Nils Brunsson

the case of markets and organizations - institutionalized beliefs and practices -

SCORF
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Institutionalized beliefs and practices
Abstract

Institutionalized beliefs and practices - the case of markets and organizations

and the content of their reforms. Subject to attempts at reform as well as determinants who the reformers are
consequences. They affect the extent to which organizations and markets are
the problems of legitimacy may in turn have important practical
legitimacy and legitimacy problems. The way responsibility is allocated and
responsibility is allocated within these institutions. Beliefs also affect
about markets and beliefs about organizations lead to differences in the way
relations between the two. It is argued here that differences between beliefs
wholly determine practice. Rather, there can be other more indirect kinds of
practice does not wholly determine belief systems, nor do belief systems
develop considerably from much local market and organizational practice.

Modern institutions may exhibit considerable inconsistency between beliefs
science formulates what is considered to be the truth about institutions such

sciences like economics, organization theory, psychology, and political

In the modern world science has a major role in defining the truth, social

particularly determined by mainstream science (Meyer 1994).

Abstract knowledge (Meyer and Jepperson 1996), this general knowledge is

Ryder's (1950) work indicates more towards the teaching of General,

stabilization of people within the system. Modern education is less oriented

regards its scale and penetration, and its impact on the social and economic

Formal education is of crucial importance in the modern societies, both as

party as a result of the prevalent mass-education systems,

between knowledge and experience that leads to arise in modern societies,

particularly between institutionalized beliefs and practice, is the discrepancy

One important factor which promotes institutional inconsistency.

Institutional inconsistency

sources of institutional inconsistency in modern society.

and that these have important effects. First, I will point to some general

market and organization institutional confusion understood inconsistency.

highly consistent, whereas less so in this article I will argue that the modern

consistency can be expected to vary; some modern institutions may be

institutionalized beliefs, rules and practices. The actual degree of such

and Luhmann 1966, Ch 1:1), this implies a notion of consistency between

pattern of action, which in turn strengthens the beliefs and the rules ( burglary

which generalized rules about how to act, and consequently a corresponding

Societal institutions have been defined as sets of beliefs about the world
The potential of science for influencing practice is less than its potential for practice as actually in operation. Descriptions. General norms may influence people's beliefs about what furthermore people may sometimes confuse prescriptive with learning and using those descriptive small segments of reality. Scientists claim a high degree of generality and meaningful more worth easily than very complex theories and classifications. Ideas for which the popular discourse, then complex ideas; ideal types would spread more ideas can be expected to be more readily adopted by mass education and in relatively easy to understand and learn. Also, relatively simple scientific limitations facilitate clarity, simplicity, and logic and make the theories descriptive of all variations in practice (Abdol 1982, Ch. 2). The science produces theories of practice, and these theories typically focus on experience. Modern science provides such knowledge. Large amount of knowledge about practices of which they have no personal be used in the public discourse. Under modern conditions, people acquire a related to their aspects for study, and in particular the belief systems that can related to the institutionalized rules, norms and institutions - that are ways as well science possesses great potential for influencing the belief systems - the formal education system and the professions, and in other ways that are seen as relevant or justifiable within them.

Through the formal education system and the professions, and in other ways that are seen as relevant or justifiable within them.

In their contributions to action, science poses questions regarding the way institutions should work, and helps to determine the institutions in this way social science not only "studies" institutions, but also participates as the market the formal organization, the individual and the nation state.
people see their own practice and experience as specific and exceptional, they
personal practice and experience is an important aspect of modern life. If
and exceptional character, and consequently the General Irrelevance of
special cases and unimportant exceptions to the General Rule. The specific
Indeed, people understand much of their own experience as consisting of
most people already know what is Generally true.
- makes it both difficult and unnecessary to use the Generalization Strategy
Generalizing from one or a few cases, and a well established General Truth
favors localizaion over Generalization; science explicitly warns against
an exception to what is Generally true. The modern situation strongly
localization, whereby our own experience is explained as a special case and
are formed on a basis of our own experience the other could be called
strategies. One is Generalization, whereby our beliefs about what is General
General case, we may in principle lean towards either of two opposite
personal experience is always local and specific. When relating to the
Even so, the General Truth is not necessarily questioned or rejected. Our
practice.
This General Truth, science has then regarded belief systems more than
personal experience of their own or other's practices may be different from
belief systems, developed considerably from many actual practices. People's
All this can lead to a situation in which the Generally accepted Truth is the
General knowledge as practitioners we need specific knowledge.
own practice. As observers and commentators of life in general, we need
since they do not find scientific knowledge particularly relevant to their
local and complex practice. And they may have little interest in doing so,
find it difficult to transfer scientific ideas into terms applicable to their own
place under very varied and specific local conditions. Hence, people may
But there may be other relations between beliefs and practice, apart from one that practice is a likely outcome in modern institutions. Practice does not wholly shape beliefs and beliefs do not wholly shape practice. A discrepancy can persist between belief systems and practice, so long as interaction.

