, however, that this is to overdramatize. The job of managers is to keep stakeholder interests “in balance,” and many stakeholders have joint interests, they argue (Freeman *et al.* 2010: 214, 15): ‘Stakeholder theory focuses on the jointness of stakeholder interests rather than solely on the trade-offs that sometimes have to be made’. In sum, the stakeholder approach is a somewhat idyllic description of how *everybody* should benefit from a more considerate and broad-minded kind of management. There is one exception, however, because the stakeholder model only includes people, or groups of people. There is no place for nature in this theory (Starik, 1995, Phillips, Freeman & Wicks, 2003).

Social responsibility

Obviously, egoism and altruism do not always go together; but nor are they always opposites. Individuals and organizations may decide on objectives that most people appreciate and find contribute to peace, poverty alleviation, or a better physical environment (Davie 2007/2013). Their very objectives help these individuals and organizations contribute to a “good” society, at least in the eyes of many people. But as already noted, people’s opinions on the benefits of particular organizations vary. Some will perceive of certain organizations as “good,” while others may dislike or be indifferent to them. (This may be true for example of the scout movement, rotary clubs, or government agencies set up to indoctrinate certain values into the population.) In yet

³ Whether a theory should consist of a description of (one part of) reality, or might also include recommendations, is contested. See Malmi and Granlund (2009) for arguments in favor of the latter viewpoint.

other cases some will approve of organizations by buying their products, to which others may be outright hostile. (This may be true for example of weapons, cars, air transportation, junk food, or cosmetics.)

But irrespective of their main production organizations may commit themselves to welfare activities on their own account. Like business ethics, and closely related to this topic, *corporate social responsibility* (CSR), has evolved as a special branch of management. While stakeholder enthusiasts recommend organizations to consider different groups of people when they design their main production, with CSR organizations widen the scope of their activities to include socially and ethically motivated activities. Consequently, there is an altruistic (as opposed to egoistic) connotation to this concept. However, it seems reasonable to presume that owners, such as financiers, taxpayers, or members of voluntary organizations, want their organizations to concentrate on their main tasks. They may have their own ideas of how any surplus – profits, tax money or membership fees – should be used and be reluctant to leave such decisions with managers. This is why CSR activities, though important in certain contexts by their sheer size, must be marginal with reference to the organization. Organizations that do not give priority to their own interests risk their own sustainability and would be unable to pay for their social responsibility – unless it can be shown to actually further organizational objectives. And in practice, organizations have been shown to combine a reactive use of CSR, where they seek to prevent government intervention, with a proactive use, where they look after their own reputation first of all (Shanahan and Khagram, 2006).

Organizations use their CSR engagements to draw attention from other engagements of organizations – as when an airline makes a point of serving *fair trade* coffee, or a producer of bottled water promises to donate clean water to some African country (Holmblad Brunsson, 2013). The U.S. energy provider Enron was known not only to give generous donations to political parties, but also to make clear its interest in environmental issues – only this company seems to have reported on its intentions rather than on its accomplishments (Mallenbaker, 2007). More recently, Ikea refused to sign an agreement intended to prevent further accidents within the Bangladesh industry. “We have our own code of conduct and make our own inspections,” said the responsible Ikea officer (Dagens Nyheter, 2013).

CSR is further used as a means of handling conflicting organizational demands. One example concerns the propensity of transnational corporations to avoid paying taxes when operating in developing countries (Concord, 2013). Despite a EU principle of policy coherence for developing countries (article 208 of the Lisbon Treaty) inadequate international regulation allows for tax dodging:

In spite of considerable revenues, the producer of sugar in Zambia paid no taxes at all in the years 2008-2010. Later it paid only about 0.5 % of its income in taxes, which was 90 times less than the taxes paid by a small retailer relative to her income. The company is a subsidiary of the Associated British Foods. The European confederation of Relief and Development NGOs, Concord, estimated

(2013) that taxes on illicit financial flows outweigh the financial aid, including migrants' remittances, to developing countries.

