

AN EXTENSION OF LIPOVEC'S DEFINITION OF ORGANISATION AND THE MOST RELEVANT GOAL-ORIENTED RELATIONSHIPS

Miran Mihelčič

University of Ljubljana, Faculty of Computer and Information Science

Tržaška 25, 1000 Ljubljana, Slovenia

miran.mihelcic@fri.uni-lj.si

Abstract

The majority of academic literature explicitly or implicitly defines an organisation as "a group of people". In this paper, we advocate a distinction between the formal social unit ("FSU") as economic organisation and its (internal) organisation and argue that the latter is essentially the structure (or set) of dynamic relationships between the FSU's members. Such an approach is supported by the two levels, economic and organisational, of that adaptation of an FSU's organisation in promoting success in a high-performance economy. A consideration of relationships between members as basic units of organisational analysis elicits the question of which types of relationships (out of many available classifications) are most crucial for attaining the FSU's goals. By taking firms as the prevailing types of FSUs, we find five (close to Barnard's view) types or dimensions of relationships, creating the direct instrumental chain of relationships, as being most influential regarding this objective. Due to our awareness that the performance of a firm significantly depends on the quality of the five types of relationships, we suggest that well-defined statistical analyses should be made in order to prove the strength of the influence between the quality of relationships on the direct instrumental chain and the firm's performance in economic terms. A comparison with similar analyses in which some other groupings of relationships are taken into consideration should prove or negate our assumption.

Key words: *organisation, formal social unit, relationship(s), economic consequences of organisation, direct instrumental chain of relationships*

"An old error has more friends than a new truth" (Danish saying).

1. INTRODUCTION

Authors of unorthodox ideas who try to significantly challenge the prevalent theoretical understanding of certain concepts or expressions should be aware of the difficulties they will encounter when seeking to introduce their less conventional thoughts and approaches to the academic establishment in a particular field. Especially in the social sciences, it is prudent for less prominent authors to avoid an immediate rejection of their ideas by

referring to well-regarded researchers whose statements have already been widely accepted in the community of social scientists.

With this in mind, we chose to address part of the work of Williamson and Masten (1999, x) in which they attempt to explain an important link between economics and organisational science. Mentioning Barnard's (1938) classic book on *The Functions of the Executive*, they highlighted that his purpose was:

[...] to develop the (much neglected) importance of formal organization (hierarchy).

Thus, although Chester Barnard and Friedrich Hayek (1945) were in agreement that adaptation was the central problem of economic organization, the adaptations emphasized by each were very different. Hayek emphasized spontaneous adaptations to changes in relative prices that were accomplished by autonomous economic actors in the market. Barnard, in contrast, emphasized intentional adaptations of a 'conscious, deliberate, purposeful' kind between cooperative economic actors in a hierarchy. Adaptations of both kinds being needed in a high performance economy, markets and hierarchies evidently needed to be combined. Considerations of bounded rationality, the importance of informal organization, and a consensual approach to the employment relation were all featured by Barnard.

Using some assumptions from Coase's seminal work *The Nature of the Firm* (1937) in which Marshall presents the organisation as the fourth factor of production, while the firm consists of a system of relationships, and where Knight highlighted the internal organisation of the productive groups or establishments as the principal fact calling for the exercise of the imagination, we are confronted with the question of what is the basic unit of organisational analysis. Our search for an answer can be aided if we accept the transaction as the basic unit of economic analysis (cf. Williamson and Masten, 1999, x). Referring to Barnard's *employment relation* and Coase's *system of relationships*, it is noted that a relationship of this kind could appear as a basic unit of organisational analysis. Consequently, we will attempt to present organisational relationships not only as the indispensable outcome of the junction of technological and technical, political, social, psychological and economic components of

cooperative work, but also as the essence (in the extended definition) of the organisation of FSUs.

On our way to showing the potential interdependence among both the relationships on the direct instrumental chain and firms' economic performances and/or positions, we will first draw a clear line between the FSU and its (internal) organisation. Then we will exploit Barnard's approach to conform the understanding of processes in the FSU to the former mentioned adaptations. In connection with developed definition of organisation made by Lipovec (1974, 1987), it will allow us to better recognise the possible clustering of relationships and, consequently, discover a direct instrumental chain – the most relevant goal-oriented relationships. Finally, through the proposal of the necessary research environment and approach we will look for the economic consequences of quality organisation to indicate the connection between the quality of relationships and firms' performances.