To investigate these different causes and consequences as well as discrepancies, it is important to differentiate analytically between beliefs and practice. "Beliefs and practice do not wholly determine each other; because of these beliefs and institutionalized practice are regulated differently, and because of the interaction (Brunsson 1989), such discrepancies arise because institutionalized practice is regulated by camouflaged professional skill and the theories in the power of the talk and action between reconstructed life and the theories in use (Kepner 1964), between talk and between expected theories and theories-in-use (Arostegui and Schon 1978)," according to "Between the formal and informal system" (Meyer and Rowan 1977). Discrepancy between the formal and informal system is not accounted for in social life. As a result we get a discrepancy between the formal and informal system.

Discrepancy with practice or with very little of it, it is likely that this may practice can be accounted for in terms of the general belief system. Even if there is a very poor general belief may be unwise. The local practice might easily appear deviant, strange or incorrect, or the accounts might sound incredible; however, from general beliefs may be unwise. The local practice might easily be perceived as less true than the general beliefs. In fact, it is very understood in beginning about them. Thus, aspects of local practice that deviate from institutionalized belief systems tend to be much point in reporting special cases to others, and the others may not affect other people's beliefs in the general knowledge. These does not seem own experience. It is also less likely that their own personal knowledge will be accounted for in terms of the general belief system.
Interferences with a "free" market.

order (Hayek 1990). The active regulation of markets can be perceived as
something natural rather than planned and created - as a spontaneous
more sophisticated discussions, as markets themselves, they appear as
does not demand special explanations. They are taken for granted even in
1969). These actions are given, they are simply there, and their appearance
economic theory places two types of actor - sellers and buyers (Sanskranos
standard description of the market as an ideal type based on neoclassical

last few decades.

organization theory has evolved as a fairly independent subfield of the
certainty the study of markets has been heavily dominated by economics, and
for dividing the social sciences themselves into disciplines. During this
Dahl and Lindholm1973, Wiib1973), they have even been the basis
understood as very different ideal types for human interaction (Case 1977).
been fundamental in much theorizing. Markets and organizations can be
been fundamental in much theorizing. Markets and organizations can be
modern society. The distinction between market and organization has also

The market and the formal organization are fundamental institutions of

Markets and organizations - beliefs and practices

compare some belief systems and practices of markets and organizations.
and reforms in these institutions. In the next two sections I will first
beliefs systems may affect the allocation of responsibilities as well as legitimacy
important practical effects even when they are poor reflections of practice.
point, i.e., that general beliefs about the market and the organization have
the market and the organization institutions can be considered as cases in
even, they can still have important practical effects. Below I will argue that
of them shaping the other. Even when beliefs do not describe practice very
Version organizations are believed to be actors - coherent entities within a single organization, but not without effort and only from above. In this sense organizations differ from each other. Missions and rules can also be changed within an organization has a specific mission and specific rules, organizations tend to be achieved by local rules which also produce stability, since they balance between what organizational members say and what they do. Coordination principles (on the one hand), and actions on the other. There is consistency by the existence of a hierarchy between values (common or organizational has a task, a mission, which is either formulated or a basis of interests - their purpose is to achieve a certain common result. The other idea is to decrease the organization as an ideal type (Weber 1922). Conditions, Volatility is an important aspect of markets, and buyers of a certain product, who should work under competitive market this is both possible and usual, since there are many possible sellers. More often, their interests better with a new partner. On a freelance but not "permanent" the actors are ready to dump each other as soon as they find they can satisfy something for their "self-interest", this leads to a conspicuous lack of loyalty. These are their only fundamental interests, they are therefore perceived as sellers try to increase their profits, and the buyers try to increase their utility. sellers outside each actor. The exchange is driven by preferences and purposes. The exchange is to take place, we must know when the commodity is inside or out in accordance with these preferences. The boundaries must be clear. It is defined: They possess internal consistency and specific preferences, and they describe the seller and buyer are described as actors whose boundaries are clearly.
also provide common norms; it has been argued that both markets and
systems. The models are simple, and consequently easy to understand. They
are described in the modern public discourse; they are part of standard belief
The ideal models have had an impact on the way markets and organizations

(Johnson 1993).

