Bo Anderson

Some Sources of Action Theory for Organization Research
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by

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“On s’engage, et puis on voit”

Napoleon

1. Introduction

In a previous publication (Anderson & Lampou, 1999) Konstantin Lampou and I have argued that an organizational action theory is needed as a complement to the institutional perspectives that currently dominate in organizational studies. The aim of this paper is to show, first, that action theory’s roots lie in disparate intellectual traditions that mostly don’t have much contact with one another; second, to raise some analytical questions that we consider important, and third to begin a discussion of its use in organizational analysis.

If action theory is to serve as a complement to institutionalism, then it is important that we study the analytical scope of each perspectives in order to form clear ideas about which factors in organizational contexts may determine how each perspective can best be used.

A theory in social science consists of a set of terms and rules for how those terms can be combined to formulate questions, assumptions, hypotheses, conjectures or models. The rules are most often ordinary grammar, but logical, geometrical or other mathematical ideas and

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1 I thank Rhoda Haddassah Kotzin for valuable substantive and editorial comments on an earlier draft.

2 This is a discussion paper. Not to be quoted without permission. A discussion paper aims primarily at asking questions in the hope that some new thinking may result or knowledge that already exists be retrieved into the context of the discussion. We have all experienced that good questions may make us remember things we know, but are not until now making active use of. The great Florentine action theorist discussed later in this paper put it well: “…molte volte uno savio domandatore fa a uno considerare molte cose a conoscere molte altre, le quali, sanza esserne domandato, non arebbe mai conosciute”. (Quoted from Sebastian de Grazia’s great biography, Machiavelli in Hell, note 367. The quotation is from The Art of War.). Is Machiavelli thinking of work by Plato, e.g. the dialogue Meno?
rules may be added. The terms and the rules define a “language game” (in the sense of Wittgenstein, 1953; see also Cavell, 1979, Ch. VII). A social science theory presents one possible “view of the social world”. Within the theory certain questions can be raised and problems addressed, while other questions and problems don’t come up or cannot be perspicuously addressed. The theory encourages us to look for and think about some things and screens us from others things. A researcher, who has learned a particular social science theory/language game, may come to see its perspective on the world as the natural one, and may become blind to alternative ways of seeing. One so to speak becomes unaware that the theory screens, as well as high-lights the social world. A one-sided commitment to one perspective may thus produce stagnation in empirical research. To retain theoretical nimbleness one can, however, learn to shift between theoretical perspectives in research, to “bracket” or “parenthesize”, (in the sense of Husserl, 1982, paragraphs 30-32), a given perspective, while one pursues the nature and implications of another. In practice, this is not as easy as it sounds, but requires training and intellectual discipline.

Institutional theories and action theories permit different questions and problems to be asked and formulated. The perspectives are in that sense non-overlapping. We must work with one perspective at a time and not mix them. In a given context one of them might be fruitful and the other not, or both may be fruitful, or neither. One probably cannot tell in advance. We propose, for example, that the study of organizational change in the face of radically new technology requires an action theoretic perspective, and that the standard institutional perspectives can only deal with such issues, if at all, in a “creaky” and unsatisfactory manner. But even rapidly changing organizations may also contain parts (structures, practices) that do not change much. To understand these one may need to draw on institutional arguments. The choice of theoretical perspective should depend on analyzed knowledge of the context of a study and not on a priori arguments.

Terms typical in institutional theories include: Role(s), norms, role-set, role-differentiation, position, authority (a hierarchical ordering relation), network (of roles or actors), linkage (between technologies or processes), task, value(s), manifest and latent functions, adaptation and organizational environment.

Terms typical for action theories are: Actor (individual or collective; “actors” in many formulations seem to be stylized, ideal-typical individuals or collectives), intention, motivation (need(s), emotional states, socially imposed imperatives: laws, norms and rules, goal (or “telos”), means (instrumental with respect to goal(s)), exchange, game, niche, entrepreneurship, unanticipated consequence, self-fulfilling prediction, innovation, action
(deliberately employing a means toward a goal), deliberation (search for suitable means or actions), strategy, alliance (coalition).

The lists of terms are intended to be exemplary, but not exhaustive.

The emphasis in institutional formulations is on the “system” and its enduring structure(s), which control and shape what actors can and may do. Social control, socialization and structural constraints on actions and choices are the foregrounds of organizational analyses that use the institutional approach. Organizational change is seen as adaptation(s) to changes in the institutional environment or to “strains” within the system. Circumstances and positions within the “structures” dominate what the actors can and will do.

The “Bible” (Old Testament) of institutionalism is T. Parsons’ work from his “late middle period”, The Social System. The “New Testaments” are various writings by John W. Meyer and his collaborators and, maybe, I. Wallerstein’s works on “the world system”. The works of B. Latour also pursue institutional fundamentalism. The Social System will strike many readers as odd and disembodied; the “social system” seems to evolve, according to a logic of “system requirements”, very much without any visible actors.

Action theories, by contrast, stress actors’ choices, the variety of goals pursued (the goals of different groups of actors, the overriding goals of the organization as a whole and the conflicts between goals), the shaping of opportunities, strategies, “creative” improvisations, maneuvers and alliances. Things happen, because many actors do different things, and their actions have consequences. A high degree of fluidity exists in most organizations and actors, their strategies, choices and energies matter a good deal for organizational accomplishments and the evolution of organizational structure. Action theorists stress that actions often or always have unanticipated consequences, which provide the conditions for later decisions. Organizational structures evolve recursively as byproducts of decisions and actions by many people.

I cannot think of a “Bible” of action theory, but “typical” works include: Homans (1951), Allison (1971); N. Rosenberg’s works on innovation (Rosenberg, 1982; 1994); Snehota (1990); most of the papers in Engwall (1998).

It is important to remember that one often finds theoretical formulations that are mixed and eclectic. Thus a theoretical discussion may “tilt toward” institutionalism, but also show some interest in actors, goals, actions, choices etc. Or vice versa, many social scientists work with grab-bags of concepts and ideas.
2. The layout of this paper

The purpose of this paper is to briefly review some of the very diverse intellectual traditions in moral philosophy, metaphysics and epistemology, micro-economics, phenomenology and sociology that have come together to influence contemporary social action theory. This diversity is often unappreciated; hence many researchers ignore important contributions. I allege that it is important that we make use of all of them, if we want to make progress in action theory. The works I cite and make use of are those that have helped me in thinking through what actions theory is and might become. I have for reasons of space omitted discussing work that have influenced me in the past, but are well known: work of attribution theorists (H. Kelly), the theorists of cognitive balance or dissonance (e.g. F. Heider, L. Festinger), work on entrepreneurship, networks and exchange in economic and political anthropology (e.g. F. Barth, F. Bailey), work on power dependence and centralized systems (R. M. Emerson, K. S. Cook, D. E. Willer), and work on expectation state theory (J. Berger, M. Zelditch Jr., M. Webster).

In section 3 I begin the survey with a brief discussion of the works on ethics, psychology and poetics of Aristotle. It would be most unfortunate if sociologists and economists who work with action theories, were to ignore these rich sources of concepts and insights contained in these writings. *Akrasia*, sometimes translated as “weakness of will” or “incontinence” is one issue discussed by Aristotle, that involves the often complex relationships between goals, knowledge of means and emotions in decision-making.

Section 4 deals with American pragmatists C. S. Peirce and G. H. Mead, who pioneered modern action theory in sociology. I focus on the American pragmatist Peirce. (Mead, will be discussed briefly in sections 6 and 7.) Peirce’s theory of cognition leads to a discussion of the intelligence functions of organizations.

