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All organisations are organisations

The dimensional concept of publicness reconsidered

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Contents

0. Introduction.....	1
1. "All Organizations Are Public"	2
1.1. The Goals of Bozeman's Theory.....	2
1.2. A Note on Axiomatic Theory.....	3
1.3. The Axioms.....	4
1.4. Principles and Dynamics of the Multi-Dimensional Theory of Publicness.....	5
2. Different Approaches to the 'Publicness Puzzle'.....	10
2.1. Just Three Different Approaches?.....	10
2.2. Goals and Rationalities.....	12
3. Advantages and Limitations of Bozeman's Approach.....	14
4. 'Publicness-as-Affectedness' – A Suggestion.....	17
4.1. Pragmatic Help – Dewey's Concept of Publicness.....	17
4.2. Terms and Dynamics of an Alternative Concept of Publicness	17
4.3. Measuring Publicness.....	21
4.4. Postulations and Questions for Empirical Research.....	23
5. Conclusion.....	24
References.....	25

0. Introduction

There is much discussion about privatisation nowadays. Although each privatisation has a slightly different goal (or a combination of them) and is conducted differently, some crucial questions get more and more attention: Can an organisation 'become private' just by changing its legal status? What does this mean for the internal processes of the organisation? How does it change its external relations? Does the legal status matter at all? Are there any other significant differences between public and private organisations?

All these questions belong to the "Publicness-Puzzle" (Bozeman/Bretschneider 1994: 197), which is played in organisation theory for decades already.

This essay will take part in the game in two different ways.

First and foremost, one of the many pieces of the puzzle – the 'multi-dimensional approach' of Barry Bozeman – will be introduced, compared with different theories of publicness, and critically evaluated.

Secondly, an attempt will be made to find and introduce a piece that fits well with most others – in the hope to get a picture of publicness that is as easy as possible but as complex as necessary. At least this attempt will make clear, where gaps have been remaining open up to now – even after extensive puzzling.

The contents of this essay is divided accordingly – into five chapters:

The first task is to sum up the main thoughts of the 'multi-dimensional approach' of publicness. Its basic claims and assumptions will be explained as well as the dynamics of the theory.

Different conceptions of publicness in organisation theory are drawn up in chapter two. They compete against each other with regard to the aims Bozeman explicates at the very beginning of his book.

Chapter three continues the game by looking at the advantages but also the limits of the 'multi-dimensional theory' of publicness. The most important question of this section will be if Bozeman's theory meets his own expectations.

In the fourth chapter an approach will be suggested that is capable of handling today's hybrid organisations but retains the decisiveness of one of the more traditional concepts of publicness. Its relevance for further research is discussed, too.

Chapter five will sum up the results of this study.

1. "All Organizations Are Public"

1.1. The Goals of Bozeman's Theory

In the first chapter of this essay the organisation theory of Barry Bozeman (1987) shall be briefly outlined. Although it is not possible within this limited space to provide a description of the theory in broad detail and great depth, the objectives and the core concepts of this 'multi-dimensional approach' must be elucidated. Emphasis is laid on explaining the formal structure of the theory. This is extremely important in order to criticise Bozeman's thoughts in an adequate way and to judge his theory first of all by his own standards.

Let us consider the two goals Bozeman wants to achieve:

"The dimensional theory of publicness [...] seeks to provide a *conceptual advance* in that it enables one to deal with sector blurring, hybrid organisations, and interrelationships among diverse organization types. But the more ambitious goal is to provide a *plausible explanation* as to just how the publicness of organizations effects behaviors. It attempts, in short, to outline the behavioral mechanisms of publicness." (40, italics added)

These explicitly spelled out aims – *conceptual advance in organisation theory* and *plausible explanation of organisation behaviour* – are the criterions of 'success'¹ for Bozeman's theory. They, therefore, have to be kept in mind during the analysis, most importantly when comparing different approaches or even different *types* of organisation theory.

But the question regarding Bozemans aims is not yet fully answered. Now we know what he wants. But what does it implicate – what objectives are not pursued by his 'multi-dimensional' view?

Obviously, he is interested in the *behaviour* of *single* organisations. That sets apart two common perspectives Bozeman is not eager to use:² One the one hand, his approach is neither prescriptive nor normative. It does not provide an answer on how public organisations *should* or even *must* differ in behaviour compared to their private counterparts. It is rather a *positive* theory of the differences that can be expected and a *heuristic* instrument to (re-)search them. On the other hand, the author does not want to find an exact distinction between public and private organisations just for the purpose of systematic classification. Nor does he intend to

1 Success only means the plausibility of his theory, that is the plausibility of its implications and consequences.
For a justification of this criterion see chapter 1.2 below.

2 Thus it would be unfair to criticise his approach for not fulfilling expectations he never ever intended.

look from a systemic or functionalistic perspective³ of *society*, where organisations are just elements within a broad context. His interest is indeed a conception of publicness – but only insofar as it contributes to explaining the behaviour of a given organisation.

1.2. A Note on Axiomatic Theory

Before we turn to the concepts of Bozeman's theory, we have to face some difficulties when dealing with axiomatic thought.

Bozeman's theory of 'publicness-as-authority mix' is based on three axioms – not on empirical findings.⁴ Axioms do not have to be proven. They actually cannot be confirmed as they are not derived from any even more fundamental truth.⁵ They themselves build the very constitutive of a (deductive) theory. What does it mean for the 'multi-dimensional theory', if we take Bozeman's expressions literally? Neither the basic propositions of his approach nor its various corollaries – and thus the whole foundation of the theory – can be wrong, they can only be impractical.

Consequently, the aim of this essay is not to prove Bozeman wrong or to find the 'true' theory of publicness, but to explore the consistency and the explanatory power of his 'multi-dimensional' view of publicness, as well as the plausibility of its various implications.

But first, the 'multi-dimensional theory' shall be explained in some detail.

³ The approach is taken for example by Luhmann (1995) and Mayntz (1988). This perspective shall not be elaborated further in this discussion, however, as Bozeman is interested in the behaviour of individuals within organisations, not with the structuralistic view of organisations as subsystems and the possibility of a continued distinction between organisation and its environment.