...very much from the ideal market type (Granbom 1993, Hakansson and
different regime such as a network system, if the actual interaction differs
systems that are legally marked as "non-markets" are supposed under an
market or an organization at all. For instance, sentences sometimes defne
were absent in a specific case, we would doubt whether it was a case of a
way we define markets and organizations: if many of their characteristics
complementarity institutionalized belief systems. Indeed, they are part of the
The ideal models of markets and organizations constitute two

other.

described, doubts about one description would easily raise doubts about the
described, they would at least facilitate the functioning of the markets as
freely from the ideal type described, and if organizations actually worked
perceived organizations as actors on such markets in any way that differs
other. If we believe that markets actually work as described, it is hard to
achieve their missions. So the descriptions complement and reinforce each
are areas where they can acquire the resources they need to
the kind described in the ideal organization type. And such actors are likely
greadily, they are also consistent with each other. A market requires actors of
Although these ideal descriptions of markets and organizations differ

individual (Granbom 1993).

are constructed along basically the same lines as another actor, namely the
preferences and clear boundaries vis-a-vis other actors (Meyer 1994). They
Industries and their markets have been described as fairly organized, with a very different form from the ideal types (Tucker 1972, Williamson 1975, 1985).

Such studies of markets have led to a number of descriptions of practice that are descibed as "influenences" or deviations from the formal or from the rules. Studies of local practice. These are often compared to the ideal types and science produces not only ideal types but also accounts based on empirical evidence.

Market and organization practice


Some suppliers of customers into their own organizations (Williamson 1975, 1979) boundary-setting in companies, whether or not they should incorporate market economies (Dahl and Lindblom 1953) or in the discussion about discussions, for instance in the long-running debate about planning versus disadventages. These different effects are frequently invoked in many which individually are likely to have very different effects, advantages and disadvantages. Different institutions, which complement each other in a larger system, but when thus described, markets and organizations appear as radically formal rules.

Roughly as described in the ideal types. The models from the basic for many institutions for markets and organizations than that they should work regularly institutions even more strongly. It is difficult to present any other described roughly according to the ideal organizational type. The models and when organizations are presented by their leaders, they are typically popular among proponents of both institutions (Williamson 1975, 1979). Their descriptions are more
only in their own profitability and viability but also in those of their
sellers are created and moulded in the interaction. Actors are interested not
this kind of market as part of a network. The preferences of the buyers and
actors are also created within the network. One can only become an actor on

common problems and solutions.

Long-term cooperation is built into each other’s activities and a history of
and loyalty can easily develop over time between the partners, based on
resources and goods are thus both created within the network. Deep trust
routines and planning. New products are developed by common effort.
transportation systems, their payment systems, and their administrative
production technology to develop new ones. They adapt their stocking and
about other market actors and, together they modify products and
exchange information and knowledge about products and technology, and
other, adaptation is important. Buyer and seller
stability is created, since the market actors are heavily dependent on each

can think of better alternatives.

relationships, even if they do not work well all the time and even if the actors
often long-lasting. It is often difficult or inappropriate to break such
a high degree of stability and loyalty. Relationships between market actors are
complex vertical and horizontal patterns. The networks are characterized by
These markets are described as networks of multiple sellers and buyers in
Some studies of industrial markets have presented a picture far removed

(Spender 1989, Helgesson and Mellen 1997),

1993), or social embeddedness (Granovetter 1985) and of shared meanings
substantial degree of co-operation and hierarchy (Richardsen 1972, Cypher
The interaction between different parts of one organization may be

