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## Sociology of Work and Organization

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# Organizations as Social Actors

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## 1. Introduction

Today, theories of *social action* and *social interaction* must come to terms with the fact that, besides human individuals, various supra-individual entities (formal organizations, authorities, institutions, etc.) need to be accounted for as actors.

Evidently, individual and non-individual partners face each other in the case of most *contractual agreements* (on employment, leasing, purchasing, etc.), as well as in the case of countless *administrative and judicial proceedings* like taxation, social welfare, education, or legal litigation. (see, for example, Röhl 1987: 428).

Moreover, any *macrosociology* that takes into account the complexity and dynamics of modern society must consider to what large most major societal events and developments have their causal roots at the meso-level of formal organizations (see, for example, Boulding 1953; Drucker 1973).

For instance, it is evident that *stratification systems* are deeply shaped by organizational job supplies, recruitment practices, employment conditions, forms of remuneration and rules of promotion (see, for example, Baron/Bielby 1980), that *macro-economic developments* remain inexplicable unless the global systems of banks and industrial enterprises are also taken into consideration (see, for example, Suter 1989), and that *political decisions* just like *administrative implementation processes* are fundamentally shaped the interorganizational relations between authorities, administrative bureaucracies, interest associations and private institutions (see, for example, Schmitter/Lehmbruch 1982; Hanf/Scharpf 1978; Wollmann 1980).

Certainly, the theoretical consequences one might wish to draw from such observations depend on relationships one postulates as obtaining between individual and organizational levels. Thus, those who assume that trade unions just articulate and implement the will of their membership majority, that industrial enterprises function purely as instruments of capital reproduction in the interest of the ruling capitalist class and that clinics faithfully reflect the value system of the medical profession dominating them, will not be greatly impressed or alarmed by any development of formal organizational structures. "Organization" appears in this view as a socio-structural medium through which the values and goals of individuals (e. g. leaders) or aggregates of individuals (e.g. elites, professional groups, religious or ethnic collectivities etc.) are expressed and enter into relationships with each other.

More dramatic consequences have to be drawn when organizations are credited with the ability to escape either partially or entirely from the commitment to their members and to create their own objectives, norms and action strategies on the basis of their socio-technical internal structures on the one hand, and their specific environmental conditions on the other. It is only when we concede even a partial autonomy of this kind that we are obliged to regard organizations - in analogy to individuals - as *social actors sui generis*. Only in this case, a manifold of concepts and hypotheses hitherto developed for the analysis of inter-individual relationships have to be revised in such a way that they can be applied to organizational actors as well as to interorganizational relations and to relationships between individuals and organizations.

To what extent does it make sense, for example, to ascribe “*intentions*” or insinuate “*attitudes*” to organizations, to expect a “*sense of duty*” or even “*gratitude*” and “*loyalty*” from them if we should decide to free such concepts completely from their anthropomorphic connotations? What does the statement mean that enterprises vow a “*commitment to ethical principles*”, “*expect*” an economic upswing or “*feel*” loyalty to their national context - given the fact that they obviously lack the capacity to draw on *psychological* mechanisms for anchoring such dispositions internally?

How is it possible that individuals and organizations *communicate* and *cooperate* on a reciprocal basis, *conclude contracts* and *conduct judicial proceedings* between each other, or *compete for the same scarce resources* (e.g. land), even though the individual actor is not confronted with an ALTER EGO which could be an object of empathy, participate in a common “*life world*” (*Lebenswelt*) and engage in processes of “*intersubjective communication*”? And what qualities do *social expectations*, *role specializations*, *management processes*, *power relations*, *normative systems* and *mechanisms of socialization and social control* possess if they emerge in the relationship between organizations, not in interpersonal interactions?

Questions of this kind, which, clearly, call for a reformulation of all the concepts and propositions of action and interaction theory on a more abstract level, have so far received astonishingly little attention, although social scientists as well as historians are usually very prone to ascribe to supra-individual entities the status of social actors.

Anyone tackling the project of an *action and interaction theory of organizations* will therefore find a rich pool of empirical regularities and theoretical propositions which can be examined for possibilities of further generalization - not only in the narrow field of the sociology of organization but also, for example, in the literature on *economic competition and cartel behaviour*, on *neocorporatist association structures*, *inter-state relations* and *military conflicts*.

In the following, the aim is to explain why there are sufficient reasons for ascribing to organizations, at least to a limited extent, the status of *supra-individual actors sui generis* (2) and to investigate the fundamental differences between individual and supra-individual actors (3). The clarification of such questions represents, if not a sufficient, then certainly a necessary condition for arriving at a generalized action and interaction theory which goes beyond anthropocentric concepts of subjectivity and intersubjectivity, so that interorganizational relations and “*diagonal*” social relations (between organizations and individuals) can also be addressed.

## 2. On the actor status of formal organizations

In the strict sociological sense of the word, groups, associations, companies, authorities, institutions, states or other social collectivities can only be considered “*actors*” insofar as they meet the two following conditions:

- 1) Processes, events or other effects are identifiable which must necessarily be attributed to the collectivity as the major level of causation, not to any of its subunits or individual members.
- 2) At least some of these effects can be described as "actions" (in the Weberian sense of the term), because they are undeniably based on meaningful intentions.

