

Unplugged - My Own Book Review

Nils BRUNSSON (1985), *The Irrational Organization: Irrationality as a Basis for Organizational Action and Change*.

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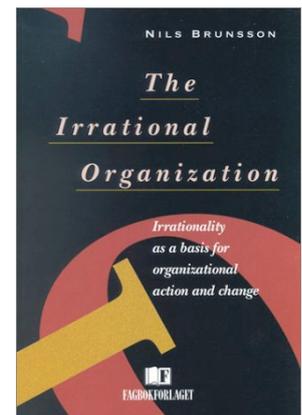
reviewed by himself

The “unplugged” section seeks to experience new forms of book reviews. We regularly grant a wild card to a world-class scholar to review his/her own Classic. In “My own book review”, authors will tell us the story of “what I was trying to do” with sometimes some auto-ethnographic considerations. By recounting the building process of one seminal research with a contemporary lens, they may give some insights for the current craft of research and also share with us renunciations, doubts and joys in their intimate writing experience.

The 1970s was a decade of two oil crises, the expansion of highly competitive industries in Asia and much industrial restructuring in Europe and North America. It is no wonder that these events stimulated many students of organizations to study organizational change and innovation, examining how organizations did or did not adapt to and influence their environments and how they were sometimes able to influence what environment they were in. How could it be explained that some organizations were inert enough to face extinction, while others were changeable, adaptive, and innovative? The success of Japanese industries and their peculiar way of functioning stimulated an interest in organizational culture as a possible explanation of success and failure.

The *Irrational Organization* was part of these new areas of interest. It was published in 1985, although some of the arguments had been presented in an article published in 1982, and the book built on empirical studies carried out in the late 1970s and early 1980s. Organizational change and innovation is a major theme of the book and cultural elements are offered as significant explanations.

The author argued that one important type of change involves actions that are new to the organization and therefore difficult to achieve. Such change requires not only a capability to re-think the existing orientation of the organization but also a capability for forceful, collective action – two qualifications that are not easily combined. A theory of organizational change is developed that includes both these capabilities and points to the factors that reinforce or undermine their combination. Culture, in the form of “organizational ideologies,” played an important role in the argument. The somewhat unexpected conclusion was that innovation is not furthered by an abundance of ideas, by great variation in how people think about the situation of their organization. Rather, innovation is more likely if people share the same concrete and complex ideas. These arguments are illustrated by a series of empirical examples of organizational change, inertia and deadlock.



The book is not only about change and culture, however. It also reflects two contradictory orientations within organization theory at the time. One was the established tradition of decision theory, in which organizations were seen as systems of decisions that could and did decide their own actions (as had been emphasized by March and Simon in 1958). The other consisted of the emerging ideas about organizations as rather passive reflections of wider societal institutions (as described by Meyer and Rowan in 1977).

Seen from the point of view of decision theory, *The Irrational Organization* deals with the relation between decision, uncertainty, and action. The main argument is that decision processes cannot be understood in isolation from the actions to which the decisions are intended to lead. Decision processes that comply with the rules for how a rational decision shall be made tend to create one or several types of uncertainty, which in turn reduce organizations' ability to achieve collective, coordinated action. In organizations and situations in which such actions are critical, rationality is a problem, not a solution as most organization and management literature would have it. On the other hand, systematic irrationality can be a forceful way of mobilizing organizational action even in situations that have a great potential for producing uncertainty.

Organizations have two problems in connection with organizational action: to choose the right action and to carry it out. The first task tends to lure decision-makers into following the rules for rationality, thus undermining their ability to mobilize action. Furthermore, as Niklas Luhmann later emphasized, even the very idea of decision - if understood as choice - risks producing uncertainty, as it is a reminder that one could have decided in another way (Luhmann, 2000). According to *The Irrational Organization*, this problem can be solved by separating choice and action. The act of choosing does not need to immediately precede each action as presumed in standard decision theory. Instead, organizational ideologies can make it obvious how to act in the individual case; this is likely to happen in the case of "strong" ideologies, i.e. ideologies that are conclusive, consistent and complex. The choice is made when these ideologies are established. Alternatively, choice can be postponed until after action: by acting one can acquire more information about the consequences and perhaps interrupt the action if they turn out badly and prove unpromising.

