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# Observing Possibilities. A Function-Analytical Approach to Organizational Change Processes

*René John & Jana Rückert-John\**

**Abstract:** »Möglichkeiten beobachten. Ein funktional-analytischer Zugang zu Prozessen des Organisationswandels«. The following study is based on Niklas LUHMANN's organizational theory. LUHMANN's theory provides an analytical framework for the comparison of different organizations as structurally equal entities. The assumption that only successful decisions are registered by an organization as a basis for following decisions stirs curiosity about the results of unsuccessful decisions. The study asks for management strategies to cope with non-success. The authors analyze examples for unsuccessful change management in several organizations of eating out using the functional analysis as an analytical strategy. The analysis is based on several guided interviews undertaken with the individuals responsible for the kitchens of their organizations. Thereby the failure to establish the use of organic food products appears in a different light: namely as a powerful opportunity for reflection and improvement. Targeting such examples provides more potential for learning than best practice cases. In the following, the widespread hesitancy to use unsuccessful examples is discussed in regard to organizational expectations.

**Keywords:** organizational change; learning; failure; management; functional analysis.

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## 1. Finding Order in Confusion – the Affinity of Function-Analytical Observation and Management

Despite present day constraints and issues, the world is full of possibilities. Yet the greater the awareness of these possibilities is, the more pressure there is to choose one. Thus, it is impossible to experience a uniform world; rather one can only anticipate the outcome during the selective process. This is experienced as a paradox: one is both free but simultaneously forced to choose. The possibilities – suspended for the benefit of a choice – mark the limits in the present. This, in turn, helps to sustain freedom in the future. From a social perspective however, choice decisions process the paradox of freedom and constraint by expanding it in time without solving it. Eventually, decisions react to the possibilities provided by previous decisions (LUHMANN, 2000). Future possibilities are exponentiated by the simultaneous and multiple pressures to choose. The result is a transformation: the multitude of options become irritations and provoking variations. These in turn, lead again to selective decisions. Decisions about present possibilities involuntarily become an element; a contingent condition of socio-cultural evolution and of social change. However, the consequences of choice decisions are not only specific extensions of future options. They also have to maintain the structural stability to maintain future possibilities. Under complex social involvements, this constraint for maintaining structural stability makes decisions risky. The difficulty to decide therefore increases with every decision. This is because the possible options multiply. Thus, more freedom perpetuates constraints.

Nevertheless, in society decisions are continually made without problems. Decisions appear to be “spontaneous” because their reflection essentially remains rather simple. Therefore they can only continue to develop on a less structured level, while reaching beyond personal interests. Although complexity increases and compounds, it is decreasingly linked by mandatory order systems. This is partly due to functional differentiation. In the face of this complexity, organizations were established as a kind of social special form for decision making. In this realm, decisions are handled with a potentially higher level of commitment. This is because of the hierarchy-principle stemming from stratification. In this way, decisions are capable of resisting the social pressure to take ever-further possibilities into account. Here decisions can and must be reflected in regard to their impact on stability.

The intricate operations in society are ambiguous in terms of how structural stability should be maintained. Although decisions are made at all levels of an organization, management must perform the coordination of all decisions. Here it is imperative that the boundaries and aims for corporate identity are protected from partial interests. Although partial interests may differentiate as the size of organizations increase, they cannot simply be dismissed. Rather these interests are important for sustaining so-called couplings to the environment. The irrita-

tions such interests generate are in fact the only way for organizations – under the premise of autonomous, autopoietic operations (LUHMANN, 1984) – to obtain information about environmental events. Partial interests facilitate couplings to pertinent parts of the environment. At the same time, irritations in organizations are born quickly and diversely by environmental couplings. The variety of the irritations depends on the internal differentiation of an organization. Partial interests spawn specific expectations, and may correspond to interests in the environment. Thus, irritations and tensions emerge quickly.

When considered as diverse variation impulses, irritations are important for maintaining interactions with the environment. Therefore it is critical for management to maintain structural redundancies of an organization. Besides structural maintenance and understanding disparities, management has another albeit basic task to fulfill in terms of functional differentiation. The future is determined by decisions between maintaining structure and implementing its change (DRUCKER, 2007). Calculating the future must be controlled for further decisions about structural redundancy and variation while taking further possibilities into account. Thus, peripheral environmental impulses that penetrate an organization must first be relevant for management in terms of information and knowledge. This relevance must be proven in order for management to make structurally sound decisions. That is why the process of information and its translation into knowledge is of top priority for organizations today (SIMON, 2000, p.248). Knowledge organization by management starts with the identification of problems. This in turn isolates criteria for decisions. While observing management activities, an affinity can be found between the function-analytical arrangement in the scientific field and the informative ordering of an organizational environment by management. This kind of affinity is not a new phenomenon. Indeed, Niklas LUHMANN (1972) suggested it in 1968. However in light of the latest discussion about functional analysis (JOHN, 2010), this compatibility must be pointed out anew by the following discussion.

