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Effective or Stupid? – A Note on the Organizational Economy**

Abstract

The paper builds on the assertion that formal organizations were established to pursue specific interests. Management should contribute to organizational success, but which type of management is most effectual was debated for over one hundred years. The debate, including self-referential criticism, helped strengthen the idea of the formal organization, making effectiveness a legitimate and taken-for-granted managerial objective. This, in turn, helped sustain the organizational economy.

The paper makes a distinction between intentional stupidity – designed for individuals within organizations, and accidental stupidity – the effects of organizational egoism on global sustainability. It suggests that there are echoes of the past not yet listened to, but with potentially radical implications for the world economy.

Keywords: Efficiency, effectiveness, organization, organizing, stupidity, sustainability (JEL: B21, L29, M10, M14)

Organizations, Management and Sustainability

The paper starts from the observation that organizations dominate contemporary society. Though often described in terms of 'capitalism', 'liberalism', 'neo-liberalism', or 'the market economy', an equally apt characterization is the 'organizational economy' (Simon, 1991, p. 28). Not only does the proliferation of organizations relate to modernity, as Stinchcombe (1965) remarked more than fifty years ago, but it is also furthered by omnipresent phenomena such as expanded education, professionalization, individual empowerment, and increased demands for legislation and accounting (Meyer & Bromley, 2013; Bromley & Meyer, 2015). In fact, organizations have become so powerful and influential that any effective opposition to organizational behaviour must be organized (Brunsson, 2017).

The development over the past one hundred years coincides with an intense interest in management. Ever since the beginning of the last century, when Frederic Winslow Taylor (1911) and Henri Fayol (1916) published their management recommendations, scholars, management consultants and other management writers were eager to find the single best management method. Discouraged, scholars have

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come to describe these efforts in terms of management fashions (Abrahamson, 1996), half-truths and total nonsense (Pfeffer & Sutton, 2006), or functional stupidity (Alvesson & Spicer, 2012, 2016).

A simultaneous development is that of increasingly dystopian prospects for the future of global society: The Arctic ice is melting, rare species are made extinct, inequality between nations and within nations is increasing, and the number of people who were forced to leave their homes is larger than ever before. A concern for actual and potential disasters is summarized in the idea of *sustainability*. In social, economic and ecological matters, individuals and organizations should strive to 'meet the needs of the present without compromising the ability of future generations to meet their own needs' (Brundtland, 1987, p. 41). The United Nations' (UN) sustainability development agenda reflects this commitment, as it encourages governments, private and civil organizations, and individuals to support its ambition to end poverty, protect the planet and ensure prosperity for all by the year 2030 (United Nations, 2018).

This paper seeks to relate the idea of the organization and the many efforts to find the optimal management method to the gloomy prospects for sustainability. Two types of stupidity are identified: intentional stupidity, which relates to the interior of organizations, and accidental stupidity, which relates to organizational interaction. It is suggested that critical management and organizational scholars, who renounce management fashions, help strengthen the idea of the formal organization. When they take this idea for granted, they promote the organizational economy and neglect other possibilities of organizing world society.

The paper is organized as follows: I first distinguish between two ways of defining 'organization'; then relate the existence of formal organizations to ideas of efficiency, effectiveness and egoism. I relate *intentional stupidity* to the idea of the formal organization and an efficiency objective, and *accidental stupidity* to objectives of effectiveness in combination with organizational egoism. Critique of management fashions serve to strengthen the idea of the formal organization and to promote the organizational economy, I argue. As a contrast, I recapitulate the organizing perspectives of Florence Nightingale and Mary Parker Follett – but conclude that their views on organization are long since forgotten.

Organizations as Actors and as Processes

Two understandings of 'organization' dominate the organization literature and seem equally feasible: organizations as actors and as processes.