⁴ Although he uses the word 'assumption' as a synonym, the rigid and exact formulation of the theory suggests that he uses the formal words 'axiom' and 'corollary' very intentionally. Hence we have to take the formal implication into consideration: Questions on the 'truth of assumptions' are rarely useful; criticism of the 'truth of axioms' is impossible. (Seiffert 1996: 127-139)

⁵ There was, however, the notion (e.g. by Pascal), that an axiom has to be self-evident. This position has more or less vanished in recent times. (Seiffert 1996: 138)

1.3. The Axioms

In chapter six of Bozeman 1987 the following axioms are put forward:

(1) "Publicness is not a discrete quality but a multi-dimensional property. An organization is public to the extent that it exerts or is constrained by political authority" (84). And consequently: "Corollary 1: An organisation is private to the extent that it exerts or is constrained by economic authority" (85). An organisation can be characterised by its location on a publicness-privateness dimension (this proportion is called 'authority mix' in corollary 2) and publicness is independent of the formal legal status of the focal organisation (corollary 3). Economic authority is exerted – as the term is defined in chapter 4 of the book – according to various degrees of property rights. Political authority is thought as 'triadic model', which is shown in figure 1.

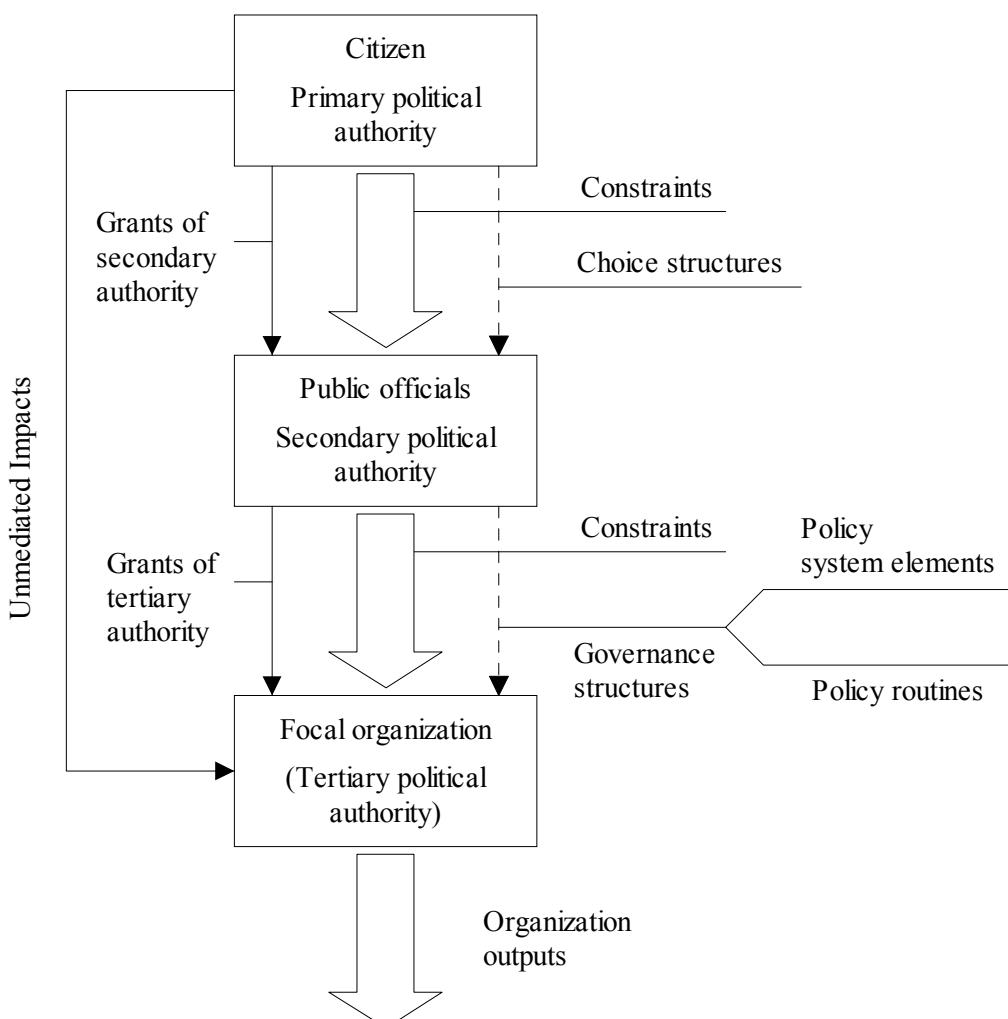


Figure 1: Triadic Model of the Effects of Political Authority on Organisation Behavior.
(Bozeman 1987: 79)

Every type of political authority, furthermore, can be exercised on different levels of the political system and on different societal institutions, processes, and structures. (68-78)

A complex view is used by Bozeman also for defining the different degrees of publicness within an organisation:

(2) "A given organization may be more influenced by political authority in some of its processes and behaviors than in others and thus can be said to be more public in some of its processes and behaviors and less so in others" (86). This axiom of 'decomposition' adds complexity and realism to organisation theory – organisations are not wholly public or private, but only more or less public in its various activities.

The last axiom refers to the direction of political influence:

(3) "For purposes of judging the impact of publicness on organization behavior, it can be assumed that political constraint is equivalent to political endowment. It is unnecessary to distinguish the motives underlying the influence of political authority" (86). This rather unconventional approach is 'justified'⁷ with the objective of the theory:

"The purpose is not to describe organization influence, effectiveness, or strength; [...]. Instead the purpose is to understand the significance of publicness as an influence on organisational behaviour. From this more limited perspective, it matters little whether the organization is acting as a result of endowment or constraint" (87).⁸

Up to this point not much resembles a theory we are used to nowadays (Popper 1994:3-21) – neither empirical propositions prone to falsification (Popper 1994: 7), nor deductive connections that are coercive because of pure logic. All axioms are real axioms – just the most basic definitions to work with. Therefore, one can find them implausible and can imagine more intuitive principles to build a theory upon, but one cannot prove them wrong.

1.4. Principles and Dynamics of the Multi-Dimensional Theory of Publicness

The complex picture of organisational behaviour is shown in figure 2. All organisations⁹ work according to the same principles:

⁷ Actually it is not really a **justification** of axioms, but the consideration of their **practicability**.

⁸ There is at least one additional **practical** reason for this 'equivalency assumption': In one of Bozemans later works the alternative concepts of publicness are tested empirically. 'Publicness' of communication is operationalised, for example, by counting mail and phone calls between public officials and the focal organisation. (Bozeman/Bretschneider 1994: 210). This easy method does not allow asking if the organisation is endowed with or constraint by political authority.

⁹ There is no distinction between public and private organisations any longer – a consequence of axiom 1 and

They are influenced by both political **and** public authority in their different forms.¹⁰ To react to this authorities the organisations use their 'buffering abilities'.

