ABSTRACT: Structural tensions turn systems viable. The same is true of organizations. Structural tensions create problems involving changes both within the organization and in its environment that need to be addressed and reflected in decisions. Under this premise, we can assume that the function of an organization’s executive is to secure and smooth such tensions. Because management does not have the human resources to perform this function, tensions are institutionalized both on the personnel level and on the structural level in the dual sense that they are kept under constant surveillance and dealt with as a matter of routine. This paper develops an argument related to societal preconditions for management, administration and leadership, as there are division of labor, hierarchy and professional ideologies (with special respect to German Betriebswirtschaftslehre). The overall attempt is meant to provide a system’s theoretical perspective on organization with an evolutionary perspective. The focus is on communication, both the communication of "no" and of "yes". The argument is that it is helpful to distinguish between system and structure.

I. Introduction

Structural tensions make systems viable. The same is true of organizations (Luhmann 1977, Weick 1979). Structural tensions create problems involving changes both within the organization and in its environment that need to be addressed and reflected in decisions. Under this premise, we can assume that the function of an organization’s executive is to secure and smooth such tensions. Because management does not have the human resources to perform this function, tensions are institutionalized both on the personnel level and on the structural level in the dual sense that they are kept under constant surveillance and dealt with as a matter of routine.

What we should stress is that the structures which the tensions indicate are not tangible and visible realities; rather, they are expectations which enable us to “condition” what present situations, actions and relationships are to be retained and how (Luhmann 1995a). A structural tension is an actualized expectation which puts some kind of pressure on ongoing operations at a particular moment in time. This pressure can only be countered if operations are modified, if evasive action is taken, or if operations are firmly anchored. The actualized expectation has to be in conflict with at least one other expectation.

The simplest form of exerting pressure on an organization in this sense is to set it a goal that it has not yet achieved. This makes it possible to assess the states of the organization in terms of their contribution towards achieving that goal or measuring the distance still remaining from the goal and to compare it with the expected change. This provides the basis for monitoring and control (Vickers 1967).
But even this simplest form of structural disturbance through goal definition, i.e., through establishing a difference between present and future states of the system, requires that resources are available within the system to react to conflicting expectations in such a way as to transform current states. This is where management competences - personnel and structural - need to be brought to bear. The job of management does not stop at setting goals for the organization. It also involves empowering the organization to achieve those goals – whether these relate to the organization’s continued existence, the generation of profits, the making of decisions that are legally incontestable, the spreading of a belief, the capture of power by a political party, or, in the academic world, contributions to scientific research coupled with the fulfillment of teaching commitments and fund-raising.

In all these cases, the task of management is to make the organization aware of the difference between the present nature and the potentiality of its states, without presenting the current state as so inadequate as to dash all hopes of achieving the potential state. This detail is often neglected. The difference between the actual and the potential state should not be expressed in quality terms, because actual states are, after all, good enough to define what the competences of the organization are (even though it may only be the competence to acquire the required competences), and potential states are questionable at least in the sense that they are not (yet) real and therefore not dependable (although it is precisely the unreal states that are dependable reference points, because - being unreal - they cannot meaningfully be challenged).

The difference between actuality and potentiality, as we know from philosophy and systems theory, involves both an understanding of the process which enables us not only to observe but also to treat the difference between current, past and future states (Whitehead 1979) and an understanding of hermeneutics and pragmatism which is capable of identifying the properties of potential states in real states and the properties of real states in potential states and thus enables the system to oscillate between what is and what is not (Barel 1989, Luhman 1984).

The argument in this article is developed in three steps. We begin by sharpening the eye for structural tensions or inconsistencies with which an organization is equipped both as the raison d'être and as the condition of the opportunity of management. In doing so, we shall look at the dynamics of labor, the division of labor and hierarchy (II), the role of business economics (Betriebswirtschaftslehre) in private-sector companies (III), and the role of the professions in non-private-sector organizations (IV).

In a second step, we outline an evolutionary management model which enables us to formulate a definition of the consistency of the diversity of management measures (V). Management in terms of both structure and human resources, we assume, is involved in differentiating, relating and utilizing three organizing processes: variation, selection and retention. In this context, nothing in the organization is more decisive than a “dramaturgy of negation” as the dialectical process of negative communication.

And finally, we will consider the question of a possible leadership perception of the organization in the notions of this model (VI). Leadership, as we shall see, extends beyond the management of an organization: Not only does it give the organization the ability to cope as a matter of routine with all kinds of uncertainty, it also re-introduces this element of uncertainty into the organization and makes it the object of decisions that can be addressed in terms of
human resources and structure. A concluding remark addresses the style of thought underlying this essay.

II. Organization of Work

It was Stanley H. Udy, jr. (1990, 1959, 1970) who first introduced the notion of inconsistency as an elementary structural feature of all organizations into labor, industrial and organizational sociology. He believed the organization of work procedures to be a contradiction in terms at least in the sense that it places physical demands on the enactment of work which conflict, not necessarily in principle but as a rule, with the social demands on the organization of human interaction.

One of his many insightful examples is the organization of the hunt in primitive societies. Because of the “uncivilized” use of physical violence required of the hunters and the aggressive style of communication, such societies bar the hunting party from re-entering the village until they have calmed down in a camp outside the village, a kind of quarantine. Maybe the pubs for blue-collar workers and the bars with their “happy hours” for white-collar workers fulfil the same kind of “chill-out” function, giving workers the chance to talk with their peers - rather than their families - about their dreamed-of heroic feats.

As this example demonstrates, inconsistent expectations with regard to work procedures on the one hand and the social order on the other can be reconciled outside the organization. But this does not spare the organization from finding its own way of coping with this inconsistency. The physical handling of the object of work must be different from the way in which employees interact with one another. The kind of mechanics behind assembly line operations should not be assumed to govern interaction between human beings, although in reality to do just so is a misunderstanding that frequently has to be corrected. The same is true of school education, where teachers should not have to expect to be encouraged, corrected and penalized in the same way as students - although in reality to be treated alike is a misunderstanding that frequently has to be corrected. It is true of medical treatment where it should not be suggested that doctors and nursing staff should not be taken seriously in the same permissive way as patients - although in reality to be treated alike is a misunderstanding that frequently has to be corrected. And it is true of the military: We should not assume that the use of force, which is the object of the organization, is indicative of the way in which the organization is managed, although, once again, this is a misunderstanding that frequently has to be corrected.