The article aims to show how the research object becomes observable with the help of functional analysis and how similar this scientific approach is to the environment-observing approach of management. This will provide information about the possibility to mediate scientific insights as well as the limits thereof. It should then become clear that although management and research methods of organizations differ, they are similar by way of their methodology for structuring the observation field.

The thesis of the affinity and intermediation of observed management activities and scientific approach are exemplified by empirical results of a current research project on the “Continuance of organic food offers in the eating out sector.” The project, funded by the German Federal Ministry for Food, Agriculture and Consumer Protection, ran from 2007 until 2010. The stories depicting failure seem especially appropriate for this purpose. Because the imperative of

organizational self-preservation remained unfulfilled, stories such as these are always subjected to a certain amount of justification. This is also true for unsuccessful planning, which serves the stability of alternative structural elements. The results and arguments for decisions made are revealed in the reports with the purpose of justification. It is only through failure that management can determine feasible possibilities. While management is destined to succeed – because it must always maintain the structural stability for the continuity of the organization – it is essentially running from itself. Therefore organizations are not able to provide information about the occurrence of success and failure, but rather only about the preference between the two (BAECKER, 1993, p.13). The stories of decisions were put ad acta. Only under the highly improbable chance of recurrence were they used as a source for alternatives. Management therefore remains alien to itself as a kind of self-appointed leader. Moreover, in view of complex circumstances, management acts irresponsibly.

In order to follow the article's aim hereafter, considerations on the observation of management and the organization of change will be introduced. Considerations on the methodology of functional analysis will follow. The thesis of affinity will then be discussed with the help of empirical examples. Hereby the methods used and the analytical design will be examined, succeeded by a presentation of the empirical results. The article closes with a summary about the benefit of a function-analytical observation for management.

## 2. Organizational Observation of Management

From the perspective of sociological system theory, the concept of management can primarily be understood as communication. As with all communication, observation as the distinction and interpretation of possible messages (within a particular context) is the prerequisite of management. Management is also confronted with the task of selecting messages from alternatives and to reduce the complexity of phenomenon, the environment, and the organization's own conditions. Irritations and structural tensions that provoke decisions generally occur at the periphery of organizations. With the help of a specific form of communication in organizations – the communication of decisions – tensions occur in the distinction between past, present, and future states. Management provides the organization with a feeling for the varying degrees between current and potential states (BAECKER, 2003). Thus, possibilities are opened up as alternatives and presented as selectable. At the same time however, management is confronted with the paradox of every decision. Management must solve the simultaneity of the alternatives and the challenge of selection by making alternatives invisible. This is done for the sake of the chosen decision. Yet management continually provides alternatives for the game of decision making, and in doing so pushes structural change. Alternatives are already

identified possibilities, which give reasons for decisions as messages. But how can alternatives be selected in order to make decisions?

In modern society, complex contexts as they occur daily within organizations can only be minimally broken down by an enterprise. However, in early modern times organizations were the solution to an unstable society. Globalized world society – as it has been driven by the European expansion since the beginning of the modern era – lost not only its size but its entire condition of conventional and hierarchical limitations of possibilities. These possibilities were maintained by tradition and first and foremost by religion. Hereby organizations functioned directly as *deus ex machina* because they maintained the conventional differentiation of a stratified society in a purely logical way. They helped to suspend this principle, while simultaneously using it for their own internal differentiation. Thus, organizations developed this principle under changed conditions. For this reason, organizations are able to answer the rapidly increasing social complexity with their own complex layout of the world. For although organizations are comprised of diverse social issues, they identify themselves as highly specific by their policies and programs. At the same time, every organization specialized by this way is a multiplicity of most various – and now functionally differentiated – issues (LIECKWEG & WEHRSIG, 2001; TACKE, 2001). Facing social complexity, the limitation of issues becomes (under a functional program) the most prominent problem of the identity border management. This must be maintained by management to prevent a self ascribed functional program of the organization. Therefore, the problem of complexity reduction steps up to the forefront of managerial tasks. Thus, complexity reduction ultimately becomes the first task of differentiating relevant information.