By adopting principles that they ignore, organizations may take responsibility and see to their own interests simultaneously (Brunsson, 1989). The example above indicates that the EU is no different from any other organization in this respect: it proclaims that it considers the interests of individuals in non-EU countries, but at the same time accommodates the interests of powerful organizations within its own territory. As of yet companies are not obliged to report on their societal impact in developing countries.

The dominance of organizational ethics

The aspirations of organizations to behave “ethically,” take the interests of others than those of their owners into account, and engage in socially worthy activities may or may not contribute to organizational success. In either case, the organization view on management demands that managers give priority to the objectives of their organizations. An inevitable organizational egoism makes global sustainability precarious. This is all the more so in a society of organizations, where people meet many organizations and are familiar with managerial and organization based ideals. As already noted, many management recommendations are severely criticized and their effects contested, yet new recommendations on how to “manage for success” appear. “Success” seems such an alluring possibility that management recommendations do not apply to organizations only, but include individuals as well.

Individuals as organizations

The modern idea of individuals as separate social units relates to the acceptance in the sixteenth century of an economic sphere that is separate from the religious and has its own norms and justifications (MacIntyre, 1967/2002). Above it was argued that ethics based on religious or moral doctrines are still valid as guidelines for individuals also in secular societies. But chances are that individuals in a society of organizations make little distinction between themselves as individuals and as (one kind of) organization. When this is the case, individuals – like organizations – may see themselves as unique units (“individuals”) and adopt an organizational kind of ethics as personal guidelines. Some instances to the effect that this is actually happening are given in this section.

An *organization* view of the individual takes the isolated individual as its starting point. Like organizations, individuals then become successful when they achieve their objectives. In contrast to organizations, which receive their objectives from those who create them, modern individuals do not as a rule have clear objectives right from the start. The organization view, however, presumes that, as with organizations, objectives already exist. They are to be found within individuals, which is why individuals must look for and try to discover “who they are.” Only when they have found this out can they fully realize their potential. The quest for self-realization and self-expression is not based on experience derived from relations with others and group discussions, but on a sense of autonomy.

Although perhaps “somewhat illusory” (Luckmann, 1967: 97), the autonomy idea receives strong support from coaches, consultants, writers and journalists, who all are eager to promote emancipation and help individuals realize their “true” selves. Parents and teachers help instill an idea of autonomy into their siblings. From an early age children and young people are expected to articulate and seek to accomplish their objectives. They are expected to choose their personality (Gergen, 1991) and to show it off to others by choosing (or not choosing) certain brands of clothing or interior decoration (Fournier, 1998). Those who seek a career are encouraged to engage in personal branding.

In a secular society where religion is no longer an integrated part of everyday life there is no God to blame for disasters or accidents, nor any afterlife to look forward to. When individuals see themselves as masters of their own lives, they must look for their own, individual sustainability. The pervasiveness of organizations provides an abundance of role models. Like organizations, many individuals have come to believe that *management* will help them become successful.

Like organizations, individuals need management to help them economize. They need to be efficient and effective in order to find time for a career, a family, travels, personal recreation and a host of possessions. Like organizations, individuals should engage in long-term planning; they must make sure that they eliminate waste and spend their lives in a rewarding manner. (Those who see *unplanned time* as a token of success, encourage others to make room for some such time in their calendars.) Many compare life to a project, which should be carried forth to a successful completion. As for organizations, egoism and sustainability (but a more precarious kind of sustainability) become prominent features of individuals who see themselves as managers of their own lives. There are admonitions to the effect that one should say no to demands from others in order not to sacrifice one’s own interests (Upsala Nya Tidning, 2011). Further, individuals who seek to maximize their personal gains help promote economic growth; thus greed is no longer necessarily morally wrong (Zell and Baumeister, 2013). The organization view on individuals, in short, has important ethical implications. Whereas, before, social norms should restrain self-interested behavior, it has become acceptable, perhaps even desirable and “morally right,” to act in one’s own interest.