The list could be added to, but these examples should suffice to indicate just how precariously each organization is tied up with the identity and control of its operating procedures and how much this association is the reason for, the object and the precondition of a general management which from this perspective can be seen as a finely tuned mix of “blocking action” and “getting action” (White 1992). Management in this context means finding different ways of enabling the organization to sustain its operations and decisions, without setting up the mode of its continuation that is currently particularly effective (defined through its substantive work or through its social coordination) as an “absolute standard” and made the universal law of its self-image. A manufacturing plant is not a machine. A school is not a pedagogical organization. A hospital is not the management of distress. An army is not organized on principles of force. The management of an organization means, therefore, to
increase awareness of the inconsistency of procedures within the organization, to set priorities, to ensure respect and responsibility, and, above all, to permit oscillation between the different reproduction logics of the same operations.

These are the minimum demands on management subtlety, and because they cannot be met by personnel, they have to be anchored in the structure. An organization therefore is not just an artificial specific-purpose construct; it is also a social institution in which social structures, e.g., the self-image of certain professions or the inconsistent handling of hierarchy, always play a role whose importance is often underestimated within the organization. The simple fact that an organization is possible in a particular society, manages that organization even though executives in the organization may or may not understand and accept this. The executives’ relationship to management in itself gives rise to structural tension which can be (but is not necessarily) helpful in managing the organization.

Probably the most important contributions to the structural management of an organization, apart from the organization of productive labor, are the division of labor and the hierarchy. It is these two elements that set the organization apart from the rest of society, because it is only in the organization that work can be divided the way it is divided and that upper and lower levels can be differentiated the way they are differentiated. And at the same time, these two elements ensure that the organization is re-embedded in the rest of society. Division of labor exists outside of the organization, in a way that defines important links in the value-added chain, both downstream (vis-à-vis “customers”) and upstream (vis-à-vis “suppliers”). And hierarchy is such a deep-rooted feature of social structure that no organization can possibly conceal from society how it treats its hierarchy. This means - in an ambivalent way - that society reacts just as sensitively to attempts to impose a hierarchy as it does to attempts not to exploit the possibilities of a hierarchy. In order to secure the hierarchy, society is even willing to concede “secret” areas (“no admittance except on business”) which flatly contradict its declared values of enlightenment and transparency.

The division of labor, according to the well-known definition of Émile Durkheim (1902), is the setting up and utilization of solidarity-building structures between things that are dissimilar but interdependent. Durkheim's examples range from the biological organism and the industrial enterprise to friendship and marriage. He expresses the hope that the same principle can have a positive moral effect on society. We can support this hope only in as far as the notion of the division of labor is grounded not in superordinate normative principles to be obeyed by all sections of society, but in an ecological collective which derives its regulatory power - rather like a city that has established communal order (Park/Burgess/McKenzie 1967) - from ambivalence-laden relationships with neighbors, near and far.

The concept of the division of labor is a source of tension in the sense that it not only defines the relationship to the next task and, by doing so, the current task, but it also makes it possible to force concentration on the specific skill required to perform each task. In other words, division of labor tends to lead both to an identity loss of the individual and a “breakdown” of the organization into its individual aptitudes (Luhmann 1995b). An organization can try to counteract these tendencies by introducing departments which bring together all the elements that are related in terms of function, process, region or whatever, and which can exclude unrelated elements (March/Simon 1993). But this approach to resolving the problem actually exacerbates it on another level: Division of labor now has to be regulated not only within the department, but the interfaces between the various departments of the same organization and
between departments of other organizations also have to be managed. This solution therefore results in a multiplication both of management intervention and management resources? It is a further example of management competence deriving its knowledge from coping with ambivalence and not, say, from the abolishment of ambivalence, as we have been aware for many years (Simon 1946).

It will come as no surprise that the connection to the other major component in the structural management of an organization, the hierarchy, does not permit us to do things unequivocally but presents the organization with more equivocalities. The hierarchy duplicates the paradox of the individual parts in the whole, this time not on the horizontal level of the work flow but on the vertical level of the management of opportunities to influence conditions of job organization through commands. This is because the hierarchy demands not only that the “part” be subordinate to the “whole”; the “part” is also expected to assume that level of autonomy without which subordination would be neither attractive nor meaningful (Dumont 1983, Parsons 1960). As in the relationship between master and servant (Hegel 1973) or between sovereign and people (Machiavelli 1532), the hierarchy derives its significance from a feedback-loop, i.e., from the fact that the subordinate can and must name the conditions under which he is prepared to accept subordination. This also applies to the relationship between lovers (Sartre 1943). The result is different levels of perceived autonomy and also different levels of resentment towards autonomy as a condition of subordination; however, it never results in the hierarchy being displaced as long as the relationship persists. Alternatives to hierarchies, to use Philip G. Herbst’s well-known title (1976), whether top-down, bottom-up, center-down or middle-out, are always the same hierarchy in a different guise, even though each variant, simply because it is a variant, may bring functional, structural or personnel improvements and mobilize new motivation both to lead and to be led.

For the organization, this paradoxical structural property of the hierarchy has proved to be exceedingly fruitful. Since organizations have existed, management can claim to have made use of the autonomy of the part and the domination or hegemony of the whole, no matter whether the part is a hierarchical level or a department located in the hierarchy of the organization. The “managerial revolution” which Alfred D. Chandler (1977) discusses involves establishing a coordinator-function for every interface problem between levels or departments, which in turn creates two new interfaces along with the associated problems, namely interfaces up and down or to one department and to another department. As a result, the operating condition of all management, i.e., the need to differentiate in order to coordinate, can be multiplied at will within the organization - depending of course on the prevailing semantics and discourse of hierarchical order, technological efficiency and social access, depending on the refinancing potential of the company or public-sector authority, to mention just the two major examples of bureaucratic proliferation (Meyer 1990), and, finally, depending on management’s own internal career market needs (Parkinson 1957, Hirsch 1993).