Large organizations internal market mechanisms such as transfer pricing are often installed in
organizations (Weick 1976, Presser 1981, Brunsson 1989). Furthermore,
and inconsistency that are predominant characteristics of many large
addition to hierarchy, unity and consistency; it is local autonomy, conflict
and what the organizations do, are not the same thing. Rather than in
activities that lower levels possess (Presser et al. 1986). When the leaders say
extracted from below; top management is dependent on the knowledge of
very independently of each other and of top management. Control is often
different conflicting interests (Presser 1981). Different departments can act
individuals in organizations tend to create and act in accordance with
homogeneous, on the contrary, different departments, groups and
(Selznick 1949). Not are these values and interests necessarily
management, organizations tend to create their own values and interests
from above. Instead of being operational instruments for principles or top
ype. Organizations are described as being difficult to control from outside of
produce a picture that deviates considerably from the ideal organization
described in empirical studies of organizational practice. Such studies have
ype. The same kind of discrepancy between ideal <type> and practice is
All these market practices differ from the descriptions of the ideal market
resources and preferences.

differ from other parts' marketing mix and management, as regards both
units for buying and selling; they are parts of their organizations that can
rather, individual departments, groups or even people are the decision
sold differently to analyze the whole organization as a single actor.
When buyers and sellers are large companies or other organizations it is
beliefs and practice. If we analyze markets and organizations as ideal types,
these beliefs and practices mean to be analyses of institutional practice, and vice versa (Wiensky 1975). Good analyses of institutional beliefs can be very misleading if they are
consistent, if it becomes more complicated to analyze and understand it.
When the beliefs and practices of an institution have a low degree of
organization beliefs.
importantly, market practice can be very different from standard market
characteristics similar to those of the ideal market type. And, more
practices will be less clear than those between the beliefs. Market practice
resemble the ideal types, the differences between the two institutional
When practice works as described above and belief systems continue to
real markets and organizations.
organizations described in these accounts, at least if one interprets them to be
not regulatory institutions. It is hard to interpret the kind of markets and
organizations are described; they have little normative impact and they do
come to shaping belief systems. They are not part of the way markets and
and organizations have been less influential than the ideal types when it
These more complex and to some extent contradictory accounts of markets
stable.
deal, while external relations with suppliers and buyers may be much more
pace, the hierarchical relations in these companies begin to illustrate a great
relationships sell and buy different business units and companies at a great
between one part of one organization and one part of another. When large
considerably less frequent, less intense and less stable than the interaction
The main difference between markets and organizations is that systems is

individuals or sometimes a set or other co-operative organizations.

organizations can be sellers or buyers on markets' organizations consist of

The crucial actors here are individuals and organizations. Individuals and

Markets and Organizations both regulate interactions among social actors.

Allocation of Responsibility

and markets.

practical effect more closely, namely attempts at reforming organizations

have practical effects. In a concluding section I will examine a particular

beginning of markets and organizations, and how these factors in turn can

how better systems can affect the allocation of responsibility and the

make practice consistent with beliefs. In the next two sections I will discuss

indirect ways. Beliefs may influence practice, even though this does not

determine practice. But beliefs and practice may still be connected in more

because practice does not wholly determine beliefs, and beliefs do not wholly

context of analysis: it can also have practical effects. A difference exists

but a difference between beliefs and practice is not only important in the

the opposite.

When practice works as described above, we might even sometimes expect

assume that this would happen in all markets and organizations in practice.

this does not mean that there is necessarily an equally strong reason to

within Organizations rather than within markets (Williamson 1975), but

which call for Big Transaction-Specific Investments, can be expected to occur

we may assume that transactions which are uncertain and repeated and
most of the responsibility.

By placing it on the leadership, there is a small number of people who carry
notion of hierarchy also contribute to responsibility within the organization
plausibly. So it endows the organization as a whole with responsibility. The
plausible. So it endows the organization as a whole with responsibility. The
notion of hierarchy makes the notion of the organization as one actor
leadership's power in practice may be greatly limited, is not important.

activities, leadership thus becomes responsible. The fact that the
assumed that the leadership of organizations control organizational
the organization are thought to control the others in standard beliefs, it is
members. This is accomplished by beliefs in hierarchy: some actors within
but organizations also allocate responsibility internally, among their own
in an actor, thus endowing it with responsibility.

and for their outcomes. Standard beliefs about the organization portray it as
They perform actions and can therefore be held responsible for these actions
Social actors are bounded, coherent and purposive entities (Meier 1994).

beliefs about power, that bestowed responsibility, not power in practice.