Section 5 deals with some micro-political and micro-economic approaches. The discussion starts with Machiavelli, who is seen as a founder of the theory of strategy. Some question is raised about counter-strategies. I then consider F. A. Hayek, the phenomenologist A. Schutz and other Austrians and game theory. Hayek and Schutz, both students of the influential theorist L. v. Mises, were much concerned with the social use of *information*. This brings up the topic of *organizational intelligence* again. Game theory continues in a more systematic fashion the study of strategy that Machiavelli began.
Section 6 discusses briefly the American sociologist T. Parsons, one of the leading institutionalists, who did important work in action theory, and who attempted to combine the institutional and action perspectives into one integrating framework. Parsons formulated, and left unfinished, some very important problems in action theory, which remained ignored to this day.

Section 7 deals with the concept “action type” and “actor type”, using some examples from Plato, Machiavelli, Castiglione and some modern discussions of leadership and entrepreneurship. To some extent the notion of “action type” seems to bridge institutionalism and action theory. The actions of stylized characters such as Plato’s tyrannical man, Castigliones courtier, Machiavellis prince (all ideal type constructions) are highly rule-bound (roles both in the sense of G. H. Mead and his successors and the theater). But they are also driven by personality traits and emotions, such as lust for power, impetuosity and anger. Some action types may “solidify” into roles. There exists a connection between action theory and role theory. Institutionalism is based on roles, hence I believe that the eventual synthesis of action theory and institutionalism will come about through a better understanding of roles than we now have.

Section 8 discusses briefly P. Bourdieu’s concept “habitus”. Action theory needs a theory of collective cognition as “background”. All social action takes place against a background of “taken-for granted” information, belief and sentiment. Bourdieu’s theory of habitus, which synthesizes the thinking of several sociologists and phenomenologists (e.g. Durkheim, Weber and Husserl) and also builds on his won field work among the Kabyles (Bourdieu, 1977) is the best summary account we have at present of these important phenomena.

The paper concludes (sections 9 and 10) with brief discussions of unfinished business in action theory.

My aim is to say enough in each section to show the relevance and importance of the material for action theory in organizational analysis. The paper does not give complete summaries, nor is it a compendium or a review of the literature. Serious students must go to the works themselves and, in several cases, to commentaries in the secondary literature.

I am aware that there exist very sophisticated accounts of action in Indian and other Oriental traditions. They will not be dealt with here, because of my ignorance of them. Some contemporary psychologists have attempted to incorporate some of this thinking (e.g. Varela, Thompson & Roach, 1991).

My discussion in this paper is concerned with empirical problems of action and with concepts that could become parts of empirical hypotheses or models. We must remember,
however, that action theorists, since Aristotle, have been studying problems of action that are formal, parts of logic or mathematics. Aristotle’s practical syllogism is used to study akrasia. If I desire a Goal G, and if m, m1, m2... are the necessary conditions for G, then I must also desire m, m1, m2... (If I want the goal I must want the means to the goal, otherwise I am logically inconsistent.) A policy-maker may work for several goals, each of which is associated with a set of means that are necessary conditions. An important question then is: Does consistency obtain between these sets of means?

Deontic logic explores many formal aspects of action (v. Wright, 1951).3

Arrow’s impossibility theorem (Arrow, 1963) and the minimax theorem, the fundamental theorem in game theory, are examples of results about actions that are based on purely logical arguments.

This distinction between empirical and formal approaches to the study of action is simple to state. In practice, however, it is often hard to determine under which category a problem belongs. Gunnar Olsson’s very seminal work (Olsson, 1980) wrestles with this and other logical aspects of action theory.

3. Aristotle and action theory

Aristotle had a well-developed framework for the study of action. It is found in The Nichomacean Ethics, in psychological writings such as De Anima and De Motu Animalium, and in The Rhetoric, Poetics and Politics. In his works Aristotle always departs from a general theory which serves to unify his treatment of diverse and particular subjects. It is found in his writings Metaphysics, Categories, Physics and Posterior Analytics. It helps to know something about these matters when one reads his treatments of ethics, moral

3 Many actions involve choosing between well defined alternatives about which good deal is known. But many do not. An actor may choose a means to an end that, to his or her knowledge, has not been tried before. There is little information to go on, but he or she believes “it might work.” He or she “takes a leap of faith.” Formal models like the practical syllogism are of course not applicable to such situations.

Sometimes actors are mistaken in thinking that their situation is new or unique, because he or she thinks about it “too concretely” (on the wrong level of abstraction). Thus, one may think that one falls in love with completely unique person. Actuarial statistics, however, may well have all the data needed for an informed judgement about how likely the match is to succeed. Is there a general bias to think that one’s situation is unique? The social psychology of leaps of faith should be part of organizational analysis.
psychology, literature (poetics), politics etc. The discussions of deliberation, socialization, reasoning, the emotions are complex and rich.

The Politics comes closest to what we now call organizational analysis. Aristotle knew one type of organization well, namely the Greek city-state, the polis. Some of these were deliberately organized for overseas commerce and imperial administration (Athens in the fifth century, Corinth) or warfare and internal security (Sparta). In his discussions Aristotle pays much attention to the advantages and disadvantages (in terms of political actions) of a variety of constitutions (organizations charters). As in the works of Plato, much is said about the internal struggle between groups of actors (factions) in city-states. The struggle between factions is seen as dangerous to the well-being of the polis, and factions and factional struggles will be treated as deplorable phenomena by social theorists into the eighteenth century, e.g. in the essays of D. Hume and in the Federalist Papers (by J. Madison, A. Hamilton and J. Jay, founding fathers of the U.S. Constitution).

Aristotle was a very great cognitive psychologist, who produced penetrating analyses of deliberative reasoning preceding action, the roles of perception for action and the role of the emotions in deliberative reasoning and action. Useful interpretive essays on these topics are found in Nussbaum (1978), especially Essay 1 (Aristotle and teleological explanation), Essay 4 (practical syllogisms and practical science) and Essay 5 (the role of phantasia in Aristotle’s explanation of action). In her discussion of phantasia Nussbaum deals with a complex set of meanings of this term: what we now call imaging, perceptual distortion, seeing something as something and “becoming perceptually attuned”. In a later essay (Nussbaum 1990) she provides an overview of Aristotle’s views of practical reasoning, choice and action. Students of the minutiae and subtleties of decision-making cannot afford not to pursue Aristotle’s insights into these matters.

Two well known topics dealt with at some length by Aristotle were akrasia (“weakness” of will) and katharsis (“purification”, “purgation”). Both concern central issues in what we now call “motivational psychology”. Katharsis is an important concept in The Poetics, but should have a wider application. The term refers to the clearing or cleaning out of perceptions and thinking after they have become unclear or clouded. A function of tragic plays is katharsis through the strong emotions of fear and pity. After experiencing these strong emotions in the context of a powerful story, the spectator comes to see, feel or think more clearly than before.

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4 T. H. Irwin’s Aristotle’s First Principles is a very useful discussion of Aristotle’s apparatus of analysis. Chapters 13-22 are especially useful for social scientists.
Can we think of events outside of the theater that work in a similar way? Do major events in organizations such as defeats and set-backs, restructuring or firings or resignations in the top echelons sometimes have these “kathartic” functions? Aristotle seems to believe that katharsis is important, and we may want to search for it also in modern social life outside of the theater. Katharsis works through strong and wrenching emotions such as pity and fear, but may these in some circumstances lead to demoralization and apathy? The issues involved clearly require more work.