III. German Betriebswirtschaftslehre

Compared with these three major sources of inconsistency in the strict sense of the word, that is: inconsistency within the system and not inconsistency of the system compared with some other states outside it, all other sources of structural tensions are of secondary or derivative significance. The management of working, division of work and hierarchical organizations involves so many tasks relating to the adjustment of tensions by creating new tensions that the
attempts to cope with the inconsistencies relating to work, the division of labor and the hierarchy reveal a host of opportunities for enhancing organizational design, product development, market development and personnel management. All these possibilities, precisely because they demand all the attention of both management and organization, are supplementary to the working, work-sharing and hierarchical constitution of the organization (Ortmann 1995). For the organization’s executives, all these opportunities are discursive and pragmatic stakes in the struggle to conserve and build their own positions within a system that is under persistent threat from the inside (Eccles/White 1986).

This derivative status also applies to the central inconsistency whose discovery and preservation can be ascribed to the tradition of German-speaking Betriebswirtschaftslehre (business economics). Nobody has insisted as outspokenly as Erich Gutenberg (1929 and 1983) that every business enterprise is characterized by the inconsistency between the social demands on the organization and the economic demands on the very same organization. However we can take Gutenberg to task for claiming that his decision to put social organization outside the brackets of business theory, is not an empirical-pragmatic but a methodological decision. This claim conceals the very pragmatic consequences of that decision not only in founding a specific academic discipline, called Betriebswirtschaftslehre, but also in establishing corresponding practices of management bracketing out social organization as well. Gutenberg’s justification for separating organization and business was in the establishment of a scientific discipline. And, by doing so, he played down the role of this differentiation in the invariably inconsistent constitution of the private-sector corporation. Since then, the general belief has been that the “organization” still occurs as the means to a “business” end and should be designed and controlled accordingly; this design and control along with the preceding planning activities, however, is taken to be done in an undefined space and not within that particular organization. Business economics has only been able to protest against this procedure of bracketing out social organization at the cost of forfeiting its theoretical profile and breaking up into a pragmatic-”ad-hocratic” collection of tools of varying degrees of usefulness (Staehle 1991, Steinmann/Schreyögg 1993, Whitley 1984).

The advantage of this approach to business economics is that we can study the impact of both economic and technical considerations on the organization as an impact that structures unknown and preceding material in accordance with standards that are not those of the material itself. The reference to “productive production” (Walger 1993) inherent in Betriebswirtschaftslehre takes into account that production may be anything but productive, and this premise is taken as the starting point for the definition of management’s tasks. While the social autodynamics of the organization are oriented towards increasing jobs through nepotism or client relations, raising income and enhancing career opportunities, realizing own ideas in the product, and building mutually beneficial relationships (networks!) with clients, contractors and neighboring organizations, the manager with a background in business economics has only one thing in mind: economic efficiency, supplemented by technological efficiency. For him, all productive operations, whether these relate to the manufacture of the product, the coordination of labor or the development of human resources, and all internal and external processes of discussion, negotiation, moderation and consultation, are sub-optimal as a matter of principle. By bracketing out the organization, he acquires a clear recollection of all the social autodynamics, which by doing so he has also bracketed out. (In fact, the organization is not bracketed out in order to hold it at “arm’s length” but rather for the sake of better observation.)
The outcome is a fundamental inconsistency between the social autodynamics of the organization and its economic consideration’s calculus. This inconsistency is interesting because it completely turns around Udy’s concept of inconsistency. Where Udy maintained that in work organizations the demands on the social content of physical work processes are inconsistent with the sociality concepts of the social environment, business economics says - between the lines of its support of organizational structures and procedures, for planning, “organization”, and control thereof - that the organization is a playground of socially-defined self-interests and it is only with difficulty that the considered calculus of its technological, productive and human capital is able to squeeze out economic returns. Both are correct. The organization is not only inconsistent; it is inconsistently inconsistent.

The benefit that management derives from this business-enterprise-theoretical interpretation of organization as a means to an end is that it can apply the economic profit rule as a stop and go rule within the organization. This explains why private-sector organizations are not only superior to all other organizations both in terms of economic efficiency and also, very often, their technological effectiveness, but they are also, as Max Weber (1990) suggested, even immune to the inevitability of bureaucratic rule. This is because the enterprise that has to sell products on a market in order to be able to re-finance itself can at any time halt any operation within the company which does not enhance sales opportunities. And it can initiate new operations, as discussed under the key words “innovativeness” and “creativity”, where such operations are likely to enhance sales opportunities.

The success of the business calculus can be ascribed to the fact that it represents inside the organization a reference to a functional system (the economy) which is indisputable as long as that organization is engaged in economic activity, i.e. operates under conditions of scarcity (scarce customers, scarce employees, scarce capital resources, scarce advance payments). The fact that a private-sector enterprise has to prove itself on the markets of an economy which not only offers alternatives to the products made by that enterprise, but in which there is also sharp competition for the overstretched human, material and capital resources, and which - not least - positions a multitude of stake- and shareholders competing with one another for the economic fruits of entrepreneurial value added, is such a matter of course in that enterprise that the essential inconsistency between the reference to the functional system and the alien auto-logic of the organization is usually no longer taken into consideration. Even the allusion to this inconsistency is seen as an allusion that is inconsistent with the logic of the private-sector business, being typically “sociological” and thus relevant only to that kind of academic endeavor.

Nevertheless, the manager of any company, large or small, young or old-established, successful or unsuccessful, knows that the perspective of the economic scarcity calculus is not identical with the perspective of the organization relating to its people, its products, its relationships. It is no easier to convince an old-established family enterprise that under the conditions of new global market competition its products are no longer in demand than it is to convince the innovative start-up company working on an ambitious technology that it is paramount to position itself so as to be able to optimize its exit options. It is in fact the difference between long-term product, personnel and relational perspectives on the one hand and shorter-term capital perspectives on the other hand that ensures that structural inconsistencies are virtually arbitrary but that they can, where necessary, be reinforced - for example by appealing for social responsibility - or toned down - for example by relocating “gamblers” from the speculative to the productive level. Although the capital perspective acts
as a structural coupling mechanism between company and economy, it does not imply the smooth translation of entrepreneurial expectations into economic expectations and vice versa; rather, it implies hard and conflict-laden work to counter structural tensions.