2. THE FORMAL SOCIAL UNIT OR ENTITY AND ITS ORGANISATION

The first step (with adaptation clearly in mind as a central problem of economic organisation) is to provide a more distinctive picture about the two indicated levels of adaptations. Firstly, we must consider adaptations made by changes of (market or transfer) relative prices in transactions outside or inside formal social units; secondly, we must focus on the (mostly) intentional adaptations or the process of matching between cooperative actors, regarding changes in relationships inside (and/or outside) formal social units. Consequently, it is obvious that, as a second step, it is necessary to draw a clear line between two, apparently very similar terms as

there are formal social units such as firms, hospitals and schools on one hand, and their organisation on the other. Why is this necessary? The answer lies in the fact that most definitions of the term "organisation" begin with the words "a group of people acting together". I will try to explain why holding on to this definition creates a problem that is unsolvable in its own terms for a meaningful understanding of the term "organisation". Here, I will use an explanatory approach similar to that employed by some organisational theorists in deriving the proper meaning of this term.

The phrase "a group of people" directly implies there must be more than one person to form an organisation, which we will call a "social entity" or "social unit" (Argenti, 1993: 31; Morabito, Sack and Bhate, 1999: 50). It is necessary to recall that the word "organisation" derives from the Greek word *organon*, meaning a tool or instrument to aid in the performance of some kind of goal-oriented activity (Morgan, 1986: 21). In addition, the same term also expresses a connection between two things, such as that between a hand and a hammer.

According to Robbins' (1984) definition, an organisation is a formal structure of planned coordination involving two or more people for the achievement of some common explicit purpose or goal and characterised by authority relationships and a division of labour. In a modern FSU, two or more individuals act together in order to achieve the goals set by the company, the owner(s) of the firm, or other individuals who claim rights to the results achieved by the FSU.

Consequently, within an FSU (i.e. in that area which is largely imperceptible from the outside) along with the structure of members, due to ongoing interactions, a structure (or set or network) of not only formal but informal

relationships too begins to develop among its members. As mentioned, Coase (1937: 386–405) spoke not only about the internal organisation of productive groups or establishments, which can easily be compared with firms as a type of FSU, but also adds that a firm consists of a system of relationships that comes into existence when the direction of resources is dependent on the entrepreneur.

One way to a similar conclusion is the assumption that a firm is not only an economically oriented social unit, producing and selling products and services for profit, but is also, as a rule, an internally connected social organism. Schmerhorn, Hunt and Osborn (cf.: 1991: 15) stated that a well-defined social unit (in our opinion, this should mean a well-organised social unit) is based on a quality chain of available and/or collected resources and individuals' goals that clearly connect the efforts of individuals and groups to the common purpose and task of the social unit. Further, it has not been difficult to come to the view that "organizing is the process of prescribing formal relationships among people and resources to accomplish goals" (Gordon, Mondy, Sharplin and Premeaux, 1990: 6). However, the same authors hesitated to take a decisive step further and said that a formal organisation is a set of formal relationships between the members of an entity. Instead, as with Kast and Rosenzweig (1985: 234) who argued that "structure may be considered as the established pattern of relationships among the components or parts of an organization", they preferred to avoid the only logical conclusion to register structure, defined in this way, as the organisation itself. They instead took refuge from such a step by insisting that "the formal organization must take into account the informal organization, which is the set of evolving relationships and patterns of

human interactions within the organization that are not officially prescribed” (Gordon, Mondy, Sharplin and Premeaux, 1990: 6).