Akrasia is dealt with in Book 7 of The Nichomacean Ethics, (see helpful discussions by Wiggins, 1980 and Rorty, 1980). It is a general predicament that involves goals, knowledge, motivation and emotions. Imagine a person who very strongly desires to accomplish a goal G, knows perfectly well what it takes to reach G (is cognizant of and has access to the appropriate means and their causal efficacy with respect to G), but who nevertheless cannot mobilize the “energy” to do what it takes to reach G. If one wants G and knows that m, m1, m2...are the necessary means for accomplishing G, then one must either get up and take the steps m, m1, m2... or decide to renounce G. Otherwise one is logically inconsistent. But actors can obviously live with inconsistencies of this type. This was the situation of King Henry VI in the play of Shakespeare (for an interesting discussion see Saccio, 1998). The king was clear about what he had to do to defeat his enemies, but could not bring himself to do it. For a second example imagine an “alcoholic” who knows perfectly well that he should abstain from all alcoholic beverages. He knows from repeated and painful past experience that once he has the first drink, he will order a second one and eventually stay drunk for several days. He knows all this and he has a strong desire to stay sober. Then on the way home after a stressful day, he strays into the bar, orders a drink and tells himself “I’ll just have this one, and then leave”. The rush of pleasure leads him to order a second one, and three days later he finally manages to go “cold turkey”. One could say that his behavior “shows” that he doesn’t “really” desire to stay sober (“the revealed preference” argument of some economists). But phenomenologically this seems plainly wrong. The man’s desire for sobriety is serious and strong, he knows full well the consequences of the first drink, but he acts contrary to his desire and knowledge.

The discussion of akrasia points to phenomena that may be quite common. Actors who know their weaknesses. may develop strategies designed to force them to do what they know they should do. The alcoholic, for example, may arrange for his wife (who doesn’t tolerate drinking) to come and get him after work on days he knows are going to be stressful. Alternatively, he may take antabas as a prophylactic early on such days. He could even
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arrange to meet his wife at the coffee bar five minutes after leaving work and order double espressos. Eventually he might come to like them better than the double martinis.

In general, prophylactic strategies are widely used and should be important to students of organizations. They aim at “forcing one’s hand”, before detrimental motivations come to drive one’s actions. Crafty Odysseus, the “man of many wiles”, who wanted to hear the song of the sirens, which he knew to be both absolutely seductive and absolutely fatal if heeded, arranged beforehand to have himself tied to the mast. At the same time he had his men’s ears plugged, so that they wouldn’t be able to hear his inevitable commands to heed the sirens. This story from *The Odyssey* is a “paradigm” for the control of undesirable desires. Brokers may suddenly be faced with a down-turn on the market, which they consider unjustified. Even so, they may be tempted to sell before the prices go even lower, or their panicked clients may force them to sell. Although each broker knows that by selling he further contributes to the down-turn, the contagion may spread. To check such contagion exchanges have arranged for agreed-on indicators to trigger suspension of trading for a “cooling off” period, or to suspend at least all “programmed trading”. Then they can tell a client “Yes, I’d like to sell, but the rules don’t allow me”.

Similarly, if one wants to save money for the long term, but is aware of tendencies to impulsive consumption, then one may select a savings plan that locks away the money for a considerable time (long term bonds, certificates of deposit). Such instruments impose a significant penalty, if one wants to cash them in early. Organizations have instituted mandatory affirmative action review before any appointments are made. People in the organization may be committed to affirmative action and yet susceptible to pressures to appoint people “of their own kind” or friends of friends. The affirmative action review might detect signs of cronyism and also provides a good excuse for executives subjected to informal pressures.

The common core of these examples is: There exists a strong desire for a long-term or permanent goal or state of affairs. The actor is fully informed about means and ends. But there also exist short-term temptations, goals or rewards that deflect him or her from doing what he or she knows must be done (the short but powerful rush after the second dry martini, the pleasures of a shopping spree, the desire to be liked by friends, who have nephews who need jobs or simply conventionally negative attitudes toward women (or men) or people who come from a different social class, belong to a different ethnicity, speak differently etc.) These “interfering factors” can be powerful, short term deflectors from the goal or state of affairs
that the actor desires over the long run. It is for this reason that strategies have evolved to deal effectively with them.

Aristotle was primarily thinking about individuals, who were deflected from their right goals by powerful emotions. D. Ross, a highly respected translator and commentator on the works, uses the term “incontinence” in his translation of Book 7 of *The Nichomacean Ethics*. But we can see less “dramatic” tendencies to deflection in many organizations: A CEO carrying through restructuring that may cost him his job, a manager pursuing a risky but necessary product development project when shareholders, including himself, clamor for immediate returns or a general staying the course in a risky military campaign the failure of which may lead to his disgrace and dismissal.

Constitutions serve to “bind” parties or factions from exploiting temporary dominance to pursue short-term political goals at the expense of legitimacy. Alliances with explicit rule-systems can serve to bind even hegemonic powers like the United States, so that they don’t use their dominance for short-term gain while endangering goals that require long-term cooperation.5

In military campaigns burning one’s ships or destroying bridges have been used as devices to prevent retreat, when one has committed to battle. But rhetorical stratagems may offer additional options. A well-delivered speech may dispel fears and reservations, including the speaker’s own. Shakespeare gives a fine example of this in King Henry V’s speech before the battle of Agincourt. He starts it by promising that those who do not want to fight the battle may leave unhindered. Then he goes on to describe the future glory that awaits those who survive. They will remember and celebrate each St Crispin’s Day as long as they live: Each man

Will strip his sleeve and show his scars and say these wounds I got on Crispin’s Day.

And about those who did not have the chance to fight in the battle:

...and gentlemen in England now abed will think themselves accursed they were not here, and will hold their manhood cheap whiles any speaks, who fought with us upon St Crispin’s Day.

5 See the interesting article by J. G. Ikenberry (Ikenberry, 1999).
One assumes that very few would take advantage of the opportunity to leave, to miss their future glory and the telling of “war stories”, and, by implication, to have to hold their manhoods cheap!

In organizations, rhetorical stratagems may commonly be used as the “functional equivalents” of having oneself tied to the mast, burning the ships, destroying the bridges behind or meeting one’s wife at the capuccino bar after work.

The following case is a kind of “inverse” of the above examples. A person would like to believe in G-d or to commit himself or herself to the values of an organization. He/she finds it very hard or even impossible to do. He or she believes that having a religious faith or being committed to the organization entails desired benefits, e.g. spiritual peace, social ties, position or material goods. So he or she begins to publicly and regularly act like a believer or committed member of the organization, hoping that the skepticism will wither away and belief or commitment will come in due course. This is “Pascals wager”, and something like it is probably common in organizations, and often works as intended. Speech and speech acts seem important for the process (prayer, public professions of faith, avowals, confessions).

The study of the complex interplays of speech acts, belief and emotion forms the central topic in Aristotle’s *Rhetoric*. Aristotle argues very persuasively that our emotions depend “qualitatively” on beliefs. (See Rorty, 1996, for several essays that deserve to be perused by organizational analysts). It is time that organizational analysis seriously examines the functions of rhetoric. Speech and speech acts are important, but close attention should obviously be paid to the various forms of written communications, e.g. memoranda, newsletters, internal and external correspondence and e-mail. This is not the place to discuss the kinds of semiotic analyses that need to be developed to this end; we hope, however, that enough has been said to justify our belief that projects of organizational rhetoric will eventually become very fruitful. Very useful discussions of related topics are found in the writings of Jose Luiz Ramirez (Ramirez, 1995).