In no other organization does a structural inconsistency exist as such a matter of course - which at the same time, and this is where the business economics principle scores, can be regarded as the quintessence of economic rationality. Many observers take this rationality as a shorthand for reason itself, because nothing makes more sense in a world of scarce resources than to calculate one’s access to resources by comparing it with alternatives. The structural inconsistency of the enterprise is so congruent with the reality convictions of modern man that these convictions can safely be assumed to compensate for that inconsistency. Business economics benefits from this, as does the constitution of entrepreneurship, which since before industrialization can be described as the systematic creation and exploitation of economic imbalances; and a society suffers from it, having no notion of how to check the entrepreneurial “sorcerer’s apprentices”.

Society’s only certainty that there is nothing sinister about all this derives from the business economists’ rationality guarantee. But this guarantee only means that the tension between the expectations of the organization and the expectations of the economy are made treatable through the substitution of alternatives between entrepreneurial resources and the substitution of alternatives between entrepreneurial objectives. But if both resources and objectives can and must be substituted at any time, this means that every corporate state can be calculated rationally, but for the future it can only be said that this will continue to be the case in the future, too. A question that remains open is what resources are worth investing in the pursuance of which goals? This is why Gutenberg spoke of the “irrationality” of the dispositive, entrepreneurial factor in the organization of the enterprise.

IV. The Role of Professions

Against this background, it is not difficult to see why non-private-sector organizations try to observe the advantages in terms of efficiency and effectiveness that private-sector companies derive from their management. However, when it comes to importing management techniques from private-sector to non-private-sector organizations, it should be warned that the goal-achieving evidence of management techniques is only to be had at the cost of introducing those structural tensions from which it draws its energy and motivation. But in organizational terms, nothing is less available than these structural tensions, which are not the product of entrepreneurial decisions, but rather the product of the way in which the difference between organization and society is understood and reproduced in society as the precondition for differentiating organizations. The introduction of management techniques in non-private-sector organizations is only to had at the cost of prioritizing the link to the functional system “economy” and thus weakening the link to other functional systems.

Typically, public authorities, law courts, churches, armies, schools, universities, hospitals, consulting engineers, orchestras and theaters are professionally administered rather than managed. And “professions” are groupings which, on the level of a Foucault discourse (Foucault 1990), i.e., a specific combination of knowledge and power, contain both a functional system perspective and an organizational perspective and bring them to bear in an interactant perspective that is firmly embedded in society (Abbott 1988, Stichweh 1992). The
difference between experts and non-experts defines functional roles which, in Goffmann publics, i.e. interactions between unknown individuals (White 1995a), define how situations can be dealt with and with what consequences. Those who benefit include civil servants, lawyers, the clergy, soldiers, teachers, doctors, nurses, social workers, engineers, and artists, all of whom have their own professional profile and their own perception of the lay public with whom they are confronted.

Central to our question relating to management in the system of organization is that this professional profile and perception of the lay public the standards of correctness according to which the organization has to be designed for it to communicate the professional’s work. This same correctness which characterizes professional behavior vis-à-vis the general public becomes one of the maxims of the organization although here, as in any other organization, Udy's inconsistency theory tells us that the correct communication of administrative decisions, court verdicts, military operations, school curricula, medical treatment, engineering projects and artistic performances need have nothing in common with the way in which these are accomplished. The core of all professional knowledge - knowledge of the negative complement of the envisaged positive success - makes it necessary to distinguish between the presentation and the generation of the professional service. Civil servants are keenly aware how easily administrative decisions can undermine their legitimacy. Judges and lawyers know that lawsuits may not only be won, but - from the other vantage point - also be lost. The clergy knows that Revelation can be a long time coming and that at best they can give comfort to believers for life’s trials and tribulations. Doctors know the fine divide between life and death. Nurses know of cases in which nothing will help. Engineers know that material can put any design out of joint. And artists know that minor flaws can ruin the overall impression.

This expert knowledge, enriched by the negative values as reflexion values of their knowledge, leads the professions to believe that the organization and management of their work can be derived entirely from the manner in which negative values are kept under observation and positive values can be secured for the expectant public. In a private-sector company, too, the role of professional accountants, legal experts, engineers and indeed business economists should not be underestimated in regard to generating knowledge about assets and liabilities, legality and illegality, functioning and dysfuctioning technology, profits and losses. But we need look no further than the endless discussion that surrounds the function and tasks of accounting to realize that even a functional role, which can justifiably lay claim to the core competence of a business language, in that it like no other both segregates and connects corporate and economic perspective (Sombart 1987, Baecker 1992), assumes a rather subordinate status with respect to the overall management of the organization.

Outside of the corporate arena, not much headway appears to have been made in integrating and at the same time keeping at arm’s length the professional perspective. Only government authorities as they differentiate between the role of civil servant and the role of lawyer assume a similar degree of autonomy as corporations. This differentiation produces a fundamental inconsistency between political function and legal control which, although similar to work and calculus in a corporation or research and teaching in a university, are construed and “sold” as identical. In fact they reliably embed and nurture this identity as the source of ambivalence within the organization.

Accordingly, it is difficult to bring the management perspective to bear at all in non-private-sector organizations. These organizations are so preoccupied with their inconsistencies that,
given the shortage of resources for problem finding and problem solving (Simon 1982), there is little prospect of deciding who is to tackle the inconsistencies of the management perspective and with what likelihood of success. The only justification for being optimistic about ongoing attempts in this direction is that - contrary to the allegations of its propagandists - management is not providing new unequivocality but new inconsistency - even though this is only the inconsistency between the new unequivocalities and the historically determined systems into which they are introduced. In non-private-sector organizations, too, this should find prospective supporters.

This outline of organizational inconsistencies should suffice. Although the organization already manages each of these inconsistencies, it cannot afford not to install and constantly reposition a discrete management of these inconsistencies. However the organization repositions itself on the basis of distinctions like input and output (Leontief 1974), actual and plan (Vickers 1967), downstream and upstream (White 2002), problem and solution (Malik 1996), short-term and long-term growth horizons (Henzler 1999) or score and balance (Kaplan/Norton 1992), new inconsistencies will always be the result, and these will either prove or disprove themselves exclusively in the way they relate to the old inconsistencies. Therefore, the briefest possible definition of the management of an organization is: Re-introduction of organization into the organization, with the aim and prospect of having the organization doubly and thus optionally present in the organization: as what it is and what it is not and/or what it no longer is and what it not yet is. All subsequent management measures will derive from the fact that this choice between two versions of the same thing is possible but only at the cost of oscillating between alternatives and concealing the way in which the alternative comes into being.