Information occurring as alternatives must be categorized by distinctions. Only the categorization of information and its specification as knowledge make decisions possible. Although technology affords a global information network, the plenitude of information becomes increasingly problematic. The sheer amount of information gives reason for the complaints of knowledge blockages. Information and knowledge are not only different according to their form, but also according to their potential. Information is only slightly limited in its potential. Yet precisely this fact aggravates communication affiliations. In contrast, specified knowledge – concentrated in particular areas of interest – affords fewer possibilities, but affiliations are more probable. Despite his doubts about the difference between information and knowledge, Nico STEHR (2001, p.115) points out the capacity of knowledge for acting and the potential of information for knowing. Helmut WILLKE (2002, p.55) combines both terms by defining knowledge as a contextually relevant understanding of information. When information is understood within a relevant context, this pointed turn towards knowledge becomes action-relevant. Although not all

uncertainties are overcome, a frame of action can nonetheless be established. It is within this frame that competent and thus responsible decisions can be made.

Because of copious amounts of information at the periphery of an organization, the differentiation of competences remains to protect organization positions from overload. However, management cannot be entirely relieved of its coordination task. This is because the various knowledge of the organization can only be communicated as information. To make decisions based on the differentiated knowledge, management must assemble information into the organizational program. This is not an easy task due to the vast amount of information that, despite having passed through all various filters, still are communicated within an organization.

The relevance of information can be identified by its ability to contribute to the organization's place within the world. Thus, the world can be described in terms of solvable problems by an organization. All filtering techniques of relevant information, such as archiving and now the internet, have served only to increase the amount of information. This has elicited distress signals from overwhelmed enterprises. If information is not conducive to knowledge, consultation will be attempted. But this only prolongs the dilemma by using externally secured suggestions of indices and fashions of control. Management cannot be released. Only when management determines which information is relevant and identifies solvable problems within the world, can it decide on solutions for the organization. This in turn, launches respective planning. Therefore the crucial question is, how do problems make their way into organizations?

### 3. How do Problems Come into the System – Function-Analytical Observation and Decisions of Management

Information about the world tends to accrue at the margin of an organization. This is one explanation for the boom of enterprise networks. In turn, further problems are induced, such as loss of control, which then puts a strain on management's capacities. In the end, this is also not a solution to the organizational information deficit. Ultimately, what is responsible for this deficit is the distracting background noise of society. The mastery of the multi-contextual and exponential complexity may be seen as a common task of both empirical observation and management. The variety in the research field implicates a vast diversity and complexity of information as well. Due to inadequate observation capacity, there is a danger of restrictions being formed too quickly. Furthermore, ultimately there may only remain a kind of analogous noise. In this situation, the answer to the research question will be provided from what is already known. Insofar as the research problem appears to be similar to the management problem: an excess of information leads to excessive demand, uncertainties and – in the light of the danger to fail – the call on the stock of knowledge.

This essentially wasted chance for an empirical research assessment corresponds to management's information deficit. This problem can be solved by using functional analysis as suggested in this article. Next, there will be a short introduction of the components of functional analysis as a methodology, which structures observation as well as its object. However, it is not a method in the sense of an instrument for data mining and calculation. Rather the methodology – namely the functional analysis – provides the methodical instruments their working points.

### 3.1 Functional Analysis

The discussion about functional analysis has varied in intensity for about a century. Although modified, the main elements of functional analysis have withstood the test of time and will be presented in the following text.

Empirical observation is always driven by stating distinct problems. In its beginning, functional analysis assumed that the phenomena of the social world are obvious solutions. It was essential then to first analyze capricious elements. This was accomplished by uncovering the root of problems to which the solutions answered (MALINOWSKI, 1975). Problems are always to be found in the context of or rather in the environment of solutions. Therefore, the environment must be observed for solution relevant problems. For management, this means that the environment becomes relevant when disturbing impulses irritate organizational processes. It is important then to identify the source of the problems. However, targeting problems begins with the definition of the subject matter (RADCLIFFE-BROWN, 1957, 1958). This is accomplished by defining the relevant scope. The object and the solution-problem-relation are further confined by the specific observation interest. Accordingly, types of relations must be analyzed for their specific contribution to their overall function: the continuance of structure. Thus these realized functions may differ from one another as well. Be that as it may, this does not mean that they are necessarily random. This contradicts what was frequently stated in fundamental works. System maintenance as a functional contribution to the problem-solution-relation is of analytical but not ontological nature. This was already pointed out by Talcott PARSONS (1986) in his essay in 1939. But the meaning of functions remains undefined. This ambiguity might be the reason for ontological interpretations as well as for the critique of functional analysis (see JOHN, 2010). Relations appear to be necessary only from the perspective of the superior structure. Therefore, it is clear for management that every decision concerning problems can be made differently. Moreover, they are not required to be the right decision. This is because depending on the respective point of observation, causal problems have different effects (MERTON, 1995). These can take on manifest as well as latent forms; they can be effective in both a functional or dysfunctional way. In the end, there are different, contextually



