REVIEW ARTICLE

BRUNSSON, N. *The Organization of Hypocrisy: Talk, Decisions and Actions in Organizations*. Chichester: John Wiley and Sons. 1989.

ORGANIZATIONS AND RATIONALITY: THE ODD COUPLE?

M. REED

Department of Behaviour in Organizations, University of Lancaster

Although decision theory has some widely recognized problems, it has become a modern classic of truth, beauty and justice. And although there are contending religions, it is the established church of social science. Students of organizational decision making are members of a deviant sect within the same church (March, 1989, p. 2).

The publication of Brunsson's book raises some fundamental questions concerning the relevance of the concept of rationality for understanding and explaining the most significant aspects of modern organizations and their role in social life. It also helps to cast some light on a number of comparatively recent intellectual developments and theoretical trends in organization theory which seem to undermine, in a very radical and deep-seated fashion, any vestige of belief in formal or complex organization as the institutional paradigm case of instrumental rationality in Western industrial societies. In this respect, these developments and trends call into question foundational assumptions concerning the nature of modern organizations and their impact on long-term institutional transformation inherited by organization theory from the intellectual legacy bequeathed by Max Weber.

There is little doubt that Brunsson is a deviant member of a deviant sect in terms of the quotation from March which heads this review. His reworking of the conceptual foundations and scaffolding of decision-making theory take him to the more remote intellectual missionary outposts of the established church. Yet he remains a member of the latter in that he accepts the basic theoretical framework of decision-making analysis as the appropriate *starting point* for his own intellectual endeavours. However, his conceptual overhaul of mainstream decision-making theory raises many unanswered questions concerning the continued explanatory power and relevance of conventional doctrine within the one true church. The field of contemporary organizational studies seems to be replete with apostates who would gladly appropriate Brunsson's unorthodox innovations to challenge – and ultimately overthrow – the doctrine and liturgy of the established church.

Brunsson's latest book develops a number of the themes and ideas which were originally formulated in the *Irrational Organization* and the article which

preceded it (Brunsson, 1982, 1985). Thus, the original distinction between 'decision rationality' and 'action rationality' – in terms of the norms and rules which guide choice as opposed to those that inform conduct – is further elaborated to identify two ideal types of organizations – the action organization (based on action rationality) and the political organization (based on decision rationality). The latter exemplifies all the structural and cognitive characteristics normally associated with instrumental or functional rationality such as specialization, problem identification, informational search and option assessment. The former possesses diametrically opposed features such as strong ideologies and coherent cultures which dispense with the need for elaborate and conflict generating decision-making processes. All real world organizations, Brunsson argues, are a composite of these ideal types, but some come closer to either end of the analytical spectrum – corporations come closer to the action type, while universities come closer to the political type. In this sense, Brunsson is directly challenging the view that economic organizations are *the* sites in which formal or functional rationality will be most well-developed. Instead he suggests that political organizations will need and rely on decision-making rationality to a much greater extent as a mechanism for regulating and deflecting deep-seated conflict.

As institutions exposed to inconsistent, not to say contradictory, demands from their environments, all modern organizations (as hybrids of decision and action rationality) will require internal processes that contain and cope with the tensions arising from incompatible goals. Organizational hypocrisy is a crucial mechanism for reconciling inconsistencies between thought and action, as well as for winning legitimacy and support from the environment. It is a fundamental type of behaviour in political organizations, where the generation and regulation of conflict is the major task, but it also emerges in action organizations more narrowly geared to goal achievement:

> in order to reflect inconsistencies in the environment the political organiza-
> tion can employ inconsistencies, not only within the separate areas of talk
> or decisions or products but also between them. In other words hypocrisy is
> a fundamental type of behaviour in the political organization: to talk in a
> way that satisfies one demand, to decide in a way that satisfies another, and
> to supply products in a way that satisfies a third (Brunsson, 1989, p. 27).

The middle section of Brunsson's book is taken up with a series of empirical case studies concerning the typical complexity of actual decision-making processes in Swedish local authorities. The concluding chapters deal with the broader theoretical and substantive implications of his analysis which diverge sharply from the rational model of organization with its emphasis on structural coherence and processual consistency. The latter rests on a myth or dream 'that the free-ranging complexity of thought can be easily reduced to the unity of action' (Brunsson, 1989, p. 200). Decision-making provides a coupling mechanism that seems to link ideas and action. It establishes a calculus through which action alternatives are reduced to one option that optimizes a ranked scale of preferences. In this way, action is guided by reason and

reduces confusion and ambiguity through a procedure of selective filtering
and uncertainty reduction.