V. Variation, Selection and Retention

The idea of re-introducing organization into the organization suggests on the one hand a mathematical calculus, with which to calculate the implications of this re-introduction (Spencer Brown 1972) and on the other hand organization in the organization can only be presented as the difference between the organization before and after re-introduction. In this kind of situation, one of the benefits of the mathematical calculation is that it can explain, without much semantic analysis, the notorious experience since the philosophy of German idealism that the reflection has to “buy” each additional explanation of the issue reflected with a further incomprehensibility of the issue reflected (Schlegel 1967).

However, we shall not take the mathematical calculus option here (Luhman 1997a), but rather proceed via an evolutionary theory of management in the system of organization, in order to ascertain whether and how insights into the necessary inconsistency of the organization can be effectively used for the management of the organization.

Attempts to develop an evolutionary theory of organization have been few and far between (Weick 1979; Nelson/Winter 1982, Pelikan 1989, Kieser 1989, Baum/Singh 1994). Like all attempts to apply an evolutionary theory perspective to the behavioral and social sciences, these, too, have come up against the degrees of freedom involved when considering how to define the variation, as well as the selection and retention mechanisms in social actions, systems or networks. The question whether to proceed from an action, systems or network theory perspective will obviously culminate in other theoretical issues and empirical
sensibilities. But this apart, it has not even been made sufficiently clear whether the evolutionary issue could not in fact be more effectively approached from a population ecology perspective (Hannan/Freeman 1969) rather than via the differentiation into the said three mechanisms of variation, selection and retention (Campbell 1969, Weick 1979).

In the following section we draw on existing evolutionary theory approaches for a systems theory of organization (Luhmann 2000) and amalgamate the theory that the distinction between variation, selection and retention, i.e., the precondition for all evolution, is itself an outcome of evolution with the description of the function of management in the system of organization.

By “variation” we mean deviating events in the system; “selection” denotes the mobilization of systems structures to permit positive or negative selection of a variation, and “retention” or “restabilization” means incorporating a full-fledged structural change into the existing and onrunning system (Luhmann 1997, chap. 3).

This terminology has a significant implication. It is not the deviation per se which varies the system but the communication thereof: It demands its selection with an eye to a possible new system stability. Deviations may well change the system or put it on the path towards structural drift; but evolutionary development by contrast only happens in the event of morphogenesis, which is the result of a reaction of the system to itself (Maruyama 1963). This type of evolution, in other words, only comes about on the basis of self-organization (Kauffman 1993) and not simply as the result of the selection of variation.

This conception facilitates the interpretation of an evolutionary function of management because it enables us to observe the re-introduction of organization into the organization from the viewpoint of distinguishing the three levels of variation, selection and retention and at the same time to view the interaction of the three levels as a product of that organization. In doing so, we do not (only) proceed from the assumption that the organization is a product of selection processes in its environment to which it can adapt with varying degrees of effectiveness despite or thanks to its management. Rather, we proceed from the assumption that the organization organizes its own evolution and that it must find a way to deploy its management accordingly.

Like Luhmann (1997) we assume it is not coincidence but the word “no” that changes the system. This “no” is the unit act of this kind of evolution within a social system. One of the benefits of this is that the “no” can be produced, but coincidence cannot (Spencer Brown 1957). Against the background of the above considerations it would seem obvious that the “no” is the communicator of system inconsistency within the system. Every “no”, however obstinate, superfluous or incidental it may seem, is a reference to the states of system constitution. It operates closer to the actual “states” of the system, which are the “states” of a difference that has been given form, than the much more acceptable and thus often encouraged “yes” can possibly imagine. A “no” looks ahead, a “yes” looks the other way. Because every organization is a form of absorption of uncertainty (March/Simon 1993), the “yes”, too, is not only necessary for but also typical of organizations. We shall return to this point in our discussion of “leadership”. Nevertheless, we should not be blinded to the fact that every “yes” has to assert itself over a “no”, which is always possible and indeed vital. It is through this process of assertion, for which time must be allowed and which must be perceivable, that it derives its quality, genuineness and reliability.
The word “no” gives us access to the world of language and thus to communication (Burke 1952/3, Spitz 1970). “No” enables us to duplicate the world into a “yes” state and a “no” state, as Luhmann (1995a) wrote, giving us the ability to remain detached or to adopt a selective approach. “No” permits us to “draw” a picture of the world altogether (Benjamin 1974), in which little by little and in varying degrees and shades of negation (Varga von Kibéd 1990) the “yes” can be applied to individual states, actual and potential, of this world. Without this act of rejection, there would be no basis whatsoever for reflection (Hegel 1975), although this must not mislead us into assuming that negation is the primary act of cognition. Because even when the word “no” is said, something positive is done initially. We have the choice of reacting (or not reacting) either to the communicated “no” or to the positive action (Elster 1985). And because this is so, we cannot negate a system altogether, at least not logically (Luhmann 1975). Every “no” is the operation of a system, and if it finds expression within a system, it leads into and not out of that system. Accordingly, it is not the “no” but the denial of the opportunity to respond that leads to a breakdown in communication (Lyotard 1983).

Evolution exploits the dialectical properties of the word “no”. Both in the sense of a dialectic relating to the dialogic art of argumentation and articulation and in the sense of a dialectic relating to the production and reconciliation of inconsistencies, evolution operates with “no” as the key mechanism for mapping the states of the system. Because the “no” must always be formulated from at least one perspective vis-à-vis another, it signalizes one of those inconsistencies which constitute the system as a difference. The property which is most meaningful for evolution, however, is that it can fulfil this positive function of signalizing inconsistency and thus of formulating identity in the narrow sense of the meaning as a deviation from the “yes”, which continues to enjoy preference. The person who says “no” is saying something. The person who says “no” is deviating. And the person who says “no” has an open mind about what can happen next (Melville 1985). Only the joke produces a similar open end, but dresses it in a decidedly metacommunication of “yes”. The joke is therefore one of the acceptable forms of “no” because it communicates at least generalized hopes of a follow-up (Dievernich 2001).