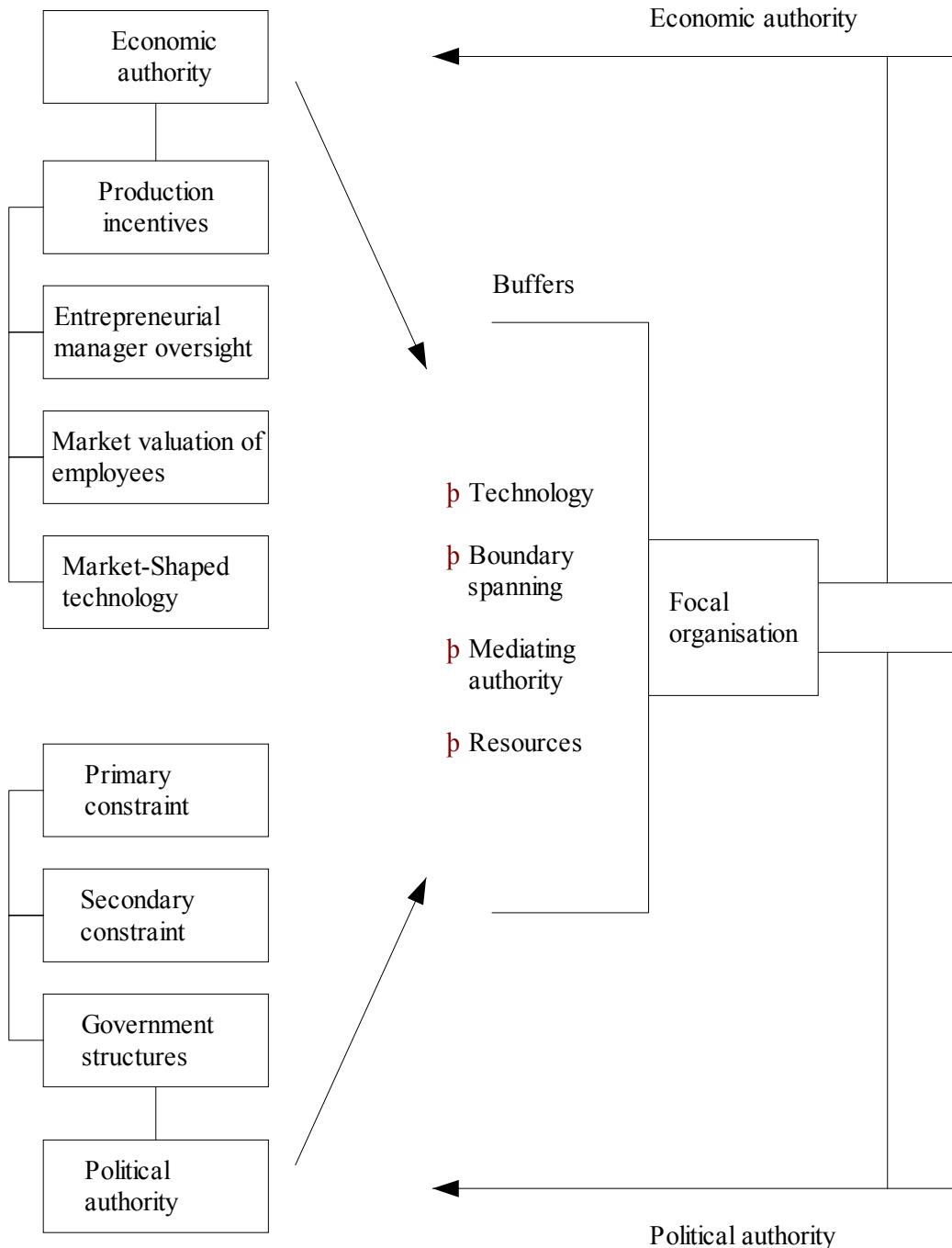


Figure 2: Multi-Dimensional theory of the Impact of Publicness on the Organization Behaviour
(Bozeman 1987: 88)

its corollaries.

¹⁰ These distinctions are practically self-explanatory and will not be elaborated here in further detail. The different types of political authority refer to the definitions described in the previous passage.

Existing political and/or economic authority as well as the organisations indigenous resources¹¹ are employed to mediate new, externally imposed political authority¹² and to shelter their core technologies.

But buffers are hardly ever used by decision makers themselves. Instead, they rely on people occupying the special roles of boundary-spanning, scanning, and sometimes even shaping the relevant environment.

In the last step in evolving the axiomatic theory of 'publicness-as-authority mix' some terms have to be elucidated:

'Constraints' have no pejorative connotation (like 'burdensome restrictions') in this context – they simply compose the environment of an organisation and can have either negative or positive influence. Of course they can be absolutely neutral as well. The separation of political authority is justified by "there involvement with a broader purpose and a generalized constituency. [...] It is the breath of purpose [...] that makes the political constraint important. This link to the public interest and to broader values distinguishes political constraints from other constraints" (93).

'Multi-dimensional' is to be understood in its literal meaning. Thus publicness and privateness are no countervailing extremes of one dimension (e.g. 'external influence') but rather two distinct influences. This provides the possibility to construct a 'publicness grid' with two axes (political authority/economic authority) and to arrange all organisation types according to their specific authority mix.¹⁴

Up to now, the entire theory seems to be not more than just one specific definition of publicness (in the context of organisations).

Only at this point Bozeman turns to his object of research: The real (empirical) organisation and its different processes. The definitions and axioms given are now exemplified in various fields of organisational work – acquisition and management of resources, organisational life-cycles, structural processes and goal setting.

¹¹ Such as "general competence and particular skills of management, level and flexibility of financial resources, composition of the labour force, reputation and general public perceptions, and supplies of natural resources and production inputs". (91)

¹² Bozeman also mentions that this phenomenon can also be observed the other way around: Enterprises using their political authority to enjoin economic rivals to use 'unfair' competitive practices. (90-91)

¹⁴ This grid is not reproduced here because it is of little importance for the general criticism of the 'Multi-Dimensional Theory of Publicness'. It should be noted, nevertheless, that the arrayed types of enterprises are spread over the entire grid – there are organisations with much political authority and little economic influence and vice versa, but also some organisations with endowments in both fields and some with (or under!) no authority at all. (See Bozeman 1987: 95 for further detail).