dependent, and problem specific equivalent solutions. Since this realization, the functional analysis has begun to deviate from the suggestion of system maintenance.

Facing a poly-contextual society, the essential task is to cope with complexity (LUHMANN, 2005a, 2005b). Just as a cause has several effects, likewise an effect has also several causes. The manifold causal relations become comparable because they pass through the shared problem-point of view. This point limits the possibilities of comparison. Thus causal problems and effective solutions are no longer the basis of analysis. The analysis may now only be the comparison of possible relations from a joint perspective, which is now called the function. On the one hand, the term function refers to a traditional meaning, whereby an object is attached a deduced meaning. This was commonly done by the first protagonists of functional analysis. This assumption alone is the foundation for comparing something seemingly disparate in order to uncover the meaning of the unknown. On the other hand, the term functional analysis refers to a radicalization introduced by Ernst CASSIRER (2000). The function makes it clear, that the phenomenon of the world get its meaning only in reference to other phenomenon. Because of this constructive turn, the functional analysis abandons the idea that the meaning of the phenomenon lies in its substance. The similarities of all relation possibilities become apparent with the help of functions as analytical points of intersection. Therefore the function serves to define the observation field according to the research question.

### 3.2 Empirical Use of Functional Analysis

Disturbances throughout the normal course of events form the starting points for constructing possible problem contexts. To an observer making the comparison, this is related to the problem point of view. Managers are not only required to be observers, they are also irrevocably bound by structure. Their orientation to relevant structures serves also as a boundary of possible problem-solution-relations. Problem view points for comparison must be identified within the structure. Thus, the relevant structures and the problem view points for the comparison are defined with the help of an organization model. This model and its further enhancement by continual research, sufficiently limits the number of possible relations as it limits the field on which observation occurs. Thereupon a hierarchical problem order can be established according to the causal scheme. This is assessed in factual regard to cause and effect and in temporal regard to before and after. The hierarchical problem order is by itself already an empirical result (LUHMANN, 1992, p.420). Nonetheless, research driven by functional analysis cannot be satisfied with the identification of problem-solution-relation alone. Rather, the task is to bring the relations into an order of factual and temporal dependencies.

In the case of an organization, decisions will be transferred into a hierarchical problem order. This order occurs according to organizational structure and the relation to a position (and thus to a particular person). For that reason, functional analysis does not mark its end by hypotheses. The only way to decide about the end of the analysis is by empirical observation via information. This information can never be depleted, but must be sufficient in regard to the research question. This approach is quite similar to that of objective hermeneutics (OEVERMANN, 2002).

Therefore, it is understood that functional analysis appears as a radical view of the given structure. This provokes its opposition, namely the rejection of analytical results by the individuals involved (POLLACK, 2003). The construction of problematical relations brings in a foreign perspective from the outside. This leads not only to disenchantment but also to a suspension of prejudice. The problem view points made by the observer are voluntary. However, the analysis qualifies them as adequate. The open end of the analysis seems to lead to its broad nature, but the actual extent of the analysis is effectively limited by the hierarchical problem order. A historical perspective comes into play, because the functional analysis of all possible relations refers not only to factual regards but also to temporal sequences. Hereby the organizational memory of past decisions becomes important for management.

Against the over-complex empirical structures, functional analysis draws up its own theoretical observation structure with the help of the functional problem view point. The possibilities discovered in this way must not only be interpreted as possible causalities, but represent the contingently realized forms of the problem-solution-relations from the defining perspective. This defines the specific analytical task: namely to deal with the processes which limit the contingency of the observed forms. This is because these limitations lead to a shift of meaning by which the environmental noise takes on informative values (RECKWITZ, 2003, p.77). These reconstructive as well as constructive processes are of great analytical interest. On the one hand one can study the kind of sense production by ordering noise to information. On the other hand one can strategically use this process to establish options for decisions.

