Kobe University Repository : Kernel

PDF issue: 2026-11-28

New Norms in Contemporary Organizations: Strategy, Ethics, and Accountability

Takenaka, Katsuhisa

(Citation)
CDAMS(「市場化社会の法動態学」研究センター）ディスカッションペイパー,04/22E

(Issue Date)
2004-09

(Resource Type)
technical report

(Version)
Version of Record

(URL)
https://hdl.handle.net/20.500.14094/80100044

KOBE UNIVERSITY

CDAMS Discussion Paper
04/22E
September 2004

New Norms in Contemporary Organizations:
Strategy, Ethics, and Accountability

by
Katsuhisa Takenaka

CDAMS
Center for Legal Dynamics of Advanced Market Societies
Kobe University

CDAMS Kobe University International Conference
2004/07/15

New Norms in Contemporary Organizations: Strategy, Ethics, and Accountability

Katsuhisa TAKENAKA
Research Fellow of the Japan Society for the Promotion of Science, Ph. D.
take-katsu@pop11.odn.ne.jp

In this paper, I focus on organization strategy, and approach it from a sociological perspective. The concept of organization strategy first appeared in organization studies as a military metaphor. Using this concept, organization studies describe how organizations in the marketplace battle each other rationally. However, the metaphor of organization strategy has spawned its own discipline, therefore, it has become independent from organization studies.

Since the concept of organization strategy emphasizes the economic battle between organizations, economics and/or management sciences provide the dominant perspective. As a result, roughly speaking, there has been no approach from a sociological perspective. Nevertheless, the sociological perspective is vital to an analysis of organization strategy in the contemporary society. Therefore, we must reconsider the concept of organization strategy.

The purpose of this paper is to explore the possible substitutes for strategy. There are two candidates: namely, ethics and accountability. In this paper, I advocate the latter, and attempt to prove the effectiveness of analysis based on accountability, the criterion for which is not of the "rational" but that which "comprehensible." By utilizing these ideas, we may be able to deconstruct the myth of organization as rational, and construct new myth and theory to analyze organizations in contemporary society.

Modern organization theory

In this chapter, I treat the theory of T. Parsons as a typical modern organization theory. Parsons[1] defines "An organization is a system which, as the attainment of its

[1] The work of Parsons is not limited to organization theory. Conceivably, he should be called an action theorist or social system theorist; thus it seems too eccentric to regard him as an organization theorist. Nevertheless, since he presented various articles about organization in the 1950's, and thence continued with research on politics and universities, it is undeniable fact that the subject of the organization held a substantial importance for him.

goal, 'produces' an identifiable something which can be utilized in some way by another system; that is, the output of the organization is, for some other system, an input." As this definition is linked to AGIL scheme, organization is considered as a subsystem which interchanges over boundaries. These ideas are typical of functionalism and system theories. Using the concept of input-output, these theories could change the system model from a closed one to an open one. Then, the open system model approach became dominant in organization theory, and became the trigger of prosperity of contingency theory and organization strategy theory in 1960-70s. In this paper, I reconsider the concept of organization strategy especially, since this concept has limited effectiveness in analyzing contemporary organizations.

When we research contemporary organizations, it seems more appropriate to understand organization which leaks something like images than organization which produces something like output for another system. Therefore, we need to switch the metaphor of organization from "machine" and/or "organism" to "stage" and/or "theater."

Organization Strategy

The concept of organization strategy first appeared in organization studies as a military metaphor. Using this concept, organization studies described how organizations in the marketplace battle each other rationally.

A.C. Chandler defined organization strategy as "the determination of long-range goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals," (Chandler 1962: 13) and suggested the thesis: "organization follows strategy."

The concept of organization strategy was born to contradict the contingency theory based on an open system model, because the contingency theory emphasized the phase which at organizations were regulated and determined by their environment. However, there was another phase of organization; it was a positive activity for environments around organizations. In analysis of this phase, organization strategy proved an effective concept. Therefore, the concept of organization strategy could deny determinism by environments, but then made absolutism of organization strategy.

H. Mintzberg (Mintzberg 1994) points out the problematic of absolutism of organization strategy, and denies the theory of organization strategy itself. He

claims while strategic management ended in failure practically, organization strategists didn't and couldn't notice that the theory of organization strategy itself was limited and includes problematic factors. For example, if organization strategists are criticized by the absence of stakeholders, they include political factors in their theory as a variable; if they face the battle for foreign companies, they include cultural factors in their theory as a variable. Mintzberg is skeptical about the process of constructing organization strategy theory. Because, in organization strategy theory, there is the assumption that organization has goals necessarily, and manager in organizations can control his/her organizations *rationally* by strategy. I agree with critiques by Mintzberg to a certain extent. However, since Mintzberg doesn't produce his own ideas and concepts, it is nonsense merely to repeat deconstructing traditional theories. We must offer new ideas and reconstruct concepts to be able to analyze contemporary organizations.