According to Bozeman, the implications of publicness on resource processes are not easily to be analysed because their "scope and variety [...] are imposing"(96). He focuses on the (in)stability that is caused by the various possible resource mixes and draws the conclusion "that political influence in resource acquisition is often a force for stability"(98).¹⁵ In order to protect the organisation's core technology, publicness *can* be either a problem or an advantage: "In some instances, publicness is an effective shelter; in others, it is an effective shackle."(98)

The observation of organisations' live-cycles results in an ambiguous picture, too: Whereas "government organisations depend on legal superiors for their creation"(99),¹⁶ private organisations could be seen as self-initiating at the first glance. But again, no clear distinction is preserved by Bozeman: "[...] one must also consider that business organizations rarely spring into existence all at once, unfettered by charter requirements, licensing procedures, anti-trust laws or similar influences of political authority."(100)

Concerning its structural processes, private organisations are influenced by government regulations which contain personnel practices as well as health and security requirements. Again, the author does not separate private from public organisations.

The question of setting the goals – certainly one of the most essential questions in organisation theory¹⁷ – is only briefly discussed by Bozeman. First, he presents a distinction between reflexive (internally oriented) and transitive goals (whose referents are outside the organisation). But then even this boundary is discarded with regard to the observation that also bureaucratic officials are motivated by private interest (Downs 1967) and with the argument that private organisations can pursue transitive, multi-organisation aims as well.

Let us look at the resulting consequence:

¹⁵ There is no unambiguous answer to the question which environment is more turbulent – that of private or that of public organisations. (See Kneisler 1996: 64 – also for differences between the American and the German discussion).

¹⁶ In order to distinguish empirical types of organisations, Bozeman does not use his own concept of 'more or less public', but one of the 'core approaches' (see next chapter) – private versus governmental (legal status). This underlines again one of the limitations of the 'multi-dimensional theory' – it is not to be used for classification purposes. But – as shown in section 1.1. – this limitation is intended. It is a consequence of the particular goals of this approach.

¹⁷ See Braun (1988) for further details on goal setting – in particular chapter 4 for a comparison of goals in public administration and private enterprise.

According to the introduced 'multi-dimensional approach', no sharp distinction between public and private organisations can be made when dealing with the blurred types of contemporary organisations.

Are there any reasons to search and any chances to discover a crucial, empirically testable and usable difference between public and private organisations made by the more 'traditional' organisation theories? In the next chapter some different approaches to the 'publicness puzzle' are discussed in order to get some insight in suggestions different scientists came up with.

In fact, Bozeman's theoretical answers result in a lot of new questions both for theory and for practical empirical research, which shall be explored afterwards – if we have some additional concepts to compare the 'multi-dimensional theory' of publicness with.

2. Different Approaches to the 'Publicness Puzzle'

2.1. Just Three Different Approaches?

In order to evaluate Bozeman's theory and to search for differences between public and private organisations overlooked – or intentionally left out¹⁸ – by him, we have to gather additional analytical concepts that deal with the publicness-private-ness-distinction.

The author himself enumerates three traditional concepts of publicness,²⁰ which all have specific drawbacks. These "obstacles to understanding the effects of publicness on organisations" are explicated as follows (32-40):

The first concept – 'publicness-as-governance' is a dualistic view, categorising organisations according to their legal status of ownership. Based on this distinction, one can research 'core types' of organisations, but – according to Bozeman – it cannot be used to analyse hybrid organisations and sector blurring.

The second differentiation – 'public-as-economic' – refers to the type of goods or services an organisation is offering. An organisation is public in this view, widely used in economics,²¹ if it offers a public good – characterised by non-rivalry in and the impossibility of exclusion from consume. The research of organisations with ambiguous character is possible (several forms of 'impure public goods' can be defined), but the focus on economic goods seems to be too narrow for Bozemans attempt to create a general theory of organisation behaviour and publicness. Despite that, he criticises that the theory of public goods is used mostly prescriptive – a perspective Bozeman is not interested in.

The last concept drawn up by Bozeman is 'publicness-as-public-interest', which he recognises as "widely used and [...] important not only in academic circles but in public policy discussions as well."(34) But the term 'public interest' is considered by him as too ambiguous to be used in a positive theory that should be of heuristic value when dealing with empirical reality.²³

The concept of public interest is not only used in political science, it even played an important role in German theories of public finance in the past. In the 1920s

¹⁸ No pejorative connotations are intended here. The approaches left out do not indicate selective perception in order to support the own theory. They are probably made due to a specific scientific interest.

²⁰ This general distinction is also the result of a impressive comparison of some 30 scientific studies on the private-public-distinction by Perry/Rainey (1988). In their own multidimensional concept, however, 'public interest' as one of the three aspects is replaced by the variable 'mode of social control'.

²¹ For a short overview and a systematic classification of research fields in contemporary economic institutionalism see Williamson (1990) and the (more sociological) commentary by Lindenberg (1990).

²³ 'Public interest' is integrated, however, into his concept of 'primary political authority' (see figure 1).

Hans Ritschl, for instance, postulated the priority of public goals that are *not* derived from individual preferences but exist as emergent aims of the state itself (Hirsch 1992).²⁴ He distinguishes three types of organisations: those that exist due to public demand, those that exist to deliver to pure private demand and a third type of organisation that provides goods of public interest, which could also be offered privately but usually not in large-enough quantities. The prescriptive conclusion is, that the more the public is involved, the more the state has to engage (financially) in the corresponding organisation. We will come back to a similar concept in chapter four.

In later works Bozeman recognises some additional concepts, but all of them are categorised as 'core approaches':

"Basically this perspective implies, that there are essential differences between public and private and that those differences are elegantly captured in a simple distinction based on legal type. [...] Some disagreement exists about the nature of the "essential difference" – public interest value [...], political accountability [...], legitimacy [...] – but most of the alleged determinants of essential difference are perceived as related to one another." (Bozeman/Bretschneider 1994: 200)

It is that 'core approach' of *one* single decisive criterion that Bozeman's 'multi-dimensional theory' (in later works only 'dimensional approach') is the counter-model of.²⁵

Essential differences and multidimensional approaches, however, need not be necessarily in contrast. Ramanadham's (1984: 3-19) definition of a public enterprise, as an example, connects three indicators: (1) non-private accretion of net benefits, (2) public decision making and (3) social accountability. Private enterprises, on the contrary, are defined as being only interested in financial viability (by intention and in the long term) (21-30). But the mentioned indicators of publicness also do not have absolute selectivity²⁶ and do not provide an explanation *how* publicness effects organisation behaviour.

So the question remains open, if and how public and private organisations differ. Perhaps it is to be answered by looking at the very inside of every organisation – at goals and rationalities of organisational behaviour.

²⁴ For an economic critique of Hirsch's approach see Bös (1993) and the reply by Hirsch (1993).

²⁵ But this approach is not that unique. Theorists are always faced by the problem of making their models more complex. For an additional example of a multidimensional organisation theory see Krause (1986).