In short, functional analysis structures a comparison of possible problem solutions with the help of a view point and a factual and temporal hierarchical problem order. This is done in order to observe how the complex demands of the world are realized in the contingent forms of solutions. Thereby the view point as well as the inducement for the establishment of the hierarchical problem order is driven by the observer's theoretical interest. This has practical consequences for further observations and decisions in every case.

## 4. Analytical Design

The project – which is illustrated in the following text – has the title “Continuance of organic food offers in the eating out sector: Analysis of reasons for rejection and derivation of preventive measures.” The project was funded by the Federal Ministry for Food, Agriculture and Consumer Protection under the Federal Program for Ecological Agriculture (BÖL) from 2007 till 2010. The project, short-titled “Bio-M-Aus” in German, targeted the failure to establish the use of organic food products in eating-out. The project also encompassed overcoming the consequences of the failed attempts.

This research perspective was deduced from a precursory project (RÜCKERT-JOHN, HUGGER & BANSBACH, 2005), which looked at the successful use of organic products to generate examples of best-practice cases. While fascinating, those cases were less informative for practitioners within the field. It is just not possible to learn how to secure one’s own success with the help of such examples. The results suggested a reformulation of the research question in regard to failure. The stories of failure are especially prone to a constraint of justification. Telling the stories with the intention for justification uncovers the results and premises of decisions. Thus, the relevance of the decision can be estimated before the background of one’s own structural situation. In addition, one’s own decision can be oriented in a better way, as with the help of best-practice cases. In regard to the project, failure was defined during the field phase as an increasingly precarious use of organic food products. This use was marked by a far-reaching reduction of the originally realized or aspired extent of the sorts and amount of products. The decision to cease offers was always a legitimate option. The unstable use of organic food products points to a problematic relation of the gastronomic organization to its environment. In light of this situation, the empirical research project on the unsuccessful use of organic food products provided the possibility for an analysis of the organizational construction of the problem and its solution. The empirical observation focused on organizations differing from each other in terms of concept, context and size. The challenge was the comparison of considerably different situations.

Niklas LUHMANN’s elaboration (2000) provides a model for the observation of organizations, which was adapted in a way relevant to organizations of eating-out (RÜCKERT-JOHN, 2007). In principle, every organization has to be distinguished from its environment. As is true for all autopoietic systems, organizations can observe their environment only with the help of their own states. The environment is perceived by the organization only as an irritant to normal procedures. They only appear at the periphery, where communication happens with relevant actors like customers, suppliers or administrations. The organization governs itself with the help of the distinction between the end and its means. This serves the realization of the programmatic purpose beyond mere self-maintenance. The organization also positions itself in regard to a

functional primary reference with its program. This is true, for example, if the organization describes itself or prefers to be described, for example, as an organization of economy or art. Depending on its size, organizations are differentiated in partial organizations or departments. However, every department has to fulfill its own particular purpose formulated by its specific program. All such department programs work for the common good and success of the organization. These programs are linked by a hierarchy in order to solve normal conflicts (considering the superior organizational program). Therefore, programs are essentially premises of decisions which must be constantly made in organizations. The premises or foundation provide orientation for employees about their jobs, their range of responsibility and possible creativity. In regard to the temporal course, previously made decisions appear also as premises or a kind of foundation in addition to the programs.

Based on this organizational model, the kitchen in the respective organization – for example a hospital or restaurants – was defined as one department among others. This means for eating-out organizations like canteens and restaurants (and for their kitchens in particular), that their purpose is consolidated in a nutrition program. Its realization is broken down into several distinct tasks which can be formulated as programs. Thus, products have to be defined and their purchase ensured. This means not only do prices have to be established respectively, but the set-up of the nutrition program has to be communicated to the staff. Eventually a food offer must be made to the guests. The programs of eating-out organizations can be assigned on the one hand to the field of means allocation and on the other hand to the field of realizing purposes. Both fields are linked by the price program. The price program bears the responsibility of solving the field's coordination problem in regard to organizational efficiency. However, programs refer to relevant positions within an organization. This can be complicated when dealing with a person who occupies more than one position, such as a restaurant owner. In this way, potential interview partners and – in regard to the programs – relevant topics for depicting and overcoming forms of failure could be determined.