4. Pragmatism and action theory

I shall begin with some commonplace observations in social psychology in order to point to a major problem that all organizations have. *Limited rationality* and *small group effects* are two
commonplaces in social psychology. I shall argue that taken together they present every organization with particular major challenges.

A third commonplace is that members of organizations carry cognitive representations of the organization. These representations are sometimes called the organizations “culture” or “image of itself”. An organizational representation is a theory about how the organization works and should work: its operations, goals, means-end relationships, motivational schemes and strategies, relationships between actors etc. The organization’s “culture” may in addition be imbued with a strong positive normative force. It may “feel good” to hold the theory’s beliefs.

“Limited rationality” teaches that human actors are quite limited in their abilities to entertain and comprehend factual statements and to reason about logical relationships such as implications and logical consistency. Even in the limited world of the chess board good players cannot see very many moves ahead and this is why the “Deep Blue” computer eventually defeated the world’s chess champion. Decision-makers in messier worlds such as business, politics and warfare and every day affairs are even more limited.

“The small group effect” states that beliefs in small groups may acquire decisive normative force, even if they run counter to known facts or lack empirical verification. The social pressures from group members are enough to induce compliance. Through small group pressures people can come to believe almost anything. The effects have been demonstrated many times in classical experimental studies, such as those by M. Sherif and S. Asch.

Taken together limited rationality and the small group effect suggest that the theories held inside organizations are almost inevitably mistaken, in whole or in part. Because of the normal social psychological processes we have cited, all organizational cultures should be expected to contain many false beliefs. Because of social pressures from respected peers or because the theory “feel good to think”, members are likely to collectively ignore contrary evidence or shy away from examining unwanted implications. This can be disastrous for organizations in a world of rapidly changing environments and technologies. Thus, there exists a functional imperative for organizations to invest resources and design mechanisms that further the “fitness” of their cultures. A question for action theory is: Can there be (or are there already available) mechanisms for making this effort more systematic and less ad hoc than it currently appears to be?

It is a question for action theory, because we want to define the substantive contents of organizational cultures (the members’ theories) as the sets of future purposive actions that they entail.
Organizational cultures presumably originate in organizational experiences, in past episodes, which have been considered, deliberated about and codified into rules and precepts to be used for future guidance. Once formulated, the rules and precepts have a vast array of implications for future purposive actions.

C. S. Peirce, one of the founders of the philosophical doctrine of pragmatism, stated the process as follows:

The elements of every concept enter into logical thought at the gate of perception and make their exit at the gate of purposive action, and whatever cannot show its passport at both those two gates is to be arrested as unauthorized by reason. (Peirce, 1903, {1998}).

The key phrase is “unauthorized by reason”: Peirce is in search of a rational (“grounded”, universally applicable) procedure for the scrutiny of beliefs. In an early paper on pragmatism he defined the project as “how to make our ideas clear”.

The first problem is: How were an organization’s beliefs rules, plans and precepts derived from the perceptions of past episodes and experiences? Peirce proposes a rational logic for this, which he calls abduction. Much of his philosophical effort was devoted to working out this logic, asking: How do we make good and defensible abductions? Beliefs, rules and percepts should be asserted and accepted (abducted) on the basis of actions and their observed consequences. This is a radical prescriptions, for it excludes all other ground for acceptance, such as traditional social beliefs, the favorite whims of organizational founders or the pleasure one might take in reiterating the organization’s beliefs, rules or precepts on celebratory occasions. There is much glib talk in the literature about “organizational learning”, but most discussions avoid the difficult issues involved: How do organizations go about learning the right lessons from past actions and experiences? Presumably, what we should learn is a rule or set of rules that can be fruitfully applied in future situations. Many rules can always be stated to account for the same set of limited observations that learning, individual or organizational, must inevitably be based on. But future situations are never entirely like the past ones that the organization has lived through, although they may, of course, resemble situations. But what does “resemble” mean? Which resemblances are important? Thus, if we search for a rule that summarizes what we think we have learned, it cannot be a mere restatement or summary of the past observations or experiences.

In addition to formulating what we have learned, we need to get a “feel” for the wrong lessons, so as to avoid learning them.
Enough has been said to indicate that the logic of organizational learning is a complex process!\(^6\)

The second problem is: How do we specify the purposive actions that are entailed by a belief, a plan, a rule or precept, so that we can confront it with the information we do have? Future purposive actions alone count in assessing the meaning of beliefs, rules or precepts. The thesis directs the organization to work out in advance what to do under the many circumstances that might conceivably arise.

It should be clear by now that Peirce’s position is the exact opposite to a conventional sense of the term “pragmatism” (the sense in which opportunistic, unprincipled politicians are said to be “pragmatic”), in which it means roughly “we do what seems to work now and here and don’t concern ourselves with principles”. For Peirce pragmatism involves a sustained highly principled critical effort that in practice will always remain unfinished.

It will not be difficult to find examples of organizations that failed or ran into serious troubles, because they did not work out the detailed implications of their beliefs, precepts, plans and rules. Banks have run into big trouble because they failed to examine the consequences of their lending practices. Military organizations have failed to see and prepare for the implications of new technologies, such as mechanized warfare or air power. An office machine business went under because it did not notice the arrival of the micro-chip. An important task for organizational analysis is to identify the social mechanisms for “pragmatic analysis” that already exist in successful organizations. We should also try to find and carefully study blatant failures, good examples of how organizations failed to draw the right conclusions from past experience. We might call the mechanisms “Peircean structures”. It

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\(^6\) Problems of rules and rule-following are poignantly discussed by Wittgenstein, *Philosophical Investigations*, paragraph 83-88. He uses the analogy signpost (paragraph 85): “A rule stands there like a signpost.” And signpost sometimes leave room for doubt, sometimes not. “And now this is no longer a philosophical proposition, but an empirical one.” (And ponder the following rhetorical question: “Und wenn statt eines Wefweisers eine geschlossene Kette von Wegweisern stüenden, oder Kreidestriche auf dem Boden liefen -, gibt es fuer sie nur eine Deutung?”)

There is always much indeterminacy when we formulate rules or draw conclusions on the basis of past observations or experience. (For a related forceful discussion see Quine (1960), where the issue appears under the name “indeterminacy of translation.”

Rules formulated when we try to learn from past experience and observation, are of course arrived at through some process of induction. When we have thought through Wittgenstein’s observations on rules, we can benefit from epistemological writings about “credal probabilities.” Important work was done by Wittgenstein’s friend F. P. Ramsey and by logicians, who followed him. See Ramsey (1990). (This volume contains all the fecund philosophical papers he wrote during his short life; the important papers on optimal rates of saving and taxation, important forerunner of growth models of the Harrod-Domar type are not included, nor is the graph-theoretic paper that started the work on the “Ramsey number”.) A more recent work that continues Ramsey’s work is Levi (1980).
seems reasonable to hypothesize that all successful organizations have such mechanisms, but they may take in different forms. There exist a literature about the experiences with “scenario building” and other kinds of “gaming” that contains some relevant hints. (A useful source is the web-site of The Global Business network: www.gbn.org). Military staff- and war-colleges have long practiced “gaming” in order to assess plans, modes of operation and equipment. Some business schools have attempted to incorporate these practices. The Peircean analysis of an organizations beliefs, rules, precepts and plans involves assessing all the purposive actions they imply, directly and indirectly. Ethical consequences should also be assessed, for Peirce argued that ethics stands in a very close relationship to logic. This is very much against contemporary opinion, but makes sense inside his system of pragmatism. The ethical premises of a pragmatic analysis needs to take into account various “standpoints” and not only those of the top decision-makers or stake-holders. It is a fact that the impacts of actions are felt very differently, depending on the where one stands. “Där du står , står ingen annan. Sanningen är aldrig skarpsinnig, men studom fasansfull...vi är unika oss emellan på detta enkla vis” says Alexis Bring in Lars Ahlin’s great novel Natt i marknadstålet. This “perspectivism” or to use a buzzword, “stand point theory” is often articulated by feminist scholars, but should have an important place in all organizational analysis. (Its consequences for organizational descriptions have, to my knowledge, never been thoroughly worked out.)