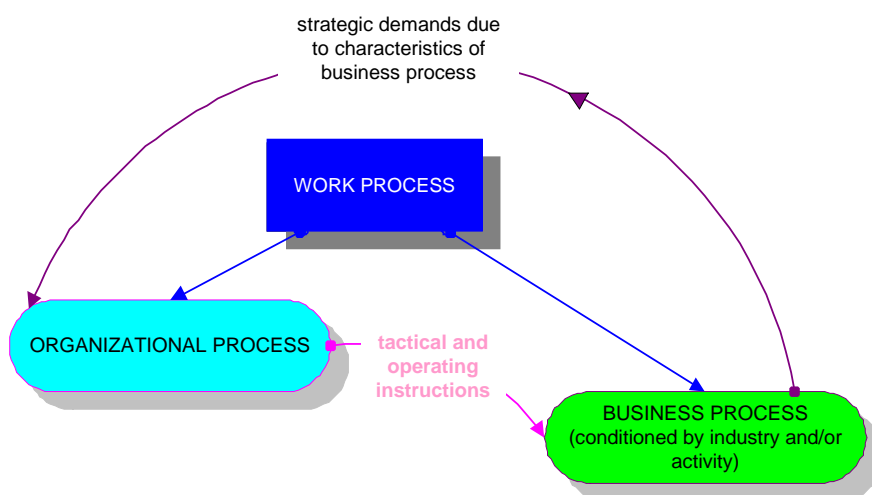
Without such a reservation, the Slovenian organisational theorist Lipovec identified (1974, 1987) “the [intentional] organization (of an FSU) as a structure of interpersonal relationships between individual members of the unit that ensures the persistence and development of the special characteristics of the unit, as well as the proper realization of the unit’s goals harmonized within the structure”.

Lipovec’s definition of organisation implies, as the third step, that there are two types of processes in FSUs. The first type, comprising visible processes, aimed at proper realisation of the unit’s goals, which we term ‘the business process’. The second type, comprising the construction of a structure of interpersonal

intended activities in FSUs. As such, they should be understood as components of the work process as a whole, where the work process, from the perspective of the whole to the individual parts, can be split into two processes, organisational and business, as its component parts.

This separation is shown in Figure 1 where the framework of the work process as a whole is determined by the business process, always rooted in a particular industry/activity. Although the holders of the work process, governors and managers, are the same for each of the processes, as the holders of the organisational process they constantly initiate, direct and control the functioning of the business process, giving it impetus and the criteria.

Figure 1: Separation of the work process



formal relationships, is what we term ‘the organisational process’, leading to the formal organisation. However, we must not forget that the actual organisation is always an artefact of not only formal but also informal relationships.

The two processes are, of course, closely linked because they are simultaneously inseparable parts of and the framework for

3. BARNARD’S APPROACH AS A PATH TO OBTAINING A COMPREHENSIVE PICTURE OF WORK PROCESSES

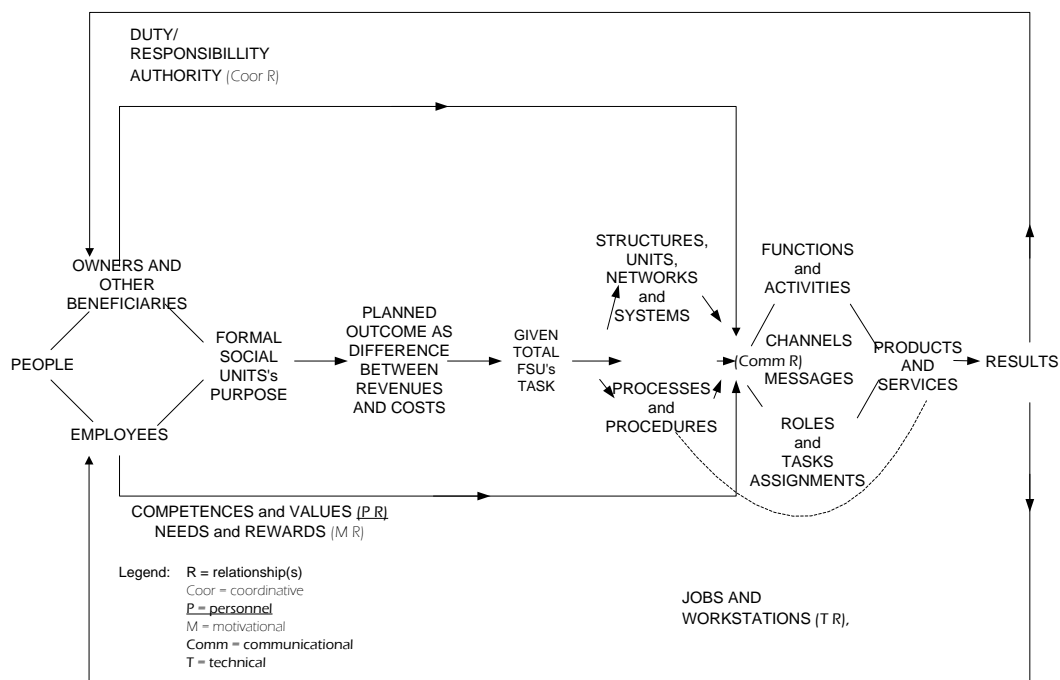
Keeping Figure 1 in mind, it is now appropriate to present Barnard’s views on intentional adaptations of a “conscious,

deliberate, purposeful" kind between cooperative economic actors in a hierarchy in greater detail. Many of his conclusions are – as will be discussed later – critical for a sound understanding of organisational occurrences in FSUs (Williamson and Masten, 1999: x).