But, the rational model – although attractive both as a normative ideal and
as a limiting analytical construct – remains a myth in two respects; it rests on
simplifying assumptions that ignore the range of legitimizing functions which
decisions can fulfil and it presumes a causal link between ideas and action
that is usually missing in practice. Brunsson's political model sets out to
rectify these deficiencies by adumbrating the full range of legitimizing roles
that decisions can perform and by elaborating the complex interaction
between ideas and action in real-world decision-making. The former exercise
reveals that decision-making often has as much, if not more, to do with
mobilizing political support behind a particular course of action and allocat-
ing responsibility for its prosecution as with making choices between alterna-
tive action options. The latter exercise suggests that the decoupling of ideas
and action can often be seen as a solution to the problem of unavoidable
inconsistencies between environmental demands, organizational capacities
and managerial practices. In this respect, formal or procedural rationality can
be interpreted as a useful presentational strategy available to management
who face conflicting demands and insoluble problems. This is likely to be the
situation encountered by most managements in the public or private sectors
as politics and action become promiscuously intermingled within modern
economies dominated by the 'state-corporate' nexus.

While Brunsson's approach and analysis does depart in a number of critical
respects from rational decision-making theory – in either its normative or
descriptive forms – the latter continues to set the agenda to which he
responds. As such, his development of a decision-making perspective in
organizational analysis can be interpreted as a further elaboration of March's
work on decision making under ambiguity (March, 1989). The latter indi-
cates that decision-making preferences are often inconsistent, unstable and
externally driven; the linkages between decisions and actions are loosely-
coupled and interactive rather than linear; the past is notoriously unreliable
as a guide to the present or the future; and that political and symbolic
considerations play a central, perhaps overriding, role in decision making. As
March concludes, 'decision making is a highly contextual, sacred activity,
surrounded by myth and ritual, and as much concerned with the interpretive
order as with the specifics of particular choices' (March, 1989, p. 14).

This view is entirely in keeping with Douglas's analysis of collective
institutions as moral and symbolic orders in which individual cognition and
social interaction are fused within legitimating rationalities and conventions
providing stable and meaningful categories guiding action (Douglas, 1987). It
also reinforces a growing appreciation of the severe explanatory limitations of
rational choice theory and the decontextualized model of individual actors
and behaviours on which it trades to attain analytical coherence and interpre-
tive licence (Hindess, 1988).

March may view these developments in terms of an overall process in
which 'the speculative heresies of students of organizational decision making
have achieved respectability in the catechism of the mother church' (March,
1989, p. 17). However, it may be more accurate and illuminating to view

them as part of a wider epistemological and theoretical shift in organization
theory in which the retreat from 'strong' versions of organizational rationality
(Bryman, 1984) has turned into a rout.

The underlying commitment to a model of complex organizations as
expressions of, and instruments for, the diffusion and dominance of rational
action (deliberately planned and calculated to attain some goal) within
Western industrialized societies has exerted a powerful hold over the develop-
ment of organization theory. Both as a method of analysis and as a postulated
social condition, formal or functional rationality became a guiding domain
assumption and epistemological principle that dramatically shaped our think-
ing about the status and role of complex organizations in modern societies
(Reed, forthcoming; Wolin, 1960). From Weber's bureaucratic iron cage to
the Aston school's taxonomy of formal organization structures, there is a
recurring belief that instrumental technique and procedure will become
ascendant over reflective discussion and debate about the ends of organized
action or the values that should inform organizational analysis.

The full blush of organizational rationality may have faded considerably in
more recent years, but – as Brunsson's work indicates – it continues to
provide the assumptive framework and substantive agenda against which
critics are forced to react and, however unintentionally, pay their respects.
Thus, contemporary work on organizational culture and symbolism can be
seen as posing a challenge to the 'celebration of rationality' in organizations
(Turner, 1990). This challenge not only relates to the partiality and inherent
limitations of the rational view but also suggests that the essence of organiza-
tional rationality is to be discovered in 'the multiplicity of meanings which lie
behind the official story of organizational activities' (Turner, 1990, p. 86). A
new vocabulary and a new set of concerns are coming to shape the agenda for
organizational analysis, but they continue to take their cue from the dominant
narrative that has shaped the field's intellectual growth and historical signi-
ficance.