The importance of one’s place for one’s assessment of social actions should be one of action theory’s basic and simple insights.

Like traditional micro-economics, a Peircean pragmatic approach to action theory combines a factual and empirical approach with normative concerns. According to Peirce, there exists a strong link between the logical analysis of beliefs and ethics. Taking Peirce’s pragmatism seriously will lead to a new and expanded theory of the internal processing of information and the consequent creation of representations in organizations. To cope effectively with learning and practical theorizing (imaging), organizations in the future need explicit critical epistemologies.

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*Future organizational design will need to take epistemology seriously. It is a matter of survival.*
5. Micro-politics and micro-economics

In Act 4, scene 3 of “King Henry IV”, Part 2 King Henry is having a last discussion with his son, Prince Hal, the future Henry V. He speaks about his own accession to the kingship and compares Prince Hal’s situation with his own:

Yet though thou stand’st more sure than I could do,
Thou art now firm enough, since griefs are green,
and all my friends which thou must make thy friends,
Have but their stings and teeth newly ta’en out,
By whose fell working I was first advanced
and by whose power I well might lodge a fear
To be again displaced; which to avoid
I cut them off and had a purpose now
To lead out many to the Holy Land,
Lest rest and lying still might make them look
Too near unto my state.

(See also Act 3, scene 1, where the King also talks about his usurpation and the quarrels predicted by the deposed king.)

Nicolo Machiavelli would have predicted and approved of Henry’s cutting off the allies who helped him gain the throne. In The Prince he discusses at length strategies used to gain and preserve power. In chapter XX he notes that the prince may be advised to depend more on those who were his former enemies than on those who helped him gain power. The former can be won over, if they “are of such quality that to maintain themselves they need somewhere to lean” (Mansfield translation, p. 85), “e loro maggiormente sono forzati a servirlo con fede, quanto conoscano essere loro piu necessario cancellare con le opere quella opinione sinistra che si aveva di loro”. To cancel through work (deeds, actions, not words or pledges) “the sinister opinions one has taken of them.” The prince gets more use “from then than from those who, serving him with too much security, neglect his affairs” (“servendolo con troppa sicurita straccurono le cose sua”; see also the observations made in chapter VI about Hiero of Syracuse.) The actions they have to take in order to serve their new ruler well are presumably directed against his enemies, who are their own former allies. This, since they have nowhere else to go, should effectively bind them to their new ruler.

Henry IV and Machiavelli thus describe what the ruler can expect of erstwhile supporters, and articulate strategy for dealing with them. Since they may be dangerous or untrustworthy
and covetous, one cuts them off or does not rely much on them. Such strategies might seem very plausible from the point of view of the ruler. But if it becomes known that the would-be ruler has read his Machiavelli and may to follow such a course, why would anyone want to engage be his ally in the first place? Once part of public knowledge, strategies invite the invention of counter-strategies. Will not supporters figure out beforehand that they are likely to be set aside once power is won? Does the would-be ruler foresee that his potential supporters, as a matter of course, will suspect that they might be set aside? If so, how does he attempt to reassure them, when negotiating for their support? How can potential allies extract guarantees against being betrayed? Are there mechanisms for “tying his hands”? This should be a central topic in a theory of negotiation and the strategic use of power in states and organizations.

Machiavelli and many other theorists of strategy believe that actors are single-minded and rational. They spend all their energies trying to maximize some variable e.g. power or income or status and on obtaining information that might be useful for their ends. Information, alliances, friendships and loyalties are instrumental tools, to be used when needed and discarded when not needed. Machiavelli’s prince is a lone and lonely actor (“uno solo”); being totally without any non-instrumental social and emotional ties as he is, it is hard to see how he can maintain his sanity. A social psychologist would say that he is an impossible “ideal type” construction. He remains at best a useful modeling tool.

But is Machiavelli assuming that the others, those on whom the ruler or would-be ruler depends to execute his commands, are much less rational than he, less skilled, less well informed or less able or willing to “think strategically”? This would, in general, be a recipe for disaster. One example is Napoleon’s underestimate of the Duke of Wellington. A rational strategist should never underestimate opponents.

The situation of Henry IV after his usurpation turned out to be very unstable. His realm was continuously plagued by strife, and his final, desperate, advice to his son was “to busy giddy minds with foreign wars”. Machiavelli had many insights into the games of micro-politics, but he did not investigate the stability of the situations he studied. Curiously, it was the playwright Shakespeare who had keen insights about the stability of power games.

Conceptual and formal work needs to be done on the types of stability that are relevant in games of micro-politics.

Machiavelli pioneered action theory and the analysis of strategy. The Prince and The Discourses are full of interesting beginnings. But he had few immediate successors to elaborate on his insights. There were many theorists of military strategy (see e.g. Paret, 1986),
few thinkers until the present, who thought as deeply as Machiavelli about general problems of political strategy.

Game theory has emerged to become indispensable in action theory, precisely because it offers a framework for the general analysis of strategy and counter-strategy. All strategies lead to the invention of counter-strategies, designed to defeat them. The nature of strategies and possible counter-strategies, and the games of expectations, games within games, intelligence-gathering, side-bets etc. that they combine into, gradually become thoroughly analyzed in successful organizations in the different sectors: politics, business, military, administrative bureaucracies.

There are a number of good treatments of game theory. The classic is v. Neumann and Morgenstern (1964) and later editions. It is a classical but difficult book, in which one can see the theory being born. More accessible texts are Luce and Raiffa (1957), Ordeshock (1986), Shubik (1964), Kreps (1990). A good mathematical treatment is Dresher (1981). (The proofs of the mini-max theorem, like those of Gödel’s incompleteness theorem, keep getting shorter.) Various works by T. C. Schelling are also useful, because Schelling more than other game-theorists, deals with "life-like" situations, e.g. Schelling (1984). (I believe that Machiavelli would have liked to read the works of Schelling.)

The study of game theory has produced specialized literatures about particular generic forms of games, e.g. The Prisoner’s Dilemma and games derived from it. What is rational behavior and how does one describe the limits on rationality? Some important situations are discussed by J. Elster (Elster, 1979; 1986 and 1989).

Oscar Morgenstern was an Austrian economist and J. v. Neumann, one of the century’s greatest mathematician and game-theorist, was close to the Austrian school of economics. A central figure among the Austrians, L. v. Mises, defined economics as action theory. Other action theorists, who came from the same environment are F. v. Hayek and A. Schutz. The former is known for his path-breaking papers on the role of information in economic processes (e.g. Hayek, 1967; 1978). The latter was trained in the law in Vienna, which included economics with v. Mises. He is primarily known as a philosopher/phenomenologist, but it is important to keep in mind his background in the Austrian school of economics when one reads his work. Schutz is as obsessed with the social role of information as Hayek is.