When seen as actors, organizations are modelled on the individual: Like individuals, organizations may talk and act, make decisions, own property, take responsibility, express their opinions, even be emotional. Like individuals, they have a unique identity and are hierarchically structured. In analogy with the human body, some

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are members of certain organizations; they 'belong' and are allowed 'inside' these organization; others are 'outside' and seen to constitute part of the organizational environment. But in contrast to individuals, organizations start with a definite purpose (Ahrne & Brunsson, 2011). Moreover, organizations are social constructions; they cannot be seen or touched upon. Nonetheless, organizations are generally perceived to be as 'real' as any physical object. They may be described as entities; as a commodity, even a living person (Berger & Luckmann, 1966; Searle, 1995).

A process view on 'organization' means that the gerund form substitutes for the noun and 'organization' equals 'organizing' or 'being organized' (Weick, 1969/1979, 1995). When this is the case, organizations are not perceived as fixed entities; rather they appear as they are observed (Luhmann, 1995). Some of the characteristics of the organization as an actor then become irrelevant. Sometimes a specific target is important, but questions of identity less so – as when a project group is organized as a temporal arrangement to accomplish a certain task. Sometimes the achievements of a group are less important – as when a group of women meet regularly for needlework, small talk and some coffee. The group may meet regularly for years without anybody feeling responsible for the arrangements; there is no clear hierarchy and nobody to speak on behalf of the group.

The epithet 'formal' helps distinguish the two meanings of the word organization: Formal organizations are organizations as actors and entities, while 'organization' is the outcome of ordering activities that do not imply formal organizations. The idea of an organizational economy relates to the dominance of formal organizations rather than to ordering and organizing activities in general. The following section describes the rationale for formal organizations and some of their characteristics, as defined by various authors.

Efficiency, Effectiveness and Egoism

Why were formal organizations created? In his often-cited article 'The Nature of the Firm' Coase (1937) discussed the market and the price mechanism as one alternative method of coordinating production. But using prices for every single transaction became costly, Coase acknowledged: Not only was the formal organization more cost-efficient, but it also gave the entrepreneur freedom to decide the details of what should be accomplished on an ad hoc basis. Others, like Barnard (1938/1968) or Stinchcombe (1965), who described organizations in terms of goal oriented, collective and cooperative human behavior, focused on the efficient use of scarce resources as a rationale for establishing an organization. Economists, like Hayek (1945) or Williamson (1991), combined the two approaches when they referred to efficiency and transaction costs as the main arguments for formal organizations.

Arguably, formal organizations exist 'to create value'. Business firms shall create value for owners and customers, perhaps also for society at large. Public agencies shall

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create value for the citizens; for taxpayers, but also for those in direct contact with the agencies. And non-governmental organizations shall create value for their members; for those who pay for the organizational activities and those who benefit from these activities.

Expressions like 'customer value', or 'value for those for whom we exist', or the even the more abstract 'value creation' imply that organizations are doing something worthwhile. Implicit in this presumption is the idea that there are social needs which all types of organizations satisfy. Frederick Taylor (1911/1998) appealed to this presumption when he designed his scientific (or systematic) management to enhance national efficiency: 'maximum prosperity can exist only as the result of maximum productivity' (p. 2).[1]

Efficiency presumes order

The idea of the formal organization is based on an apprehension of order. Apart from division of labor, typically, the interior of any organization includes hierarchy and procedures.

In a hierarchy, power is conferred on some – the managers – who are assigned to direct and control others, make decisions and take responsibility for what they decide (see Fayol 1916/1999, or any contemporary textbook on management accounting or management control). Others – the employees or subordinates – are expected to follow managerial directives. They should refrain from making decisions based on their own judgment. This 'purposive structure of authority relations' (Lindblom, 1977, p. 21) should reduce idiosyncratic individual behavior. Individuals may be treated as engineers, doctors, civil servants, 'employees', or simply as numerals to be included in the 'staff' (Sjöstrand & Tyrstrup, 1999). As professionals, they are expected to follow rules and practices established by educational and professional organizations and transferred to them by training. When paid to work for an organization, they further agree to follow established rules and procedures and any additional directives given by their manager. Loyalty to the organizations should be their number one priority, as already Henri Fayol (1916/1999) made clear.