For Barnard (cf.: Pugh, Hickson and Hinnigs, 1984: 68–77) any human being must cooperate to overcome the biological restrictions of his nature. This requires adopting a purpose of some (formal) social unit and taking processes of formal and informal interactions into consideration, often leading to durable relationships. Using the term "organisation" for a formal social unit, he defined it as "a system of consciously coordinated activities or forces

process, the extent to which communication is necessary, and the complexity of the personal relationships involved. According to him, the task of securing essential services from individuals has two main divisions: bringing people into cooperative relationships with the unit (which could be understood as the organisational process) and eliciting the services of such people (for this author, this indicates the business process). Finally, he emphasised the importance of a balance between the contributions of the unit's individual members and the rewards for these contributions. We illustrate Barnard's view about connecting individuals and the formal social unit in Figure 2. Here, it is simultaneously

Figure 2: Chain of links connecting people in an FSU with the FSU's purpose and results



of two or more persons" who must communicate linking the common purpose (as an executive task) with those willing to cooperate in it. According to Barnard, the size of the unit depends on the complexity of the purpose and the technological conditions for action, the difficulty of the communication

assumed that the process, products and services specific to a particular industry determine the organisational parts, e.g. structures, roles etc. of the work process, which then support realisation of the business process goals.

Figure 2 shows that some types of relationships (or dimensions of relationships) in the process of realising an FSU's purpose are especially marked in the chain of links. While the reason for that will be explained in detail later, it is useful to note the categories with which marks for the five types of basic (as we named them) relationships appear. With these categories, the specific features of the contexts of relationships between employees are denoted. The categories are the contextual factors: the presence of duty, responsibility, authority, a chain of command, hierarchical levels, control span etc., for coordinative or authoritative relationships; and the messages, communication channels, senders, receivers, etc. typical of communicational relationships.

The exposure of the two (business and organisational) processes indicating that the creation of (quality) relationships is the essential task of managers as holders of the organisational process thus provides a more intelligible image.

4. BRIEF REVIEW OF THE THEORY OF THE FIELD OF RELATIONSHIPS

When referring to Barnard's *employment relation* and Coase's *system of relationships*, we have already considered the view that the (small, individual) relationship could appear as a basic unit of organisational analysis. Therefore, it is not just meaningful but also necessary to become more acquainted with the nature of organisational relationships.

Boczko (2007: 303–304) defined a relationship as an association between two entities and/or entity types. Such relationships are classified in terms of degree, connectivity, cardinality, direction and existence. The degree of a relationship can be defined as the number of entities associated with the relationship. The

connectivity of a relationship describes the mapping of an entity-relationship. The basic types of connectivity are: a) one-to-one; b) one-to-many; and c) many-to-many. The cardinality of a relationship defines the maximum number of entities/entity types that can be associated with an entity/entity type. Existence denotes whether the existence of an entity depends on the existence of another entity. The direction of a relationship indicates the originating entity of a binary relationship: a parent entity, from which the relationship originates, and a child entity, at which the relationship terminates.

If we look at relationships between people, then we agree with Simmel who noted in the 1890s (Simmel, 1950) that any relationship was essentially a *social concept* that involved both dyads and society at large. Traditionally, a relationship is defined as a sequence of interactions between two people that involves some degree of mutuality in that the behaviour of one member takes some account of the behaviour of the other (Hinde, 1979). Relationships are dynamic and fluid; present interactions are affected by past interactions and may influence future interactions. Relationships do not reside in the individual [attitude], but are reoccurring interconnections that exist within the tissue or oscillating rhythm of interactions between two people (Berscheid, 1999). They are therefore invisible and are often discerned by observing the effects of the relationship (Ragins and Dutton, 2007: 9).

According to Nicolini (2009: 1394), it is important to draw attention to the constitutive power of associations (FSUs). Social agency (both individual and collective) is constituted through assembling, aligning and stabilising patterns of relationships so that any form of social order is in fact the outcome of observable instances of ordering. From this, it follows that the main task of social science is

tracing the associations between human and non-human elements and studying the effects that the resulting arrangements create in their context.

