

ABCDEconomy "O" as in "Organization"

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Organization. Invest on the difference

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A guide to rereading the key words of economic behavior, after breaking down the myths and bursting a few bubbles. Here are the words already analyzed: Happiness, Profit, Market, Bank, Investment, Responsibility, Rules, and Interests. This week's topic is Organization.

A good deal of our life takes place within organizations. Families, gyms, associations, businesses, and supermarkets are all forms of organizations. A business or a hospital is among the more complex institutions created and coordinated with a future goal (or goals) in mind, and with the proper structures and instruments.

A family or a sporting association isn't immediately perceived as an organization, because it is not easy to identify either the goal for which they are created or the instruments that make them work. What we need to remember, however, also because it is often forgotten by organizational theorists, that social life is not only composed of organizations. The other half of the big picture contains conventions: that is, complex actions that are not "created" by someone (as is a business or a school). A classic example of a convention is street traffic.

In organizations, the dominating factor is cooperation. With conventions, cooperation is much less evident and normally not intentional. Who leaves his house by car in the morning isn't thinking about cooperating with other drivers as much as getting to work as quickly and safely as possible. In a way, cooperation is an objective fact. Better still, we would say that an important difference between organizations (businesses) and that large convention-institution (non-organization) of the market, precisely deals with the binary model of cooperation-competition.

The market, they say, functions when subjects compete among each other, while business essentially entails cooperation. Or better: the business is cooperation inasmuch as it is an organization, in its internal relationships. Instead, the business as a subject of the market, in its external relationships, is competition. In reality, this vision (based on well-established theory) has some flaws, both for the binary model of business-organization as for that of market-convention. Competition is also, above all, important within an organization. Of course, if this prevails over cooperation, organizations go into crisis. But competition can also be meant as competing or searching together. At the same time, the market cannot be seen only as a matter of rivalry, as its dynamic is also - and according to me, mostly - a joint cooperative action.

Then, there is an aspect that I consider particularly dangerous today, in the theory and even more in the practice of organization. We can call it organizational "reductionism" or "isomorphism". What does this deal with? It's the tendency to treat all forms of organization as substantially similar realities. Obviously, a commercial business, a cooperative and a religious community have many things in common. But good organizational theory must focus itself on the differences.

Human beings and chimpanzees share 98% of their DNA, but what counts more is exactly the 2% that is different. The globalization culture brings with it a radical tendency to standardize

organizational tools. If one doesn't give importance to the 2% difference, we'll no longer be able to see each organization's decisive elements, like culture, identity, values and missions. The organization of a social cooperative might have only 2% difference with respect of a capitalistic business, but if consultants and managers treat it in the same way, they cancel out centuries of history, of freedom, of civilization, and so they often bring it along unsustainable paths.

A civil society, instead, grows well when it allows various organizational forms to flourish, respecting and favoring them in their specificity and culture.