Rules and procedures serve to rationalize decision-making (Brunsson & Brunsson, 2017). Managers should not have to deliberate and make specific decisions time and again. Instead, rules, or sequences of rules – procedures – define what is to be done or accomplished in specific situations. In this manner, managers are relieved of cumbersome deliberations and free to focus on important or urgent managerial problems. Like hierarchy, rules and procedures allow for innumerable variations; consequently, the question how formal organizations should be managed has been

1 Taylor used 'efficiency' and 'productivity' interchangeably. In the rest of the paper efficiency is used to describe an input-output ratio.

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debated since the emergence of large industrial business firms in the late 19th century.

Which type of order?

The different ideas of two engineers of the late 19th and early 20th centuries epitomize the debate on the best management method. Frederick Winslow Taylor (1911/1998, 1911/2007) and Henri Fayol (1916/1999) both related efficiency to order within organizations; however expressed radically different views on hierarchy.

Taylor started with the individual employee (workman), studied his or her physical and mental capabilities and tried to find the right person for a specific task. Fayol, in contrast, described management from a top-down perspective. To Taylor, a decentralized hierarchical order was unproblematic. Taylor advocated what would now be called a matrix organization, where employees could relate to up to eight managers, depending on the work to be performed. Fayol explicitly questioned this idea and insisted instead on what he called unity of command – every employee should have but one manager. But neither Taylor, nor Fayol questioned the idea that some – the managers – were more knowledgeable than their subordinates. Managers were entitled to tell other employees what to do and how to do it and then make inspections to make sure that their instructions were followed.

In hindsight, it seems clear that the two management writers fared differently. Although Taylor is probably the more well-known writer, his ideas were soon questioned (e.g., Mayo, 1933/1960). Yet they continue to flourish in practice; not only in sweatshops in low-wage countries (e.g, Young, 2006), but also disguised as a new management fashion – 'lean' – in the public sector in many welfare states (Brännmark, 2012).

As a person, or epithet, Fayol did not make much impact; he was put, rather, in the 'rubbish bin' of management history (Parker & Ritson, 2005, p. 1351). Fayol's ideas, however, are still taught more or less verbatim to management students, who are told that planning, organizing, commanding, coordinating and controlling are the main managerial activities (summarized in the textbook acronym POSDCORB; Harding, 2003; Watson, 2001).

Management fashions

Over the past century, there was a continuous search for the optimal management method. Academics, management consultants and other management writers were dissatisfied with the 'traditional' approach to management that Fayol had recommended. They kept introducing new methods, hopefully more insightful and more productive in terms of organizational efficiency. At one time, focus should be on quality of work; at another on the culture of the workplace; on benchmarking, reengineering or core competencies (for an overview of management ideas, see Car-

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son et al., 2000). Because many ideas were popular only for a limited time period, scholars coined the phrase 'management fashions' (Abrahamson, 1996).

Management fashions have come as success recipes, the idea being that of 'one size fits all'; which type of organization or production is at stake should be irrelevant. Taylor and Fayol both had similar grand ambitions; they claimed that their recommendations applied to all types of organizations, irrespective of their production. But – as yet – no definite recipe for success has been found:

- A study conducted over five years by thirteen advanced scholars took a 'bottom-up' approach to management in high and low-tech industries. Representatives of 500 business firms across the globe were interviewed. Despite this ambitious design, the scholars did not find any single best business model: *there's no one winning formula for success* (Berger, 2006, p. 24, italics added).

Though unsuccessful so far, the search for the very best management method nevertheless helped strengthen the idea of the formal organization. A belief in highly efficient business firms led to public sector emulation – 'new public management' (Hood, 1991) – and the organization of competitive markets within the public sector (Arora-Jonsson et al., 2018).