However, we must highlight the distinction that exists between relationships as a common social concept and the concept of relationships appearing in FSUs as economic organisations. If we consider what the majority of the resulting arrangements are in the real world, then it is surprising to find the extent to which relationships at work by and large appear in organisational theory as part of the background; that is, as one variable among the many that influence organisational life and outcomes, rather than as the central figure. In Kahn's view (2007: 189), working relationships are central enough in organisational life to deserve consideration in their own right as a primary factor in people's attitudes and behaviours.

Relationships between people individually are conceptualised in different ways as contacts, links, ties and connections, paths, networks, channels and resources (Andriessen and Gubbins, 2009: 852–855). Baker and Dutton (2007: 327) intentionally used the word *connection* instead of *relationship* to assert that these interactions can be momentary and short-term, rather than enduring and lasting.

Resources are the means people have at their disposal to get things done; these include physical or symbolic assets (Feldman, 2004). A close synonym is the word "asset". However, assets have a specific meaning in the accounting community. Therefore, the metaphor of *relationships* as *assets* makes it possible to include relationships in the accounting discourse on organisation (Andriessen and Gubbins, 2009: 854).

Looking at relationships as a whole, the same authors (Andriessen and Gubbins, 2009:

851) perceived them as a "structural hole", "social capital" and a "social structure". Granovetter (1973) also conceptualised social capital by looking at relationships between people in terms of structure. The term "disconnected" refers to an attribute of a relationship, while the term "broker" refers to a role in relationships (Andriessen and Gubbins, 2009: 851).

A brief view of relationships as basic units of organisational analysis has shown us the vast potential and/or implications they have regarding organisational life in FSUs.

5. ADAPTATION OF LIPOVEC'S DEFINITION OF ORGANISATION TOWARDS A 'MORE EXTENDED FORM'

We can regard Barnard's and Coase's interest in relationships as more or less theoretical. Yet Lipovec's definition of organisation clearly indicates the need to answer the question of which types of organisational relationships (or their dimensions) in FSUs as economic organisations (taking the many existing classifications into consideration) should be primarily observed and regulated (in economic terms) with the purpose of supporting realisation of the units' objectives as strongly as possible to suit Hayek's view on the need for indispensable economic adaptation. However, before we can address this question by elaborating the relevant reasons and arguments for a limited number of interdependent types or dimensions of relationships best suited to this requirement, the powerful creative and integrative capacity of relationships should be brought into focus through an improved definition of organisation.

Observing the difficulty that some authors, e.g. Magalhães (2003: 192), obviously faced when using similar notions, e.g. organisational

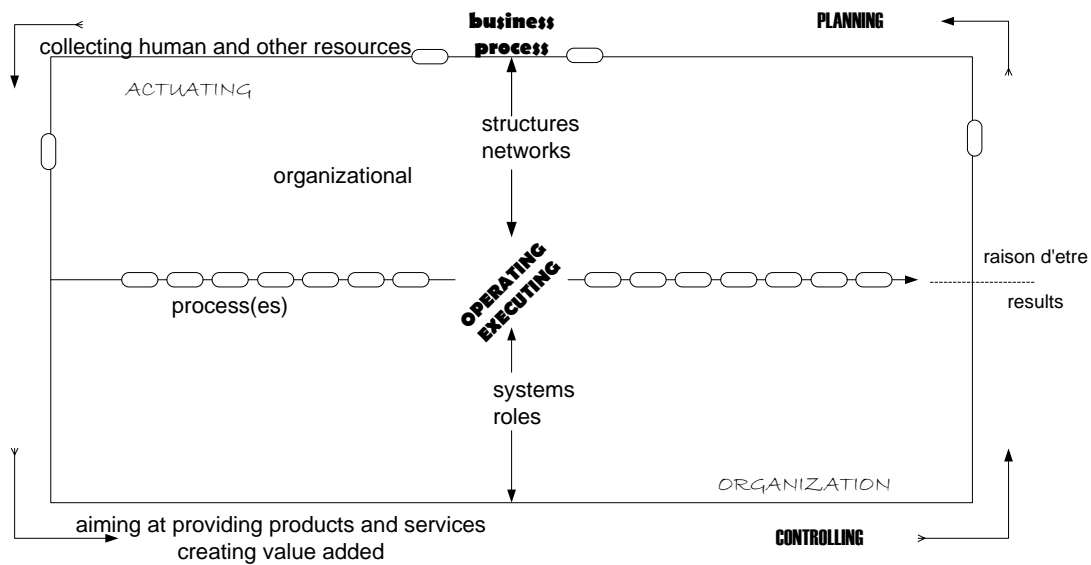
climate, organisational context, organisational model etc. in the organisational vocabulary (which can overlap), it is reasonable to take into consideration one of the ideas of Pringle, Jennings and Longenecker (1988: 67). They argued that organisational design is a broader concept than organisational structure. We are inclined to agree with this view because we would like to include under the blanket term "organisational design" not only organisational structure(s) but also organisational networks, processes, systems and roles. It should not be denied that the majority of sound organisational theorists understand under the term "organisation" in most of these categories.