Many non-organized collectives with adequately defined external boundaries and sufficiently stable internal relations doubtlessly satisfy the *first*, more modest, condition. This is because even microscopic *groups of people* (Goffman 1974: 43ff.) and certainly more extensive aggregates such as *social movements*, *ethnic groups* or *social classes* and *castes* can be accredited with emergent causal effects. However, this applies in particular to *formal organizations* because they constitute islands of elevated order and division of labour which tend to be sharply segregated from their societal setting as well as from the personality system of their individual members.

Countless theoretical arguments and empirical findings support the hypothesis that organizations of all sorts possess at least a limited functional autonomy, which has its origin in the complexity of their structures and processes (and the resulting requirements of integration and adaptation).

For example, *administrative offices* can never be understood exclusively as pure executive bodies of official legal standards, because they always cultivate a somewhat independent sphere of formal and informal norms and practices (Luhmann 1966, 24ff.; Schumacher-Wolf 1988: 47ff.). Likewise, the external conduct of *economic enterprises* seems primarily determined not by property relations or by their manager's personality traits, but rather by their dependencies on external resources, customers, institutions and environmental conditions that result from their production duties, technologies and internal structures (Thompson 1967; Aldrich/Pfeffer 1976; Pfeffer 1987: 25ff.; Burt 1983).

Similarly, *parties*, *trade unions* and *other associations* can never *just* be seen as purely the executive bodies of their member bases (or leading elites), because the transformation processes that articulate individual will as collective action are subject to a variety of influences, which are rooted, for example, in the form of the decision-making processes employed, in the lack of internal communication and coordination capacities, or in restrictive environmental conditions affecting the association (e.g. Offe/Wiesenthal 1980: 72ff.; McCarthy/Zald 1977).

As is well known, the analysis of democratic decision-making processes has led to the sobering conclusion that individual preference structures, for purely logical reasons, are not a suitable basis for collective decisions because they easily aggregate to intransitive summative preferences (Arrow 1963). This implies that the capacity for consistent collective decision-making must be regarded as an *emergent achievement of a social system*, because the decisions made do not coincide with the sum of individual preferences, even where there is unlimited democratic participation.

At a similarly high level of abstraction, *Mancur Olson* has tried to show that organizations which produce "collective goods" cannot be adequately understood in terms of the motivations, values and objectives operating at the individual level, because individuals, even if they strongly identify with the aims of the organization, will - for utilitarian reasons - prefer

to play the role of the “free rider” rather than make an active contribution themselves. From this it follows that precisely those organizations that realize the aims desired by their supporters to a maximum extent must be conceived as independent bodies vis-à-vis their supporter base that actively seek to influence the motivation of participants (e.g. through the distribution of “selective incentives”) (Olson 1965: passim).

Along with this *primary autonomy*, which is inseparably linked to their constituent and reproductive mechanisms, organizations frequently enjoy a *secondary autonomy*, which manifests itself as a *partial uncoupling from the original purposes and heterocephal dependencies*. Its dual origin is due to the fact that each organization invariably represents both a *field of dense interaction* engendering a sediment of expectation structures, norms and cultural traditions, and a *frame of reference* for individual identifications and actions. Thus the leaders of interest associations and social movements as well as company managers tend to emphasize that besides all the interests of members or other stakeholders, the “organization” has its own requirements of continuity, self-representation and growth. (Michels 1911: 74ff.; Zald/Ash-Garner 1987; Selznick 1960; Dan-Cohen 1986: 22).

In the realm of private enterprise, this problem is considered primarily from the perspective (introduced by *Berle/Means 1932*) of how far *management* succeeds in steadily liberating itself from the control of the *owners*. A tentative appraisal of the still ongoing controversy nevertheless suggests that, even where there is secure owner control, managers enjoy the leeway in matters of company policy to bring many additional interests to bear that are geared towards the peculiarities of the organization and its environment. This leeway increases when the owners relinquish control or when they are too numerous or too heterogeneous to articulate their preferences in a consistent way (see Herman 1981: passim; Ott 1977: 167).

Compared with governmental ownership which goes along with potentially illimitable risks of interference, private ownership proves to be a better basis for organizational autonomy, because the interests articulated by owners (return on investment, profitability, etc.) are much too generalized to adequately determine the more specific decisions made by company management (regarding new investments, implementing new technologies, changing product lines, diversifications, etc.).

The *second*, more demanding, condition is normally not at all satisfied by non-organized collectivities at all and only partially by most formal organizations. The tendency to reify ethnicities, classes, castes and institutional orders as action subjects - which, unfortunately, is not only widespread in casual everyday linguistic usage, but also among social scientists and historians - must prove untenable in the light of established perspectives in action and interaction theories because it fails to identify a clearly defined target of attribution for meaningfully intended, morally responsible acts of behaviour.

On the other hand, however, it would seem absurd to regard such facts as

- the *Bundestag* passes a law,
- Pfizer produces Viagra,
- the Federal Bank increases its discount rate,

*not* as social actions in the most genuine sense of the word, because the constituents implied in the term “action” (autonomous decision-making, meaningful orientation, use of instrumental means etc.) are even more explicit and unambiguous than in the case of most individual behavior (cf. Dan-Cohen 1986: 26).