For the evolution of a system, these structural idiosyncrasies of the word “no” mean that it produces a communication in the system which deviates from and questions the system. As soon as the word “no” is said, a variation occurs which challenges the prevailing - known and unknown - selection “authorities” but which always has the re-stabilization perspective in mind. The real problem is to prevent this “short circuiting” in systems communication which a “no”, being determined by the system, is much more likely to cause than the system-oriented and more open-ended “yes”. This is done by drawing dividing lines between variation, selection and re-stabilization of the system. The “short circuit” occurs because the variation assumes the guise of re-stabilization (Luhmann 1997, chap. 3). And this means the chance is lost of trying out different selection levels and thereby getting to know the system. Management under this condition means to prevent this short circuiting by installing selection mechanisms (generally: doubts) to trigger a reaction from the system. It is probably safe to assume that this is the cue for the organization consultants to come to the aid of a management which, due to its professional background, is oriented more towards variation and re-stabilization (Wimmer 1992). However, we cannot pursue this question here.

The function of system management consists in the separation and considered utilization of the separated mechanisms of evolution. In order to cope with inconsistencies in the system,
management must “systematize” the “no”, thereby conditioning a “yes” which would otherwise be far too hazardous. In each act of management, management raises three questions simultaneously, (1) what is being negated, (2) which perspective permits this “no” to be followed up, and (3) how can the “no” be handled in conformity with the system. The simultaneity of these three questions has the form of their distinction, otherwise they could be neither raised nor answered. It therefore takes the form of an objective and, where necessary, social multiperspectivity (what is decided and who can decide?) which appears in the guise of temporal simultaneity (now). The notion of “nine-minute activities” described by Henry Mintzberg (1974) into which managerial work is fragmented, is the form in which we can synchronize elements that are only capable of conveying information as a much divided system (Singer 2002). It is only singular and, as such, isolated, erratic, and sometimes idiosyncratic intervention that can map and explain these connections.

The inconsistency of the two tasks of differentiation and coordination is therefore management’s prime task. From an evolutionary perspective, systems management involves identifying all the facets of a possible deviation and presenting them in such a way that different levels of a selective approach can be tested in order to be able to reach a fresh agreement in all historical situations of the system - towards the inside and towards the outside - as to which operations and structures of the system have proved effective and which have not. Self-organization and hetero-organization are amalgamated here into a unit that is problematical in functional terms (Kieser 1994) because management treats the system as something separate, i.e., something that is not part of itself. In other words: Management oscillates in its communication of the different states of the system. In each state “it” is simultaneously in a different state and it “examines” which deviations will prove effective in the light of which selection and retention (Weick 1979 and 1995).

The notion of communication is best able to describe the connection between the different factors because it makes it impossible for us to jump to conclusions about the order of complexity of the observable system states by concentrating, e.g., on the objective dimension of technical effectiveness or economic efficiency, and neglecting the social dimension of the various actors (jobs, levels, departments...) within the system and the time dimension of the horizons of different pasts, presents and futures. The social and temporal dimensions have the same weight as the objective dimension on the levels of all three evolutionary mechanisms, as we have learned from the research into micropolitics, power games and strategic discourse (Burns 1961, Crozier/Friedberg 1977, Pennings 1985).

Probably no other word conveys a more accurate picture of the evolutionary complexity of management than “task” (Drucker 1973, Malik 2000). This is because in a task, which could not be clearer, the expectations of a position, its competences, its links with other positions, its “contractor”, and its “customers” with time frames and content frames (objectives, functions, visions) are interconnected in such an improbable way that were it to be effective, crystallization would be immediate unless management intervened constantly and in the interest of evolution, to separate again what has just come together with a view to new coordination.

Possibly only the word “project” tells us even more clearly that in the light of this evolutionary oscillation between coordination and separation, between the “making and breaking” of interdependence, we cannot even expect to see a repeat of the routines we regard as essential (Eichler 1998, Littmann/Jansen 2000).
VI. Leadership

Leadership is the communication of the affirmative “yes”, given that nothing is more improbable in the system than a “yes”. Leadership means to reproduce conditions for the continued existence of the system in system communications. These conditions are well prepared for everything that is incompatible with them. Leadership, therefore, tends to move upwards in the system hierarchy because the upper echelons of the system are credited with being better able to reproduce the conditions of the system than are the middle and lower levels. However, leadership is also enacted from the middle and lower levels of the hierarchy whenever these succeed in communicating a “yes” which others act upon.

What legal, traditional and charismatic leadership (Weber 1990) have in common is that they have succeeded in reconciling the ambivalence inherent in the “yes” and the communication thereof. The positive implementation of procedures to which those who put them in place are themselves also committed is an equally effective way of communicating a “yes” in a way that will resist opposition as appealing to the authority of tradition or to the heroic qualities of a person. This is not because intrinsic powers exist in law, tradition or charisma which induce the subordinates to accept the communication. Rather, it is because inbuilt in these three areas is both the advance information indicating conditions under which they are valid and information about the obstacles to which they are resistant. Law, tradition and charisma are abbreviations for social networks which have to be in place and enacted if leadership is to function. The leader position itself is no more than the substantialized calculus of a limited number of perspectives and the change between these perspectives (White 1995b). It proves itself not as a position, but as this calculus, which is recognized by subordinates every time a “yes” is communicated.

Organizations are typically integrated into several networks, all of which function in the manner of a Machiavellian hierarchy (Machiavelli 1532). This means the employees’ conditions of acceptance define those zones of indifference (Barnard 1968) which leadership can use for possible commands. It is probably one of leadership’s major tasks to be able to distinguish and select these networks. In each case, different “yes’s” have to be accommodated, either in a formal job hierarchy (Weber 1990), in a narrative schema of stories and storytellers (Deal/Kennedy 1982, Martin/Siehl 1983), or in the presentation of external powers (Sievers 2001). Each network defines its own enactment potentials, its sensitivities to various environments, and its indifference to everything else. The more of these networks there are, the more difficult the job of management becomes, because a decision in favor of just one network or a small number of networks can be interpreted as failure on the part of a management whose principle should be to have its sights on all resources of possible resistance.