The theses such as "Organization has goals," and/or "organization can be controlled by strategy," are typical in only modern organization theories. These theses are legitimized the myth of modern, *rationality*. We propose the substitute to strategy, and reconstruct new myth in organization studies. To do so, we should switch the metaphor of organization from machine and/or organism, which is used in modern organization theory represented typical in the work of Parsons.

Organization ethics

In this chapter, I consider the concept of organization ethics, which first appeared in the 1960s in attempts to analyze the social responsibility of organizations. Subsequently, organization ethics were viewed as a part of organization strategy by economists and management theorists. Using this concept, they analyze the process in which corporations acquire long-range benefits by making social contributions. In recent years, they recommend compliance management and taking the ethical platform. For economists and management theorists, ethics are a part of organization strategy; therefore, they disregard theories of ethics.

Indeed theorists of ethics only supply negative advice with regard to organization ethics. Economists and management theorists in turn criticize their advice, because it is so abstract that managers cannot apply it in any practical way.

There is a useless conflict between theorists of economics and management science, and theorists of ethics. Ethical theorists criticize organization strategy

because of its impurity; likewise theorists of organization strategy criticize the worthlessness of pure ethical theory. Thus, proponents of each approach are locked in infinite standoff. Therefore, we must construct a new tool in order to make possible the convergence of both theories.

Organization strategy is a concept to analyze instrumental and one-way interrelation of organization and the environment, without the feedback process from environment to organization. The other concept, organization ethics involves the feedback process; in this sense, ethics differs from strategy. However, both concepts are problematic.

To analyze the interrelation of organization and the environment, ethics are more promising than strategy. However, ethics have a vital fault: the fact that there is no criterion for analyzing the legitimacy of organizational activities. Organization strategy at least has the criterion of rationality; therefore we can measure the activities of organization. Since the concept of ethics is a transcendent one of absolute a priori legitimacy, we cannot measure the legitimacy of organization's activities. Nevertheless, if we try to measure the activities of an organization, we can only use the criterion of rationality; to do so would be to fall into the same trap the organization strategists did. In other words, we will be criticized by Mintzberg, because measuring organization ethics by the criterion of rationality is equivalent to the organization strategists' practice of plugging in new factors into their theory as variables. (The table 1 may help illustrate these concepts.)

discipline	concept for analyzing	interrelation of organization and environment	criterion
economics and management theory	strategy	organization ⇒ environment	rationality
theory of ethics	ethics	organization ⇔ environment	

Table 1: Differences between Strategy and Ethic

.We need to construct a new concept that can replace the substitute for strategy and ethics. Although there are a lot of candidates, I propose the concept of accountability. With accountability, we can reconsider the interrelation of organization and the environment.

Consequently, we must propose the new ideas which can be applied in a practical way. In the next chapter, I arrange the concepts about organization

strategy and ethic, and propose the concept accountability as a substitute for strategies and ethics. To start with, we must switch the metaphor of organization.

Switching the metaphor of organization

Many organization theorists point out that modern organization theories only use the machine and/or organism metaphors to explain organization. (Bolman and Deal 1997; Morgan 1986; Hatch 1997) They indicate the effectiveness of switching the metaphor for analyzing contemporary organizations well. For example, G. Morgan shows us many metaphors of organization, which are machine, organism, culture, and instrumental of domination, etc. Metaphor gives us the opportunity to stretch our thinking and deepen our understanding, thereby allowing us to see things in new ways. He advocates that we should use many metaphors to understand organization. Bolman and Deal argue that different frames make us to be able to imagine different phases of organizations. The frames are "both windows on the world and lenses that bring the world into focus. Frames filter out some things while allowing others to pass through easily." (Bolman and Deal 1997: 12) They earnestly expound that managers, consultants, and theorists must reframe their own frames. They show us four frames: the structural frame, human resource frame, political frame, and symbolic frame. Using the symbolic frame in their theory, organization is described as a theater, stage, and culture itself. M.J. Hatch also refers to the effectiveness of understanding organizations through a change of approach, and shows us four approaches: a classical, modern, symbolic-interpretive, and postmodern. Approaching to organization by symbolic-interpretive, we conceive of the image of organization as culture itself. To understand organizations well, they all advocate the necessity switching metaphors, frames, and approaches.

I concur and suggest a switch from the metaphors of modern organization theory -- namely, machine and/or organism -- to those of the theater and/or stage for contemporary organization studies.