On the one hand, organizations evidently tend to allocate competencies in a way that the responsibility for all formal actions can be attributed to specific members. However, this strategy of individualizing responsibilities conflicts with the high level of vertical and horizontal differentiation characteristic of formal organizations. The result is that formal systems of competence are consistently superseded (and increasingly so with greater complexity of structure) by functional interdependencies that induce a *transfer of attribution from the individual to the organizational level*:

- 1) *Vertical differentiation* obscures individual attribution because organizational action procedures involve qualitatively different “responsibilities” for different positions. If, for example, civil servants make obviously flawed decision within their sphere of his discretion, then the question *also* arises as to whether their front-line manager has perhaps neglected his supervisory duty, whether the second-line manager has allowed them too much latitude through lack of detailed instructions or whether the most senior officer would not have done better *not* to delegate any more responsibilities to such high degree (Schünemann 1979).
- 2) *Horizontal differentiation* undermines individual attribution strategies to the extent that individual decisions come about as the result of reciprocal coordination efforts between heads of different departments or boards of management, or as workplace decisions are elaborated within quality circles or teams.

Criminal courts, too, are compelled *nolens volens* to attribute actions to organizations because they succeed only rarely in disaggregating collective delinquencies into a set of individual offences: for example, in cases where centralization is so high that an individual manager is responsible of all the decisions taken, or when social monitoring and control is so deficient that employees are not inhibited from committing self-interested “excessive actions” (cf. Schünemann 1979: 37ff.).

Normally, however, the decisions - and, certainly, the executive actions - of an organization already represent *emergent overall system outcomes*, which are the result of many influences from different members and subunits (see, for example, March/Simon 1958: 38f.; Martin 1977: passim; Dalton/Barnes/Zaleznick 1968; Herman 1981: 18).

Attribution to individuals is particularly difficult in organizations that practise “organic management”, because this implies that opaque and fluid-variable relations of authority and influence dominate (Schünemann 1979: 38). More decentralized and informalized organizations are accustomed to present themselves as emergent collective actors *sui generis* because, to the degree that clear leadership roles are lacking, not only external agencies (the state, the public, collaborative partners, etc.) but the members themselves have no other choice but to address their demands and expectations to the *organization as a whole*.

In the case of legal litigation, for example, it is highly advantageous to direct the charge at the organization, not to any of its individual members. *First*, this simplifies the *evidence procedure* because it is usually most apparent that certain offences and damages have their origins in organizational action procedures, even if it remains unclear *which members* have

behaved engaged in negligent or culpable action. And, *secondly*, the prospects of receiving material compensation from the accused are thereby improved because even horrendous compensations and “punitive damages” can easily be paid. (cf. Coleman 1974: 90).

The legal acknowledgement of corporate actors finds its high point in their recognition as “legal persons” who, analogous to individuals, are formally entitled to make use of most basic constitutional rights and almost the entire machinery of private law (Ott 1977: 83ff.; Röhl 1987: 427f.; Dan-Cohen 1986: passim). *J. S. Coleman* has quite rightly pointed out the astonishing fact, too little reflected in theory, that the institution of the “legal person” is used first and foremost to guarantee the *autonomy of organizations* vis-à-vis their societal context (and not their *integration* into this context). This is achieved by granting them numerous rights of individual liberty originally only enjoyed by human individuals (e.g. the right to the protection of property, the freedom of contract, establishment, speech and association) without, on the other hand, subjecting them significantly to the control sanctions of criminal law (cf. Coleman 1974: 55ff.)

Compared with the *liberation of the individual* in the course of bourgeois revolutions, this more recent, much less noticed *liberation of corporate actors* represents a more far-reaching and perilous social development over the longer term because autonomous organizations have a much larger influence on society (especially on the economy and the political system).

Particularly problematic is the right of legal persons to themselves retain ownership of legal persons. As the example of *Japanese conglomerates* shows, self-supporting interorganizational systems can arise on the basis of intransitive and cyclical interlocking property relationships, which do not need to be anchored at any point on the level of individual actors or interindividual groups (families, elites, classes etc.). In some legal systems, not even sufficient precaution is taken against the eventuality of a company owning all or the majority of its shares by itself (Stone 1966; Dan-Cohen 1986: 47ff.).

It is with the concept of the “legal person” that the legislator compels the organizations to accept the supra-individual attribution of legal norms, and to develop a “self-concept” based on the premise that they are actors *sui generis* independent of all their members and (individual or corporate) owners.

Finally, *business enterprises* and other organizations accentuate the status of *autonomous social actors* to the extent that they are expected to be responsive to a complex set of conflicting role expectations (from shareholders, consumers, suppliers, creditors, local authorities, etc.) and to synthesize such differing perspectives in their decision-making (Meald 1970; Gilliland 1969, McKie 1974, Jacoby 1973, and others.). Just as individuals need to accentuate their *personal identity* more forcefully for preserving their internal stability and consistency in a field of very heterogeneous and variable role expectations (see, for example, Krappmann 1971), organizations also see themselves compelled to develop a more pronounced “corporate identity” on which their value orientations, strategic goals and operative activities can be based.