With reference to global sustainability the adoption by individuals of an organizational kind of ethics seems depressing. Chances are that individuals who focus on their own interests will come to ignore the situation of others, or the natural environment. They will then revert to the equivalent of short-term capitalism and unscrupulously enjoy the present. When applied to individuals, organizational ethics may have disastrous global effects.

Global sustainability and global ethics

A general and often cited definition of long-term global sustainability is that future generations all over the world shall have the same or better chances as present generations of living healthy and rewarding lives (UN, 1987). This definition takes a direct route back to the individual: global sustainability is necessary in order for

individuals to survive.⁴ This means that individuals have an immediate interest in global sustainability. They can manage without organizations like Ikea, McDonald's or the United States of America, but depend for their survival on forests and small insects that they may not even know exist. For organizations the situation is more ambivalent; they may support global sustainability, but (as argued above) they may also prove detrimental to such sustainability and act contrary to the interests of many individuals. Writers tend to describe globalization as a "force," and to depersonalize economic development by using words like "capitalism" or "markets" to explain increasing trade and cultural exchange between nations (e.g., Davie, 2007/2013: 192, Freeman *et al.*, 2010:105). They see globalization as beyond human control, much like the 18th century views on economy, when God provided the laws of science (Frängsmyr, 1971). Such abstractions obscure the fact that globalization is an effect of human actions. The economic aspects of globalization should be seen as a result of humans acting on behalf of their organizations. Because they are expected to see to the interests of their organizations in the first place, environmental issues, or questions of poverty or equality become a secondary concern for managers, as already noted. As a consequence, the organization perspective is to blame for many environmental and social problems related to globalization.

What alternatives are there to evermore-influential organizations driving globalization according to their own ethics and strengthening "the society of organizations?" Many would probably – and rightly – point to the political representatives of nation states, and to restrictions for organizational behavior emanating from insightful political bodies, including those of associations of nation states. The following section explores another idea: the consequences of an organizing perspective, which is markedly different from the recommendations of Henri Fayol.

The organizing perspective

In her book *The New State* Mary Parker Follett (1918/1998) made a distinction between "individuals" and "true individuals." Her demands on true individuals were formidable (p. 3): 'the individual as consciously responsible for the life from which he draws his breath and to which he contributes his all'. But, asked Follett, how is the true individual to be discovered? Individuals do not exist in isolation: "there is only self-in-and-through-others," she observed (p. 8). Not only do individuals depend on others for their self-realization, but they are also most "real" – and creative – when they meet others in face-to-face contacts. Follett's view is thus the very opposite of autonomous individuals-as-organizations. Consequently, Follett saw the neighborhood group as the primary basis for organizing society.⁵

⁴ Some might argue that humans are only one species and that there are numerous others with the same rights to a sustainable globe. Others might see animals and plants as part of an infrastructure, necessary for human survival. Whichever view merits most respect is irrelevant for the present argument.

⁵ In a similar vein, Arendt (1958/1986) described human action as a thread to be woven into – and changing – and already existing web. Berger and Luckmann (1966) and Luckmann (1967) used the term "significant others" to describe how no infant will survive unless there is somebody to nourish her.

Although their books appeared at approximately the same time, Follett's ideas are in many respects the very opposites of Fayol's. Most important, Follett's perspective is "bottom up" rather than "top down." Follett started with the physical and palpable individual, not the abstract "organization." But where Fayol started with and stayed with the organization, Follett outlined prerequisites for a democratic society in its totality. To her, industrial organizations were but a means to true democracy, where interests were to be integrated: neither the power of capital, nor that of labor should dominate.

Contrary to the organization, but similar to individuals (at least those who do not see themselves as organizations), the group has no preconceived objective. Follett saw the evolvement of groups as learning processes, which meant that objectives would emerge and change according to circumstance. Nor did Follett expect any preconceived center of group authority; she expected the members of a group to work together and to solve problems together. Control should not be left to a limited number of officials in an organizational hierarchy, as Fayol presumed, but should be the responsibility of everyone.