²⁶ Public accretion of benefits can be reached by taxing and – using regulations – the public can influence decision making in private organisations, too.

2.2. Goals and Rationalities

Besides legal theories, the category of 'core approaches' contains all systemic and functionalistic approaches, where organisations are divided by their *special* sense or code – their particular logic of action.²⁷ This particular rationality has also been the object of research for various studies, many of them dealing with different goals, public and private managers pursue – or at least are required to.

In public organisations, political goals are demanded to be of highest importance, they should have priority over any economic 'coercion' (Eichhorn 1994: 240). But there is a variety of aims to be achieved by public organisations²⁸, so it is often hard to decide which particular goal should be the most important.

In private organisations the priority is clear: profit maximisation.²⁹ The level of goal attainment is easy to monitor with an quasi-automatic measure of performance (cash flow). Psychological identification with the principal's ends is easy for the agents (Garner 1996: 89-91). Consequently, in empirical studies (Ulrich/Thielemann 1994, Eberwein/Tholen 1990) around three quarters of all managers of big private enterprises declared profit maximisation to be their most important goal.³⁰

In public organisations things are much more difficult: There are multiple, mostly interdependent goals, big problems to measure performance³¹ and usually little identification with the political aims that should have top priority. Instead, the managers of public organisations concentrate on economic efficiency and market performance, too.³²

²⁷ Despite the fact, that the systemic perspective on organisations cannot be introduced in greater detail, one point is worth mentioning: Its own code (the central rationality) is of utmost concern for every organisation. Changing the structures that frame the organisational processes means asking the crucial question, if the particular organisation can maintain its sense any longer (Willke 1994: 80). This question is not only important from the perspective of system theory but for managers and employees as well, because it touches the way the organisation makes sense for them and frames their understanding of their own behaviour (for a comprehensive overview see Weick 1995).

²⁸ A comprehensive collection of economic, political and legal goals that can be of importance for organisations can be found in Braun (1988).

²⁹ At least this is a useful approximation for the long run.

³⁰ Nearly nine out of ten proclaimed that doing the best for their enterprise is in perfect harmony with the social optimum. (Ulrich/Thielemann 1994: 94)

³¹ Garner (1996: 91-94) argues that, in order to measure the overall performance of a public organisation, the performance against every single (politically imposed) objective has to be measured first. Then the weights of the various goals have to be agreed upon between government and management to build a operational performance index.

³² One could wonder, if managers are socialised in such a way that, in their perception, managing an organisation and trying to make profit became essentially the same during their education and training. Garner proposes that managers of public organisations should be selected according to their political merits and persuasions (putting economic qualifications in the second row) and provided with an index of exactly weighted goals by the political authority in charge of controlling the focal organisation.

(Garner 1996: 96-99)

These difficulties, however, do not arise within Bozeman's theoretical framework as actors (and not actions or even communications) are the constituents of the theory in question. Multiple, even contradicting *goals* do not make any difference in the 'multi-dimensional approach' of publicness, because the theory does not deal with (intrinsic) motivations and influences on individual preferences. They are left out of consideration of the organisation's *external* relations.

Individual actors can indeed have problems concerning their identities as members of a specific profession that could be connected with a certain 'work ethos', which in turn will possibly shed a negative light on some of their actions and bring them into cognitive dissonances.³³ Nevertheless, an organisation *consisting of people* will be stable and will not cease to exist (as it would according to system theory)³⁴, if the logic of action changes – for instance from public interest and legal correctness to economic (self-) interest. The organisation is sustained to work in the interests of its members.

The intrinsic 'quality', the 'character' or even the 'culture' of an organisation – which are crucial for the 'core approaches' – are not analysed in the 'multi-dimensional theory'. Bozeman circumvents the difficult search for those vague qualities and the usage of its ambiguous indicators or approximations by analysing external influences only. The organisation environment is thought as consisting of constraints and opportunities – with the organisation's internal motivation and logic of action held constant, not subject to change due to new information, varied authority, or any other alteration in the 'outside' world.

If we sum up the comparison of the 'traditional' concepts and the 'multi-dimensional approach', Bozeman's theory seems to be less led by the search for a '*central idea*' of publicness than by pragmatic requirements. Consequently, it appears well suited for contemporary empirical research – it looks like the goal of providing a conceptual advance in organisation theory was achieved.

If the approach really lives up to Bozeman's own aims is the question that we have a closer look at in the next chapter.

³³ For the concept of dissonances see, for instance, Kuran (1998).

³⁴ In system theory the organisation ceases to exist if the central code is changed. Communication does not refer to earlier communication and the autopoeisis is destroyed and has to start anew – creating a different, 're-coded' system. The practical implication of this rather theoretic consequence for communication-systems can be seen – as it is explicated in Edeling (1998) – as the loss of the organisations ability to self-steering.

3. Advantages and Limitations of Bozeman's Approach

Now, as we have discussed some additional approaches to organisation theory, we can finally ask for the advantages and limitations of the 'multi-dimensional theory' of publicness. As mentioned at the beginning of chapter one, we have to remember Bozeman's two assertions: On the one hand, his approach should provide a plausible *explanation* to *how* publicness effects organisation behaviour. On the other hand, his theory should make for a *conceptual advance* in organisation theory (that means, the approach can be expected to be a better heuristic tool than different approaches). Both these assertions will be examined now:

Does the theory offer plausible explanations? Not really.

Whereas Bozeman observes that economic and political authority can influence organisational behaviour in various ways and on many different locations, he gives no explanation how to distinguish the impact of public and private influence. The organisation can handle both types of authority the same way,³⁷ which makes a distinction superfluous. In order to deal with sector blurring and hybrid organisation types, Bozeman blurs his theory. That leaves very little explanatory power with regard to organisations and *publicness*.

What is explained by Bozeman, therefore, is not how *publicness* effects organisation behaviour. It is just another (good) attempt to explain, how organisations deal with outside influence – *of any type*. If we look at his theory, we have to conclude that in Bozeman's theory some influences are public, some are private, but it does not matter because all of them are expected to have the same implications on organisational behaviour. Every organisation is affected at least to a minimal extent by both types of authority and *all* respond to them in the same way. Hence, the shortest possible way to sum up the theory – following his statement in the book's preface – is: *All organisations are organisations*.

Even if the approach seems of little use, when asking for the *specific* implications of publicness, the second assertion leaves the hope that Bozeman's definitions can be used as a heuristic instrument to classify the level of publicness of a given organisation. Is it more useful than the theories enumerated above?