The arguments had more impact on decision theory than the terminology. Instead of the broader concept of ideology, much later theorizing built on the concept of rules and rule-following (March and Olsen, 1989). Using this more popular terminology one can say that *The Irrational Organization* discussed differences between the logic of rule-following and a logic based on the estimation of consequences, of which the rational model is an extreme variant. Formulated in this language one important argument in the book was that decisions observing a rule-following logic tend to create less uncertainty, at least if the rules are specific enough. The idea of choice after action can be described as a third logic, one of experimentation.

The Irrational Organization also related to the emerging institutional perspective on organizations. Again, the theoretical connection was based not on terminology but on theme. The strong organizational ideologies discussed in the book would probably today be called institutions. They made people "take for granted" (a favorite expression of institutional theory) what they should do, so there was no need for a special process of choice. On the other hand, the lack of such institutions forced people to actively choose their actions, which produced uncertainty and made coordination difficult. The institutions discussed in the book were produced and upheld within individual organizations; they were not

institutions encompassing whole societies, the kind that interested most scholars within institutional theory. Yet they had the same effects: making active choice unnecessary, reducing uncertainty, and facilitating collective action.

Using the institutional lens, however, it is easy to see that one societal institution was indeed discussed in the book, namely the institution of decision. In many situations both individuals and organizations are expected to make decisions and to consider the purpose of decisions as choice, and, most often, they are expected to make them in a rational way. What the empirical cases demonstrated, however, was that organizations were sometimes able to react to these expectations in a varied and modified way. They could deviate from the expectations to be rational not only by simplifying their decision-making processes slightly but also by engaging in decision-making processes that were systematically irrational. They could also deviate from the purpose of choice, using decision-making processes for other purposes: for instance, for mobilizing action or responsibility distribution. The institution of decision-making controlled how organizations represented their behavior rather than how they actually behaved.

The book also connected to the issue of institutional change, an issue that in the 1970s and 1980s was mainly phrased as a question about organizational learning: how did organizations draw conclusions from their experiences? In the terminology of *The Irrational Organization* the issue was how and why organizational ideologies change, thus creating incentives for new actions. From a management perspective the book advanced an optimistic thesis: that action capability and ideological change go well together. By this thesis, strong ideologies are not only the most supportive of action but they are also the most changeable ones, that is to say those that adapt most easily to environmental changes. The pessimistic thesis was that the conditions for changeability are not the same as for changefulness – strong ideologies are more difficult to change by management intervention than weak ones. It seems that an organization that is easy to manipulate is less flexible.

To sum up, *The Irrational Organization* presented some new arguments about organizational change and reflected on organizational culture as these topics were discussed some thirty years ago. It also added some new ideas, and illustrated others, within the realms of decision theory and institutional theory. The impact on the latter fields was not overwhelming, however. Within institutional theory, the 1980s and 1990s saw much interest in the diffusion of institutions to organizations, some interest in their translation within individual organizations, and less interest in how institutions change. Even today, most theorizing about decision-making is carried out from within the institution of decision rather than from a position outside the institution. This is particularly true for research in social psychology and management. Such theorizing takes for granted that the purpose of decision is choice, treating decision and choice as synonyms and paying little attention to the complicated relations between decision and action. This program easily turns into a normative position, where scholars in full accordance with the institution recommend rationality, seeing irrationality and even a-rationality (in the form of rule-following, experimentation and imitation) as highly problematic phenomena (see Kahneman, 2011 for an overview, or almost any popular management book).

However, for me and some of my colleagues, the work continued. For example, the interest in organizational change was expanded by studies of the causes and effects of planned change, “organizational reforms” (Brunsson, 2009), studies that included analyses of why and how the dream of the rational

organization could be maintained (Brunsson, 2006). The theme of organizational ideologies led to an interest in the functioning and legitimacy problems of democratic organizations, where the very point is that different and often conflicting ideas and demands shall be represented. Conflicting demands also have implications for decision-making. They can be met by hypocrisy, where a certain decision reduces the likelihood of a corresponding action, a connection between decision and action that is reversed from what is assumed in standard decision theory (Brunsson, 2007, Ch. 7).

Over time, books can become irrelevant for several reasons. One is extreme success: their arguments become part of what is taken for granted in a scientific field, what everyone believes. This has not been the fate of *The Irrational Organization*. If this book has some relevance even today it is because some of its arguments are still controversial, more likely to be used and further developed by the radical opposition than by the ruling majority.

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