Like many management writers, Taylor and Fayol focused on the interior of formal organizations and on efficiency. Effectiveness was not an issue, nor were any marketing activities. Fayol remarked in passing that of course there was a commercial side to the business firm: 'for the product not to sell means ruin' (1916/1949, p. 4). In globalized society, and especially in so-called post-affluent societies (Alvesson & Spicer, 2916, p. 183) there is an abundance, even overproduction, of goods and services. When the customer, or client, is the scarce resource, business firms and other formal organizations compete for their attention (Luhmann, 1984). Effectiveness – 'to do the right things' – then becomes a critical organizational feature, and so does the egoistic imperative of formal organizations.

Organizational egoism

General management ideas, like those purported by various 'management fashions', deliberately disregard the objectives of any specific organization. As already Fayol (1916/1999) insisted, it is the duty of managers and other employees to be loyal to the organization for which they work. All who belong to an organization should help the organization become successful, irrespective of the nature of its production.

When demands from customers go against organizational interests, organizations should give priority to their own interests (Bakan, 2004). A business firm will charge its customers as much as it finds possible, given the estimated strength of the demand and its competitive situation. It does not lower its prices merely to make customers happy, even if it can afford to. The same holds true with relation to other stakeholders. For example, it would not be very cumbersome for business firms op-

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erating in poor countries to refrain from profits in exchange for higher wages or improved working conditions for the employees. But firms insist on making profits; they outsourced their production to low-wage countries with the very ambition to save money. Public agencies, too, are sensitive to costs. Citizens appreciate government agencies that accomplish their duties while keeping their budgets. But it is even better if they do not spend all their money. (The agencies, in contrast, often seek to spend their budgets for fear their future appropriations will otherwise be reduced; Wildavsky, 1975.) A similar line of argumentation applies to non-governmental organizations: While few appreciate waste or high membership fees, in many instances, a surplus might indicate that the organization did not do its job.

A specific vocabulary was created to handle organizational traits that, when applied to individuals, are normally considered offensive. As actors, organizations may compete, grow at the expense of others, or find 'competitive advantages' by exploiting low-wage labor as part of their strategic choices – a behavior that goes contrary to the humility, generosity and patience that is prescribed for individuals (Brunsson, 2017). When referred to organizations, 'hypocrisy' is relieved of its condemnable connotations; hypocrisy is then seen merely to denote the handling contradictory demands (Brunsson, 1989/2002). In this manner, language helps conceal the offensive sides of organizational egoism. Organizational behavior is accepted as normal, inevitable; at times even praiseworthy.

Reactions to the hypes

In view of the futility of designing new management methods, scholars introduced a different approach to management. Two examples are *evidence-based management* (Pfeffer & Sutton, 2006) and *functional stupidity* (Alvesson & Spicer, 2012, 2016).

Pfeffer and Sutton presented their recommendations as a new mind-set for managers; not another management fashion: 'Management fashions are a wonderful substitute for not thinking', they argued (p. 227), and recommended managers to trust the hard facts and to get rid of half-truths and total nonsense. In these latter categories they included for example ideas of excellence and leadership, new ideologies (theories) hyped by management gurus, or success stories from various business firms. Their recommendation was to concentrate on the specific organization; learn from experience, failures as well as successes, avoid self-aggrandizement, and substitute common sense for common practice; in short, the opposite of much popular management writing, which they found rash, or simply stupid.

In a similar vein, Alvesson and Spicer defined functional stupidity as lack of reflexivity, a disinclination to provide justification, and avoidance of substantive reasoning. They acknowledged that there are some beneficial effects of stupidity; for example, an optimistic outlook, a propensity to act, and managerial confidence. But mostly they found overwhelmingly detrimental effects (as their choice of the term 'stupidity' intimates). An abundance of examples of dysfunctional stupidity within

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organizations illustrated their tenet of a paradoxical situation, where an ever-increasing amount of stupidity parallels a rhetoric of knowledge, creativity and individualism. Alvesson and Spicer cautioned against the long-term detrimental effects of this duality of talk and action.