## 5. Methodical Approach

In total 26 case studies of organizations were realized as qualitative, thematic-centered interviews (FLICK, 1996) with relevant decision makers to answer the research question. The interviews were conducted from the fall of 2007 until fall 2009 throughout Germany. Each interview lasted approximately one hour. The interview partners were visited at their organizations, and the interviews were recorded and later transcribed. The interviews were interpreted according to Philipp MAYRING's (2000, 2003) technique for qualitative content analysis.

The responsive decision makers were identified with the help of the organizational model, although the respective structure appeared to be quite different for each organization. Every task described by the model had to be fulfilled, but not every task corresponded to a particular position. The differentiation of internal positions depended on the organization's size and context. In other words, it was contingent upon whether or not it was an independent facility like a restaurant, or a partial department of a larger unit like a canteen. Therefore in the beginning the sample was ascertained by several criteria regarding the organization. The basic one was the difference between individual food supply and communal feeding (IFS and CF). The IFS was differentiated by stand-alone restaurants, restaurants with hotel businesses and chain catering business. The CF was differentiated by staff canteens, commons and hospital canteens as well as catering businesses. There are 12 IFS-organizations and 14 CF-organizations. The size of the facilities and businesses according to the provided average supply of meals differed between 20 and 400 a day. In the CF, the number of supplied meals is far greater. They tend to range from 200 to 3,000 meals, with one national caterer providing up to 27,000 meals a day. The experts for the interviews, like restaurant owners and chefs, managers and cooks of canteens and commons, were chosen with the help of regional multipliers according to the empirically formed modification of the criteria for failure (JOHN, 2009). They replied to a common scheme of questions about their limited or in some cases canceled organic product program. Because of the size of the CF-organizations and their internal differentiation, there was usually one interview with the kitchen chef and a second with other experts, such as the canteen head. In IFS-organizations one interview with the restaurant owner (or respectively the chef) was enough because all relevant tasks were mostly assigned to one position.

The case-specific interpretation was the basis for the comparison driven by functional analysis. Each story was unique, with every organization marked by special features, beginning with regional locations and ending with production processes in the kitchen. However, the starting question, the interest on the problems during the use of organic food products as well as the decisions to solve them proved to be the common ground for all organizations. Hereby highly important management tasks had to be resolved in the view of the kitchens. Although they were quite varied in their form, in reference to model-theoretical assumption they appeared comparable. The comparison according to the common problem view point – namely the empirical question – and its differentiation into a hierarchical problem order according to the organizational model was guided by functional analysis. Thereby possible problems were determined by the model. These were identified in regard to the cases and put into a case-sensitive order. Then the problems could serve as differentiated problem view points for problem specific comparisons. The functional analysis is neither an analytical method nor a tool for mining and interpreting empirical

material. Rather functional analysis is a methodology which arranges instruments and data in a way that enables a comparison despite factual incompatibilities.

## 6. Failure: Forms of a Problem

### 6.1 Empirical Results

The guideline of questions extracted information about the organizational structure and the specific responsibilities of the interviewees, the motivation for the organic food program and its history, the perceived reasons of failure as well as targeted future options. All of this information was referred to the exemplary level of eating-out organizations which were then arranged as a hierarchical problem order. This caused different modifications of the model according to the respective case. Two questions appeared as analytical target-aiming: on the one hand there was the question of how did the topic “organic products” become an organizational problem. On the other hand there was the question about the solution to this problem. Organic products became problems at several levels of the hierarchical problem order. Thus, in addition to a factual variability, a temporal and ultimately a social variability could be empirically observed. These were the basis for the problem-specific, function-analytical comparison described in the following.

The problem occurred initially as an irritation derived from the environment. The use of organic food products was a response by some eating-out organizations to the federal program of the Ministry of Food, Agriculture and Consumer Protection under minister Renate KÜHNAST (see BMELV, 2010). In addition to this, the BSE-scandal in the beginning of the 2000s spurred the use of organic food products. The massive propagation of organic food products, the Federal Program for Ecological Agriculture and the establishment of a balancing structure promoted their use by the early adopters. Already advocates of organic food, these early adaptors now expanded and increased the use of organic food. Others were informed about this topic by internal and external workgroups, associations and interest groups. They acknowledged it as a market opportunity, which remained largely obscure. The focus was on introducing the use of organic food to one’s own organization. The interest in including organic food products in one’s own organization was also driven by other impulses. For example, the offers of suppliers, interests of costumers, guests or the clientele as well as regional initiatives were strong impulses that could not be avoided. Finally, one’s own professional interest in taking on the challenge of organic food products was a stimulus as well.