### 3. Individual and corporate actors compared

#### 3.1. Increased capacity for responsible, norm-based action

The behaviour of human individuals is only controlled to a limited extent by self-related or external normative expectations, because their actions are subject to many physical and psychological influences that are not under their control. Contingencies related to age, health and education, along with countless other factors, effect that even following the simplest moral rules (and even more: sophisticated ethical precepts) can normally only be *desired* or *hoped for*, but certainly not expected and *guaranteed* in the each particular case. This is because individuals cannot be obliged to equip themselves with the motivation and skills needed to actually implement the behaviour or even to reach the required objectives.

In the case of deviant individual behaviour, it may be very difficult - as many court proceedings shows - to determine the mere existence (to say nothing of the precise extent) of a moral responsibility, and *a fortiori* it is true of all informal interaction contexts that normative attributions usually compete with various psychological or medical interpretations.

By contrast, formal organizations must accept that at least all decisions and actions claiming binding formal validity are attributed to them as conscious, fully accountable acts, and that many other effects caused by them are also interpreted as if they can or could be influenced (e.g. stimulated, permitted, modified or prevented) by deliberate controls. Hence, with every case of official misconduct on the part of a member, the question arises as to whether due care in the recruitment, training or hierarchical control of the person involved has been neglected. Because organizations need to present themselves as fully competent actors in order to acquire public trust and reputation, they have to accept that unlike human beings, they have no possibility of exculpating themselves by claiming to be in a status of "diminished responsibility". In particular, they lack the opportunity to claim extenuating circumstances by appealing to poor socialization, tiredness, sickness, "youthful immaturity", psychopathically disturbed conditions or "justifiable anger", or to claim "lapses of memory" for exempting themselves from past commitments.

The attribution of actions and action outcomes to organizations, therefore, has the supreme advantage that any doubt as to whether or not a normative interpretation and reaction is appropriate disappears. It is accordingly made easier for the attributing instance (e.g. the public or the supervisory organs of the state) to maintain a principally assertive stance and to systematically implement appropriate strategies of supervision, admonition and sanctioning. Empirically this is seen, for example, in the frequency with which courts convict organizations, compared to individuals, where action for damages is concerned, sentencing them to pay high "punitive damages" and costs of restitution (Coleman 1974: 90).

Even when damage can only be attributed to factors lying entirely outside its control (e.g. adverse circumstances, inadequate scientific knowledge, etc.), an organization can still be charged with a *future responsibility for secondary prevention*: by taking measures that the same does not happen again (e. g. expanding its knowledge, acquiring better technical equipment, intensifying internal controls or suspending the activities associated with risk).

This is because in contrast to individuals - where it is virtually the rule - "recidivism" is barely tolerated with organizations, if only because of the intolerable size of the damage. Instead, organizations are *additionally charged with the responsibility for increasing their self-responsibility over time*.

Even when they are passively affected by crimes (burglary, embezzlement, arson, web hacking etc.) organizations are often denied the option of presenting themselves, similar to individuals, as mere innocent "victims" in need of protection and compensation. Instead, they are often charged with negligence by not having taken safety precautions to prevent such incidents from occurring (Hagan 1982).

The uncompromising severity of the normative expectations directed at organizations finds expression in the civil law concept of "strict liability": demanding from them compensation for all damage caused by them or their products even when no culpable actions or omissions can be identified.

While traditional economic transactions have been based on the principle of "caveat emptor" which placed the responsibility for exercising due care exclusively on the shoulders of the *buyer* of a commodity, the new liability legislation tends to the converse principle of "caveat venditor", which charges the *vendor* with guaranteeing the quality of his goods and services and with covering himself financially against claims for damages (cf. Schünemann 1979: 191ff.; Goodpaster 1984: 108).

The sociological preconditions for this change in the law clearly consist in the fact that today, the vendors are usually highly skilled and solvent *companies* while the buyers are incompetent *laypersons*, whereas in pre-industrial societies, vendors were often simple peasants and artisans who sold their products to rather well-to-do and knowledgeable buyers (usually from higher social strata). In addition, the *bewildering complexity of modern production processes* today means that the consumer suffering a damage can no longer be expected to be well-informed about the standards of diligence in manufacturing and to furnish suitable proof of culpable negligence in the case of making a legal claim. Just as, earlier, the principle of *kinship liability* contributed to strengthening the solidarity within the target group and to attaching more weight to the collectivity than to the individual member, modern causal liability reinforces the autonomous actor status of the *organization*.

Only organizations can be strictly expected to have precise knowledge of a very large variety of norms and rules, to understand their exact meaning and to actively endeavour to remain up-to-date about changes in these standards. Thus, the tremendous complexity and dynamics of the modern *legal system* would be inconceivable if the majority of legal provisions were not aimed exclusively at organizations. It is only to organizations, never to individuals, that the classical Roman principle of ERROR JURIS NOCET can be applied today, i.e. the requirement to be completely informed about the current state of law in the case of every specific action.

Thus the *development of positive law* will be strongly inhibited as long as standards are only directed at *individuals*. Positive legal norms are much easier to enforce on *organizations* because, in executing them, it is only necessary to contact a small number of actors and, moreover, rely on them to have a sufficient aptitude for learning and provide their own formalized communication and control structures for implementing these standards (Ott 1972: 403).