Arguably, then, over time, new management recommendations sought to reformulate 'traditional' Fayolist management recommendations, which were found to be too authoritative, or simply old-fashioned (Holmblad Brunsson, 2007). The two examples illustrate a different type of self-referential debate within the management literature; their target is those very success recipes, which proved to be mere management fashions.

However, when asking for reflexive individuals – managers and subordinates – the authors who object to total nonsense and observe stupidity ignore the very idea of the organizations. Stupid individuals are the intended outcome of hierarchy. Only when individuals construct what Barnard (1938/1968, p. 167) termed a 'zone of indifference' and accept unquestioningly the directives handed down to them by their managers will the organization profit from a simultaneous division of labor – specialization – and flexibility. Rules and procedures similarly make managers stupid and work orderly and more predictable; thus, help promote efficiency. In sum, stupidity is an inevitable effect of hierarchy, rules and procedures – and the very idea of the formal organization. Efficiency comes at a cost, remarked John Dewey (1910, p. 103):

‚Exclusive interest in the result alters work to drudgery'

As drudgery is unattractive, and as formal organizations like to appear attractive, their response has been to present themselves as intelligent, creative and fun-loving (cf. Meyer & Rowan, 1977; Brunsson, 1989/2002). The pertinent issue, then, is not whether organizations make people stupid – that is the very idea – but rather which degree of stupidity is optimal from the organization's point of view. Those who question the recommendations of other management writers have found hierarchies, rules and procedures that they consider superfluous, and too much loyalty and rule-following among organizational members. Much like the proponents of lean production, they ask for slimmer administrations. Ironically, they recommend new procedures to eliminate the superfluous ones; for example proponents of the lean idea recommend regular meetings at a whiteboard, and Alvesson and Spicer suggest the introduction of the game 'bullshit bingo'.

But these authors do not question the idea of the formal organization. Like the writers whom they criticize, they too, want to contribute to organizational effectiveness – irrespective of what the organizations produce.

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Intentional and Accidental Stupidity

Perhaps organizations that are eager to appear modern adopt new management recommendations all too lightly. Perhaps concentration on experience and core objectives would enhance organizational efficiency, as Pfeffer and Sutton (2006) suggest. Perhaps organizations find themselves overloaded by paper work, fancy abstractions and meaningless procedures, as Alvesson and Spicer (2016) intimate. Many management writers presume that there is a relationship between efficiency and effectiveness: Higher efficiency contributes to organizational effectiveness, which in turn is a prerequisite for success in competitive environments, or societies characterized by overproduction. When that is the case, the pertinent question becomes if – or to what extent – effective organizations contribute to global sustainability.

A business case for sustainability

Proponents of *the stakeholder approach* widen Fayol's and others' view on loyalty, as they argue that managers, who pay attention to different stakeholder groups simultaneously benefit their own organization *and* contribute to a better world (Wicks & Freeman, 1998; Freeman et al., 2010). However, nature has no representative in the stakeholder approach, nor does this approach provide any solution to the question of how managers should take trees, insects, or the Arctic ice into consideration (Starik, 1995; Phillips et al., 2003).

The stakeholder approach is idyllic. Organizations may create value, but they do not create value for everyone. In fact, they need only a limited number of customers or supporters to make profits or secure their long-term survival by other means. Many may be outright hostile to the production of certain organizations and find that it contributes to global inequality, global warming or corruption, or is otherwise detrimental to sustainability; yet, the organizations may flourish.

(Only when goods or services are found to be so objectionable that they are declared illegal is the idea of value creation at stake. Few people recognize any value creation in the narcotics trade, or in trafficking. Organized crime may be highly effective, but criminal organizations do not appear as role models in management textbooks. There is a linguistic distinction between laudable and reprehensible organizational behavior: While *networking* is typically used in a positive sense, to describe cooperation among successful, law-abiding organizations, criminal organizations cooperate in *tangles*.)

From a sustainability perspective, the production of many formal organizations is counterproductive – *stupid*: The more effective these organizations are, the more detrimental their potential impact on global sustainability.

