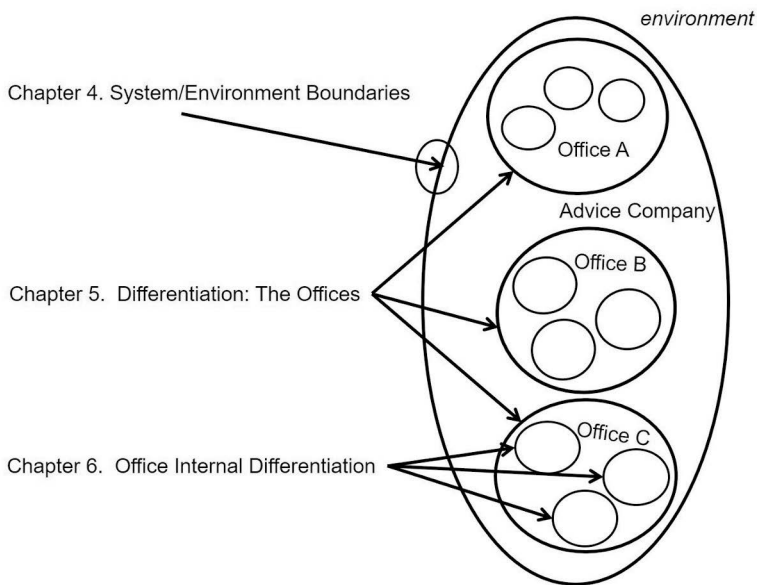


## The Organisation as a Social System

For the analysis of complex organisations and misunderstandings Niklas Luhmann's Systems Theory serves as the central theoretic approach and part I of this book analyses Advice Company as a social system. In order to grasp the complexity of the organisation, I adopted a concentric approach and chapter structure.

Figure 2: Chapter outline, Part I



Beginning with an emphasis on the boundaries of the organisation as such, Chapter 4 concentrates on the differentiation of Advice Company from the environment. An overview of daily practises of organisational boundary-making is followed by an introduction to the relevant systems in Advice Company's environment, before aspects of organisational membership are discussed. The chapter concludes with a reflection on the operational closure and interactional openness of these organisational boundaries. In Chapter 5, the focus narrows to the internal differentiation of Advice Company. By comparing the access procedures, office equipment and perceived atmosphere of the organisation's three offices, I show that they can be placed on a contin-

uum orientated on the central organisational value “client centrality” and its opposition, the “ground reality”. Chapter 6 provides insight into each individual office and traces the invisible boundaries that cut across the open plan office, as perceived by the employees in their daily lived praxis. The ethnographic data illustrates the way in which these internal boundaries repeat the inter-office differentiation structures, as described in Chapter 5. Within each office, further sub-systems emerge along the value client centrality. In the street office, the incompatibility of client centrality with its opposition, ground reality, with respect to emerging sub-systems, is almost tangible. But this study would not be ethnographic without also shedding light on the informal “bridges” across these boundaries. The informal sub-systems of lunch groups, for example, allow for an even more differentiated view of the organisational structure.

### Organisational differentiation and decision-making

According to Luhmann, systems are processes that are created by their perpetual self-(re)construction (*autopoiesis*) through a single, specific mode of operation that marks their difference to the environment; in the case of social systems, this mode of operation is communication (Luhmann 1995a: 35-37). The system-environment relationship is constitutive of a system’s evolution insofar as identity emerges through differentiation to the environment. But the environment, itself, is highly relevant for the maintenance of the system, as it supplies the necessary resources of energy and information (*ibid.*: 177). For the following analysis, it is important to note that the system-environment distinction occurs twice: once when the difference is produced by the system through its operations and again when this difference is observed within the system through the process of self-observation (*ibid.*: 178–80; Luhmann 1997: 45).

According to Luhmann, organisations are a special type of social system with distinct properties. For an organisation to emerge, there must be educational, economic and legal systems to support it: the first supplies adequately skilled resources, the second allows for paid labour and the third enables the enforcement of binding contracts (Luhmann 1997: 828). By observing the access procedures at the reception of Advice Company’s main office, I identified the environmental systems that the organisation interacted with, and the relevance of these systems. Every system determines which parts of an

environment are relevant, and these decisions are manifested in the system's observable communication structures. Organisations are further marked by conditioned membership, with the decision to enter an organisation based on a combination of self and extrinsic selection, which is terminated by the decision to leave the organisation or to be released from it. Through entry into an organisation, a member agrees to comply with the given rules. Failure to do so results in loss of membership. However, this process only functions if membership remains sufficiently attractive; this is usually regulated through salary (*ibid.*: 830).

The central operation of an organisation is decision-making. Therefore, Luhmann also defines organisations as those social systems that engage in communication processes relating to decisions (*ibid.*: 833). Organisational decisions most obviously relate to personnel decisions on membership and internal roles, but also to communication channels, with structural implications on reporting lines, work task programmes, vision statements and so forth (Luhmann 2006a: 225). One decision engenders the next one: for example, the decision to hire a member triggers subsequent decisions on who gets assigned to which project. For Luhmann, this chain allows for uncertainty to be absorbed, as a decision always implies at least one alternative. The decision is therefore a volatile construct in the moment it is taken, yet receives affirmation through the decisions that follow it, as the condition under which the initial decision was taken becomes irrelevant (Luhmann 1997: 830). An example of this is provided by Advice Company's decision to provide me with access to the organisation as a field site: Once this decision was taken by the management, subsequent decisions were grounded on this proposition. Consequently, the following decisions did not refer to my presence in the organisation, but instead related to whether I should have access to internal documents (the ultimate decision was that I should not) and with which department I would start. Subsequent decisions neither questioned nor challenged how and why the initial permission had been given but continued with the decision-making.