If we can change the metaphors, we can see not only different phase of the same organization but also imagine different environments, and different concepts for analyzing the interrelation of organization and environment. In addition, we can reconsider the myth which legitimizes the modern concept of strategy; in doing so, we can construct a new myth which accommodates for postmodern or high-modern perspectives.

Consequently, I propose two new concepts in postmodern or high-modern

organization studies: accountability and comprehensibility.

From strategy and rationality to accountability and comprehensibility

Modern organization theory emphasized the instrumental phase of organization, namely, the rational phase, because rationality was the one and only myth in modern perspectives. However, we should analyze another phase of organizations, namely, the expressive phase, because modern organization theories undervalued it. When we research contemporary organizations, it seems more appropriate to understand an organization which leaks something like images than an organization which produces something like output for another system. Images are always leaked from an organization; therefore, no one can control images, which are only interpreted by audiences outside of an organization.

The purpose of this chapter is to explore the substitutes for *strategy*. Although there are a lot of candidates, I propose *accountability* as a substitute, because organizations have an expressive phase, namely the phase as a theater and/or stage, and there are audiences who interpret images of organization in multiple ways. To analyze this phase, the concept of strategy is not effective, because it is a concept designed to analyze only the instrumental phase of organizations.

In addition, since accountability cannot be legitimized by *rationality*, we need to construct a new myth with a new criterion. I want to present *comprehensibility* as a substitute to *rationality*, because fulfillments of accountability depend on how audiences comprehend organization correctly. If organization cannot get sympathies by audiences, organization will lose confidences; therefore, organization will not be able to exist. (Concepts discussed in this chapter are represented in the table 2.)

perspective	phase of organization	metaphor of organization	concept for analyzing	myth
modern	instrumental	machine, organism	strategy	rationality
postmodern or high modern	expressive	theater, stage	accountability	comprehensibility

Table 2: New Concepts for Analyzing Contemporary Organizations

Conclusion

In conclusion, while *rationality* was the raison d'être of modern and traditional organization theories, I suggest that *comprehensibility* is the raison d'être for organization in postmodern or high-modern organization studies. Acknowledging the session theme, exploring the comparative studies on the genesis of norms, we must conceive of comprehensibility as one of the norms for organizations in contemporary society.

In Japan, the discussion about information disclosure has recently become very active. Audiences demand accountability from organizations, which are not only companies but also hospitals, universities, and all organizations. In the past, these organizations were excused from accountability, because laymen entrusted them to professionals. There was a boundary between the laymen and the professionals in the past. At present, since there has not been the boundary already, we must satisfy the need of accountability for audiences in a comprehensible way. Otherwise we will not be able to retain their trust, and therefore we will cease to exist.

Footnote: Some Examples in Case Study

I have researched some organizations empirically, for example, atomic power plants at Tokai village in Ibaraki Prefecture, and SPring-8 at Kamigori Village in Hyogo prefecture which is the world's largest third-generation synchrotron radiation facility. These two organizations have a common object, "radiation," which will be a cause of bad images. Therefore, these two organizations disclose a lot of information in a comprehensible way for audiences outside the organizations.

In this country, many of atomic power plants tend to have their own museums, which are the bond between the organization and audiences. Because museums are very comprehensible, they succeed in satisfying the needs of accountability for audiences.

In the case of SPring-8, the professional scientists in this organization provide the lectures about science at elementary schools. Because their lectures are quite comprehensible, audiences in local community are in favor of this organization.

As long as these organizations provide a lot of information according to the criterion of comprehensibility, they get sympathies by audiences. If they did accord to the criterion of rationality, in other words, controlled the images strategically, they would lose confidences and audiences would doubt their accountability, and, therefore, these

organizations would not be able to exist.

References

Bolman, D. and Deal, T. E., 1997, *Reframing Organizations*, 2nd ed., San Francisco: Jossey-Bass Publishers.

Chandler, A. D. Jr., 1962, *Strategy and Structure: Chapters in the History of the Institute of Technology*, Cambridge, Mass.: M. I. T. Press.

Hatch, M. J., 1997, *Organization Theory: Modern, Symbolic, and Postmodern Perspective*, New York: Oxford University Press.

Mintzberg, H., 1994, *The Rise and Fall of Strategic Planning*, New York: Prentice Hall.

Morgan, G., 1998, *Images of Organizations: the Executive Edition*, Thousand Oaks, Calif.: Sage publications.

Parsons, T., 1956, “A Sociological Approach to the Theory of Organization,” *Structure and Process in Modern Society*, New York: The Free Press: 16-58.