The recent discussion about “leadership” (Burns 1978, Schein 1985) is likewise an attempt to tackle these problems, as is the tendency to conceive of management as self-leadership in teams (Manz/Sims 1993) or as management through top-management teams (Wimmer 1993 and 1996). The ongoing discussion of leadership has given acceptance to the notion that the inconsistencies within an organization do not render leadership impossible, but rather that they make it a vital necessity. The “impossibility” conditions of leadership are their reason why, not their end. Self-leadership in teams in this context simply means making the
individual member’s “yes” communicable by including all conceivable “no’s”. This can take the form of fine-tuned participation or resistant opposition. Leadership in the form of top-management teams is to project the idea that in every organization a plurality of perspectives and networks not only have their right but also their autopoietic function which does not become fragmented in the difference between members of the leadership team but is amalgamated. An issue that is secondary to this essential function is whether the team seeks and cultivates a more cooperative or conflictual approach to settling this difference.

The important thing is that leadership communicates its “yes” in the context of the possible “no” or, in other words, it communicates its objectives in the context of the institutional conditions of these objectives (Selznick 1984). Accomplishment will not be primarily contingent upon breaking the resistance of subordinates, but on signaling to them how it deals with the objections of third parties, both outside and inside the organization. Leadership, therefore, is always power, but power that is enacted through third parties. The power-holder himself is among these third parties and even as direct subordinate, because there is no power which does not have to calculate the employment of its means of power with a view to possibilities of evasion which are demonstrated with respect to third parties. No leadership technique therefore is more effective than the one which presents third parties both as a credible threat and as a controllable opponent (Crozier/Friedberg 1977). Together they give the objective its plausible form. And only the two together can motivate members of the organization to accept the power which they themselves exercise.

Leadership is therefore the re-introduction of organization into the organization already re-introduced by management. It brings to a halt the evolutionary oscillation between the dimensions of an inconsistent organization in one or just a small number of these dimensions for a more or less limited period and by drawing on more or less substantial social support. It does so by giving “prominence” to one or the other of these dimensions (Luhmann 1995b). Prominence in this context does mean not putting everything on one card, but continuing to “play” all other cards though with a lesser degree of prominence so as to facilitate the change between the dimensions and thus the contingency of the prominence.

It cannot be overstated that this form of communicating contingency does not weaken the communication of a “yes”, but that it is a necessary condition of that communication, rather as a “message” can only be understood if it is seen to have been selected from a set of possible messages and this set of possible messages is thus also made visible (Shannon/Weaver 1963, Baecker 2002).

If an organization is the transformation of social uncertainty into a decision (Luhmann 2000) under the condition that there is an alternative to every decision and that this alternative is first produced by that decision, and if management is the evolutionary handling of the resulting inconsistencies, which are not only unavoidable but also productive (see above), leadership is not aimed at ultimately absorbing this uncertainty but at presenting it in terms of organizational affinity. Leadership means to present the organization with a picture of the uncertainty which it has transformed into decisions so that follow-up decisions can be taken to “reproduce” the organization.

This takes on a different form in different organizations because there are huge variations in the degree to which they accept leadership. Especially professionally administered organizations like government authorities, armies, hospitals, opera houses, newspapers, schools and universities usually do without leadership and rely on the constantly changing
projection of their professional self-image. This projection obeys the precept of never presenting the professional self-image as the outcome or object of a decision, but always as an “institution”, in other words as a consensus that has already been found and that is on no account to be thematized (Luhmann 1970 and 1992). This, by the way, is an expression of the risk presumably sought for by society of “ethical” backing for the professional self-image. It is not possible without thematizing (and thus making contingent what it thematizes). This is why probably no profession, which initially considers ethical reflection to be irrelevant to the professionalism of the profession, and which only embraces ethics after learning how it can be used to keep contingency in check. Ethical reflection, therefore, goes hand in hand with the ideologization of the profession.

The semantic, discursive, emotional and cognitive efforts which professional organizations put into self presentation, even when they see themselves as institutions, are aimed at the negation of an uncertainty which could become the reason for leadership. The result is not the rejection of management as these organizations have all the inconsistencies they need for survival. And it is not the rejection of evolution because they, too, have sufficient cause to expect a “no” from both inside and outside and to make their own structures capable of dealing with this “no”. It is not least their own employees and customers who call for changes and adaptations to what they deem “modern”, on the objective level of decision content, on the social level of their communication, and on the temporal dimension of their synchronization. But this negation of uncertainty does give rise to the rejection both of self-perception as an organization and of the need for leadership.

Things run smoothly as long as society has no occasion to renege on the consensus on which these organizations rely. Because whoever embraces ethics has usually already reneged on the consensus as regards the observation of the risks inherent in organized decision making, organizations should begin to make the necessary preparations, not only professionally and institutionally but also on the organizational level, as soon as ethical issues are raised: They should think hard not only about the correctness and convention of their decisions but also about the contingency of and thus the need to justify these decisions.

But even when the need for leadership in organizations of the more entrepreneurial type is recognized, there is no single leadership. We mentioned earlier the difference between self-leadership in teams and leadership through teams. The question is sporadically raised whether it makes sense for an organization to emphasize and at the same time to resist the presentation of its uncertainty by concentrating its attribution of leadership (Pfeffer 1977) on individuals whose rhetoric absorbs a large part of the uncertainty but who can be replaced at any time - which they never tire of communicating with a lesser or greater degree of tact (Freud 1991).

Probably nothing individualizes an organization more reliably than its approach to leadership. The diffusity of power (Foucault 1990), understood as power over third parties (to which group, as we mentioned earlier, we always belong ourselves), has its raison d'être and the condition of its reproduction in the fact that every organization has to find its own balanced representation of objective, social and temporal uncertainty, and that it can do this on the level of jobs, departments, and hierarchical levels or on the level of professions. Leadership means to give a hearing to all other positions in an organization from which it is led, and consists not least in being able to identify these positions and give them prominence (Crozier 1994).