The Austrian micro-economists focused on the self-organization of the market. Each individual actor has a unique “utility-function” that only he or she has access to. It describes the relationships between needs, wants and means to ends from that individuals (unique) point of view. The individual is always best able to decide what is good for him or her and choice
cannot and should not be delegated to anyone else. Any aggregation by planners, politicians or bureaucrats will inevitably distort individual preferences and thereby mis-allocate resources. This is the essence of the famous “refutation of socialism” by v. Mises. It leads to libertarian politics. Hayek, Schutz and others took from v. Mises the observation that information is a basic (or the basic) commodity (good, resource) in all decision and action, and that information is always limited, hard to get and therefore costly for any actor. When deciding what to do, actors always have to consider what relevant information they have, if it is sufficient and/or what they will have to sacrifice in order to add to it. In many situations information remains incomplete, because it costs too much or because it is unavailable. (One often suspects that someone has a crucial piece of information, but one doesn’t know who that actor is, and the search would be impossibly costly or time-consuming.) All decisions and all actions involve risk or uncertainty. Nevertheless the individual actors, when the pressure is on them to act, are (almost) always better able than anyone else to decide where their individual advantages lie.

These basic observations of v. Mises and Hayek led to a thriving field “economics of information”, whose central concern is with formal procedures that enable the decision-makers to determine the price of information. The phenomenologist Alfred Schutz, starting from the same premises about the social role of information, focused instead on the commonplace and “informal” rules-of-thumb and practices that actors use in their daily encounters to get as much information as they can about other actors, objects and the nature of the situation itself. The Schutzian concepts of “typification” and “relevance” deal with how information is “bundled” and different bundles are linked into “structures of everyday life”. (The roots of ethnomethodology, an once prominent school of sociology, thus lie in Austrian micro-economics).

In the work that derives from the classic Austrian economists Schutz’s phenomenology may be more relevant for the analysis of everyday workings of organizations than the formal economics of information.

Schutz published his observations in a long series of papers that are available in the volumes of his Collected Papers. The first volume is called The Problem of Social Reality, and it contains “Multiple Realities” and other basic papers by Schutz. There exists a major treatise entitled The Structures of the Life-World (Schutz & Luckmann, 1973) which was completed by Luckmann after Schutz’s death. It contains many good discussions of information. It is interesting to note that Schutz was much indebted to the pragmatist philosopher W. James, a philosophical ally of C. S. Peirce.
6. Briefly on the action theory of Talcott Parsons

T. Parsons was one of the great institutionalists in sociology, but his first major work was *The Structure of Social Action*. He made important contributions to action theory, e.g. the scheme of *pattern variables* and the AGIL-scheme, which rests on the pattern variables. The AGIL-scheme points to *action types*, “A” is adaptive, “G” is goal-attaining, “I” is integrative (bond-maintaining, bond-strengthening), and “L” is latency, i.e. pattern-maintaining and/or pattern recreative action. These are important *functions for any* social system. This scheme may be one of Parsons’ most important contributions to action theory, but it has remained very undeveloped. It is not clear if the four letters refer to *states* of the system or if the four functions can/do occur simultaneously. Nor did Parsons show the conditions under which one or more of the functions get “triggered” in a system. A system that has spent much time and effort on goal-attainment or adaptation develops “strains” and “needs” to compensate by focusing on integration and/or latency. If Parsons is right then this is a major gap in action theory. However, I believe that considerable progress in sociological theory will occur, when the field manages to finish what Parsons began in his formulations of “phase-movements” within the AGIL-scheme.

I believe that progress toward making the AGIL-scheme and the idea of phase-movements useful will only come, when the actors and the relevant types of actions are explicitly brought back in and modeled.

This is not the place to repair this gap in action theory. I shall instead turn to *action and actor types* and their classification. I shall return, briefly, to Parsons in that context.

In some of his work on action theory Parsons departed from the M. Weber’s introductory remarks on action in *Economy and Society*. In this discussion Weber was unclear about the desirable “level of abstraction” of action theory, and this continued to be a major unresolved problem also in Parsons’ work. The contrast with Schutz is striking. In his work on social theory Schutz, like Parsons, started where Weber left off, but his avoidance of *structural-functionalism* (which in turn was due to the “methodological individualism” of Austrian micro-economics) enabled him to avoid the abstract institutionalism that Parsons adopted when he committed himself to structural-functionalism.\(^7\)

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\(^7\) It is an interesting question where Weber “left off”. Early on in *Economy and Society* he sketches an individualistic action perspective, but abandons it very soon. In his first book *The Structure of Social Action* Parsons tried to formulate an action theory, with a “stylized” actor at the center. Later on he moved to a “systems point of view”. The reasons for this shift are obscure.
7. Action and actor types

The related concepts actor type and action type provide a linkage between action theory and institutionalism, between actions and roles. Work on actor types was begun and carried quite far by Plato. The basis of his social theory was a carefully worked out theory of “the soul”, what we now would call a (social) psychology. He described an elaborate socialization process that would, if carried out correctly, produce men and women who possess a psychological constitution that would lead them to act to create and sustain (guard and defend) a just state. He also derives and sketches at some length different types of “deviant” souls (personalities) who attempt to create unjust states: timocratic man (who pursues honor and physical strength above all), “oligarchic man” (who thinks that money is all important), “democratic man (who has no particular ruling passion, but who is guided by whatever dominates his soul at the present moment), and “tyrannical man”, who is dominated by lust. Socialization is a pivotal topic in Plato’s social theory, because it produces desirable or undesirable actor types. Plato’s late dialogue, The Laws, brings up topics of socialization immediately after the introductory presentation of the characters. The good society depends on creating good actor types in the classes that rule. (The discussions of these types of unjust soul take place in Books 8 and 9 in The Republic.)

It is noteworthy that already in Plato action types are described as units of motivation and action patterns. This insight is sometimes lost. when organizations or professions are described in terms of roles in the sense of “slots” that persons might fill. But if a person fills a role without having the required motivation, then he or she merely “plays at” the role.

One of the major (gradual) discoveries in early modernity (The Renaissance) was how to construct the modern professional organization. Here one starts with carefully defined roles and specifies the training and training methods needed to fill them. Specific courses of study were prescribed, but little was said about “the soul” beyond generalities. Professionalism and professional modes of organizing emerged in the military, state-craft, diplomacy and the civil services. Modern diplomacy evolved during the fifteenth and sixteenth centuries. Practices became codified and handbooks were written widely studied and achieved fame (see Mattingly, 1988). A similar development occurred in the military (see Paret, 1986, chapter 1-3). The handbooks (by men like de Vera, author of El Embajador), and the military training programs of Maurice of Nassau and others emphasized detailed skills needed for successful role-performance. Machiavelli’s The Prince was intended to be a handbook for rulers and his
more detailed *Discourses on Titus Livius* used classical Roman examples in a general presentation of statecraft. Machiavelli also write a book on warfare. There were even handbooks in how to become an all-round, polished, agreeable and useful gentleman, the most well known of them is Castiglione’s *Il Cortegiano*, a widely translated and read work. (The education of the gentleman courtier was well-described, but it is less clear what he was going to do. In an age that moved increasingly toward well defined specializations, he was clearly an anachronism.)