Like Fayol, Follett saw a need for coordination, but she did not describe coordination as a managerial activity; instead she stressed reciprocal adaption and general agreement as the coordinating mechanism. Divergent opinions within a group should spur a creative process and be understood as an experiment in cooperation. And a diversity of groups should be understood as a token of a civilized society. Progress was not primarily the effect of economic conditions, Follett maintained, but would follow from genuine cooperation.

Follett was ahead of her time in many respects (Drucker, 1995), for example some of her ideas are strikingly similar to those of stakeholder theory some 60 years later (Shilling, 2000). But perhaps her insistence on *processes* – on never-ending learning and change – is the most remarkable of her modern traits. This idea has later been used to describe organizations and make recommendations for management.

Organizing and process organizations

In his influential book *The Social Psychology of Organizing* Karl Weick (1969/1979) saw the essence of an organization not in the organizational chart, as Fayol insisted, but in processes of sense making: the sentence "How can I know what I think until I see what I say?" is cited in numerous places in the book. By focusing on processes rather than managers' intentional activities, Weick accepted equivocality as the natural order of organizational life. Where Follett saw learning as an outcome of intellectual reflection – group discussions – Weick stressed instead enactment: people and organizations create their environment by acting, even experimenting, he claimed. As a consequence, much must be left to haphazard or chance occurrences and individual mistakes. But like Follett Weick distrusted authoritative management. Management is like conducting and most efficient when it is tacit, unobtrusive, and non-interfering, he suggested.

Normative equivalents to this idea of organizing are to be found in books on process organizations, such as the bestselling *Beyond reengineering* (Hammer, 1996).⁶ Hammer defined a “process” as “a complete end-to-end set of activities that together create value for a customer” (p. xii). Hammer’s perspective was clearly that of the organization: efficiency was his prime target and work that does not add value – waste – should be eliminated.

Paying little attention to *what* organizations produce, these management recommendations concentrate on *how* the work is performed. A process-centered organization means job enlargement, teamwork and freedom to make decisions. Hammer defined it as a somewhat loose association of professionals. Employees should resemble entrepreneurs, old-time artisans, or owners of small companies, and should recognize their own contribution to the accomplishments of the organization. “We are our own managers,” said one customer account manager cited in the book (p. 30).

In the concept of empowerment, there is also a reference, though perhaps inadvertently, to Follett’s distinction between “power-with,” rather than “power-over.” Like Follett, Hammer distrusted hierarchical lines of authority. Management does not add value to customers, Hammer argued. He saw management rather as a necessary evil: there must be someone responsible for the initiatives of the organization. But instead of managers (bosses) Hammer recommended a hierarchy of teammates, process owners, coaches, and business leaders.

Where Fayol favored procedures that structure work to the extent that, ideally, outcomes can be predicted, and saw management and managers as instrumental to this end, the outlook of Weick and Hammer is similar to that of Follett. All three emphasized and rather encouraged the idiosyncrasies – and variety – that follow in the wake of human behavior. Yet both Weick and Hammer presumed *organizations*. Despite their alleged aversion to management, they were content to provide an alternative perspective on organizations and an additional management tool. Although this management tool may provide managers with arguments for other kinds of activities than those that Fayol prescribed, it nonetheless addresses the interests of the organization. Despite some similarities to Follett’s way of reasoning, there is little to indicate that Weick’s organizing or Hammer’s process views should change the *organizational ethics* in any way. In that respect, organizing according to Weick or Hammer is all too similar to Fayol’s organization perspective. Follett’s ideas were altogether different.

