Organizations as distinction generating and processing systems:
Niklas Luhmann's contribution to organization studies

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Abstract. Niklas Luhmann’s theory of social systems has been widely influential in the German-speaking countries in the past few decades. However, despite its significance particularly for organisation studies, it is only very recently that Luhmann’s work has attracted attention on the international stage as well. This Special Issue is in response to that. In this introductory paper we provide a systematic overview of Luhmann’s theory. Reading his work as a theory about distinction generating and processing systems, we especially highlight the following aspects: (1) Organisations are processes that come into being by permanently constructing and reconstructing themselves by means of using distinctions, which mark what is part of their realm and what not. (2) Such an organisational process belongs to a social sphere sui generis possessing its own logic, which cannot be traced back to human actors or subjects. (3) Organisations are a specific kind of social process characterised by a specific kind of distinction: decision, which makes up what is specifically organisational about organisations as social phenomena. We conclude by introducing the papers in this Special Issue. Keywords: autopoiesis; decision; distinction; Luhmann; organisation theory; theory of social systems

Niklas Luhmann (1927–98) was without doubt one of the most innovative and fascinating social theorists of our time. Having presented an entirely new approach to social phenomena, he has been widely influential in German-speaking countries for the past few decades. His oeuvre has been extensively discussed and has stimulated research in such diverse academic fields as media studies, political sciences, philosophy, theology, pedagogics, literature, law and sociology, and is generally considered of equal rank and standard to the works by such prominent social theorists as Bourdieu, Giddens, Foucault and Habermas. In contrast to these thinkers, Luhmann also developed a very original organisation theory based on his general theoretical approach and his practical experiences in public administration. As such his work has the potential to make a substantial contribution to organisation studies in particular.
Until very recently, however, Luhmann’s work received hardly any attention internationally from students of organisation. It is only in the past few years that this has changed. Lately there have been a number of (non-German) books taking up Luhmann’s ideas on organisation (e.g. Bakken and Hernes, 2003; Højlund and Knudsen, 2003; Seidl, 2005c; Seidl and Becker, 2005; Vos, 2002) in addition to several European conferences (e.g. 2002 in Munich and 2003 in Copenhagen) and special issues (e.g. Nordiske Organisasjonsstudier, 3(2), 2001; Theory, Culture and Society, 18(1), 2001) on his systems theory more generally. This can be interpreted as a clear sign of a growing awareness of the significance of Luhmann’s theory on the international stage. Due to this development, we decided to put together a special issue providing a comprehensive introduction to Luhmann’s way of theorising and highlighting its potential contribution to organisation studies.

In his works Luhmann combines a wide variety of (often even conflicting) theoretical traditions, both within and outside sociology. Particularly influential among them were the systems theory of Talcott Parsons, under whose supervision Luhmann studied at Harvard in 1960–61; Edmund Husserl’s phenomenology; Heinz von Foerster’s second-order cybernetics; the biological theory of autopoiesis by Humberto Maturana and Francisco Varela; and the calculus of distinction by George Spencer Brown. However, instead of just putting the elements of these different traditions together, Luhmann redefined most of the concepts in order to fit them into the context of his other concepts, creating a highly consistent theoretical framework. As a result, many of his ‘borrowed’ and adapted concepts are at odds with the original concepts, as Luhmann himself often pointed out. Maturana, for example, famously disagreed with Luhmann’s definition of his concept of autopoiesis and claimed that he had ‘misused’ the term (see also Luhmann, 1995a: 37).

Because of the plurality of theoretical traditions from which he drew and the way he integrated them with regard to each other, Luhmann’s work is very difficult to place. It falls between most of the common schemata for characterising social theories, most poignantly with the distinction between modernism and postmodernism. While Luhmann’s theory is often presented as an exemplar of modernist thinking, several authors have placed him in the postmodern tradition (e.g. Koch, 2005). Robert Cooper and Gibson Burrell (1988) in their Organization Studies series on modernism and postmodernism, for example, planned to discuss (the early) Luhmann as a modernist thinker – next to Habermas and in contrast to Foucault and Derrida – while Cooper lately sees rather close affinities to postmodernist
theorising (Cooper, in this issue). Luhmann never associated himself clearly with any of the two approaches. The only label that he explicitly accepted for his approach was ‘systems theory’, since the domain of general systems theory is where he found the most important groundwork for his theory design.

Luhmann’s entire oeuvre, which comprises more than 50 books and several hundred articles, is usually divided into two parts: the early Luhmann before and the late Luhmann after his so-called ‘autopoietic turn’, which can be pinned down to the publication of his most important book Soziale Systeme [Social Systems] in 1984. While the first part can be characterised as adaptation and further development of Parsons’ systems approach, it was in the later part that he developed his very particular way of theorising. Luhmann himself referred to his earlier phase as merely a ‘series of nils in theory production’ (Luhmann, 1987: 142). However he went back to most of his earlier work in his later years and rewrote it from the perspective of his new theoretical framework.

With regard to its subject Luhmann’s (late) work follows a very clear structure (see Figure 1). First, there is his general theory of social systems, in which he developed his unique perspective on social phenomena in general. In these works he presented his general notion of social systems as self-reproducing communication systems. These works are unspecific with regard to the different types of social systems. Second, there are his works that focus on the different types of social systems: society, (face-to-face) interaction and organisation. Third, there are his works on the different subsystems (or functional systems) of society: the economic system, the political system, the legal system, the system of art and so on. Apart from that there are of course a number of works on other subjects that do not fit into this structure, for example an article on an autopoietic theory of the mind, and books on the sociology of risk and power. These works, however, can be seen as clearly peripheral to Luhmann’s research project.
At the heart of Luhmann’s (later) theory design one can find two central building blocks. These are on the one hand a theory of distinction based on the *Laws of Form* by George Spencer Brown (1969) and on the other hand a concept of self-referential (autopoietic) systems based on Maturana’s biological theory of autopoiesis and Heinz von Foerster’s second-order cybernetics. In all of his later works these two building blocks guide the theory development. However, the emphasis of the two slightly shifted over time. While Luhmann initially integrated the theory of distinction into his autopoiesis theory, in his latter years he more and more chose the theory of distinction as a starting point and integrated autopoiesis into it. It is this latter approach that seems to us of particular interest for the purpose of this Special Issue and which we thus want to pursue in this introductory paper (for the alternative approach see Seidl, 2005a).