In the past an organization was assumed to be the kind of social system that because of the decisions it takes, becomes the object of addressable “action expectations” and is thus capable
of “collective” communication towards the outside (Luhmann 2000). We can now add that leadership also permits communication towards the inside, i.e., communication that not only occurs in the organization and that not only reproduces the organization as the communication of decisions, but that also makes the organization the object of a self-referential communication. This is the background to the “corporate identity” discussion. But it is also what “corporate identity” claims to be if we take it to imply the identity of a corporation in which membership is subject to homogeneity conditions simply because the members themselves are heterogeneous as regards their respective needs in terms of division of labor and margin of tolerance (Smith 1975).

Because this individualization of the organization allows the organization to describe itself as unique in a comparison with other organizations, it can also be reduced to the common denominator “culture” which this organization regards and fosters as its own. This culture is not only the prime object of its leadership, it can also be used as a basis for its ratification. The reference to culture provides the organization with a sound as well as mobile and flexible sense-making potential which helps both to delineate and bridge the ambivalences in the organization (Weick 1985b). The culture of an organization therefore is the level on which the organization can “celebrate” its inconsistencies as an achievement. Or to put it differently: Corporate culture provides the organization with the means to treat the unavailable precepts of the society, in which it is embedded through its own inconsistencies at least in part, as though they were within its range of influence (Sathe 1985).

This applies to the way it treats its employees, to the stylization level of the formal hierarchy and the informal pecking order, the ecological, esthetic and ethical sensibility in the handling of products, technologies and markets, and not least the degree to which economic considerations are incorporated in the decision-making process. Because of its corporate culture, the organization can achieve such a level of acceptance in all these areas that it can largely eliminate operational coordination from the verbal or indeed formal communication of decisions and can rely instead on appeals to the perceptions of employees. Mary Douglas (1989) suggested that a culture could best be recognized by the organization’s approach to dealing with surprises, which may be either fatalistic, confident, fearsome or entrepreneurial. With the support of culture, leadership can primarily be taken to mean finding a response to surprises - or, if necessary, producing both the surprise and the response to it. In this way, the uncertainty which is the necessary social precondition for an organization can be narrowed down to a small number of more or less optional events and, in contrast to these events, that routine can be secured which only demands what the normal procedures of the organization can actually satisfy.

Leadership culminates in bringing a further structural tension to the organization, i.e., between the day-to-day business on the one hand and surprises on the other. Leadership cannot ward off surprises. And yet the organization assesses its leadership in terms of its ability to secure something like a daily routine in which surprises can be expected.

VII. System and Structure

The considerations that have been presented here follow a style of thought that is grounded in systems theory. It thematizes phenomena from the viewpoint of the improbability of their reproduction. The observation of management in the system of an organization is that the
organization can be deemed to exist as a system when the organization has a management which deserves that name, and that the organization can be interpreted as a product of that management, if not as a system, at least in some part of its structures.

The difference between system and structure introduces a structural tension to this systems theory approach, because although structures facilitate the reproduction of the system, there is no guarantee of this happening. When communication is confronted with expectations capable of signalizing whether and how things are likely to continue, it is completely open as to whether communication will come about that meets or contradicts expectations and how this communication will come about.

In general systems theory, this difference is illustrated by Maturana’s (1981) differentiation between the “organization” and the “structures” of an autopoietic system. According to Maturana, “organization” is a closed-loop circularity securing the re-production of system components, and “structure” is made up of the empirical components of a specific external reality within which this closed-loop circularity can be maintained. Conventional scientific approaches see these structures in themselves as the condition under which a phenomenon comes into being. It is not until the advent of poststructuralism, which derives its name to some extent from this interpretation, that we find the suggestion that not a single, necessarily (structurally?) unique event can be explained at a particular point in time through reference to a structure unless the implication is that everything that happens is simply the result of some preordained divine, natural or otherwise providential order and is either consistent with this order or deviates from it, but only towards corruption (Macksey/Donato 1970).

Since then, science has searched for styles of thought dubbed “constructivist” simply because they are interested in possibilities of endowing every event with a “memory” for a preceding one and “concern” for a subsequent one. At the same time, these styles of thought are always “deconstructive” because in order to be able to identify the event, they have to remove the constructions which explain and justify it before it has actually come about.

In the discussion of sociological theories it has become common to combine (Baecker 2001) the systems theory terminology (Luhmann 1995a and 1997) with a network theory terminology (White 1992 and 2002), which like systems theory, presents an explicit definition of structure. In both cases, “structure” (as “expectation” or as “network”) means that each individual event can be understood as an “actor” who must fear for his identity (self-reference) and accordingly seeks control opportunities (hetero-references) which are capable of incorporating him with a view to coalition, competition or conflict. Both the system and the network are the product of control operations which are capable of reproducing a single event (“system”) and of relating it to other events of a different type (“network”). The paradigm change of this thought lies in the fact that the event itself is seen as an operation which makes a difference.

“Control” here means in the cybernetic sense that by relating to other events, an event “recognizes” the extent to which it varies from past events and the bandwidth of possible possibilities for future events. By calculating possibilities and by recalling past events, the event overtaxes itself and in doing so forces itself to accept its “requisite variety” (Ashby 1958), which allows it to orient itself towards neighborhoods and regard this orientation as a law of wisdom. These neighborhoods can cover a narrow or wider radius, but they always define themselves as “areas” in which only those distances that can be seen to be oriented towards a substantive, social or temporal relevance count as being near (Heidegger 1972).
Selectivity therefore is not only unavoidable, but it is the condition for recognizing as a risk the risk inherent in every structure and bringing it into line with other structures.

Against this background, management within the system means identifying events that are capable of producing and retrieving those structures towards which they can orient themselves. It is a characteristic of society that such events typically occur in organizations. Accordingly, the preceding considerations have on the whole argued with a view to this type of social system. At the same time, however, I have tried to formulate my arguments with a degree of indistinctness so as not to preclude talking as wall of the management of interactive and functional systems and, not least, of the social system. This indistinctness is only acceptable if we are conscious of what it means to accentuate the management perspective within a system and not to introduce something into the system from the outside. Subsequently, we can question the structures which manage a system by accentuating the inherent inconsistency of the system. And from this question of structures we can differentiate the question of whether certain of these structures are segregated into interactive roles which managers as individuals can make their own concern.

Presumably there is a good reason why this has so far only been risked in organizations whose constitution not only prescribes the involvement of executives in the communication of decisions but, subject to the constraints of labor legislation, also their release from office.

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