(Artzt, 1991, Book III, Chapter 1; Emery & Trist 1969). It is perceived power, i.e.

is believed to be the deliberate cause of events, is also held responsible
In Western culture, perceived power produces responsibility: someone who

turn affects the legitimacy of the institutions.

they can be combined with the idea of the individual as an actor. Thus in
market and the organization ideas vary as to how easily, and in what way,
way responsibility is allocated in organizations and on markets. Second, the
difference has several effects, which I will discuss below. First, it affects the
that organizations are believed to be actors while markets are not. This
Thus when beliefs and practice are as they have been described above, concentrated power, while markets tend to produce more power than organizations tend to produce more concentrated responsibility than the equivalent responsibility from being created. Power can often be concentrated in market practice, standard beliefs prevail, responsibility are reflected in most legislation about markets. Thus, even if concentrations of the market as a whole, or for its results, these limitations on actors that responsibility is not any single market actor responsible for the widely spread. Further, the market as a whole is not in action, and cannot long as they have followed the formal rules of the market. Responsibility is actors responsible for the effects of their own behaviour on other partners, so actor is responsible for their own actions, not for those of others. For power. In this version nobody has control over anybody else's actions. Every make agreements of their own free will and not as a result of someone else's assumed that the actors in the market control only themselves, that they concentrated power and thus produce little concentrated responsibility. It is standard beliefs about the market, on the other hand, emphasize the lack of.

In general, thus promoting the further concentration of responsibility in organizations, may reinforce the general belief in concentrated power in organizations, may be influential, it is to support the belief in concentrated control. This responsibility is to claim influence to argue that they or other leaders are of concentrated to the leadership. The standard way for someone to claim for this and other reasons it is often important to keep responsibility for a great many things over which they may have had no real influence. Legislation about organizations, in which leaders are held legally responsible concentrated responsibility. Concentrated responsibility is typically reflected in organizations often demonstrate, and thus further reinforce, such
It is not only responsibility for daily actions and outcomes that is allocated

Responsibility and Naturalness

Reducing it to the state, organizations, and it reduces responsibility on the market even further by responsible for the regulations. This increases the local responsibility of reifies responsibility those who are involved in regulation become

So responsibility stimuli in regulation, and regulation in turn

more centralized than organizations. Outside the specific market, primarily by the state. In that respect, markets are

Regulation. The formal regulation of markets is central to many by actions

less responsible, they can be expected to be less active in the formal leadership determines rules for its own organization. If market actors have

expected considerable local organizational regulation, the local organizational control is established at least to influence formal rules. Thus we can

expected by others to try to exert control. One way of trying to achieve

expected over what they are responsible for (Peysen 1920). Or at least they can be

held responsible can be expected to be interested in having some control

the differences in the formal regulation of organizations and markets. Those

Differences in the way responsibility is allocated go some way to explaining

moral responsibility towards the supplier.

consider the different effects these solutions will have on their legal and organizational, or maintaining a market relationship they can be expected to

influence, when managers consider incorporating a supplier in their own

actions engage in market relations or in organizational solutions. For

because of the different ways responsibility may be one important reason why

responsible. This can have important practical effects. The different
These ideas about naturalness find strong support in several important

have arisen naturally.

market as a whole appear to be constructed by people; rather, it seems to
complete with the interests and action logics of such actors. Nor does the
Customer of sellers apparently appear without anyone's intervention.
instance - they just seem to be there. People seem to be natural actors.
how markets are created, about how the actors and their interests arise, for
have seen, standard beliefs about markets do not contain many ideas about
have been created by nature rather than constructed by people. As we
seen less the result of a human plan. In some versions markets even seem
There are even fewer indications that markets are "constructed" at all; they
particularly responsible for the existence of markets is more dispersed.

purposes and resources by someone else.

leadership, actors within the organization have been allotted their tasks.
above, their role is perceived as being in the hands of a responsible
maintained through the efforts of one or more individuals. And, as argued
something created by people. Organizations are presented as founded and
Organizations are commonly conceived as human constructions, as

people, while the responsibility for markets is less clear.