Some strange implications of Bozeman's approach make it doubtful: Nearly every organisation is public, because every long-lasting social interaction is regu-

³⁷ This is already to be seen in figure 2. The organisations environment is scanned for resources in its entity – a distinction between public and private resources, public and private pressure etc. is not made according to the 'multi-dimensional' organisation theory.

lated by laws (political authority). While a love marriage is purely public (only legal regulations), a father marrying his daughter to an old, but rich man creates a much more private institution (because the share of economic authority is much higher) – and more examples could be added.

But let us look at this point more systematically:

The biggest advantage of the 'multi-dimensional theory' of publicness seems to be its usability to research complex organisations and their various activities. The level of publicness is easily measured by a simple ratio of economic versus political authority. It is operationalised for example by counting oral (telephone calls) and written correspondence (letters) between an organisation and its public and private partners or with regard to its resource mix.³⁹

Unfortunately, this gauge is infected by circularity: If a higher degree of publicness is measured by the ratio of contact with *public* officials compared to the volume of interaction with *private* partners, one has to know the status of *all* other relevant organisations before the characterisation of the focal organisation is possible. Bozeman's method of measuring might be acceptable for day to day empirical work – if only *one* organisation is analysed and the character of its environment is not in doubt.

For a general theory of publicness and organisational behaviour, however, the problem cannot be ignored – and it has a known solution: Recursive functions often used in mathematics solve the problem of circularity by setting a well defined starting point. If the entry into the 'function' that assigns the status of publicness/privateness to an organisation is defined and the rule of iteration is clear, *all* organisations can be characterised as more or less public.

Bozeman's introduction of 'primary political authority' could be exactly the needed fix point. Then the 'recursion of publicness' will always end after a finite number of iterations end at the organisation built upon the very will of the sovereign – the parliament. The results are exactly the same as suggested by the 'multi-dimensional approach' – every organisation is public to the extend it is influenced by political authority.

³⁹ See Coursey/Bozeman (1990) and Bozeman/Bretschneider (1994) for empirical applications.

The usage of a simple ratio of course contradicts the definition that publicness and privateness are two distinct dimensions (see page 7). Quietly, Bozeman removes a 'design problem' of his concept for empirical work: publicness cannot be measured exactly when the scale is not defined and – and thus not comparable between organisations. (How is the strength of influence estimated? Is 'ten administrative acts' much? Does it depend upon the organisation? Etc.) A ratio provides a single number – easily to be compared and used for further analysis.

But two problems still remain: On the one hand, the publicness ratio loses its simplicity. Although the problem of circularity was transformed into a recursive mechanism, the result is by no means a straight path to either publicness or privateness but an ever increasing ramification: Every organisation that exerts power on the analysed organisation is again only partly public (Axiom 1) – therefore its influence has to be weighted with its own percentage of publicness. This ratio has to be calculated first – which points to even more partly public organisations etc. This way to calculate publicness is only theoretically imaginable, in praxis an exact measurement seems almost impossible - even for very isolated and simple organisations.

Basically two different solutions can be suggested for this problem:

Firstly, the classification can be done according to the *means* used to exert pressure: One could assume that public authority is exercised using laws or administrative acts, whereas public authority uses contracts voluntarily concluded at the market. By considering only those legal types the problem of recursion is elegantly circumvented. But there are contracts between government and enterprises, too. And we must deal with informal communication and the various kinds of pressure not specific to any organisation type. We are at the same critical point with regard to means we were already with organisations themselves: What is specifically public or private? Thus analysing the *means of influence* is perhaps as problematic as trying to find *intrinsic qualities* of certain organisations. But perhaps we could look at the *consequences of activities* as a feasible solution?

This is the second possibility to find an 'autonomous'⁴¹ explicit rule for a publicness classification of organisations, and it is the way gone in the next chapter.

⁴¹ That means without regard two third organisations – and therefore without the problem of circularity.

4. 'Publicness-as-Affectedness' – A Suggestion

4.1. Pragmatic Help – Dewey's Concept of Publicness

Looking at the consequences of activities is an idea that was used to define publicness in John Dewey's⁴² "The publicness and its problems" (1927/1996). His argumentation is relatively simple. It starts with social interactions, however, not with organisations. But we will come back to our main interest in a moment.

According to Dewey's theory of publicness, two types of people can be distinguished in every social interaction (1996: 37-38): On the one hand, there are all the participants in the interaction itself – they are 'directly affected and involved'. On the other hand, there are people only 'indirectly affected' by the interaction. They did not take part in decision making and in the execution of the activity in question, but they are nevertheless involved in its *consequences*.

Those people only indirectly affected constitute the *public* pertaining to this doing.⁴³ They can organise their interests and elect officials⁴⁴ to plead their causes.

4.2. Terms and Dynamics of an Alternative Concept of Publicness

This idea can now be applied to our subject of interest – organisations – as shown in figure 3.

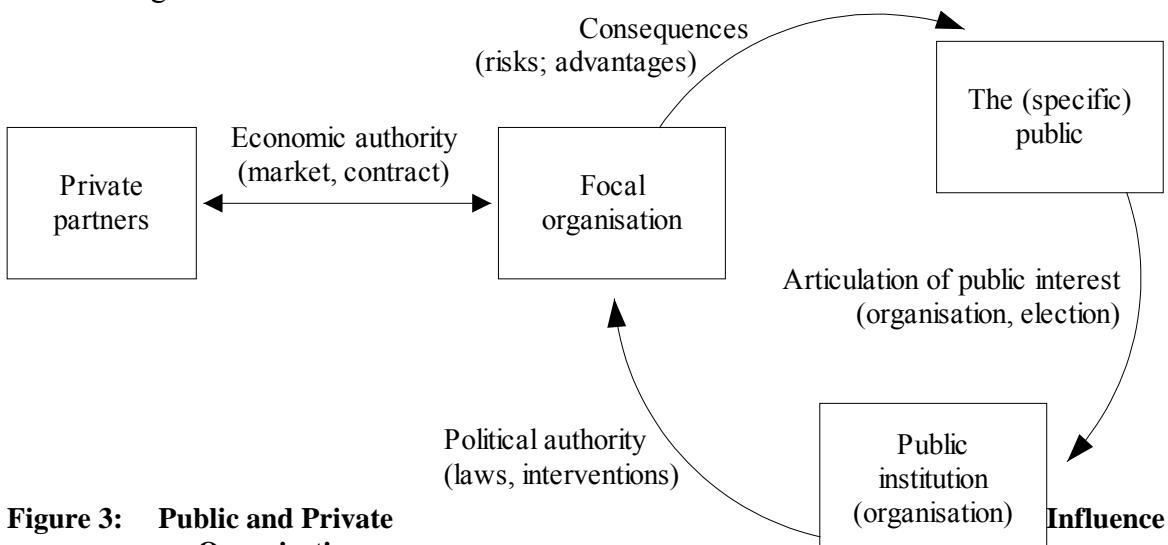


Figure 3: Public and Private on Organisations

⁴² John Dewey (1859-1952) was one of the main representatives of Pragmatism – Americas first and probably most genuine contribution to philosophy (see Störig 1998: 575-579).