Group ethics

As already indicated, Follett based her analysis on the individual and on cooperation among individuals who are in direct contact with each other; the neighborhood group. Not only should the group help constitute the “true individual,” but it should also form the basis for democratic decision-making and politics. Follett strongly believed in its capacity: “We can walk in any direction we choose,” she asserted (p. 102). An

⁶ Michael Porter’s (1985) value chain and value systems may also be understood as “processes” (Røvik, 2008). However, Porter himself referred to activities.

anonymous kind of government, in contrast only served to isolate individuals from each other. To Follett, the objective of cooperation was more than just economic growth: it concerned life as a whole, including happiness and the individual's very sense of being alive. Contrary to Fayol, Weick or Hammer, Follett referred to individual rather than organizational ethics, but like them she included sustainability in her premises. All individuals must learn to differentiate between their long-term and short-term interests, she argued. The long-term interests are the true interests, while short-term interests are only apparently interests at all. Moreover, morally responsible individuals cannot rely on standards; as creative beings they must evaluate existing ethics and contribute to their development: 'Take care of your thinking and your morals will take care of themselves' (p. 210).

In view of later developments, where people socialize in isolation by means of technology, and goods and food are produced on distant continents, Follett's ideas may seem idealistic and a bit naïve. Her ambition was truly challenging: to change the fundamental ideas of American life. But she seems to have underestimated peoples' mobility and the precariousness of the neighborhood groups on which she based her organizing ideals (Mattson, 1998).⁷ Perhaps she also underestimated the attractiveness of the idea of management as a means to individual success. Or else she made use of this very idea – but gave it different attributes from those described in the section on individuals as organizations above. Follett was modern in the sense that she acknowledged the power and responsibility of individuals (p. 102): 'We no longer believe that sickness and poverty are sent by God; people are being taught that they need not be sick, that it is largely in their own hands, their own collective hands'.

Her ultimate purpose was similarly modern: to allow for creativity and self-expression and help individuals find themselves. The difference from the organization perspective is that of autonomy versus relationships; individuals who acknowledge their dependence on others ought to look upon themselves in a different way from those whose ideal it is to be self-sufficient. This difference has important implications for ethics.

Ethics applied in an *organizing* way (in Follett's sense of the word) must start with individuals, who see to their *true* interests and hold a perspective far beyond their own life expectancy. When individuals recognize that their true, long-term interests include the interests of their grandchildren's grandchildren, these interests coincide with global sustainability. This is why Follett's view brings some optimism: individuals must take action accordingly, Follett believed (p. 101): 'We are not puppets of fate'.

⁷ Whether or not a recent development of virtual neighborhoods may substitute for the material groups that Follett had in mind should merit further studies.

References

- Abrahamson, Eric (1996) Technical and Aesthetic Fashion, in Barbara Czarniawska and Guje Sevón (eds.) *Translating Organizational Change*, Berlin: Walter de Gruyter, pp. 117-137.
- Ahrne, Göran (1998) Stater och andra organisationer [Nation states and other organizations], in Göran Ahrne (ed.) *Stater som organisationer* [Nation states as organizations], Stockholm: Nerenius & Santérus Förlag AB.
- Argandoña, Antonio (1998) The Stakeholder Theory and the Common Good, *Journal of Business Ethics*, 17(9/10): 1093-1102.
- Arendt, Hannah (1958/1986) *Människans villkor, vita activa* [Vita activa], Göteborg: Röda Bokförlaget AB.
- Berger, Peter & Luckmann Thomas (1966) *The Social Construction of Reality, A Treatise in the Sociology of Knowledge*, London: Penguin Books.
- Buchanan, James M. (1994) *Ethics and economic progress*, Norman, OK: University of Oklahoma Press.
- Brunsson, Nils (1989) *The Organization of Hypocrisy, Talk, decisions and actions in organizations*, Chichester: John Wiley & Sons.
- Brülde, Bengt & Strannegård, Lars (2007). *Affärsetik* [Business Ethics]. Malmö: Liber.
- Chryssides, George & Kaler, John (1996). *Essentials of Business Ethics*. London: McGraw-Hill Company.
- Concord (2013) *Spotlight on EU Policy Coherence for Development, The real life impact of EU policies on the poor*, European NGO confederation for relief and development, Brussels.
- Crane, Andrew & Matten, Dirk (2004/2007). *Business Ethics, Managing Corporate Citizenship and Sustainability in the Age of Globalization*. Oxford: Oxford University Press.
- Dagens Nyheter (2013) Butikskedjor nobbar avtal för säkrare textilfabriker [Stores refuse to sign agreement for safer textile industry], October, 11.
- Davie, Grace (2007/2013) *The Sociology of Religion, A Critical Agenda*, London: Sage Publications.
- Davis, Gerald F. (2013) After the corporation, *Politics & society*, 41(2): 283-308.
- Dodd, E. Merrick Jr. (1932) For Whom Are Corporate Managers Trustees? *Harvard Law Review*, 45(7): 1145-1163.