### **3.2. Increased capacity for complex and reliable positive action**

The action capacities of individuals are so irregular and vary so much from one person to the next that a truly universal individual ethics can only be realized in practice as an *ethics of omission*. That is to say that only *proscriptions* (not to kill, not to steal, not to lie, etc.) can be standardized as obligatory to any extent and regularly sanctioned; *prescriptive actions* (to love your neighbour or honour your father and mother), on the other hand, must be formulated in a much less mandatory manner, because many individuals do not possess the requisite capacities for fulfilling such expectations.

Legally enforceable duties to act, as they are constituted in modern administrative law in particular, have to be restricted to fairly easy-to-achieve behaviour (e.g. the fastening of car seatbelts) or they must restrict themselves to a professionally specialized target group.

On the other hand, from knowing an organization's self-appointed functional role and proven survival capacities and successes, it is possible to conclude that in certain specialist areas it is in a position to carry out complex procedures and achieve highly demanding production targets in a consistently reproducible way. It might be expected, for instance, to take sufficient care in handling dangerous raw materials and technologies, to guarantee consistent durability and safety of its products or to maintain a prescribed level of apprentice training.

Above all, the largest-organizations (national state bureaucracies, armies, multinational enterprises etc.) must come to terms with the fact that they are permanently entrusted with realizing the most important societal goals (preservation of world peace, safeguarding welfare, developing a cure for cancer, and so on) and that they are subjected to constant scrutiny by a public which often tends to articulate an excessive perfectionism and almost hysteric fear of risks and failure.

We are drawn to the conclusion that the most serious hazards and incidences of damage result less and less from those malicious deviant actions (e.g. theft, murder, etc.) that traditional individual ethics have so rigorously censured, but rather from *neglected duties to exercise due care* (Wootton 1963). Hence the number of human lives destroyed by premeditated murder is slight in comparison to the fatalities attributable to negligence-related accidents at work, burst dams, avalanches, collapsed mines, etc., while the corrosive damage caused by inadequate air pollution control is, although less obvious, disproportionately greater than the losses that result from willful acts of vandalism and arson.

Choosing *organizations* as scapegoats can also allow individuals to exonerate themselves from *intropunitive* and each other from *extrapunitive* fault attribution, in other words to *exculpate themselves collectively*. As a consequence, not merely conflicts between individuals but also collective conflicts between different categories of individuals (e.g. generations, ethnic groups or social classes) may lose their relevance and intensity. It is easier, for instance, to leave the *enormously wealthy mansion owners* in peace if you can assume that their personally managed property is extremely tiny compared with that of large insurance companies and that it is not worth bothering about the air pollution from their open living room fires given the much larger toxic emissions caused by chemical plants.

Given their abilities to upgrade their own skill levels (e.g. by recruiting additional experts or procuring new technologies), it is also much easier for organizations than for individuals to make the *aims of their conduct*, rather than the *manner of their conduct*, the object of compulsory standards and to specify autonomously the optimum procedures for realizing these aims. Thus the state legislator becomes dependent on organizational service providers to the extent that he defines the law no longer (in the classical-liberalistic mode) as a medium of behavioural control, but rather (in the new welfare-state mode) as an instrument of calculated "social engineering".

Because of their high capacities for self-control and self-transformation, organizations are also better suited than individuals to become integrated as subunits into even greater social systems (Ott 1972: 345ff.).

Accordingly, almost infinitely complex holding and conglomerate structures can be set up on the basis of "divisional differentiation" because the member companies retain the status of independent "profit centers" and therefore can be controlled with a very modest amount of supervision (cf. Chandler 1962; Williamson 1971; Leontiades 1987: 48ff.).

### **3.3. Transparency of the internal structures and processes**

In conventional "anthropomorphic" action and interaction theories, actor subjects are conceived to enter the sphere of "action" only on the level of overt behaviour, yet remain outside this sphere with their self-reflective psychological system. Each human subject confronts other subjects in a state of radical separation because each has immediate full access only to his own consciousness, while access to the inner world of other subjects is extremely mediated and incomplete (Schütz 1974: passim).

Thus all social action, communication and interaction, as well as the formation of all kinds of social structure, takes place under the less than ideal condition that only the manifest actions of the actors are intersubjectively perceptible and subject to intersubjective perception, evaluation and control, while all its psychological antecedents (motivations, qualifications, intentions, etc.) remain unobservable for outsiders. This has the consequence that

- social expectations remain relatively fragile and usually require normative support;
- there is much leeway for selectively controlled strategies of self-representation ("impression management");
- social controls and sanctions can only become effective *ex post* (i.e. after an action has been carried out) and therefore tend to have a restitutive or punitive (rather than a preventive) character.

In the case of *organizations*, there is no such fundamental discontinuity between inside and outside because the intrasystemic structures and processes are "made of the same stuff" as the mechanisms constituting the actor's relations to its environment (or to other social actors). Hence, when defining their internal standards, organizations usually maintain high level of verbal explicitness as in the expectations directed at them from outside (e.g. legal rules; Röhl 1987: 430). Furthermore, the same communication and decision-making processes the organization needs to constitute its own formal structure can also be used to create interorganizational structures. For example, a trade union engaged in negotiations with

employers, will invariably conduct parallel internal negotiation processes with various subgroups, with the purpose of coordinating the *interorganizational* with the *intraorganizational* expectations and demands (see, for example, Sabel 1981).