Given the high interdependencies between the different parts of Luhmann’s theory we have decided to present in this introductory paper a comprehensive overview of Luhmann’s social theory rather than focusing on his organisation theory exclusively. In this way, we believe, it will be easier for the reader not acquainted with Luhmann’s theory to appreciate his specific way of thinking. Accordingly, we will start with a first section describing the basic ideas of Luhmann’s theory of distinction (i.e. theory of observation), according to which every operation is conceptualised as the production of a distinction. This will lead us in the second section to the concept of autopoiesis as the self-(re)production of system/environment distinctions. In the third section we will explain Luhmann’s concept of social systems as distinction generating and processing systems. After a general introduction to social systems,
we will briefly distinguish the three types of social systems: society, (face-to-face) interaction, organisation. Based on these explanations, we will present in the fourth section a detailed account of organisations as systems that (re)produce a particular type of distinction: decisions. In the fifth section we will briefly summarise the key aspects of Luhmann’s theory before concluding with introducing the papers in this Special Issue.

1. The observer at the heart of Luhmann’s theory

Every researcher who wants to study an object of research has to choose (implicitly or explicitly) a way of observing his object. He/she has to distinguish what he/she observes from everything that he/she does not observe. For example, the organisation theorist has to distinguish the organisation from other phenomena. What distinction he/she uses for that is ultimately arbitrary. Several suitable distinctions abound: hierarchy/market, goal-attaining system/other systems, formal/informal organisation and so on. However, depending on the specific distinction chosen, the researcher will observe differently and he/she will also see something different. The problem for the researcher is that the distinction chosen for one’s observation usually blinds out all other possibilities of observation. Because of that, the observation is usually attributed to the object of observation rather than to the observer him/herself. One is not aware that it is the choice of distinction rather than what is being distinguished that produces the observation. This very basic insight can be taken as a starting point for Luhmann’s theory building.

Drawing on Spencer Brown’s (1969) calculus of distinctions, Luhmann unfolds this basic idea. According to this calculus, observation can be conceptualised as distinction and indication: every observation draws a distinction in the world, for example between primary numbers and all other numbers, and indicates the side it wants to observe, for example the primary numbers. That is to say, the observer has to focus on one side while neglecting the other. It is not possible to focus on both sides simultaneously. In this way the relation of the two sides to each other is made asymmetrical; the observation creates a ‘marked side’ (the observed one) and an ‘unmarked side’ (the unobserved one). This can be expressed formally with Spencer Brown’s notation of the ‘cross’ (Figure 2).
Figure 2 Spencer Brown’s notation of the cross

It is this act of distinction and indication that creates the specific observation. Every other distinction/indication would have produced another observation. Because the observation can only indicate one side of the distinction – and not both – every observation remains blind with regard to everything but that side. This means that the observation can neither observe its outside nor the distinction itself. It thus does not see what it excludes and does not see that there are other, equally valid distinctions that could have been chosen.

As a consequence, for the researcher the question arises of which distinction to choose for the observation. Any distinction is contingent and could be criticised for that. In the face of such a situation, Luhmann suggests choosing the distinction that the object of observation itself draws. Thus, if the social scientist wants to observe an organisation he/she should choose the distinction that the organisation draws itself in order to distinguish itself from the rest of the world. In other words, the researcher should not infer a distinction from outside but use the distinction of his/her object of observation. To the extent that the object of observation makes a distinction between itself and the rest of the world (indicating itself, not the rest of the world), the object of observation can be treated as an observation (or better, observer). The researcher thus becomes a second-order observer: he/she observes another observer. Of course, this choice of distinction is still contingent, but at least it seems to be a promising approach to start the theory by looking for distinctions that are somehow intimately bound up with the object of observation.

One (meta)theoretical concept that focuses exactly on the distinction that the object of observation produces itself is the concept of autopoiesis (<Greek>autos = self; poiesis = production); or better, of the autopoietic system. According to this concept the researcher observes his/her object of observation as a system distinguished from its environment, which itself produces and reproduces its distinction from the environment. Luhmann in this sense writes:
If we describe [something] as autopoietic system we are dealing with the production and reproduction of a distinction (in systems theoretical terms: the distinction of system and environment), and the concept of autopoiesis says, that an observer using it assumes that the difference is produced and reproduced by the operations of the system itself. (Luhmann, 2000a: 55; our emphasis and our translation)

Using this metatheoretical concept, Luhmann conceptualises organisations as systems that produce themselves as an organisation by distinguishing themselves from their environments (Luhmann, 2000a: 45). It is important to understand that the concept of autopoiesis here is used as a purely theoretical concept that serves as a starting point for analysis. It simply provides a way of observing the world that will have to prove its fruitfulness by the insights it can generate.

2. Luhmann’s general, transdisciplinary concept of autopoiesis

In order to appreciate Luhmann’s theory design, it is important to distinguish between Maturana’s original concept of autopoiesis and Luhmann’s modification of it. Originally the concept of autopoiesis was introduced by Maturana to describe what it means for a biological system to be alive. His answer was: a living system (re)produces itself. It uses its own elements to produce further elements. A living cell, for example, reproduces its own molecules, such as lipids, proteins and so on, they are not imported from outside (Varela et al., 1974: 188). All operations of autopoietic systems are produced by the system itself and all operations of autopoietic systems are processes of self-reproduction. In this sense, autopoietic systems are operatively closed. The autopoietic operations are only produced internally, they do not come from outside – that is, only the cell itself can produce its specific molecules – and vice versa: all operations of an autopoietic system contribute to the reproduction of the system itself and not to any other system outside.

The system’s operative closure, however, does not imply a closed system model. It only implies a closure on the level of its operations in the sense that no operations can enter or leave the system. Nevertheless, autopoietic systems are also open systems: all autopoietic systems have contact with their environment (interactional openness). Living cells, for example, depend on an exchange of energy and matter without which they could not exist. The contact with the environment, however, is regulated by the autopoietic system itself; the
system determines when, what and through which channels energy or matter is exchanged with the environment.

Luhmann developed this concept of autopoiesis further by abstracting it from its biological roots. He wanted to create a *general, transdisciplinary* concept of autopoiesis that should be open to re-specifications by the different disciplines, for example sociology and psychology. Luhmann in this sense wrote:

> If we abstract from life and define autopoiesis as a general form of system-building using self-referential closure, we would have to admit that there are non-living autopoietic systems, different modes of autopoietic reproduction, and general principles of autopoietic organization which materialize as life, but also in other modes of circularity and self-reproduction. In other words, if we find non-living autopoietic systems in our world, then and only then will we need a truly general theory of autopoiesis which carefully avoids references which hold true only for living systems. (Luhmann, 1986: 172)

Luhmann suggests that we speak of autopoiesis generally whenever the elements of a system are (re)produced by the elements of the system. This criterion, as he points out, is also met by two non-biological types of systems: psychic systems and social systems (with its three subtypes: society, organisation and interaction) (see Figure 3).