Against the background of the organizational model it becomes clear that the organizations interpreted the massive infiltration of impulses as an instigator to use organic food products in their food offers. This applied to the specific

kitchen program – regarding the products, prices and communication of the offers – as well as coordinating with a superior organizational program. Furthermore, if the kitchen is run as a dependent department, support from other parts of the management is needed.

In all cases, ensuring acquisitions and sales was a must. It is at this point that an organization becomes aware of the environment and its irritating pulses. The kitchens needed suppliers that could provide organic products in an appropriate variety, quantity and quality. In some instances this caused further problems. In the end, the same performance was demanded of organic suppliers as from the conventional ones. However, this performance was possible in only a few cases. Mostly the kitchen heads had to adapt their demands and to establish relations to several suppliers with a special range of products. The kitchen heads had to introduce a staff-intense pre-production or to drop certain products completely.

From the sales side, offers were not always received with the interest that was anticipated. This concerned the kind of offer as well as the problematic variation between organic offers. Again, the offers depended on the intended strategy for the use of organic food products. The interviewees gave various reasons for the introduction of organic food products. Only a few saw this introduction simply as an extension of the offer. Many interviewees expected a qualitative appreciation of the organic meals and their organic components by the guests. However, it was precisely this promise of quality that clearly became a problem. The targeted guest segment simply did not acknowledge it. In some cases, guests doubted previous quality compared to the additional one. From the view of the experts, the promise of quality turned out to be a gross miscalculation. Also disappointing was the segment of canteens and commons: although the guests appreciated the organic offers, the majority still chose the conventional ones. The higher price for the organic offers was often identified as the main reason for preferring conventional offers.

Once the euphoric period was over, other problems besides issues of procurement and sales developed. The introduction of EU organic certification in 2002 also provoked massive disillusionment. Without certification no one – except some rare exceptions – can advertise organic food offers. Beside the usual controls, this requires additional and expansive control by an independent institution. These unannounced controls demand information about the origin and use of organic goods, the separation of the storage between conventional and organic products and the recipes of the organic meals. Some early adopters of organic food offers immediately felt they were suspected of noncompliance. As a result, they abandoned their organic offers as a form of protest and henceforth communicated it only verbally to interested guests.

This indicates another solution strategy of some organizations, by which the gastronomes differentiated their guests. Often guests appeared open and receptive, and showed a special interest in a qualitatively valuable and organic offer.

Some gastronomes in the middle-price segment tried to encourage this type of guest by providing information. Canteen cooks practiced nutritional consultation in the sense of health prophylaxis for the guests. This was meant to affiliate their organically expanded nutrition program with the superior organizational program. This appeared to be an expansion of the cook's demand towards the guests: it was perceived as a kind of appeal to their culinary knowledge. However, this also reached its limits: namely when consumer expectations were geared towards the highest quality as in the upper price segment. Such guests are not reachable by educational programs.

At this point, another strategy could be observed throughout the entire eating-out branch. Instead of looking to the guest program for a solution to insufficient sales, many organizations changed their kitchen program and then communicated this change. The orientation towards organic quality was complemented by further attributes like regional origin, artesian and traditional production or seasonality. It became clear that these attributes generated topics for guest communication. On the one hand, these attributes substantiate the quality promise and on the other hand communicate culinary competence at the same time. Thus, the emotional attraction of one's offers could be reinforced.

Within the organizations, the change of the product program resulted in repercussions for the menus, acquisitions as well as for pricing. At the same time, the evaluation of organic quality was put into perspective. It was during the introduction period of bringing organic products into the eating-out sector that an inversion of the expedience-means-relation became apparent in some instances. Organic products did not qualitatively improve offers, but rather the consumption of these products became an instrument to support an environmentally friendly life style. However, this expansion of the kitchen program could not be maintained.

The relative inversion of organic quality was accompanied by a reduction of the range of organic offers: whole meals were replaced by components. Using this strategy, the experts were able to manage higher flexibility of the offers, a greater variety and a chance to realize a regional specialty. In many cases, the diverse problems using organic products were exacerbated by certification procedures and demands. This was because they were interpreted as an additional interference of the realization of the already difficult product program. Yet even if the formal certification problems could have been solved by routines, the initially targeted use of organic food products remained strained. The use of organic food products was not always terminated, but radically reduced and communicated only sporadically and in addition with other topics. For many gastronomes, organic production is merely an attribute along with others like regionality, craftsmanship, tradition, seasonality, fair production methods and fair trade as well as climate friendliness. It bears noting that these attributes refer to each other and thus connect to a semantic syndrome of naturalness (RÜCKERT-JOHN, 2010). This nexus of references makes it clear that under



these circumstances, it becomes possible to substitute or even suspend specific attributes such as “organic.”