While interacting individuals need to engage in continuing *communicative disclosure processes* to overcome a state of primary (and constantly self-renewing) mutual *non-transparency*, organizations are plagued by the contrary problem to reduce their primary transparency by various measures of *secrecy* and *confidentiality*.

Given this basic transparency of internal processes, there are increased opportunities to "understand", successfully predict and/or effectively control organizational actions - because, in contrast to individuals, not only the final actions, but also the phases preceding can usually be grasped in a visible form. Long before a specific action is implemented, it is often quite evident that an organization has the "intention" or is "on the way" to carry it out: e.g. by recognizing that it has already begun to install the requisite air purification filter, for example, or to devise an old-age pension scheme in keeping with the new social legislation. Consequently, exogenous control measures (e.g. on the part of state authorities) can already be effective *ex ante* at the planning stage of organizational action: in contrast to individual behavior which can most often only be controlled *ex post* by applying punitive sanctions.

Unlike intraindividual "convictions" or "attitudes", intraorganizational regulations have the same degree of explicitness as external (e. g. legal) standards and are validated and amended with the same mechanisms of social decision-making (cf. Röhl 1987: 429). Similarly, the concept of "conformity" assumes a more complex meaning when applied to organizations. While an *individual* is already "in conformity" whenever his or her manifest *behaviour* corresponds to certain external norms, corporate "conformity" additionally implies that the organization keeps *its internal norms in agreement with external (e.g. legal) standards*. By analogy, the concept of "organizational deviance" is ambiguous because it fails to specify whether this term implies a discrepancy between norm and behavior or a deviation of intraorganizational norms from external (e.g. legal) rules.

For the same reasons, organizations lend themselves better to empirical sociological analysis insofar as it is easier than in the case of individuals to assess their environmental relations and their interrelationships with other actors. If one knows, for example, what roles and subsystems an organization has explicitly dedicated to deal with specific problems, customer segments, associational memberships or societal institutions, and with what kind of resources, skills and responsibilities these units are endowed, it can be deduced to what external actors, events and developments they pay particular attention and in what frame of reference particular problem areas are defined (Miles 1987: 59).

The temporal continuity of such structural differentiations provides a guarantee that the organization pays regular attention to certain aspects of its environment - and which other aspects are consistently downsized or ignored.

While individuals are in a position to modify their areas of attention and interpretive horizons within fractions of a second and unnoticed from outside, organizations often need more time and effort for enact such reorientations, because they imply complex processes of restructuring and (e. g. personal) reallocations. This also contributes to the fact that or-

ganizations are often highly calculable social actors - at least insofar as they are shielded from erratic influences originating in personalized leadership, negotiating outcomes or decisions based on democratic majorities.

### **3.4. Goal specificity**

Numerous peculiarities of individual action and interindividual interaction arise from the fact that human beings are *non-specialized actors*, who in the course of living their lives pursue an unlimited variety of different interests, aims and values, while constantly retaining the capability to modify their orientations at every moment.

This makes it difficult for them

- a) to accumulate very comprehensive action capacities for themselves in any specific functional area because they are forced to broadly diversify their resources, activities and learning processes;
- b) to gain mutual certainty in interactional relationships as to the intentions and action goals, motivations, sensitivities and so on of their partners and to insulate role-specific cooperative relations against outside influences.

Because there are no intraindividual (=psychological) structures on which such the specificities and stabilities of action skills and behavioral expectations could be based, they have to be generated and supported primarily by *external factors* (e.g. by mechanisms of cultural frame-setting, socialization and social control). Therefore, dense normative structures (as found particularly in the world of work) are needed for motivating individuals to consistently upgrade highly specific skills and to interact on a level of highly reliable mutual expectations. Outside the range of formalized norms, habitualized traditions or other exogenous orientations, the specificity and reliability of action orientations and expectations must be constantly maintained by means of continuous processes of persuasive communication and informal sanctions. However, such opportunities for exerting normative influence remain limited insofar as it is impossible to know for certain to which sanctions an individual will react in a predictable way. Accordingly, the control exercised over individuals remains tied to the use of extremely unspecified sanction methods (e.g. physical force or pecuniary rewards), which are similarly effective under very different circumstances and psychological or socio-culturally conditions.

By contrast, *organizations* must be regarded as actors that carry the conditions for specifying and stabilizing their action orientations more strongly in themselves, because they acquire their *raison d'être* and the legitimacy of their existence from their stable commitment to certain values and goals, and because they can only act effectively when they commit their resources to highly specified and durable socio-technical structures.

Because of their narrow and fixed spectrum of aims and activities, organizations can acquire very great and potentially unlimited knowledge and skills, which allows them to prevail easily in competition with individual actors. Thus, organizations engaged in civil litigation are typically highly routinized "repeat players", while for *individuals*, such legal proceedings are uncommon events they have rarely or never encountered before, so that they tend to become highly dependent on intermediary agents (brokers, lawyers, etc.; Röhl 1987: 429; Galanter 1974; Dan-Cohen 1986: 144ff.).