![Figure 3 Types of autopoietic systems (Luhmann, 1986: 173)](attachment:figure3.png)
Against the backdrop of categorisation of types of autopoietic systems, Luhmann’s treatment of the concept of autopoiesis becomes clear. Rather than just transferring Maturana’s concept from the biological domain to the sociological and psychological domain, Luhmann first abstracted the concept to a transdisciplinary level before respecifying it to these two domains. In other words, Luhmann’s concept of autopoietic social and psychic systems is not directly based on Maturana’s concept of autopoiesis but on an abstraction thereof. We cannot examine the abstraction in detail here, but merely want to highlight two important modifications: the temporalisation and the deontologisation of the concept of element.

Luhmann’s general concept of autopoiesis radicalises the temporal aspect of autopoiesis. While Maturana and Varela originally conceptualised the elements of their biological systems as relatively stable chemical molecules that have to be replaced ‘from time to time’, Luhmann conceptualises the elements as momentary events without any duration. Events have no duration but vanish as soon as they come into being; they are ‘momentary and immediately pass away’ (Luhmann, 1995a: 287). Through this shift from a reproduction of relatively stable elements to a production of momentary events, Luhmann radicalises the concept of autopoiesis. Because the elements of the system have no duration, the system is urged constantly to produce new elements. If the reproduction stops the system disappears immediately.

In addition to temporalisation, Luhmann deontologises the concept of element. Elements are defined as such merely through their integration into the system. Outside or independently of the system they have no status as elements; that is, they are ‘not ontically pre-given’ (Luhmann, 1995a: 22). Of course, the elements are composed of different components, which could be analysed independently of the system, but as elementary units they are only defined through their relation to other elements and in this sense through the function they fulfil for the system as a whole.

As a consequence of deontologising the concept of element, the concept of ‘production’ (as in self-reproduction) gets a functional meaning. Production refers to the use of an element in the network of other elements. The important point in this conceptualisation is that the element and the use of the element are not two different issues, but two sides of the same coin. It is not that we first have the element and then the system makes use of it, but only by making use of it; that is, by relating it to other elements – does it become an element. Thus, one can say that
the element is produced as a result of being used (Luhmann, 1997: 65–6). We can compare this to the words in a text: only through the relation of the words to other words in the text – that is, the context – are (the meanings of) the words defined. In this sense the integration of the words into the network of other words produces the specific words. One can of course analyse the substratum on which the individual elements of the system rest (i.e. scripture, letters, ink etc.) and find a whole range of factors that are involved in bringing them about, but the particular unities as which the elements function in the system can only be produced by the system itself.

3. Social systems as distinction generating and processing systems

Communication as the basic element of social systems

Applying the general concept of autopoiesis to the study of particular systems requires specific operations to be identified on the basis of which the system reproduces itself. If the system is to be clearly distinguished from its environment, it is necessary to identify a *single specific* mode of operation. In other words, the researcher can only use the concept of autopoiesis if he or she can specify a single operation on the basis of which the system is reproduced (Luhmann, in this issue). If one cannot find such a type of operation the concept of autopoiesis cannot be applied; the specific phenomenon cannot be conceptualised as an autopoietic system. For example, according to Luhmann the ‘human being’ (consisting of live tissue, of a brain and of a psyche) cannot be treated as an autopoietic system as one cannot specify any *single specific* operation on the basis of which this system as a unity would be (re)produced and thus differentiated from its environment. Rather, the ‘human being’ has to be treated as consisting of four different types of autopoietic systems that do not form a unity (cells, brain, organism, psychic system). Luhmann in this sense writes: ‘A human being may appear to himself or to an observer as a unity, but he is not a system.’ (Luhmann, 1995a: 40).

A good example for explaining the application of the concept of autopoiesis is the psychic system; that is, the mind. According to Luhmann the psychic system can be conceptualised as an autopoietic system reproducing itself through thoughts: it is a system of thoughts that produces its thoughts through its (network of) thoughts; every thought (independently of its ‘content’) that is produced through the system of thoughts reproduces the psychic system. The psychic system is clearly operatively closed: no thought can enter the psychic system from
outside – for example, the thought in the mind of one person cannot enter into the mind of another person – nor can any thought produced by the psychic system get out of the system and enter into the environment. Of course, the internal thought processes are influenced by irritations from the environment, but what thoughts are ‘triggered’ from outside depends on the specific thoughts already present in the psychic system.

In the case of the psychic system, it can be clearly seen how the system itself (re)produces its distinction to the environment. The distinction in question here is that between a network of thoughts (psychic system) and everything else (environment). Every single thought produced by the network of thoughts reproduces the system/environment distinction due to being a thought and not something else. And every single thought connecting to other thoughts distinguishes between the other thoughts (system) and everything else (environment). One could also say that every thought is constituted as the distinction ‘thought/everything else’, and as such it reproduces the system’s distinction ‘network of thoughts/everything else’. In addition, one could say that every single operation of the system reproduces the ‘boundary’ between the system and its environment. In this sense we do not distinguish between ‘boundary elements’ and elements taking place ‘inside’ the boundary, as the classical systems theory assumes. As long as any thoughts (no matter what they are about) are produced, the ‘boundary’ between system and environment is reproduced. However, as soon as the thought processes stop, the ‘boundary’ between system and environment disappears; which is equivalent to saying that the system disappears.

Analogous to the psychic system, Luhmann conceptualises the social system as a system that reproduces itself on the basis of one specific mode of operation. In contrast to all existing social theories, he chooses not person or action as the basic social element but communication (or more precisely, the communicative event). According to Luhmann, only communication (neither person nor action) fits the concept of autopoiesis. He writes:

Social systems use communications as their particular mode of autopoietic reproduction. Their elements are communications which are recursively produced and reproduced by a network of communications and which cannot exist outside of such a network.

(Luhmann, 1986: 174)
In order to understand this conceptualisation of social systems, we have to clarify Luhmann’s concept of communication, which is considerably different from the conventional notion of communication as an asymmetrical process of transferring meaning or information from a sender to a receiver. Communication here is understood as a synthesis of three components: information, utterance and understanding, each of which is conceptualised as selection or distinction.