However, acceptance of this position requires us to adapt Lipovec's definition of organisation into a form that will satisfy such an

members of the FSU, which come into being, transform and disappear within the processes of connecting, cooperating and competing, expressing themselves in forms of organisational structures or networks, roles and systems to assure the existence, the development of desired characteristics and rational achievement of the FSU's goals.

This definition of organisation extended in this way also supports an approach in which all actions intended to establish these organisational constructs are parts of organisational processes assisting business processes. This approach leads us to Figure 3, showing connections between the business process and the organisational process, together with a number of other organisational constructs in a slightly different way than in Figures 1 and 2.

Figure 3: Organisational categories as support for the business process



understanding of the organisation without losing any of its essence. Consequently, we extend his definition and define the (intentional) extended organisation of an FSU as the intertwining of dynamic (dimensions of) relationships and, alongside them, the connected (regulated) contents between

Here we connect the phase of planning (of products, services, revenues, costs, value added) first to the business process and then to the organisational process(es), where the structures, networks, systems and roles needed to smoothly lead the business process are planned. In the (organisational) phase of

actuating the organisation, from structures to roles, by the organisational process(es), organisational conditions for operating and/or executing of business process should be established and controlled. Finally, after all previous phases are finished, the phase of controlling the business process by a comparison of the goals and results takes place.

Regarding Figure 3, we should mention that Dahlgard-Park and Dahlgard (2010: 160) described a dynamic continuum of organisational realities, which they divide into a macro/subjective area and a micro/subjective area. The former involves intangible collective processes such as behaviour and interaction patterns, while the latter involves individuals' mental processes such as perceptions, thoughts, intentions, beliefs, motives, willingness and desires. We should also perceive both areas as agents of formal as well as informal relationships.

We assert that our extension of Lipovec's definition of organisation does not harm its significant value. On the contrary, it has only been clearly enriched with typical organisational constructs which enable the preservation of the demarcation line between the organisation and the FSU as we explained earlier.

6. TYPES OF (ORGANISATIONAL) RELATIONSHIPS

We will confine the scope of this text to particular types of relationships, usually called "work(ing)" or "organisational" relationships. Consequently, we will define an organisational relationship more narrowly as a state and/or process of lasting interdependence of the participants with specific content, conditioned by contextual factors and attitudes, of those involved in interactions, towards the goals of

the (formal) social unit (called "organisation" by many authors). The quality of relationships itself is, of course, also very important. It can be defined in different ways, but there is no doubt that trust between those involved has been identified as one of quality critical elements (Beugelsdijk, Koen and Noorderhaven, 2004: 7).

Managers in FSUs normally make efforts to establish such quality relationships between employees which will contribute to the expected results of the FSU. If we call them positive organisational or work relationships, then we should ask ourselves what distinguishes them from other (organisational) relationships. Although the definition of 'positive' varies across different disciplines, perspectives and social constructions, we offer the idea of positive work relationships as a recurring connection between two people that is experienced not only as mutually beneficial but also as contributing to better results of the FSU. Here 'beneficial' is defined broadly to include any kind of positive state, process or outcome in the relationship (Ragins and Dutton, 2007: 9).

Discussions about positive relationships at work challenge scholars of relationships who observe that human behaviour does not occur in a vacuum, but takes place in the context of the (formal and informal) relationships in FSUs. Here relationships appear "front and centre" in organisational life, representing not only the essence of meaning in people's lives, but also residing deep within the core of organisational life; they are the means by which work is done (coordination) and meaning (motivation) is found in organisations (Ragins and Dutton, 2007: 4–5). Therefore, the explanation of how relationships affect FSUs' results through multiple levels and mechanisms requires a better understanding of the role of relationships in the life of an FSU.