A parallel trajectory of intellectual development may be discerned in the
intervention of labour process analysis and its long-term impact on the field of
organization studies. Initially envisaged as constituting a distinctive break
with the assumptions of mainstream industrial/organizational sociology con-
cerning the inherent rationality of managerial strategy and organizational
control practices, the labour process debate has reproduced within itself many
of the tensions and conflicts associated with more orthodox approaches
(Reed, 1990). The inclination to assume a conspiratorial model of manage-
ment in which labour control strategies are designed and implemented in a
highly calculated and co-ordinated manner has been superseded by an
emphasis on emergent practices in which the logic of managerial decision
making is characterized by a 'disjointed incrementalism' (Lindblom, 1959)
constrained by sectional interests and values (Hyman, 1987; Littler, 1990).

Where the retreat from organized rationality has reached its apotheosis is
in the influence which the postmodern debate is beginning to exert on
organizational analysis (Cooper and Burrell, 1988). One effect of the latter
has been to undermine any residual belief in organizations as intrinsically
logical and meaningful systems constituted through the application of a

universal and objective rationality. Instead, organization is conceptualized as 'a process that occurs within the wider "body" of society and which is concerned with the construction of objects of theoretical knowledge centred on the "social body", (Cooper and Burrell, 1988, p. 106). Within this framework, organized activity is interpreted as an essentially reactive or defensive response to the inherently recursive and self-referential nature of all human behaviour – that is, to the fact that human discourse and action necessarily generates errors, deviations and contradictions which have to be responded to by further programmes that are bound to fail:

> Organizations do not first pre-exist and then create their relationships: they occur in existential gaps which lie beyond knowledgeable discourse. . . . Organized rationality, far from originating in beau-ideals and consummate logics of efficiency, is founded on sleight of hand, vicious agonisms and *pudenda origo* (shameful origins). This is the revisionary lesson that post-modernism brings to organizational analysis (Cooper and Burrell, 1988, p. 108).

If one takes this view seriously, then formal or functional rationality is transformed into an ideological device and a rhetorical legerdemain cloaking the political interests and motivations that drive decisions in a symbolic veneer of technical probity and respectability. While professing to 'take the black magic out of management' (Jackall, 1988, p. 76), the theories and techniques of formal rationality actually function to mask the fundamentally ambiguous and anarchical character of organized action in a farrago of scientific-sounding legitimations. Organized rationality is completely sub-ordinated to the needs of an institutional logic in which moral and political issues are transmuted into matters of bureaucratic administration, suppo-sedly shorn of their ethical and motivational complexities (Frug, 1984). Far from providing a cognitive instrument and technical apparatus equipped to counteract undecidability in a calculated and controlled fashion, formal rationality is now re-interpreted as a cultural or symbolic device which unsuccessfully strives to mythologize and obscure the underlying irrationality and amorality of organized action. The theories and techniques of rational decision-making cannot cleanse organized action of its irrational and amoral character because they are directly implicated in, and derive their meaning from, an institutional logic driven by the imperatives of personal and collective survival in a capricious and unforgiving world.

Viewed in this light, recent exchanges over the contemporary relevance of decision-making theory for an understanding of organizational change (Mintzberg *et al.*, 1990) take on the appearance of the continued playing of the Titanic's orchestra as the ship went down. The attempt to sustain belief in a tradition of decision-making research and theory evolving over 50 years or so which continues to speak meaningfully to present realities reveals a touching faith in doctrines which seem to have outlived their time. Such fealty to established positions can only be sustained if one narrowly defines and restricts the nature and range of phenomena to which theory attends so that 'random' and 'extraneous' factors are automatically excluded. This may be a

much more difficult trick to perform when organization theory has clearly lost its 'age of innocence' and now accepts, indeed welcomes, competing theorizations of organizational reality, which cannot possibly be contained within conventionally accepted canons of thought, as part of its staple intellectual diet. A return to hard-won verities in the face of extreme intellectual turbulence may be an attractive proposition for some practitioners (Donaldson, 1985), but it is unlikely to win sufficient support for a reversal of long-term movements in favour of greater intellectual pluralism and diversity which have been at work in the bowels of organization theory over the last 20 years or so.

A more appropriate response to the dissolution of decision-making theory as the dominant orthodoxy in organizational analysis may be found in the development of a more discriminating conception of rationality and its intermeshing with other action modalities such as exchange, reciprocity, trust and politics. The study of organizations has been dominated for too long by a conception of 'strategic rationality' in which:

> Action is conceptualized as the intentional, self-interested behaviour of individuals in an objectivated world; that is, one in which objects and other individuals are related to in terms of their possible manipulation. The rationality of action is correspondingly conceptualized as the efficient linking of actions-seen-as-means to the attainment of individual goals. ... Rational choice theorists see themselves as engaged primarily in the task of building a naturalistic social science by beginning with simple assumptions about rationality and then predicting how individuals will behave in a given set of conditions (White, 1988, pp. 10–11).