In accordance with Shannon and Weaver (1963) Luhmann defined information as a selection from a repertoire of possibilities. Every communication selects what is being communicated from everything that could have been communicated. With utterance Luhmann referred to the form of and reason for a communication: how and why something has been said. One can say that the utterance is the selection of a particular form and reason from all possible forms and reasons. Understanding is conceptualised as the distinction between information and utterance: for a communication to be understood the information has to be distinguished from the utterance. For example, wearing a red tie might be understood as the utterance of a socialist conviction (information). The understanding as distinction between utterance and information ultimately determines the utterance and information, and thus the communication (see Figure 4). If, for example, the red tie is not understood as utterance or different information is understood, a different communication altogether is realised.

In this sense Luhmann reverses the way in which communications are conceptualised. Instead of approaching communication from an ‘intended meaning’ of the communication, he puts the emphasis on the understood meaning. He writes: ‘Communication is made possible, so to speak, from behind, contrary to the temporal course of the process’ (Luhmann, 1995a: 143).

Figure 4 Communication as synthesis of information, utterance and understanding

An important point in Luhmann’s concept of communication is that the three selections form an “insoluble unit”. To be sure, this unit can be divided analytically into its three components, but only as a unit does it constitute a communication. Because of that a
communication – as this synthesis of the three selections – cannot be produced by any one individual (psychic system). Instead, communication constitutes an emergent property of the interaction between many (at least two) psychic systems. In this sense Luhmann writes:

Communication is a genuinely social – and the only genuinely social – operation. It is genuinely social insofar as it presupposes the involvement of a multitude of psychic systems but, or better because of that, it cannot be attributed as a unit to a single psychic system. (Luhmann, 1997: 81; original emphasis, our translation)

Thus, although psychic systems are necessarily involved in bringing about communication, the communication (as this unit) cannot be understood as the product of any particular psychic system. At this point the consequences of choosing the concept of communication – instead of action – as the basic element of social systems become clear. While the concept of action is intimately bound up with the concept of the actor, agent or subject as ‘producer’ of the action, the concept of communication is free of reference to any underlying subject. In this sense the communication can be said to be produced by the communication system rather than by individual actors.

In order to understand the self-referential reproduction of the communication system, it is necessary to take a closer look at the concept of understanding. Understanding, as we said above, is the distinction between utterance and information; but whose understanding is of relevance here? Again, for Luhmann it is not psychic systems – that is, the individuals’ minds – that are of interest here. Instead, it is the understanding implied by the connecting communications – in the same way as the meaning of a word in a text is only determined through the following words of the text. Thus, the meaning of a communication – that is, what difference a communication makes for later communications – is only determined retrospectively through the later communications.

This retrospective determination of the communication through ensuing communications is connected with a fourth selection: acceptance or rejection of the communication. This fourth selection, however, is already part of the ensuing communication. It is important to distinguish between the third and fourth selection: understanding does not imply acceptance; a communication can be understood and still be rejected. This concept of communication does not focus on acceptance; in contrast to for example Habermas’s concept of communication.
The distinction between understanding (as part of the first communication) and the selection of acceptance/rejection (as part of the connecting communication) adds a dynamic element to the social system that bridges the gap from the production of one communication to the next: every communication calls for this fourth selection and in this sense calls for a connecting communication.

This leads to a very important point concerning the (re)production of communications. In accordance with the general concept of autopoiesis, communications only ‘exist’ as communications through their relation to other communications; as explained above, a communication is only defined through the ensuing communications. This does not mean that without the relation there is nothing at all (there are, for example, words and sounds), but they have no status as communication. In this sense one can say that it is the network of communications that ‘produces’ the communications. Luhmann writes:

Humans cannot communicate; not even their brains can communicate; not even their conscious minds can communicate. Only communications can communicate. (Luhmann, 2002: 169)

This concept of autonomous communications must be considered as Luhmann’s own way of ‘decentring the subject’, a theoretical move that has proven particularly important to the development of postmodern theories and theories of social practices. Among the most influential examples of this shift in focus are Derrida’s notion of text and Foucault’s archaeological analyses of discourses, which reconstruct the socio-cultural world as a non-subjective chain of meaning that can be analysed without reference to a subject. Luhmann’s concept of social system has to be understood as an analogous notion of an autonomous sphere of the social sui generis.

While the most radical poststructuralist approaches – such as Foucault’s (1970) prominent analysis of the historical development of science – describe the ‘subject’ as a mere effect of the discourse, Luhmann does not go as far. In fact, the concept of the psychic system, which also considers the psychic as an autonomous realm in its own right, marks an important difference to the early Foucault and Derrida and somehow preserves the idea of a mental, subjective sphere. Yet, by separating the social from the psychic, Luhmann, in his own way of theorising, emphasises in accordance with postmodern theories (Koch, 2005) and theories of
social practices (Becker, 2005) that it is not adequate to consider the subject as the independent origin of social phenomena. Instead, any analysis of the social has to take into account its collective, *inter*-subjective ‘nature’ beyond anything that subjects, agents or actors could determine.

**The relation between social and psychic systems**

Although communications are produced not by individuals (psychic systems) but by the communication system, the individual is not irrelevant for the social system. This is one point in Luhmann’s theory that has been mostly misunderstood and has led to many controversies. For an adequate understanding it is thus necessary to outline carefully the relation between social and psychic systems.

Luhmann conceptualises social and psychic systems as two different types of autopoietic systems, which are operatively closed with regard to each other. Psychic systems operate on the basis of thoughts and social systems on the basis of communications. No operation of one system can enter into the other system; thoughts cannot become part of the network of communications, nor can communications become part of the network of thoughts. As such, the two types of system constitute environments for each other. However, this does not mean that there are no mutual influences between the systems. The relation between the two systems is not situated on the level of operations but on the level of structures: the systems are structurally coupled to each other. This means that the structures of the two systems are adapted to each other in such a way as to allow mutual irritations.