Training and specification of role requirements are things that modern organizations tend to be good at. The “fit” between role and personality and the role of “general” socialization (as opposed to training) for the performance of specific roles (the issue that Plato was concerned with) are even now much less well understood. They are not unimportant issues, however. All role-taking leads to some degree of socialization, but many roles require a profound socialization to create the desirable actor types. Risk-taker, leader versus follower, mediator or diplomat, aggressive innovator, consolidator, good mentor, loner versus mixer...are terms that describe actor and action types. Are they roles that can be taught and “stepped into” or “temperaments” that are hard to acquire, even if one is motivated to do so?

It may be time for us to recommit ourselves, in research as well as in organizational practice, to Plato’s view of the fundamental importance of socialization, including the wide scope he gave the concept.

Let us now return to Parsons’ AGIL-scheme. His basic assumption is that each of the four *functions* is necessary for any organization or system, but they do not operate all the time. They are “activated” in turn. In Parsons’ terms, “the social system” goes through “phase movements”. Specifically, after periods of G or A, the integrative or latency functions become necessary. The organizations social bonds and its culture (especially the emotional (symbolic or expressive) parts of the culture?) need maintenance or renewal. Are there then integrative and latency specialists and how do they emerge on the “action stage”? If Parsons’ theory of systemic “phase movements” could be “translated” into an action framework, then we might shed light on important issues connected with leadership.

For action theory to make progress we shall need to model action and actor types, strategies and counter-strategies in a precise, formal manner. It has long been understood that organizations can be grouped into *organizational sectors*, such as manufacturing, health-care, banking, education and so on. One important way in which the sectors differ is the make-up of the rules that define the managerial and other decision-making roles. We should no longer speak in generalities about managerial rules, but carefully describe how they differ between
sectors. For example, exactly how do (stylized) hospital administrators differ from their counter-parts in manufacturing or education? We need to model these differences in detail, and to do this we need modeling and representational procedures and notations. Such modeling and representational systems do exist. They have been developed in computer science and theoretical biology to study learning and adaptation. The genetic algorithms developed by Holland and his associates promises to be especially useful (Holland et al., 1989; Holland, 1995). Roles and decisions are conceptualized as systems of linked rules and mutations can and do occur when the roles are under competitive pressures. The concept of "the darwin machine", a model of mechanisms of selection, plays a central role in the formal modeling of organizational change through learning and adaptation (see Calvin, 1996). A great advantage of this approach is that it clarifies the close link between learning and selection.  

What is a social role? Sometimes it sounds like it is a “ready-made” that one can step into, although it is understood that one actor may interpret the script somewhat differently than other actors. But there are also examples of actors making their role through living it. The role comes into being over a long period of time. In the correspondence of Flaubert or in the equally self-revealing diaries and autobiographies of Stendhal (Henri Beyle) one can follow how these writers deliberately went about creating their personal “social” roles. Stendhal was early on explicit about what he was doing: “Faire incessament ...l’examen de ma conscience: comme homme qui cherche à se former le caractère”. J. Elster, who has written an interesting essay on Stendhal’s role-creation for himself, argues that some of he heroes in his novels are extensions of himself. In creating Julien Sorel and Fabrice del Dongo, Stendhal pursues his explorations of the possibilities of self-creation in imaginary domains, when his own life becomes too constricting. The study of this process involves, as Elster shows, examining possible self-deceptions. But one should also ask who the “enablers” are. Role-creation can hardly be a solitary enterprise: no man “can be the author of his life”. It must evolve through a “conversation”. If G. H. Mead is right, the actor who is creating his role, will need significant others who play fitting opposite roles, or who will “reflect back” cues, images and other responses to him or her. In his fictional explorations, Stendhal created some wonderful “significant others”: For Fabrice del Dongo, Stendhal’s attractive alter ego in La

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8 Holland’s modeling procedure builds on the “production systems” (if-then statements in which the consequent describes an action) developed by Simon and Newell in their work on problem solving. “Black board” procedures are to allow production rules to compete. The notations used are adaptations
Chartreuse de Parme, Gina, the Duchess Sanseverina (one of the greatest women in fiction) and her lover Count Mosca, a sort of benign “machiavellian”. As always in Stendhal, there is also, of course, the absent Napoleon, who is the greatest of all “role-models”.

Stendhal anticipated modern developments. Role-creation has become a ubiquitous phenomenon. In some organizations one can still assume that the roles once defined change slowly. But in other contemporary organizations, e.g. high technology or finance, the rapid technical evolution, and change or even turbulence in the organizational environments lead to much more fluid conditions. In the future, we are told, workers on all levels in many organizations will have to redefine their roles, “reinvent themselves”, several times during their working lives. This, in turn, will force major changes in education at all levels and in organizational cultures. Will this also lead to changes in individual socialization and motivational structures? Will people become skilled at rapid role-changes and at reinventing themselves? But it is important that we retain G. H. Mead’s central insight: One doesn’t reinvent oneself by oneself. Role reinvention must occur in a “conversation” with “significant others”. What is an organization like when many people in it, and their “significant others” as well, are simultaneously “reinventing” their roles? We do not yet have much codified experience with these matters.

8. Bourdieu’s theory of habitus: collective cognition

Bourdieu’s theory of habitus is a useful “back-drop” to action theory, because it is a schematic theory of social cognition. It is not cognitive psychology in the sense that it goes into the details of individual minds. Rather it provides schematic representations of cognitions that are shared in social “groups”. The Swedish sociologist Torgny Segerstedt used the term symbol environment to capture the sense of these shared cognitions and their positive or negative emotional “loadings”. Psychologists such as C. Osgood later developed quantitative semantic methods (based on factor analysis) for their description. The best descriptions of habitus is found in fiction. Lars Ahlin and William Faulkner are two great masters of habitus description.

of first order predicate logic. Chapters 2-4 of Holland et al. (1989) give clear and useful descriptions of the details.
Bourdieu uses “habitus” as “back-drop” to his own sophisticated action theory, best described in *Outline of a Theory of Practice* (a work that many readers find very difficult). But there is no reason why the *habitus* idea in Bourdieu cannot be combined with other action theories.

In Bourdieu’s sociology the term *field* is used for the complex of professions, occupational groups, organizations and (often) training institutions that focus on common sets of issues or problems. *Health care* is a field: it contains many professions and occupational groups, organizations such as hospitals, clinics and specialized research centers and schools of different kinds. Health care practices are concerned with diagnosis, treatment, prevention, rehabilitation, research and training, all informed by a shared biological world view.

A main problem for action theory in sociology is to achieve the *suitable level of abstraction*. The sociological actors should not be seen as individual persons, but if we don’t want to see them as persons, then who are they? How do we articulate the properties of the many different types of actors that are found in groups and organizations? In *The Structure of Social Action* Parsons did not deal with this problem adequately, and his failure lent some sterility to the analysis in that work. Theorizing on the level of *homo economicus* makes the analysis too abstract, if our purpose is to study “fields” or “sectors” such as health care. One reason why we like Bourdieu’s *habitus* is that it seems to be the right level of abstraction. If, for example, we want to “model” *hospital administrators* in Sweden, we need to spell out the *unique rules* that define this role in the Swedish ambience. Organizational analysis are almost always concerned with organizations in some specific “cultural” field (i.e. a particular *habitus*). The very high level of abstraction found, for instance, in micro-economics misses much of the context, but the level of individual persons found, for example, in historical accounts provides too much detail and it becomes hard draw general conclusions. A middle-way must be found, if action theory is to make progress.