As will be explained below, organizations are the responsibility of specific
and existence of the institutions themselves is also distributed differently.
differently in organizations and markets. Responsibility for the construction
both systems, namely the individual.

although in different ways - which standard beliefs about one of the actors in
standard beliefs about markets and organizations are both inconsistent
other, at least one of the institutions is likely to be questioned or criticized.
other institutions. If beliefs in two institutions are inconsistent with each
it is also affected by the consistency between the institution in question and
The legitimacy of institutions is affected not only by ideas of naturalness but

The individual as a problem for legitimacy

arena is the result of the actions of many actors, and can be quite chaotic.
only, arenas for organizations and other actors. What happens in the market
actors in themselves. Markets, on the other hand, are perceived as arenas
noted, organizations seem to be so highly order that they are perceived as
markets appear to be much less ordered than organizations. As we have

and organization ideas are apt to offer different impressions of order:
avoid, particularly when it is understood as disordered. Standard market
highly than human constructions. Nature can be perceived as something to
Although nature is difficult to question, it is not necessarily valued more
but perceived naturalness does not necessarily make institutions attractive.

As natural orders, they are less difficult to question than organizations.
are less likely to be questioned (Douglas 1996). When markets are perceived
institutions, when institutions are perceived as parts of a natural order, they
ideas about naturalness constitute one factor affecting the legitimacy of

Bases and problems of legitimacy
Modern ideas about the individual. Modern individuals are very apt for the
behavior generalized. Modern market ideas exhibit a certain fit with
actors. Such actors are also more likely to be present when individualism is
discussed, and the standard market belief systems assume selfish market
positive thing. These ideas have been much quoted in contemporary
the outcome of collective greed was greater wealth for all, and this was a
Mannheim (1724) and Smith (1776) argued against these ideas, claiming that
least the result of greed, i.e. wealth, was equally regulate.
no less plausibility on the market than anywhere else. And to Aristotle at
eglogics in any situation. Greed and stinginess for one's own enrichment were
different in markets from those in other areas of life. People should not be
Tawney 17926 all considered the norms for individual behavior to be no
an old one. Aristotle Z (book I, chapter (see Zealand 1990) and Calhoun (see
individual behavior in general and norms for individuals on markets is
the debate about whether there should be any difference in the norms for
entrenching himself has been a particularly frequent subject of discussion, and
In the market case the assumed eglogic preference of the individual for
issue than before. But it has long been a spur to discussion,
according to his own preferences, then becomes an even more crucial
should exert this autonomy within the other two institutions acting in
higher degree of individualism, the extent to which the individual can or
1987): there are more autonomous individuals around, and they exhibit a
autonomous entity giving rise to actions. These aspects of the individual
possessing a specific or a unique set of preferences, i.e. an
institutions. The individual is constituted as a bounded and coherent actor
moral and ethical discourse about the market and the organization
The relation to the individual has in fact long been a crucial topic in the
Another notion is that individual organization members have the same

Feeling that in some extent they are controlling themselves
democratization, that the leaders they must subsequently obey, thus creating a
option be struck which is tolerable to both parties. Or members can
expense of the organization (March and Simon 1958, Ch. 4). A chance can
compensated for their participation, thus satisfying their own interest at the
whereby individuals and organizations as such. Members can be
individually in the organization, and many ideas have been presented.

There have been many attempts at justifying the subsumption of

lead to divorce more and more.

individuals tend to converge, believe about organizations and individuals
individualism has become stronger. While beliefs about markets and
subsumption of the individual in modern times, when the belief in
organizational hierarchy. It has been more difficult to defend this
more general interest, the common task. Individual autonomy is reduced by
the organization. The preferences of the individual are subdued under a
subsumption of the individual's interests and preferences under those of
the idea of the formal organization, on the other hand, implies the direct
exchange with others.

preferences, which they have the right to satisfy through voluntary
role of market actors: they have clear boundaries and their own specific
modern mind is able to live in several worlds at once (Berger et al. 1974).

In some cases, too, the same culture may be able to accept several versions of

legitimate and markets much less so.

uniqueness, then it can be expected that organizations will be difficult to

facilitate organizational. If individuals are not only organizational but have

become an agent for general interests (Neyer and Peresson 1996). This

will surely commit himself to a societal or organizational purpose - to

preferences are. This makes him a weak market actor but might make him

as a purposive actor, but may be less clear about what his purpose or

less legitimate. In other cultures the special individual may think of himself

adaptations to individuals. In such cultures markets can be expected to be

expected to be easily tolerated and to have little need for legitimating

cultures with a relatively weak sense of individualism, organizations can be

different cultures which uphold different versions of individualism. In

modern individualism better. The situation can be expected to vary between

standard beliefs about organizations while beliefs about markets do not

obvious weaknesses. It is not easy to combine modern individualism with

All these efforts to reconcile organization with individualism suffer from

flexible and it is results rather than processes that are accounted for.