As they expect to meet similar problems constantly in the future, organizations are inclined to follow the double strategy of building up appropriate generalized problem-solving capacities on the one hand, and to exert influence on general environmental conditions on the other. Thus it can be seen that *individuals* involved in litigation are usually only interested in the optimum outcome of the *current individual case*, whereas organizations seek to clarify or modify the legal norms by which *future court cases* are treated (Dan-Cohen 1986: 144). Given the high *transparency, specificity and stability of their internal system parameters*, interacting organizations are in a good position to acquire secure knowledge and converging mutual views about their goals, skills, intended actions and ready responses. This “domain consensus” (Litwak/Hylton 1962; Benson 1975) allows them to enter into highly structured interactive relations characterized by very reliable expectations and expeditious cooperation, without extensive processes of communication and clarification. Thus, extremely sophisticated forms of collaboration can take in within very “lose networks”, characterized by a low need for vertical authority relations and management processes on the one hand, and for horizontal processes of negotiation and influence on the other (Turk 1977; Vaughan 1983: 21).

Such reduced interactive requirements of interorganizational cooperation systems also help to explain the astonishing degree to which modern Western societies depend on purely privately constituted organizations (e.g. political parties, unions, airlines, media companies, and many others.) to perform some of their most important public functions, without apparently needing to subject these organizations to intensive state supervision or to contractually safeguard their future survival and functional ability. On the basis of involuntarily developed, at best informally standardized, interorganizational coordination, a new, surprisingly improvised-looking type of social order is constituted, characterized by a surprising stability and reliability without much needs for administrative legislation and control (Ott 1977: passim).

Their rigid, usually rather irreversible commitment to specific objectives and action programmes makes organizations remarkably vulnerable, regardless of their size. As their functioning depends on the constant inflow of specific raw materials, on the continuance of regular work activities and on the permanent openness of specific markets, they can be hurt most effectively by means of rather unsophisticated actions or omissions (boycotts, strikes, etc.). It is for the same reason that organizations can be integrated more reliably than individuals into superordinate control systems - because given their specific vulnerabilities, it is easy to apply rewards and punishments to which they react in highly predictable ways.. While it is impossible to say for certain whether long custodial sentences deter future criminals or whether higher family allowances cause the birth rate to rise, one can more confidently assert the extent to which profit-oriented companies experience subsidies as positive incentives and export restrictions as negative sanctions (Röhl 1987: 429).

The more a modern state exerts its authority both *over* and *through* organizations, the more antiquated the idea appears that state authority is based primarily on the monopolizing of physical instruments of force. In fact, the dominant position of the state tends to depend more nowadays on its very much more sophisticated ability *to use the specific sensibilities of organizations for effective sanctioning and control*.

For the *organization itself*, the commitment to specific purposes has the immense advantage that it achieves clear orientation criteria with respect to the design of its structures and the evaluation of its own activities. *Outsiders* also profit from this to the extent that the organization approaches them as a highly predictable actor that creates little turbulence and arouses little fear even though it manages huge resources and action capacities.

However, organizations going beyond their explicit functional role and encroaching on the affairs of other institutions (or society as a whole) will frequently catapult themselves into unregulated new territories and to spread high uncertainties about what they will do in the future. Whenever a *trade union* or another voluntary association is included in governmental policy decisions (e.g. within the framework of corporatist arrangements), its attitudes are usually no longer effectively determined by the interests of its membership base and its role as a collective bargaining partner. And whenever a *private company* profiles as a cultural sponsor, economic selection criteria are not normally sufficient to determine which artists, artistic schools, institutions or events should be included in the sponsorship scheme. Thus, private-sector corporations are faced with the dilemma that while they are compelled by their objective social standing to include in their activities more wide-ranging “public welfare objectives”, any deviation from strictly economic aims is very hard to justify because very powerful actors that do not know (or, rather, do not explicitly declare) exactly just how they will act represent an unbearably high risk for other actors, and they fail to offer any clear starting points for public controls.

### ***3.5. Capacities to diversify and segregate different attentional focuses and fields of action***

As acting subjects, human individuals are indeed “indivisible” to the extent that they are incapable of turning their attention to completely different issues and events at the same time and of carrying out several complex actions simultaneously. Consciousness is usually focused on a single main action which absorbs the main portion of physical, senso-motoric and mental capacities and beside which only minor (e. g. highly habitualized and routinized) secondary activities that demand little attention can be executed at the same moment.

This has the dual effect that (a) individuals have to make permanently clear-cut decisions between disjunctive alternatives of experience and behaviour and (b) each increase in the number and diversity of their actions also increases the time required for execution.

By contrast, organizations usually commit only a segregated subcomponent of their overall system (e.g. a role, team or department) to each course of action, with the result that they are able to *perform simultaneously a large variety of tasks on the same level of attention*. More than any single individual, they are able to participate in parallel in fields of the most varied, and contradictory, kinds. For instance, it is not uncommon to find that in the *sales department of a company* a style of helpful politeness and obligingness prevails, while in the *facturing department*, cut-throat, poker-faced practices predominate (e.g. Röhl 1987: 430). Moreover, large trade unions can harmonize their contradictory relations with the employers’ organizations by giving priority to cooperative aspects of the relationship at the meso level, while emphasizing the more conflictive aspects at the micro and macro levels (e. g. in the Netherlands; see Wassenberg 1982).