Luhmann speaks of interpenetration between the two systems. Interpenetration occurs if

> an autopoietic system presupposes the complex achievements of the autopoiesis of another system and can treat them *as if* they were parts of the own system. (Luhmann, 1995b: 153; our translation, our emphasis)

For the autopoiesis of the social system the simultaneous (but separate) autopoieses of psychic systems are constitutive. Without psychic systems social systems are impossible – and to some extent also vice versa. Every communicative event presupposes ‘parallel’ events in the psychic systems. Luhmann writes about the relation between the two systems:
We can then say that the mind has the privileged position of being able to disturb, stimulate, and irritate communication. The mind cannot instruct communication, because communication constructs itself. But the mind is a constant source of impulses for the one or the other turn of the operative process inherent in communication. (Luhmann, 2002: 176–7)

Already for the perception of utterances the social system depends on the psychic system: the social system cannot hear spoken words, nor read letters. Furthermore, psychic systems serve as a memory, since they can remember communicative events beyond their momentary point of existence. Because of their structural coupling, social systems can expect their communications to cause irritations in the psychic systems and to receive irritations from the psychic systems when necessary. They can, for example, count on psychic systems to trigger further communications after every communication. While psychic systems trigger communication processes and vice versa, the processes of the psychic system and the social system do not overlap in any way.

Although Luhmann’s strict distinction between social and psychic systems runs counter to our everyday beliefs and many social and psychological theories, it has one important theoretical advantage. It allows for a concept of the social that is clearly distinguished from the psychological. Consequently, the logic of both the social and the psychic can be analysed in its own right. This does not lead to a marginalisation of the psychic for the social system, as the criticism has often been. On the contrary, through this differentiation it can be clearly shown that, and in what way, both systems are dependent on each other. The treatment of human beings as environment of the social system (and not as part of it), as Luhmann writes,

does not mean that the human being is estimated as less important than traditionally. Anyone who thinks so (and such an understanding underlies either explicitly or implicitly all polemics against this proposal) has not understood the paradigm change in systems theory.

Systems theory begins with the unity of the difference between system and environment. The environment is a constitutive feature of this difference, thus it is no less important for the system than the system itself. (Luhmann, 1995a: 212)
The types of social systems: society, interaction, organisation

Luhmann suggests that we distinguish between three types of system that reproduce their system/environment distinction on the basis of communication: society, (face-to-face) interaction and organisation (whether there can be any other types of social system Luhmann leaves open; some people have suggested treating groups as a further type).

Society is the system that encompasses all communications; all communications that are produced are part of society and as such they reproduce society. Hence there are no communications outside society.

Society is the autopoietic social system par excellence. Society carries on communication, and whatever carries on communication is society. Society constitutes the elemental units (communications) out of which it is composed, and whatever is constituted in this way is society, is an aspect of the constitutive process itself. (Luhmann, 1995a: 408–9)

As a consequence of this conceptualisation, society only exists in the singular: there is only one world society. All communications are part of this one system; there cannot be a second one as there is no basis on which it could distinguish itself from the first one.

In the case of society, we can see very clearly how the system itself reproduces the system/environment distinction with every single operation. Every communication is constituted as the distinction ‘communication/everything else’. As such, every communication redraws the distinction between the system of communication, by which it is produced, and the rest of the world (environment). The communications cannot cross this distinction, as that would require them to become ‘anything else’ – other than communications (in which case they would not be communications). Neither can ‘anything else’ (e.g. a thought) transgress the distinction into the system, as that would require ‘anything else’ to be a communication, in which case it would not be ‘anything else’. Thus, if we conceptualise society as the system of communication, it logically implies an operative closure.

In modern times, according to Luhmann, the all-encompassing social system ‘society’ is structured in the first instance into different functional systems; that is, subsystems that fulfil
particular functions for society. There is, for example, the legal system, the economic system and the political system. These subsystems are themselves operatively closed with regard to each other in the sense that each reproduces itself on the basis of a particularly coded communication. That is to say, the communications of the different functional systems ‘carry’ different (binary) distinctions, which distinguish these communications as belonging to a particular functional system from those belonging to other ones. The communications of the legal system, for example, use the binary distinction ‘justice/injustice’, the economic system the distinction ‘payment/non-payment’ and the political system the distinction ‘power/non-power’. The particular code of a functional system determines what information value a communication can possess for other communications of the particular system: legal communications in this sense are (read by other legal communications as being) only about something being either just or unjust, economic communications about payments and so on. Because of their respective coding the different functional systems cannot ‘exchange’ communications; a communication about justice has no (direct) information value for communications about payments or about power. Put in a nutshell, this means that the different functional systems operate according to their own logic (determined by its coding) and treat other communications merely as irritations that they process accordingly (see Luhmann, 1989 for a reader-friendly overview).

Apart from its functional subsystems, society also encompasses the other two types of social system: (face-to-face) interaction and organisation. These other two types of system are also communication systems and as such reproduce society (on the relation between the three systems see Drepper, 2005; Seidl, 2005b). In contrast to society and its subsystems, however, they reproduce themselves on the basis of one specific type of communication each. In other words, within society they reproduce the distinction ‘specific type of communication/other types of communication’. The specific communication on the basis of which a social system of the type (face-to-face) interaction distinguishes itself is the communication based on the participants’ mutual perception of their presence.

To be sure, perception as such clearly is a psychic phenomenon – communication systems cannot perceive. However, reflexive perception gives rise to communication, as Luhmann explains:
If alter perceives that alter is perceived and that this perception of being perceived is perceived, alter must assume that alter’s behaviour is interpreted as communication whether this suits alter or not, and this forces alter to control the behaviour as communication. (Luhmann, 1995a: 413)

Thus, every communication refers to the fact that the participants perceive each other as being perceived as present – a physical contact (e.g. face-to-face or by voice during a telephone call) is thus a precondition.

The organisation is the other type of social system distinguishing itself within society from society. It reproduces itself on the basis of decisions (to be precise, decision communications). Luhmann in this sense conceptualises organisations as ‘systems that consist of decisions and that themselves produce the decisions of which they consist through the decisions of which they consist’ (Luhmann, 1992a: 166; our translation, our emphasis). The system/environment distinction here is drawn as that between a system of decisions and all other communications. Every single decision produces and reproduces this distinction. The organisation as such is nothing but the processing of these ‘decision/other communications’ distinction.

So far we have explained Luhmann’s general theory of social system. In the following section we will concentrate on the organisation in particular and elaborate on its specific mode of reproduction.