1994), they can be interpreted in the opposite way if the risks are more

when the risks and accounting systems are very rigid (Willer and O'Leary

Although such schemes have been regarded as threat to individualism

individual results and, sometimes, introducing related incentive schemes.

defined risks for each individual organization member, accounting for

differentiation and advanced accounting systems. This means creating well-

allow more individualism within the organization, perhaps through job

personal experience of people not behaving very selfishly or greedily. Of
interpretative, we might still accept a particular market in which we have
standard beliefs about individual selflessness and greed on markets
different from beliefs that many make the cash less clear. If we find the
lead to cash with common beliefs about the individual, but if practice is
market and organizational is uncertain, not least because standard beliefs
can also be expected to have practical implications. The legitimacy of both
but the difference between beliefs and practice within a certain institution

legitimacy.
Institutional beliefs have indirect practical effects, since they affect
rules of the market and organizational institutions. Thus, standard
institutions, and again, it influences the extent to which people follow the
smoothness with which young people can be socialized in the
areas, or whether there is area of application is reduced. Legitimacy also affects
may influence the extent to which these institutions can expand into new
The legitimacy of markets and organizations has potential practical effects. If
practical effects of legitimacy

should be treated in a morally different way compared with life in general.
acceptable market behavior, just by arguing that economic life could and
economic life. Smith (1776) differed from Aristotle in his conclusion about
realize ideas of subsumption, control, and other in areas other than
autonomy, naturalness and disorder in groups, and societies which are able
compromise each other. For instance, it may be easier to get support for
other parts of life. Different orders in different parts of their lives might
probably in fact do. For people are able to separate the economic and the
subsumption in their organizations (and to some extent most people
For instance, people may accept selflessness on markets as well as
belief aspect is not practice then continue even if the institutional beliefs are inconsistent but practice is less so. In this situation the practical aspect of these institutions generally work, they find it almost impossible to combine their beliefs about organizations and markets. When they think about how themselves and others as individuals which are highly inconsistent with organizational or markets - even though some people hold beliefs about practice, and individuals are seldom in the practical problem for individuals can tolerate organizations and markets as they actually work in and organizational beliefs and practice with individual practice. So the individual than with individual practice. This helps to reconcile the practice, they can both be less reconcilable with beliefs in the institution of practice requirements and organizations lend to differ more as beliefs than in

requires some selfishness

as unselfishly as they think they do, they will do better on a market that making life in organizations easier. Similarly, if individuals do not behave practice obey many orders issued by higher organizational levels, this healthily submissive to the general idea of individual autonomy, we may in practice, while our beliefs remain unaffected. For instance, even if we individual practice may then be adapted to organizational or market may be very different things, the one having little impact on the other. Our beliefs about ourselves and our own actual practice organization do. Our beliefs about institutional just as the institutions of the market and the further, the institution of the individual may combine some inconsistency even if we find the general idea of the individual’s submption under the

control at our own workplace.
place locally within each individual, organization or market. The practice of

discourse.

1962) and from which many changes only slowly reach the more general
scientific discourse in which basic assumptions do not change easily. (Kuhn
requires scientific support. Such guesstimation will then also be part of a global
world where science is a crucial authority, any serious guesstimation of beliefs
- it can lead to the guesstimation of beliefs or the guesstimation of practice. In a
- a discrepancy between standard beliefs and practices is not always tolerated

Reforms

the topic of the next section.

Thus, a discrepancy between institutional beliefs and practice may increase

Holmberg 1993),

hierarchy than older people (Luhmann 1977; Andressson, Flinth and
finds in society where young people show considerably less tolerance of
organization highly illegitimate. This is consistent with complementarity
example, if such people strongly believe in the individual, they will find the
inconsistencies between belief systems are likely to appear more serious. For
To those with little or no practical experience, young people for instance, the

ubiquitous.

difference between beliefs and practice can be an important societal
are characterized by inconsistencies and consequently a certain illegitimacy. A
with generalized beliefs that are inconsistent with institutional ones. It is difficult to present institutions other than reforming institutions may be, and generalized beliefs lead to shape their content. Reforms present.