Yet as organizations are important actors, perhaps the most important, when it comes to saving the globe from its predicament, they must focus on sustainability. Formal organizations, in short, are expected to combine their effectiveness-driven

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egoistic ambitions with a concern for matters that from their perspective appear peripheral.

One way out of this dilemma has been to redefine and relocate the very notion of sustainability. This was the case, for example, with Saab Technologies, producer of *inter alia* fighter aircraft (JAS 39 Gripen), portable anti-tank weapons and radar equipment. Saab referred 'sustainability' to its own sustainability: 'The purpose of Saab's goals is to ensure the company's success and sustainability' (Saab Technologies, 2017, p. 18). Another method was to appeal to emotions and resort to impressionistic, non-linguistic imagery when reporting on sustainability work (Brunsson & Eng, 2017).

An interest in sustainability makes sense from an egoistic organizational perspective when it is appreciated by customers or other stakeholders. Even if reports on sustainability function as – perhaps temporary – window-dressing devices, much like any 'management fashion', they may serve to enhance organizational legitimacy (Jutterström & Norberg, 2011), in which case there is a 'business case' for sustainability reporting (Carroll & Shabana, 2010).

In sum, while efficient formal organizations are stupid by design, effective formal organizations become stupid as if by accident, when, driven by egoism, they contribute to overproduction and waste of resources that are globally scarce. In many cases, global and organizational interests are incompatible, and it is difficult (impossible) for organizations to accommodate to other than their own interests (Luhmann, 1986/1989).

Rationality as Remedy

The idea of the formal organization builds on notions of order, irrespective of how work is performed in practice. Over the decades, those who studied managerial practice were surprised to find considerable discrepancies between the orderly, Fayol-inspired descriptions that students of business schools should learn, and the disorderly, ad hoc character of managers' daily practice (see for example Linda Hills' study of newly appointed managers, 1992). While recognizing the fragmented, chaotic character of managerial practice, academics maintained that management *ought to* be something else: more orderly and similar to what they have learned – and taught! – about management at universities and business schools. Typically, they ended up dissatisfied with practice and recommended activities and organizational arrangements that should help managers manage in a forward-looking, calculating and deliberate way, in line with what the textbooks describe (Holmblad Brunsson, 2007).

Those who find nonsense and stupidity in contemporary management betray a similar bent for a deliberate type of rationality. As shown, Pfeffer and Sutton (2006) explicitly cautioned against management fashions and recommended that decisions

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be based on facts and care for the obvious, mundane, seemingly dull and trivial. They advocated an 'attitude of wisdom' (p. 228), warned against bragging and 'bullshit-based decisions' (p. 230) and encouraged managers to engage in 'reflective practice' (p. 246).

I line with these recommendations, and like Edwards Deming's well-known *plan-do-check-act* cycle (Deming, 1982/1986), Alvesson and Spicer (2016) recommended processes of observation, interpretation and questioning. They, too, recommended a logic of consequences – do not just act on an impulse, or imitate others, but think before you act! Like Pfeffer and Sutton, they suggested that outsiders, including new recruits and the legendary 'devil's advocate', be engaged to evaluate organizational work. Overall, they found rules and routines with little or no relation to the basic objectives of the organization to be stupid; their approach was instrumental and much like the traditional attitude of academics and other management writers before them. Though highly critical of 'boxed-in' thinking, they did not see stupidity as a harmless way for organizations to spend surplus money but saw it as their task to help increase organizational efficiency and effectiveness. Like other writers, they did not consider the production of any specific organization; thus, remained supportive of the organizational economy.

In sum, a break with 'traditional', Fayolist management led to management fashions, and attempts to break away from the fashions led to a renewed interest in the type of management that Fayol recommended. This, in turn, leaves out any interest in the organizational economy. Once more, focus was on making organizations effective, irrespective of their impact on global sustainability. Smart organizations may or may not make the world stupid, but some organizational stupidity may well be effective from a global perspective. Should all organizations reduce their stupidity – and become truly effective – chances are that they enhance global stupidity.