## 6.2 Reflection on the Results

Given the descriptions of experiences with using organic food products in eating-out organizations while considering the initial research question, a multifarious picture of failure occurs. Within this picture, patterns are identifiable but nevertheless diverse. What first becomes apparent is that failure is not necessarily marked by a termination of organizational processes. Rather failure means the suspension of routines or attempts to establish new ones. In rare cases, this led to bankruptcy, and was typically observed in the chain catering business. In this environment, quantitative expansion (meaning corporate growth) was seen as the motivating strategy. The failed routines were generally answered by new ones: the eating-out companies keep functioning albeit differently. In their stories, the protagonists do not experience this as a break, but as a continued problem-solution, where the continuity signifies management’s success. Hence failure is no objective value, but rather a value that is attached to an object by analysis. As an external differentiation, failure serves as an empirical starting point for the observation of organizations in their mastery of complex problems.

Thereby it is clear how different the impulses and motivations were for establishing an organic product program. The challenge was always to extract information from the mass of irritating stimuli in the organizational environment. Extracting this information was important for the organization in that it could provide reasons and foundations for decisions. The decision to use organic products appears to be considered only as an afterthought, or after the fact. Yet once the decision was made, further disturbances appeared as a result, and at different organizational positions. Although these disturbances had to be interpreted in regard to their informative content, at such positions several solutions were found as well.

The capacity of functional analysis becomes clear by this empirical research. Empirical research does not appear to be technically adept at registering and theorizing condensed practical knowledge. The manifold reasons and different solutions as found within the investigated organizations are identifiable in regard to their commonalities. However, this is only under the explicit orientation of the function-analytically identified comparing problem view point and its differentiation into a hierarchical problem order. It is no longer about the distinction of the types of cases, for this can only encourage individual preconceived notions of assumed homogenous conditions. The interest of functional analysis and its empirically realized benefit lies in the observation of overcoming complex worldly events. However, the analysis is by itself a kind of con-

tingency mastery, which emerges from the complex circumstances by the questions targeting the empirical field.

This highlights the similarities between functional analysis and management in organizations. Management must narrow the pulses of the world down to those that appear as information and potential knowledge. This knowledge, in turn, will be the foundation for decisions. Against the background of its own structure, namely its organization, necessities are created in the form of problems and solutions. While observing such mastery of complexity, functional analysis must also master contingency because of the complexity of the empirical field. Based on this assumed affinity, functional analysis as an orientation of self-observation has to be recommended to management as a methodological approach. It is worth noting however, that besides the emphasis on the offered possibilities, limits have to be clearly defined.

## 7. The Use of a Function-Analytical Perspective for Management

The observation of an organization becomes possible only by the construction of problems, namely in a dual sense. The organization observes itself and by itself the environment. This construction is the task of management in an organization, whereby it interprets the perceptions at the periphery according to the organizational program for information. Thus management produces reasons for decisions, and maintains the structural consistency by coordinating those in regard to the program. Finally, management renews the organizational boundaries by the differentiations between system and environment. As stated, functional analysis is useful for this constructive act. This is because it enables the observation of worldly phenomenon and the analysis of its informative meaning in regard to its problem-potential and solution-possibilities. However, the affinity of management and functional analysis does have its limits in regards to the topics concerned (LUHMANN, 1989). This pertains especially to the functioning of latent structures uncovered by the differentiating perspective of functional analysis. However, though the latent structure can be destroyed by the analysis, latent structures are not to be replaced. In such a case, another problem would have to be constructed.

The decision making of management functional analysis is not limited only to success. As a scientific form of observation, it is free from any pressure to succeed. Rather, the pressure to succeed is dictated to management by the rigid imperative of organizational structural maintenance. While decisions must be made in this sphere as well, these are exchanged to the level of methodical observation techniques. Nevertheless, functional analysis is suggested to management as a device for critical self-observation. Thereby management can gain an awareness of which segments are working against themselves and thus undermining the structural continuity of organization. This in turn, provides the

organization with the opportunity to learn more about itself by way of its own history.

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