4. Organisations as decision processing systems

The decision as element of the organisation

Based on the conceptualisation of organisation as the self-referential reproduction of decisions, mentioned above, Luhmann unfolds his organisation theory from an analysis and discussion of the concept of decision (Luhmann, 2000a; 2005). He complains that a thorough analysis of the concept of decision is lacking in organisation studies so far and cannot even be found in the literature on decision theory. At most one can find a definition of decision as ‘choice’, but this merely replaces decision with a synonym that is equally unclear. In this form the decision is not distinguished from other concepts, such as action. Sometimes the definition is enriched by adding that the choice has to be oriented according to ‘alternatives’. However,
this does not help either as it does not say anything about the choice itself. It only displaces the problem to the question of how to conceptualise the alternatives. Usually, the answer is a tautology: the alternative is that between which one chooses; the choice defines which options are treated as alternatives and which are not. Another move is to attribute the decision to a ‘decision maker’: the will of the decision maker produces the choice. This again only displaces the problem to the question of what causes the will of the decision maker, leading to an infinite chain of attributions, which leaves the original question about the decision unanswered. Alternatively, this chain of attributions is cut short by referring to the arbitrariness of choice, in this case leaving open what this arbitrariness consists in. Treated in this way the concept of decision itself remains a ‘mystery’.

In order to arrive at a fruitful concept of decision, Luhmann suggests reconceptualising the existing approaches. This new concept would have to acknowledge explicitly the fundamental circularity and thus paradoxicality in the notion of decision, rather than denying it or treating it as a sign of a faulty conceptualisation. The circularity or paradox is not only a ‘part’ of the notion of decision, it is, one could almost say, its ‘essence’. In this sense Luhmann also referred to Heinz von Foerster’s (1992: 14) famous aphorism: ‘Only those questions that are in principle undecidable, we can decide.’

Paradoxes and paradoxical concepts in particular are not easy to handle. They tend to block or lock up our thinking and communication. Because of that, paradoxes have largely been avoided in organisation studies. Based on his theory of distinction, however, Luhmann found a way of handling paradoxes in a fruitful way.

A decision, as we said above, has something to do with a selection of one alternative from all given alternatives. This can be conceptualised as a nesting of two interlocked distinctions. The first distinction distinguishes the alternatives (marked side) from the rest of the world (unmarked side), the second distinction distinguishes within the marked side of the first distinction the chosen alternative (marked side) from the excluded alternatives (see Figure 5).

<table>
<thead>
<tr>
<th>Chosen alternative (marked side)</th>
<th>Excluded alternative (unmarked side)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marked side</td>
<td>Unmarked side</td>
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</tbody>
</table>
Figure 5 The decision paradox

The decision is not just the distinction of the chosen alternative, but the combination of these two distinctions. This combination, as can be clearly seen in Figure 5, is paradoxical. The marked side of the first distinction is both marked and unmarked – the excluded is included. The alternatives distinguished by the first distinction both are alternatives – in the sense of being equally valid (otherwise they are not real alternatives) – and they are not alternatives, otherwise the chosen alternative would not be the chosen one.

On the basis of this analysis Luhmann develops his sociological theory of organisation. In line with his general theoretical framework, he conceptualises decision not as a mental operation but as a specific form of communication. In other words, decisions are not first made and then communicated, but decisions are decision communications. This is, of course, not to deny that there might be some mental operations that take a similar form, but for organisation theory this is not of direct relevance. In contrast to ‘ordinary’ communications, decision communications are ‘compact communications’ (Luhmann, 2000a: 185) consisting of two interlocked distinctions. While an ordinary communication communicates only a specific content that has been selected (e.g. ‘I trust you’), a decision communication communicates also – explicitly or implicitly – a set of rejected alternatives (e.g. ‘We will employ person A as our sales representative and not any of the other candidates’). As such, the decision communication is paradoxical: the more it communicates that there are ‘real’ alternatives to the one that has been chosen, the less the chosen alternative will appear as justified and thus the less the decision will appear as ‘decided’; and the more the selected alternative is being justified as the right selection, the less the other options will appear as alternatives and thus the less the decision will appear as ‘decision’. Luhmann writes:

The decision has to inform about itself, but also about its alternative, thus, about the paradox, that the alternative is an alternative (otherwise the decision would not be a decision) and at the same time is not an alternative (otherwise the decision would not be a decision). (Luhmann, 2000a: 142; our translation)

Due to their paradoxical form, decision communications are on the one hand much more ‘fragile’ than ordinary communications, calling for their own deconstruction by ensuing communications. If decision communications are to be successfully completed, particular communicative provisions are required. Luhmann refers to them as means of
deparadoxisation; that is, they are means of concealing the paradoxical form of the decision (on this point see particularly Knudsen, 2005; Ortmann, 2005). Below we will discuss several of these mechanisms, in particular the reference to previous decisions as decision premises and the fiction of the decision maker. On the other hand, it is due to this particular (paradoxical) form of decision communication that organisations can achieve results (e.g. mass production of goods) that would not be possible in other settings. The particular achievement of the decision can be described as absorbing uncertainty for ensuing decisions, as will be described in the following subsection.

Uncertainty absorption: organisational process

With the concept of uncertainty absorption, Luhmann describes the organisational process; that is, the process of one decision connecting to the other. The concept itself was originally taken form the work of March and Simon, who wrote:

Uncertainty absorption takes place when inferences are drawn from a body of evidence and the inferences, instead of the evidence itself, are then communicated. (March and Simon, 1958: 165)

While for March and Simon uncertainty absorption was merely a peripheral concept in their organisation theory, Luhmann puts it right at its centre: the concept of uncertainty absorption captures the very logic of organisation. In the connection from one decision to the next one the uncertainty of the first decision situation – i.e. uncertainty about the consequences of the given alternatives – disappears. For the second decision it is irrelevant what the initial decision situation looked like, it can take the chosen alternative as a clear point of reference and does not have to evaluate the first decision situation once more. For the second decision the first decision has been ‘decided’ and does not have to be decided once more. As such, every decision reduces the complexity for ensuing decisions by producing stable points of reference for them, which as a process makes possible extremely complex decision processes.

Decision premises: organisational structures
Directly related to the concept of uncertainty absorption is the concept of the decision premise, which refers to the structural preconditions that define a specific decision situation. It was again classical organisation theory where the concept originated (Simon, 1947).