The next section includes some contra factual speculation – how might an organizing view on management have modified the organizational economy and society?

The Alternative – Organizing

Two female writers of the mid-19th and early 20th centuries saw management as a question of organizing. They did not start with the creative entrepreneur, who finds opportunities to attract a specific group of customers. Rather, they responded to social needs and appreciated the inventiveness of people working together.

Florence Nightingale is remembered as the self-sacrificing nurse, who cared for sick and dying soldiers during the Crimean war in the middle of the 19th century – so conscientiously as to be renowned for being 'the lady with the lamp', or 'an angel made human' (Moberg, 2007, p. 15, translated from Swedish). Mary Parker Follett, later called a 'prophet of management' (Drucker, 1995/2003, p. 9), did not confine her management ideas to formal organizations, but outlined prerequisites for demo-

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cratic society in its totality. To her, industrial organizations were but a means to true democracy, where interests were to be integrated, and neither the power of capital, nor that of labor should dominate.

Both writers started from another position than that of the formal organization. Nightingale paid attention to economy and statistics. Numbers contain magic power, she realized. To believe that dirt is unhealthy is one thing; to prove this with statistics of mortality rates quite another (Moberg, 2007). Due to this interest – rather than her care for individual wounded soldiers – Nightingale succeeded in radically reducing the mortality rate among the British soldiers (Wendt, 1989).

While Taylor asked for standards based on measurements and Fayol asked for a general management education, Nightingale saw *experience* as a decisive factor for good nursing. Nurses must learn to closely observe their patients, she claimed:

> This is the reason why nursing proper can only be taught by the patient's bedside, and in the sickroom or ward. Neither can it be taught by lectures or by books, though these are valuable accessories, if used as such; otherwise what is in the book stays in the book. (Dock, 2007, cited by Wendt, 1989, p. 9)

Rather than relying on hierarchy and managerial expertise, Nightingale (2009) expected individuals to learn on their own from their environments and in interaction with others. Nursing should become an independent profession, where hospital nurses were responsible for the training of nurses. Skilled nurses were not confined to a hospital organization, however; they might work in local workhouse infirmaries or as district nurses.

Interaction with others was the very basis for Follett's management recommendations. In her book *The new State* Follett (1918/1998) described *the neighborhood group* as the primary basis of organization. Individuals do not exist in isolation, she emphasized: there is only 'self-in-and-through-others' (p. 8). Not only do individuals depend on others for their self-realization, but they are most 'real' – and creative – when they meet others in face-to-face contacts. A diversity of groups should be understood as a token of civilized society.

Instead of hierarchy Follett saw *reciprocal adaption* and *general agreement* as important coordinating mechanisms. Divergent opinions within a group should spur creative processes and be understood as experiments in cooperation. Nor did Follett expect any formal center of group authority; the members of a group should work together and solve problems together in non-hierarchical arrangements: *power-with*, instead of *power-over*. Control should be the responsibility of everyone. Perhaps most importantly: The neighborhood group did not come with a preconceived objective, like a formal organization. Instead, groups should evolve in a learning process, where objectives emerged and changed according to circumstance.

Where Taylor and Fayol saw business firms as means to efficient production; in Follett's view they were primarily social institutions. Progress was not primarily an ef-

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fect of economic conditions, Follett argued; it should follow from genuine cooperation. Though rooted in North American ideas of optimism and egalitarianism, her suggestions went counter to the ideas of individualism and the belief in social engineering prevalent at the time (Kanter, 1995/2003).

Neither Nightingale, nor Follett explicitly addressed *organizations*, and Follett probably underestimated people's mobility and the precariousness of the neighborhood groups on which she based her organizing ideals (Mattson, 1998).

In contemporary society of organizations, few pay attention to the management insights of Florence Nightingale. Perhaps the epithet 'angel in disguise' sufficed to classify Nightingale once and for all – as if no further interest in her management ideas were necessary. Perhaps this was due to her main topic of interest – nursing – which traditionally was a female concern, with little apparent relation to the management of industrial firms, or any other type of producer of material objects.