Donaldson, Thomas & Preston, Lee E. (1995) The stakeholder theory of the corporation: concepts, evidence, and implications, *Academy of Management Review*, 20(1): 65-91.

Drori, Gili S., Meyer, John W. & Hwang, Hokyu (2006) *Globalization and Organization, World Society and Organizational Change*, Oxford: Oxford University Press.

Drucker, Peter (1995) Introduction: Mary Parker Follett, Prophet of Management, in *Mary Parker Follett, Prophet of Management, A Celebration of Writings from the 1920s*. Boston, MA: Harvard Business School Press, pp. 1-9.

Fayol, Henri (1916/1949) *General and Industrial Management*, London: Sir Isaac Pitman & Sons, Ltd.

Follett, Mary Parker (1918/1998) *The New State*, University Park, PA: University of Pennsylvania Press.

Fournier, Susan (1998) Consumers and Their Brands: Developing Relationship Theory in Consumer Research, *Journal of Consumer Research*, 24: 343-372.

Freeman, R. Edward *et al.* (2010) *Stakeholder Theory, The state of the art*, Cambridge: Cambridge University Press.

Friedman, Thomas (2012) Genomsnittet finns inte längre [There is no longer any average], *Dagens Nyheter*, January 31.

Fryer, Mick (2011) *Ethics and Organizational Leadership, Developing a Normative Model*, Oxford: Oxford University Press.

Frängsmyr, Tore (1971) *Den gudomliga ekonomin, Religion och hushållning i 1700-talets Sverige* [The divine economy, Religion and economizing in 18th century Sweden], Skrifter nr 18, Uppsala: Institutionen för idé- och lärdomshistoria, Uppsala universitet.

Galatians 5. *The Bible*. Freedom in Christ.

Gergen, Kenneth J. (1991) *The Saturated Self, Dilemmas of Identity in Contemporary life*, New York, NY: Basic Books.

Hammer, Michael (1996) *Beyond Reengineering, How the process-centered organization is changing our work and our lives*, New York: HarperBusiness.

Holmblad Brunsson (2007) *The Notion of General Management*, Malmö: Liber/Copenhagen Business School Press.

Holmblad Brunsson (2011) Den företagsekonomiska etiken [The ethics of business administration], *Økonomistyring & informatik*, 26(5): 437-452.

Holmblad Brunsson (2013) *Läran om management* [The Teachings of Management], Lund: Studentlitteratur.

Luckmann, Thomas (1967) *The Invisible Religion*, New York: The Macmillan Company.

MacIntyre, Alasdair (1967/2002) *A Short History of Ethics, A history of moral ethics from the Homeric Age to the twentieth century*, London: Routledge.

MacIntyre, Alasdair (2007) *After Virtue*, third edition, Notre Dame IN: The University of Notre Dame Press.

Mallenbaker (2007) Corporate social Responsibility – Companies in the News, Enron, accessed October 2, 2013. Available at <http://www.mallenbaker.net/cst/CSRfile/enron.html>.

Malmi, Teemu & Granlund, Markus (2009) In Search of Management Accounting Theory, *European Accounting Review*, 18(3): 597-620.

March, James G. (2010) *The Ambiguities of Experience*, Ithaca, NY: Cornell University Press.