⁴³ Consequently, there is no 'homogeneous public', thought as a well defined and delimited part of society. Rather there are as many specific publics as there are private activities affecting people that are not included in the decision process.

⁴⁴ These officials are the 'outward signs' of publicness. According to Dewey, they as well as their organisations constitute the state, whose one and only task it is to observe the consequences of private activities and to impose regulations in the interest of the public when necessary. But this conception of state shall not be discussed further here. Important for this essay is only the point of a specific public.

Using Dewey's concept, we can make a clear distinction between public and private and define a set of terms to analyse publicness. The central elements of our new conception of publicness are: *Private vs. public organisation* and *public interest vs. publicness*. They will now be exactly demarcated:

Public and private organisations are distinguished by the purpose they are fulfilling. *Private organisations* work in the interest⁴⁵ of their *members*.⁴⁶ Membership is restricted – new participants must be approved by the current members.

In their day-to-day work organisations usually have to get into contact with outside individuals or organisations. Their relations – reaching from long-term partnership to one-shot interactions at a spot market – are controlled by formal contracts or informal agreements. In these *market transactions* all interests are balanced, as a rule, because every party involved has to agree before the transaction can take place.

The operations of the private organisation in the middle of figure 3, however, do not only concern its members and all its partners. They also touch people the organisation has no contract or agreement with – the organisation's public. *Public interest* arises as the sum of claims of all those people.⁴⁷ Hence public interest does *not* depend upon political authority, it is a consequence of *private* action.

If public interest is organised and representatives are elected who in turn organise their work and build up organisations *these organisations are public*. They work in the interest of *all* people (potentially) affected.

Having defined public interest and publicness, the question remains how the public interest is enforced against private organisations. Various solutions can be taken into account: The private organisation can be restricted in their processes with negative consequences for its environment – as suggested for instance by Bozeman – by laws and public interventions. Organisational activities with positive effects can be stimulated by incentives like subsidies, for example.

But different possibilities are conceivable, too: The private organisation can be *owned* by a public organisation – which does *not* transform it into a public organi-

⁴⁵ Making profits is the usual interest for economic organisations, for example, but also the wish to educate one another can be the sense of a private organisation, as well as shared religious beliefs.

⁴⁶ A member is defined in this context as a person whose inputs are permanently incorporated in an organisation. The two most important groups of members are the organisation's workforce and the capital owners – who are usually also the legal owners of the organisation itself.

⁴⁷ It is a big advantage of this approach that we can analyse public consequences created by private activities. This is not possible with Bozeman's 'multi-dimensional theory', as publicness is unambiguously related to political authority in his definition and thus cannot be created by private organisations themselves.

sation, because it does *not* represent the public interest. To the contrary it still remains a private organisation whose main purpose is retained (e.g. to get profits for its members). In pursuing these goals, however, it is now tightly publicly controlled. Ownership might in many cases simply be a better *means* of controlling a private organisation than using restrictions (Greiling 1996: 380-399).

In the literature, there are also concepts to change organisational structures in order to incorporate enforcement mechanisms right into private organisations themselves. These 'political theories of organisations' (Ulrich 1977; Albromeit 1985) have only small empirical relevance, however. 'Stakeholder interests' are institutionalised in Germany's worker participation laws, but they concern workers' interests only, other public interests (e.g. environmental protection or public security) are up to now only rarely integrated into the organisation's internals.⁴⁹

All of these methods of public influence have one feature in common: *Time* is needed to articulate and organise the interests of the affected people, to establish a public organisation and to control the enforcement of the public interest. This process is shown as a circle in figure 3 – the 'publicness circuit'.

Now, what are the explanatory implications of our definitions?

As the goals of public organisations are *consequences* of private activities, this explains why they cannot be fixed a-priori in every detail. This is only possible for private organisations. The aims of public organisations – the public interest – can be laid down only implicitly (e.g. 'protect the environment') and have to be explicated according to the special consequences of private actions touching this interest (e.g. 'restrict the use of water-polluting production method') – in most cases by the public organisation itself.

This shows why goal setting is that difficult for public organisations. It also reveals that goal attainment in public organisations must be controlled ex-post by the public – *mechanisms* to ensure the public interest are to be expected: in most countries elections are used for this purpose.

There need not be a new organisation for every single issue of public interest, of course. Public organisations can persist and deal with problems of public interest, caused by ever changing private actions touching a constantly altering public.

⁴⁹ Usually, the only reason to include these interests is to foster sales (e.g. labelling agricultural products 'ecological'). In this case, the market directly enforces the public interest and no need for a public organisation arises.

By this we take the current circumstances into consideration: Public interest is usually looked after by an *existing* organisation, which *perceives itself* as to be responsible. The responsibility will usually be restricted to a certain area of interest, which is a requirement for efficiency by means of a division of labour.

This *horizontal* bureaucratic specialisation has also the advantage of balancing the power of the various organisations. The necessity of 'checks and balances' has always been the reason for separating legislature, administration and judicature, too. Following our approach of publicness, we can see a big disadvantage of this '*vertical*' specialisation in enforcing public interests, however: After every enactment regarding a certain problem of public interest the legislature is open to new demands. The parliament will inevitably seek for new tasks – to prove the need for its own existence. The courts and the administration, on the contrary, see their work cumulating with every new regulation that has to be enacted and controlled. Consequently, they are strained ever more, until their overload creates public interest and new measures again – customarily ensuing in even more legislations. Thus the 'publicness circuit' can easily turn into a vicious circle – unfortunately, the more vicious the more *successful* the system of public organisations is.

In addition to that, the real consequences of private actions and its perception by existing public organisations will normally differ: The extend of affected interests is either underestimated – which leads to neglecting certain problems. On the other hand, it can be exaggerated, resulting in the regulation of private life in details that have absolutely no effects on third persons and do not create public interest at all. In the later case, the public regulation is superfluous and illegitimate.

Any further operationalisation of publicness and public interest has to take these obstacles into consideration. And yet another peculiarity requires our attention:

In most cases (existing) public organisations have their responsibility bound to a certain geographical area. Thus publicness will be conceptualised with regard to space. Possible alternatives – like the definition of publicness with regard to a 'community' of experts for a certain topic – are discarded, because a spatial concept of publicness seems to be more practicable for almost all cases of research.