By changing the practice, moreover, whatever the reasons for reforms may be, they can all imply reform. The explicit attempts at reducing the discrepancy between beliefs and practice can be of different kinds, but if doubtfully whether this is a real organization.

be argued that an organizations practice alike the one described above makes unenhanced commonplace, but even that this is not a market at all. Or if can those which have been described above as being common institutional practice under a certain institution, if relations between buyers and sellers look like practice makes people doubt whether local practice can be substituted at all local practiced an organizational question in the discrepancy between beliefs and effect the way a real organization or market works. This makes criticism of failure. If is a strong incentive to reform. Finally, local practice may not as intended. This is what is called a problem, and it persists over time if a something incorrect that should be corrected. For local practice does not work the way individuals, organizations, or markets should work, it represents. local situation may be in conflict with standard institutional norms about

as noted above, beliefs systems induce norms, intentions, and truths. So the

for reforms, or attempts at changing the local situation, also be regarded as a bad example. This section provides several reasons out our beliefs about individuals, organizations, or markets in general it can which we have experience may appear not only as an exception in light of
Local reforms are in fact typical of large modern organizations. The frequency of reforms in the two institutions
reforms in organizations than in markets and thus in turn affects the organization leadership or their principles. So there are far more possible
normally made following an initiative on the part of some individual
by other central organizations. Attempts at reforming organizations are
attempts at reforming markets are therefore normally made by the state or
applied to individual transactions or individual relations on the market
which means they are not responsible either for the rules that are to be
Market actors do not bear the responsibility for General market results.

Organizations, the reforms also tend to be different.

Because responsibility is allocated differently in markets and
others, because responsibility is allocated differently in markets and
and practice, either on their own initiative or as a result of pressure from
responsible for practice can be expected to react to differences between beliefs
determined in part by the way responsibility is allocated. Those who are
their institutions and try to implement them. Who become reformers is
but for reforms to occur, reformers are also needed - people who present

autonomy and more room for their own interests.

Organizations, or to change organizations so that individuals get more
other institutions, for instance attempts to install market-like principles in
a purpose in life. Other reforms mean trying to introduce principles from
individuals often mean attempts to create more individualism (e.g. more of
attempts to install more “real market” principles, and reforms of
more coordination or more top control reforms of markets often represent
organization more like a “real” one, resembling what we think an
Organizations are attempts to make the existing

Many reforms of organizations are attempts to make the existing
Reforms are not usually presented as loudly - few important people have an interest in revealing the failure. Reforms fail to achieve the desired results, and externally; this is a common tactic for getting reform efforts started. Reform attempts are often proclaimed loudly but even when reforms do not have much practical effect, they may have

Reform reinforcing beliefs

...change from above...

as we have seen, large organizations are generally difficult to control and to disrupt because between beliefs and practice exists in the first place. Moreover, the discrepancy between beliefs and practice under reform, which may of course be the reason why the beliefs are generally unrealistic or at least unrealistic in relation to the implementation theme as intended (Pressman and Wildavsky 1973). There are several reasons for this. Standard implementation plans often do fail; it proves impossible to implemen...
General conditions of all markets. Individual organization, while market behavior is dependant on local factors in the market and organizations. For instance, it may lead analysts to believe that stability and homogeneity. This is thus in many apparent standard beliefs about heterogeneity, whereas organizations easily give the impression of change and homogeneity, even if in practice there may be a lot of change and different ways.

differences; there is less reason to believe that different markets work in differences are not present in reforms, and if we do not hear about presented as reforms, markets are less likely to be seen as heterogenous.

market actors function and interact do not need to be, or cannot be, particular reform are different from those which have not changes in the way each other, and that organizations which have not yet announced a have announced different reforms are now functioning differently from present themselves, it seems reasonable to assume that organizations which different from one another. If we listen only to the way organizations are over a long time, it is easy to get the impression that organizations are impression of heterogeneity. If organizations present a variety of reforms The number of reforms that are launched may also influence the

of stability and lack of change. Actually taking place. The lack of reforms in markets can give an impression impression that big changes are going on even if very little change is ambiguous. Thus extensive reform activity in organizations can give the was announced and is related to the reform attempt may be highly 1973). Also, the lack of implementation often appears long after the reform
Rethinking standard institutional beliefs about markets and organizations may be self-
something natural, and organizations as something constructed. Hence, controllable. Such impressions may reinforce the picture of markets as uncontrolled. If they are observed at all, do not seem equally controlled or are not.

Organizations can in fact be effectively controlled by certain people. Changes result of the efforts of reformers; this seems to recognize beliefs that further, the volatility and heterogeneity of organizations are depicted as the
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