9. On some unfinished business in action theory

I want to mention briefly some issues in action theory that need much work. The list is, of course, by no means complete.

I. How does *rhetoric* relate to social action theory? Rhetorical devices are used *to frame* issues and actions. “Framing” is a common cognitive preliminary to actions. The second
generation pragmatist G. H. Mead wrote about the importance of actors’ “definition of the situation”. Mead’s discussion is continued at great length in E. Goffman’s *Frame Analysis* (Goffman, 1974). Its discussions and conclusions need to be incorporated into organizational action theory. Framing in the sense of Goffman is very closely related to Schutz’s discussions of the use of information in action. A particular set of data, suitably interpreted as information, serves to make “everybody” perceive proposed actions and action alternatives in a particular light, and some given choices, but not others, become seen as inevitable or irreversible.

Management control systems in the public sector are good examples of organizational framing devices. Reductions in budgets, personnel or services become seen as inevitable, because the information one presents comes from control systems that quantify the information obtained in terms of “the tax-payer’s” dollars and cents. If one wants to shrink the budget of a public organization, then one should introduce a management control system that looks objective and quantitative. One is virtually guaranteed to find evidence of “waste”. The control system will serve to frame the discourse in narrow economic terms, and will effectively deflect attention from the stated *primary* goal of the organization, e.g. quality education or effective treatment, care or prevention. Budget considerations soon come to have the top priority and “the bean-counters” get influence and power. Since the management control is designed to find and eliminate “waste” in the short run, one is not likely ask the deeper, empirical but difficult questions about the possible inevitability or even desirability of redundancy and slack in organizations that produce products such as quality education, health-care and advanced research. These are all labor intensive tasks, and much of the time the work cannot be effectively routinized. Myopic managerial and financial controls are likely to make organizations that specialize in such tasks sub-optimal. The vocabulary of cost control is the wrong rhetorical framework for such organizations.

These issues will require much further analysis in depth. They are related to the very fundamental differences in task structures, technologies, work organization and management that exist between different organizational sectors. Such analyses are long overdue.

II. How do we determine the adequate level of abstraction? It is easy to find examples of analyses becoming hampered, because the suitable level of abstraction has not been found. The lack of progress in applying Parsons’ AGIL-scheme may be a case in point. Parsons’ action scheme is on a very high level of abstraction and remains “uncontextualized”. Many commentators notice that Parsons was pointing to a very important issue in sociological theory, but little progress has yet been make. The lack of progress in Parsons’ very interesting
theory of social stratification may be due to a similar “lack of contextualization”. One negative lesson we might draw is that the theoretical analysis should beware of making the actors invisible, even if the analysis is done on a high level of abstraction. This often happens in the work of Parsons and other institutionalists. By contrast, the other great follower of Weber, Schutz, most of the time keeps the actor in plain view. A first step in organizational study should be to place the actors at the center of the analysis and model them and the action types in some detail. In doing this, we should include all relevant sector-specific features. If we think of organizations as adaptive systems, then we also need to model the process by which desirable roles and action rules are rewarded and retained, and undesirable ones eliminated. The details of the mechanisms that drive this selection (organizational “darwin machines”) probably differ considerably between the organizational sectors.

The problem of finding an appropriate level of abstraction is encountered in all modeling, scenario building and thought experiments. It is one of the most baffling issues in theory construction. Too much detail and context makes it hard to see what is the general lesson to be drawn; too much generality and too little context gives us principles that are too broad and general for any useable conclusions to be drawn.

III. How do actions that are repeated and become patterned relate to roles and vice versa? Action theory sees institutionalism as static and promises more focus on actors and on how they innovate and shape roles. Free-wheeling actors who have invented their roles, often leave a heritage of more or less institutionalized patterns to their successors. For example, the “Byronic hero” became a recognized character (pose, role) during the Romantic period. Venture capitalists and high-tech entrepreneurs may be contemporary examples in some environments. An important link between institutionalism and action theory is the routinization of charisma. Classic sociologists, such as M. Weber and S. F. Nadel knew this, and we need to remind ourselves of their insights and work out the theoretical and empirical implications. In the long run, as T. Parsons rightly insisted, institutionalism and action theory need to be unified into one analytic framework.

We will achieve unification when we can show in detail how “compact” structures such as institutions are constructed from and maintained by actions. A program of work in this direction (complex adaptive systems) is reported by Holland and others (e.g. Forest, 1991; Holland, 1996). This is at present a major research frontier in economics and ecology.9

9 This is a rapidly moving field of research. Useful up-to-date information can be found on the website of the Santa Fe institute in Sta Fe, New Mexico: www.Santafeinstitute.org.
IV. An unresolved question is how an (empirical) action theory relates to ethics and other normative matters. Because it has roots in micro-economics and the theory of strategy, practitioners of action theory have long been familiar with normative questions. In section 4 I argued that the Peircean injunction to consider the meaning of organizational beliefs to consist of the purposive actions they imply, might be extended to also consider the ethical acceptability or unacceptability of these actions. Peirce himself seems to have regarded logic and ethics as closely related disciplines.

10. Conclusion: Problems of applying action theory

Machiavelli presumably wrote *The Prince* in order to make rulers aware of the strategic choices they had to make in order to gain, expand or keep power. I suppose this furthered his reputation for wickedness; not only did “murderous Machiavel” (called thus in Shakespeare’s *King Richard III*) encourage rulers to do vicious things in pursuit of power, but he also thought that they should plan their deeds with full awareness of what they were doing.

In general, do students of strategy and other action theoretic concepts assume that actors are aware of strategies and intentions? Sometimes the theorist must remain agnostic. For example, when Edward Luttwak wrote a big book called *The Grand Strategy of the Roman Empire* (Luttwak, 1976) he had to reconstruct the Roman defensive strategy from available evidence, much of it archeological. We should assume that the Romans knew what they were doing, but the written documents have been lost. Contemporary examples suggest that strategies and intentions may be articulated in retrospect, in order to “rationalize” decisions taken in an *ad hoc* manner. For a number of years R. McNamara, American secretary of defense during the war in Vietnam, has been studying major decisions taken and opportunities lost, in collaboration with former North Vietnamese opponents. We need more of such work.

Actors’ memories may deceive them, assumed consensus may be spurious and documentation scanty. One might think that ideally strategies and counter-strategies should be formulated in advance, played in game experiments but also systematically evaluated against real events. A complex methodology is needed for this, but it is at present in its infancy. Preliminary work has begun (Schwartz, 1991; Shoemaker, 1995 and references given there). Some organizations at least seem to contain staff units whose job it is to carefully formulate and study the implications of available strategies. (*Royal Dutch Shell* is said to be such an
organization.) Military organizations have used such staff systems for a long time. Carl v. Clausewitz, one of the great writers on strategy, came out of such staff organizations. His great work (Clausewitz, 1976) should be read as a political science, sociological, business administration, classic, along with The Prince, a book that Clausewitz much admired. We are be moving into an era in which organizations discover that it is in their interest to develop “general staff” units, concerned with the systematic analysis of strategies and counter-strategies and with Peircean analyses of organizational culture and belief systems. Self-consciousness and reflectivity in organizations, or at least on the part of their governing elites, may emerge from the unprecedented technological change, enlargement of markets and organizational environments and the competition for resources that all organizations face. Full organizational self-awareness will probably take a long time to achieve.

Shall we then not then also need a theory of organizational self-deception? Yes, we shall badly need such a theory, but this is a different story. One story at a time!

References

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