The concept of 'publicness-as-affectedness' has, of course, its limitations as well: The most important issue requiring further discussion is one implication that might not always be plausible: All organisations that are created *without* reference to the *consequences* of private actions *cannot* be public.

4.3. Measuring Publicness

To use the concept in empirical research, we have to define some variables that can be directly measured in empirical surveys. The variables and their respective range of values are shown in table 1:

Variable⁵⁰	People who are ...	Range of values
A/a	... affected by a private action	
T/t	... included in the private transaction	$T \subset A; t \leq a$
P/p	... involved in setting the goals and the agenda of a public organisation	$P \subset N; p \leq n$
R/r	... satisfied by a public regulation in their interests regarding the regulated private organisation	$R \subset (A \setminus T); r \leq (t-a)$
N/n	... inhabitants of a certain geographical area	

Table 1: Variables

When these variables are used to analyse an organisation, we must retain the complex view used also by Bozeman: The organisation has to be analysed in all its processes separately – every activity can have different consequences affecting various outsiders and therefore causing new public interests.

To take the distinction between genuine and perceived affectedness into consideration, the first three variables must be determined by asking both a representative sample of possibly affected people and the representatives of the public organisation in question in two different surveys.

Using the variables we can calculate the different measures described in table 2:

To analyse the steering power and the institutional design of public organisations as well as the varying possibility to organise different types of interest⁵², ratios for both 'genuine' and 'perceived affectedness' can be calculated and compared – using the data from the two different surveys described above.

⁵⁰ The big letters stand for the groups themselves, the small letters represent the number of their members.

⁵² The analytical instruments can thus be used to test, for example, Mancur Olson's (1977) important proposal that the interests of larger crowds are less likely to be organised effectively than those of small groups. Also theories of asymmetric information can be analysed – and still a lot more possible applications might exist.

Measure	Formula	Range of values	Description
Public Interest Ratio (PIR)	$\frac{a-t}{n}$	$0 \leq PIR \leq 1$	<p>Public interest can arise for all kinds of organisational processes.</p> <p>If all people affected (a) are included in the transaction ($a=t$), then <i>no</i> public interest arises ($PIR=0$). The more people are <i>not</i> included in decision making (via contracts or market forces), but touched by the consequences of certain organisational processes, the more public interest is caused by these activities.</p> <p>Public interest <i>within an administrative unit</i> is the higher the more of its inhabitants become part of the respective public.</p>
Publicness Ratio (PR)	$\frac{p}{n}$	$0 \leq PR \leq 1$	<p>PR measures the 'importance' of a <i>public</i> organisation. The more people of a given area are involved in a public organisation the more public the organisation becomes for this region.</p> <p>The 'most public' organisation would represent the interests of all inhabitants of a given area. ($PR=1$ because $p=n$). In a democratic society this claim is usually made by the parliament and the legal system. But there are always people excluded from participation (e.g. foreigners from elections) or protection of their rights. Thus the PRs of these organisations are always smaller than one, too.</p>
Involvement Ratio (IR)	$\frac{p}{a-t}$	$0 \leq IR$	<p>The involvement ratio indicates how many people are involved in setting the agenda and the goals of a public organisation related to the number of people actually affected by the private activity that is its reason of existence.</p> <p>The optimal IR is 1 – if it is assumed, that the people affected by the private action and those involved in the public organisation are identical. This can only be assumed as it is not indicated by the IR: The IR is one whenever the <i>number</i> of people that are affected equal the <i>number</i> of participants in the decision process.</p>
Regulation Ratio (RR)	$\frac{r}{a-t}$	$0 \leq RR \leq 1$	<p>The regulation ratio measures how many of the people affected by a private action get their interests satisfied when the public regulations of the respective private organisation take effect.</p> <p>The RR indicates how effective the public has organised its interests. If none of the private act's consequences are regulated ($r=0$); RR is zero. RR is one for an optimal regulation including all public consequences.</p>

Table 2: Measures

4.4. Postulations and Questions for Empirical Research

The level of publicness and the extend of public interest measured empirically can finally be used to test some further propositions, which can be deduced from the concept of 'publicness-as-affectedness':

A particularity of public steering is the necessity for constant observation of the regulated private activity, for the adjustment of the respective goals and for the evaluation of the methods used for enforcing regulations or enacting incentives. Therefore, the publicness circuit is run through again and again, which leads to a high degree of uncertainty – both for public and for private organisations.

Public organisations will be, however, more vulnerable, as their very purposes and organisation goals can be subject to sudden and far-reaching change. For private organisations, those changes in the public interest simply appear as changing constraints, that can be handled in the way Bozeman describes.

In connection with the consideration of the geographical aspect, a further premise can be made: public interest is articulated, public organisations are built and regulations are imposed on the political level, that is the *first* for which (a-t) is smaller than n – the principle of subsidiarity.

A last thesis would be that the bigger a private organisation becomes the more interested the public will be in its activities and the greater will be the opportunity to create public interest and use public support. To use the increasing opportunities or to manage the increasing public pressure, big organisations will, as a rule, allocate a relatively large share of its resources to monitoring and influencing the public in order to cope with the rising uncertainty of its environment.

All the postulations are open to empirical validation or falsification.

5. Conclusion

If we compare the various concepts of publicness, it becomes clear that the 'publicness puzzle' is rather difficult to play due to the existence of a large quantity of theoretical and empirical pieces and their countless inconsistencies.

The 'multi-dimensional theory' of publicness by Barry Bozeman had to be discarded in almost all respects, due to problems with its exact application to real-world cases, some strange implications of its definition of publicness and most of all because of its complete lack of explanations of what is *special* about publicness and *how* it affects the various processes of organisations.

Thus Bozeman's concept can neither be used to predict possibilities of public steering or the extend of public interest and necessary regulation of private activities nor to explain the full range of chances of an organisation to buffer public pressure, but also of opportunities to use or even create positive public interest.

These instances – and hopefully all other cases as well – can be analysed with the concept of 'publicness-as-affectedness'. The suggestion made in chapter 4 is thought to combine the decisiveness of the 'core approaches', which were presented in chapter two, with the possibility to handle hybrid organisational types as well as the complexity of today's organisations. In order to get a more usable and logically consistent theory of publicness for empirical studies and a plausible explanation for observed mechanisms, it transfers John Dewey's concept of publicness into organisation research.

Still this new piece in the "publicness puzzle" has its limitations, too. Whether it can be used successfully in empirical works cannot be settled in this essay - it remains an open question for now.

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