Though obviously appreciated by businessmen in her lifetime, nor did the type of management that Mary Parker Follett gave voice to make much impact on practice. In retrospect, and from the vantage point of an existing organizational economy, her ideas may seem utopian, all too idyllic. The prophet epithet provided by Peter Drucker put her conclusions once more within a framework of formal organization, as a contrast to Taylorist or Fayolist management ideas of hierarchy, planning and control.

A tolerance for ambiguity characterizes the process view on organization. Rather than recommending some ideal or 'scientific' – and stable – order, and less concerned with efficiency and effectiveness, Nightingale and Follett accepted fluidity; uncertainty, changing circumstances and purpose. Perhaps this was a result of their personal experience and the fact that they were not aligned with any specific formal organization; perhaps there is such a thing as specific female qualities. Whichever the case, their management recommendations did not depend on existing formal organizations.

Whether or not a process view on organization would radically change the prospects for a sustainable global future, remains an issue of conjecture. Perhaps a world society based on social needs rather than organizational needs would be as stupid as the society of the 21st century, though economically weaker.

The Economic Prerogative

As noted, not everyone applauds the production of every organization. Organizations become successful despite vehement opposition to their production, their production methods, or the effects of their production. Organizations may flourish as long as enough customers – or tax payers or members of the non-governmental organization – ask for, and are willing to pay for, their products.

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Over the past one hundred years the output of formal organizations in terms of goods and services vastly increased. Economic growth contributed to dramatically improved living conditions in large parts of the world – when it comes to life expectancy, child mortality, literacy, nutrition or housing, just to name a few examples (Undp, 2016).

A mass of formal organizations, all aggressively insisting on promoting their own interests by seeking economy, efficiency and effectiveness probably contributed to this development (Schumpeter, 1934/2008). Taylor and Fayol were but two early management writers who sought methods to make the formal organization efficient. Many more followed – male and female – until management emerged as a topic in its own right, and management writers took it for granted that managers' task is to help formal organizations become successful (Brunsson, 2017).

But formal organizations – and the organizational economy – are also the cause of some of the major problems of the 2000s. In the past fifty years, the global economy grew faster than the population, making the average world citizen richer than before. However, inequality increased in parallel: The improvements were greater in so-called advanced economies than in emerging economies. Extreme poverty was reduced, but more so in upper-middle than in low-income economies. In most countries the share of income earned by the top one percent of the population increased (Kose & Ozturk, 2014).

To the business firm, 'sustainability' refers to prospects of future, preferably long-term, profitable business. Economic equality and environmental concerns are given secondary priority (but they may still be important). A similar organizational egoism is to be found within nation states, where political leaders, who believe that their voters give priority a high standard of living and are reluctant to save on energy, tend to leave it to future generations to find remedies for – for example – possible nuclear disasters or deforestation (Danielsson, 1978).

In the second decade of the 2000s the organizational economy has become so dominant that viable alternatives seem unfeasible. Florence Nightingale, had she been well and better integrated within society, might have made health care an exemplary instance of order and success, ahead in these respects of any industrial production. Instead, as it turned out, public sector organizations, including hospitals, imported management ideas from private business firms (Czarniawska-Joerges, 1992). Mary Parker Follett, had she presented her ideas in an era when formal organizations were not already well established, might have contributed to a less mobile and possibly more conservative society, where social ties were more important than economic gains and the environment was a natural component in the development of a good society. She might have connected to 18th century worldviews, where the study of economy was one way of acquiring knowledge about the world, though subsumed under the auspices of divine economy. For society and individuals alike, the econo-

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mic imperative was to handle God's creation with care and reverence (Frängsmyr, 1971).

Though different in many respects, Nightingale and Follett both show that there were alternatives to the organizational economy. This might bring some consolation – perhaps even hope – to those who find that the organizational economy had disastrous environmental and social effects. For those who think otherwise – and give prominence to the economic perspective – foregone alternatives were all for the better.

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