Given their ability to follow several highly involving activities simultaneously, (e.g. processes of deliberation, decision-making, planning and implementation), organizations are also in a far better position than individuals *to participate in the formation, elaboration, critical evaluation and modification of the values, norms, and objectives which are guiding their own action.*

Human individuals have often no choice than to take a passive, receptive stand towards norms already in existence by

- a) limiting the processes of norm formation to the early stage of the interaction process: fixing them in a fairly irreversible manner as a “tradition” on which subsequent interaction is based (Luhmann 1972);
- b) accepting without modification norms and rules that are firmly anchored in their social-cultural setting (e.g. the norms governing polite interpersonal exchanges and conforming behavior in public places;
- c) subordinating themselves to authoritative bodies (e.g. legislatures, courts, etc.), to which they delegate the right to formulate and validate normative standards on their behalf.

The more individuals need to respond rapidly to unforeseen events and impending problems, the larger the variety of social settings in which they participate, and the more frequent they engage in novel activities and confront themselves with new situational conditions, the less they are will be able to take influence on the governing normative rules and expectations. And vice versa: the more they are preoccupied with formulating and negotiating expectations and norms (by engaging in respective verbal communication processes), the less they will have free capacities for engaging in operational actions.

Only organizations are able to combine norm-constituting “communicative action” norm-applying “operational activity” simultaneously at a high level.

On the one hand, they are in a position to lend maximum validity to the norms: securing a perfect degree of compliance through the creation of programmes and routinized procedures. On the other hand, however, they can limit such routinizations to lower-level subsystems and employees, while higher levels are busy with critical evaluations and redefinitions of these same rules, programmes and procedures.

As a result of their flexibility and reversibility, interorganizational norm structures are better suited than interindividual norm structures to reflect current conditions of social power, conflict and interest relations and to follow the changes in such constellations without too much delay. Thus modern societies are in a better position than traditional societies to tolerate within themselves very heterogeneous and conflicting, even contradictory, groupings (interest groups, ideological belief systems, etc.) for long periods of time - by *institutionalizing* the conflicts obtaining between them, instead of *eliminating* them through eradicating the one or the other force.

“Institutionalization” means that the conflict is

- (a) on the one hand, *made perennial* because the interest associations specially developed to regulate it and staffed with professional personnel ensure that it remains a salient issue over unlimited periods of time;
- b) on the other hand subject constantly to *precise patterns of regulation*, which are more readily accepted insofar as they are permanently open to revisions.

## 4. Conclusions

Although it is very common - not only in casual everyday linguistic usage, but also in the more precise terminology of jurisprudence, as well as in history, economics and the social sciences - to consider organizations as "actors" (and therefore also as targets for the attribution of responsibility, normative expectations or sanctions), there have so far been no systematic attempts to clearly explain the differences between individual and superindividual actors and to draw the appropriate consequences for the reigning theories of action and interaction. *Legal theory* for instance must ask itself if it is really justified to extrapolate to legal persons without qualification the fundamental laws constitutionally attached to the inviolability of the human person (Dan Cohen 1986; Röhl 1987: 427). Likewise, in *economics*, too little thought is paid to how far corporate actors are also subject to the principle of "decreasing marginal utility" or other "laws" inferred freely from human physiology.

Even the actor models established in *sociology* prove to be too anthropocentric because organizations have neither a biological body and senso-motoric functions, from which a *theory of external behaviour* can take its starting point, nor a sphere of conscious experience, memory and reflection which might support an *action theory geared towards the paradigm of intersubjectivity*.

A fruitful guideline idea is to see organizations as *secondary actors* that have a constituent basis founded in actions (and action outcomes such as written texts or artifacts), while individuals are *primary actors* who generate their actions on the basis of exogenous, biological-psychological circumstances.

Since they do not stand in a direct relation to the sphere of psychological-physical facts, but are only linked through the contributory actions of their individual members, organizations are generally better disposed than individuals to be "perfect" actors that approximate the idealized model conditions of current action theories. They are in a better position to act "autonomously and self-responsibly" in the ethically defined sense of the term, "rationally utilitarian" according to the model of *homo oeconomicus* or "in full knowledge of legal norms". Likewise, "subjective" action constituents like "motivations", "intentions", "aims", "plans" or "skills" are easier to assess than in the case of individuals, because they can be grasped in terms of written documents or in other objectified form.

The growing relevance of "strict liability" in Civil law, the rising "anticorporatist" thrust of social movements and many other developments highlight that especially bigger organizations are confronted with rapidly increasing pressures to fulfil the expectations of an ever widening range of "stakeholders", to conform to an ever larger sphere of public values and norms (e. g. related to ecology or social nondiscrimination), and to deliver ever more complex products and performances with highest reliability and minimal risks.

On the other hand, there is growing uneasiness that organizations must *also* be permanently respected as self-willed actors endowed with autonomous subsistence and expansion interests - indeed, that modern society increasingly represents a social order created *by* and *for* organizations, within which individuals must find new ways for asserting their "life world" interests derived from their physiological, psychological and social needs.

Thus, all reigning "theories of action" and "theories of social interaction" must be "de-anthropomorphized": so that they are able to deal adequately with relationships between organizations on the one hand and between organizations and individuals on the other.

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