Every single decision (unless just ignored, in which case it would not be a ‘real’ decision) serves as a decision premise for later decisions. It defines the conditions for these decisions, which accept those without further examination as simply ‘given’ (Luhmann, 2000a: 222). To bring the concepts of uncertainty absorption and decision premise together, we can say: uncertainty absorption takes place when a decision is used by subsequent decisions as a decision premise. For example, if it has been decided to sack an employee, subsequent decisions (orienting themselves according to the decision) will not decide on anything involving that employee in the future. (However, this does not exclude the possibility that it might be decided explicitly to reject the implication of the decision premise.) In many cases decision premises not only restrict subsequent decision situations but actually create them. For example, the decision about the sacking of the employee calls forth decisions on whether to replace him/her or not. This concept of structure as both limiting and enabling decisions, and as both medium and outcome of decisions, is in line with Giddens’ idea of the ‘duality of structure’ (1984). However, in contrast to Giddens, the relation between structure and action/operation is not ‘mediated’ by an agent but by the autopoiesis of the system – it is the network of decision that produces the decisions: ‘only decisions can decide’ (cf. section 3 above).

While every decision can be said to possess structural value for subsequent decisions, Luhmann suggested restricting the meaning of the term ‘decision premise’ to those premises that are binding not only for the directly ensuing decision but for a multitude of decisions. As he writes, such decision premises serve as ‘some sort of anticipated, generalised uncertainty absorption’ (Luhmann, 2000a: 261; our translation). Most of these far-reaching decision premises are explicitly decided upon – the so-called decidable decision premises. Luhmann distinguishes three types of these: programmes, personnel assignment and communication channels. Programmes are decision premises that define criteria for correct decision making. They may have an ‘if–then’ format – ‘if this is the case, then do that’ (conditional programme); or they may define some goals to be achieved with the decisions, for instance increase of market share (goal programme). Personnel recruitment and assignment concern the recruitment and appointment of the organisation’s members to positions with regard to the
expected ‘irritations’ they will cause in the decision processes. *Communication channels* (or the ‘organisation of the organisation’) define what decisions have to be treated as decision premises by which other decisions. Typical examples are the hierarchy and the matrix organisation.

In his latest works, Luhmann (2000a) added another type of decision premise: the so-called *undecidable decision premise*. In contrast to the decidable decision premise described above, these are premises that are not explicitly decided on, but are merely some sort of ‘by-product’ of the decision process. These premises are undecidable, since the organisation does not see their contingency and thus takes them as ‘necessary’ and unchangeable. There are two types of undecidable decision premises. Luhmann calls the first one *organisational culture*. Decision premises of this type refer to the way in which an organisation deals with its own processes of decision making. For example, if the organisation always produces the same kind of decision (e.g. recruiting merely male candidates), this might condense to an undecided decision premise for future decisions – in the sense of ‘we have always done it this way’. The second type of undecidable decision premise is the *cognitive routine*, which refers to the way the environment is being conceptualised by the organisation. Cognitive routines, for example, inform about characteristics of the customer (note that ‘the customer’ is an internal construct of the organisation).

Decision premises are an important means of deparadoxising the paradox of decisions: decisions are usually substantiated by reference to previous decisions, which are themselves not questioned any more. For example, the decision to acquire a particular new company might be substantiated with earlier decisions to increase the production capacity, to buy only from a particular manufacturer, to make all investments before the end of the year and so on. In this way, the original undecidability of the decision is covered by shifting attention away from the decision to the decision premises, which at this moment are themselves not being questioned. The important point is that the arbitrariness (i.e. paradox) of the focal decision is not eliminated but merely covered. The focal decision, while ultimately undecidable, is *presented* (to a large extent) as merely the programmable application of fixed decision premises. As an additional means of deparadoxisation, organisations produce the fiction of the decision maker, on which we will focus in the next section.

*The fiction of the decision maker*
In line with Luhmann’s distinction between social and psychic systems, decisions are not produced by ‘decision makers’ but by the network of decisions. Despite of that decisions are usually presented (internally and externally) as if they were made by a decision maker; that is, by the psychic system of one or several members. The ‘decision maker’ in this sense is a central organisational fiction (Luhmann, 2000a; 2005). This fiction usually takes the form of an attribution of motives to the decision: why certain decisions are made is explained with reference to the motives of the decision maker, for example ‘rational’ considerations on behalf of the organisation or personal career motives (see also Becker and Haunschild, 2003).

Similarly to the reference to decision premises, the attribution to the decision maker redirects the attention away from the arbitrariness of the decision to the question of what made the decision maker decide in this way. As such, the original paradox of decision is shifted away from the decision itself to the (fictional) decision maker and thus out of the realm of decision – the motives of the decision maker are not part of the decision. Therefore, whether or not a decision is accepted as a decision premise by later decisions depends on whether it is assumed that the (fictional) decision maker had good (‘rational’) motives. Again, we want to stress that the paradox of decision cannot be solved or eliminated. The ultimate undecidability of decisions is merely moved out of sight.

5. Summary

In this introductory paper to the Special Issue we have presented and explained the key concepts of Luhmann’s oeuvre. Rather than focusing on his organisation theory exclusively, we decided, as mentioned above, to outline his entire theory. Not only is it much easier in this way to access Luhmann’s complex way of theorising about organisation, but it also seemed necessary to us to show how his organisation theory is embedded in his general theoretical framework. For this purpose we chose to unfold his work from the perspective of his distinction theory. This is certainly not the only way of reading his work, but it is the one that Luhmann himself favoured towards his end. Apart from that, this perspective offers a view on Luhmann’s work that should help in removing the false prejudice against it as ‘old-fashioned theorising’, ‘technocratic thinking’, ‘locked up in a structure-functional frame of mind’, ‘solely interested in order and stability’ (such descriptions abound). Rather, it shows that despite its heritage Luhmann’s theory can be counted among the most innovative approaches,
having also many parallels to the latest sociological and philosophical modes of theorising (in particular also postmodern approaches).

At this point, we may summarise our explanation by highlighting three aspects of Luhmann’s theory: his epistemology, his social theory and his particular organisation theory:

1. The epistemological aspect: organisations are processes that come into being by continuously constructing and reconstructing themselves by means of using distinctions, which mark what belongs to their realm and what not. In brief: organisations are ‘autopoietic’ systems.

2. The social-theoretical aspect: the organisation belongs to a social sphere *sui generis* possessing its own logic, which cannot be traced back to human ‘actors’ or ‘subjects’. In brief: organisations are ‘social systems’.

3. The genuinely organisational aspect: organisations are a specific kind of social system characterised by a particular kind of distinction – the decision. In brief: organisations are decision systems.