Mattson, Kevin (1998) Reading Follett, an introduction to *the New State*, in Mary Parker Follett (1918/1998) *The New State*, University Park, PA: University of Pennsylvania Press, pp. xxix-lix.

Maurice, Jack (1996) *Accounting Ethics*, London: Pitman Publishing.

McMahon, Christopher (1995). The Political Theory of Organizations and Business Ethics, *Philosophy and Public Affairs*, 24(4), 292-313.

O'Toole, James (1991) Do Good, Do Well: The Business Enterprise Trust Awards, *California Management Review*, 33(3): 9-24.

Perrow, Charles (1991) A society of organizations, *Theory and Society*, 20: 725-762.

Phillips, Robert, Freeman, R. Edward & Wicks, Andrew C. (2003) What Stakeholder Theory Is Not, *Business Ethics Quarterly*, 13(4): 479-502.

Rawls, John (1971/1999) *A Theory of Justice*, Cambridge, MA: Harvard University Press.

Rhenman, Eric (1969) *Centrallasarettet* [The Central Hospital], Lund: Studentlitteratur.

Roos, Carl Martin (2007) *Affärsetikens grunder, Introduktion till allmän, nationell och global etik* [Elementary business ethics, An introduction to general, national, and global ethics], Lund: Studentlitteratur.

Røvik, Kjell Arne (2008). *Managementsamhället, Trender och idéer på 2000-talet* [The Management Society; Trends and Ideas in the 21st Century]. Malmö: Liber.

Shanahan, Suzanne & Khagram, Sanjeev (2006) Dynamics of Corporate Responsibility, in Gili S. Drori, John W. Meyer & Hokyung Hwang *Globalization and Organization, World Society and Organizational Change*, Oxford: Oxford University Press, pp. 196-227.

Shilling, Melissa A. (2000) Decades ahead of her time: advancing stakeholder theory through the ideas of Mary Parker Follett, *Journal of Management History*, 6(5): 224-242.

Simon, Herbert (1991) Organizations and Markets, *The Journal of Economic Perspectives*, 5(2): 25-44.

Starik, Mark (1995) Should Trees Have Managerial Standing? Toward Stakeholder Status for Non-Human Nature, *Journal of Business Ethics*, 14(3): 207-217.

Stinchcombe, Arthur L. (1965) Social Structure and Organizations, in James G. March (ed.) *Handbook of Organizations*, Chicago: Rand McNally & Co, pp. 142-193.

Stymne, Bengt (1995) Eric Rhenman – nydanare inom svensk företagsekonomi [Eric Rhenman – innovator of business studies], in Lars Engwall (ed.) *Föregångare inom företagsekonomi* [Predecessors of business studies], Stockholm: SNS Förlag, pp. 369-394.

Sveriges Television (2012) *Rapport*, December.

Teece, David J. (2009) *Dynamic Capabilities and Strategic Management*, Oxford: Oxford University Press.

United Nations (1948) *The Universal Declaration of Human Rights*, Accessed November 7, 2013. Available at: <<http://un.org/en/documents/udhr/>>

United Nations (1987) *Our Common Future*, World Commission on Environment and Development, UNEP/GC 13/14. Accessed November 7, 2013. Available at: <<http://un-documents.net/our-common-future.pdf>>

Upsala Nya Tidning (2011) Säger nej är bra för hälsan [To say no has positive health effects], November 28.

Weick, Karl E. (1969/1979). *The Social Psychology of Organizing*. New York: Random House.

Zald, Mayer N. (1993) Organization Studies as a Scientific and Humanistic Enterprise: Toward a Reconceptualization of the Foundations of the Field, *Organization Science*, 4(4): 513-528.

Zell, Anne L.; Baumeister, Roy F. (2013) How Religion Can Support Self-Control and Moral Behavior, in Raymond F. Paloutzian and Crystal L. Park (Eds.) *Handbook of the Psychology of Religion and Spirituality*, second edition, New York, NY: The Guilford Press, pp. 498-517.