This, almost exclusive, concentration on strategic rationality has led to a corresponding neglect – at least, until of late – of 'contextual rationality'. The latter refers to a form of action motivated 'toward creating or maintaining institutions and traditions in which is expressed some conception of right behaviour and a good life with others' (White, 1988, p. 16). As such, contextual rationality stresses the moral and symbolic aspects of human action. It emphasizes the need for social actors to create and maintain intersubjectively binding normative structures that are constitutive of the social relationships in which they are implicated.

It is as outcomes of this complex interaction between strategic and contextual rationality that many of the most interesting and perplexing aspects of organizational life can be understood and explained. The tension, not to say conflict, between the two forms of rationality sensitizes us to the dual role of organizations as strategic resources mobilized by the shifting constellations of power and interests which shape social change and as normative structures providing a crucial source of meaning and order in modern societies.

A better appreciation of the intermeshing of strategic and contextual rationality can also improve our understanding of the significance of forms of action that have been neglected in organizational analysis, but which are emerging as key concerns in more recent work. One such area is the concept of 'trust' and its significance for our understanding of the interdependence

between co-operation and competition in organizations (Gambetta, 1990). The importance of the dynamics of trust relationships in work organizations for our understanding and explanation of power, conflict, exchange and control within modern economic systems was emphasized by Fox (1974), and has been more recently explored by Salaman (1986). The existence of trust or distrust, or varying degrees of both of these relationships, is likely to have a critical impact on the patterns of co-operation and conflict which emerge within work organizations and the systems of control that crystallize around them.

The relevance of trust relationships for an improved understanding of decision making and collective action under conditions of interconnected multiple decision centres, and the enhanced uncertainty and complexity which this creates, has also been at the forefront of recent thinking. A number of commentators have argued that 'trust becomes increasingly salient for our decisions and actions the larger the feasible set of alternatives open to others' (Gambetta, 1990, p. 219). Trust is a scarce resource which becomes increasingly salient in decision-making situations where the development and maintenance of social co-operation is highly rational in the face of problems that belie the rigid imposition of any decision-making calculus based on narrowly defined self-interests and ratiocinative procedures which dispense with the need for intersubjective communication and evaluation. Institutionalized trust relations seem to provide relatively secure social foundations for long-term economic co-operation between the major economic actors in East Asian countries and provides them with a considerable competitive edge within the global economic system (Whitley, 1990).

Recent debates concerning the emergence of flexible production systems and their implications for the general restructuring of economic systems in advanced industrialized societies also highlight the crucial significance of institutionalized trust relations for the effective regulation of economic transactions between interdependent production units (Piore and Sabel, 1984). The emergence of highly concentrated industrial districts in Northern Europe and America, bringing together a complex ensemble of production, financial and support organizations, requires a normative framework facilitating co-operative behaviour and collective decision-making in which community interests play a strategic role. A decision-making calculus based on narrow conceptions of short-term self interest would be dysfunctional in this context insofar as it mitigates against the organized interdependences which must be constructed and maintained over the long-term for collective provision and support to be sustained. Conseqently, flexible production systems violate many of the key assumptions underpinning conventional decision-making theory in economics and administrative science, but these violations – based on collective relations embedded in trust and tradition – facilitate the development of institutionalized mechanisms of co-ordination on which the industrial districts are dependent for their continued success.

Any understanding of trust relations and their significance for economic behaviour and work organization must take the interpenetration of 'strategic' and 'contextual' rationality into account. For too long, organization theory has suffered from a fundamental analytical division, not to say polarization,

between those who focus exclusively on organized rationality as an instrument efficiently linking means to ends and those who see it in purely ideological or political terms. Insofar as Brunsson's work has helped to reinforce a broader intellectual movement against this polarization, and to formulate alternative conceptions of organized rationality which incorporate political and cultural processes, then he has made a significant contribution to a better understanding of collective action in complex organizations. However, he may need to leave the church of decision-making theory completely if he is to appreciate the full significance and relevance of wider theoretical movements in organizational analysis.

Apostasy, rather than heresy, may be a more fruitful and exciting response to current intellectual developments in organization theory which seem to threaten and undermine the doctrinal foundations of the established church of decision-making theory.

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