6. The papers in this Special Issue

Although the papers we have included in this issue are quite different in focus and style, they all deal with Luhmann’s theory as a theory about ‘distinction generating and processing systems’. The first contribution, ‘System as Difference’, is an edited and translated transcript of a lecture by Niklas Luhmann, in which he presented his general theory of social systems. This text seemed particularly suitable for our Special Issue not only because of its specific focus but also due to its ‘reader-friendly’ style, which other texts by Luhmann have been claimed to be lacking (Stewart Clegg even refers to Luhmann’s writing as an ‘assault course on the reader’). In this contribution Luhmann introduces his theoretical framework as based on the notions of difference and distinction, explaining his conceptualisation of the (social) system as a system/environment distinction. In contrast to the presentation in his book *Social Systems*, on which the lecture was based, Luhmann stresses particularly the difference-theoretical reading of his social theory. He even argues that the difference-theoretical approach possessed the potential of taking his theory beyond its systems-theoretical framework. As such, the text starts off with a brief introduction of some of the ‘pioneers’ of the difference-theoretical approach, before presenting George Spencer Brown’s *Laws of Form* as the most radical form of difference-theoretical thinking. Very carefully, Luhmann presents
and explains his reading of the different elements of Spencer Brown’s work, which we have already touched on above. In the second part of the text Luhmann explains how he applies the difference-theoretical concepts to his social systems theory. He stresses four points in particular. First, the system is the difference between system and environment. Second, in contrast to the conventional systems-theoretical accounts, the system should be defined through a *single* mode of operation. For the social system the communication is identified as the only concept that fulfils the requirements for serving as the single mode of operation. Third, every (social) system observes internally (i.e. within the system) its own system/environment distinction. Thus, there is a *re-entry* of the system/environment distinction into the system. Every single operation of a system, in the case of the social system every communication, distinguishes in this respect between self-reference and other-reference. Fourth, every social theory, including Luhmann’s own, is part of the social domain and as such part of what it describes.

The second contribution to this Special Issue is a paper by Robert Cooper, ‘Making Present: Autopoiesis as Human Production’. In this text Cooper discusses one of the central elements in Luhmann’s theory: autopoiesis. However, rather than going into the details of Luhmann’s application of the concept to social systems (in particular the distinction between social and psychic systems and their respective operations), Cooper examines the very idea of Luhmann’s concept of autopoiesis in itself. He describes autopoiesis as the generation and reproduction of a distinction that produces a presence out of an absence, where all presences are always dependent on some corresponding absences. Rather than just analysing the concept as presented in the texts, he offers a reading of autopoiesis that brings back into Luhmann all the philosophical and metaphysical connotations that Luhmann himself had kept out. As such, Cooper shows clear connections between Luhmann’s work and those of other important thinkers like Heidegger, William James, Lacan, Levinas and Lyotard. In this way, Cooper opens up Luhmann’s theory to an audience that usually would not consider Luhmann of any relevance to their own particular way of thinking.

The third contribution is a text by Wil Martens, who famously ‘featured’ in an article by Luhmann (1992b) with the title ‘Who knows Wil Martens?’ (‘Wer kennt Wil Martens?’). This was part of a fierce debate between Luhmann and Martens, in which Martens criticised Luhmann’s idea of an operative closure between social and psychic systems. In the current article, ‘The Distinctions within Organizations: Luhmann from a Cultural Perspective’,
Martens has ‘bracketed out’ this debate and instead concentrated on another issue. He argues that Luhmann’s organisation theory offers very valuable insights to culture theorists. While most culture studies on organisations focus on particular issues like dominance, inequality and exclusion connected with organisations, Luhmann – in Martens’ reading – identifies the cultural forms that produce the organisation in the first place. What Luhmann himself conceptualised as organisational culture in his organisation theory – that is, the ‘undecidable decision premises’ – is only a very minor part of these. Beyond that, Martens argues that all the specific distinctions that Luhmann introduced in his organisation theory ultimately are cultural forms, as they serve as generalised social schemes for constructing and processing meaning. Martens’ cultural analysis deals with three different levels: he first identifies the cultural forms (i.e. distinctions) that give rise to the organisation as a specific type of social system. Second, he analyses the distinctions that give rise to specific types of organisation, for example corporations, schools or political parties. Third, he analyses the cultural forms that produce the modern, functionally differentiated society and discusses how the organisation-specific cultural forms fit into that. All in all, Wil Martens’ text demonstrates convincingly the relevance of Luhmann’s theory to cultural studies on organisation.

The last contribution is a text by Dirk Baecker, ‘The Form of the Firm’. Similarly to the article by Martens, Baecker tries to identify the specific distinctions that produce the corporation – as one specific type of organisation. In contrast to Martens, however, Baecker places his analysis clearly in the tradition of (second order) cybernetics, the tradition within which Luhmann himself can be counted. Also, rather than extracting the distinctions that can be found in Luhmann’s work on this issue, Baecker aims at taking Luhmann’s theory a step further towards a form-theoretical (or distinction-theoretical) theory and to develop on this basis a ‘sociological and constructivist model’ of the firm. Building on Luhmann, Baecker presents in the first part of the paper five theoretical ‘suggestions’ and one ‘problem’, which pin down the very ‘essence’ of the kind of theorising that Niklas Luhmann and similar-minded thinkers (e.g. von Foerster or Dirk Baecker himself) stand for. These might at first sound very trivial but have important implications for our thinking about organisations: (1) every organisation has a history that it depends on but is only partially known to itself, (2) every company produces both products and itself; these two forms of production do not necessarily go hand in hand, (3) every organisation possesses an culture that gives it an identity comparing it to other companies, (4) management is conceptualised as bringing the environment back into the organisation, (5) any analysis (or design) of an organisation has to
select a particular system reference; the same phenomenon has different implications for different systems, (6) the theoretical problem is how to put the organisation and management back into its social context. With Spencer Brown’s calculus of distinctions as an analytical device, Baecker develops from these six theoretical points a model of the firm as an arrangement (combination) of a set of distinctions that partially re-enter into themselves. Overall the article is – apart from presenting a ‘sociological and constructivist’ model of the firm – an excellent example of the kind of theoretical development that Luhmann himself might have envisioned when he spoke of the form theory offering a way of going beyond systems theory.

In sum, all the papers in this Special Issue make a strong point for the fruitfulness of a Luhmannian perspective on organisations as distinction processing and generating systems. The first two papers focus on the process of distinguishing that makes social systems come into being, the latter two analyse the specific organisational distinctions themselves. Although this Special Issue can only highlight selected aspects, we are confident that it might lead to a greater and wider appreciation of the fascinating insights that Luhmann’s theory has to offer.

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