Looking at the vast list of relationships offered by numerous authors (Mihelčič, 2008: 81–83) it is obvious that a reasoned selection is required. The collection of data on relationships embraces more than 50 groups (with one, two or more relationships within each) and extends from external and internal relationships (Wickens, 1995: 330) to arm's-length- and non-arm's-length relationships (Hagström, 2000: 209) etc. In searching for selection criteria for the purposes of this paper, certain clarifications appear necessary.

First, a better distinction between the terms "relationship" and "attitude" could prove very useful. Hitt et al. (2006: 173) defined attitude as the "persistent mental state of readiness to feel and behave in a favorable or unfavorable way towards a specific person, object or idea". Here we can also mention formal, informal, emotional, materialistic, rejecting, cooperative, underestimated, overestimated, contemptuous, mocking, respectful or professional attitudes, shown in interactions and thus in relationships. Consequently, we can define attitude as an important input into a relationship, as mentioned earlier.

If we orient ourselves towards internal (organisational) relationships, then we can categorise them by:

- a) naming the organisational or other characteristics of the people involved in them, e.g. relationships between aa) the holders of organisational functions, ab) superiors and subordinates, ac) stakeholders, ad) the senders and receivers of messages, ae) employers and employees etc.;
- b) the degree of formalisation: formal and informal relationships;
- c) their quantitative characteristics, e.g. uniplex or multiplex relationships;
- d) their qualitative characteristics, e.g. da) supportive and destructive relationships, db) competitive and collaborative relationships, dc) shallow and deep relationships, dd) relationships of equality or inequality, de) competence-seeking and efficiency-seeking relationships etc.;
- e) the directions of relationships, e.g. vertical, horizontal or diagonal relationships;
- f) the time dimension, e.g. fa) previous, existing and future or potential relationships, fb) short-term and long-term relationships etc.;
- g) contextual factors, where relationships between people include primarily either dealing with messages, or equipment or rewards etc.; and
- h) the meaning the relationships have in establishing and assuring the conditions for achievement of the FSU's goals.

Before we proceed to the next section, let us cite Kahn (2007: 196) who argued that "relational constellations are formed at the intersection of individual and contextual factors". Later, Kahn (2007: 201–202) mentioned instrumentality, which should be taken into account when people, e.g. employees, are making choices, conscious and otherwise, about the nature and quality of the relationships they construct at work. This means that relationships in FSUs are by definition conditional rather than unconditional. Further, positive relationships at work occur amidst constellations drawn from group and organisational settings.

Summarising the previous two paragraphs, it is observable that relationships (which should be of primary interest to managers whose main

task is the arrangement of relationships to support attainment of the FSU's goals) must take into account at least somewhat more instrumental and contextual factors rather than individual factors, such as personal desire, ambition, social demands, familial relations and so on (Fulop and Linstead, 2004: 8). This does not mean that relationships in FSUs are not mainly always a mixture of not only formal instrumental but also of individual informal relationships.

Here, we could open the discussion on whether use of the term "relationship" is most suitable when contextual factors are dominant in determining the nature of the various forms of enduring interdependency between people in an FSU being directed in such a way as to realise the FSU's goals. It could be argued that the term "dimension" is more suited to the contents elaborated in the following analysis. However, we decided to give priority to the term "relationship" due to its established common use, although the issue may remain open for further reflection.

7. SEARCHING FOR THE MOST RELEVANT GOAL-ORIENTED RELATIONSHIPS

Although the words "the most relevant goal relevant relationships" appear in the title of this article and this chapter, our attention is focused on the economically most relevant relationships because economic goals are probably the most tangible ones.

The term "adaptation", used by Hayek, presumes (due to its economic background) the demand for reasonable rationalisation, efficiency and effectiveness: in short, economisation, creating more output for a given input and/or achieving a payable trade-off. People (i.e. members of FSUs) who typically jointly achieve (economic) goals are

economically interdependent. For Piore (2006: 21), in the social sciences the discipline of economics was unique in conveying the sense of a system of interactive elements. Outcomes are not generally the result of the actions of any single individual, but instead reflect interactions among individuals. Therefore, the interactions and/or relationships that strengthen this goal-oriented interdependence are most relevant in economic terms. Or, put in another way, managers in FSUs should establish, develop and control especially those types of relationships that are crucial to the attainment of collective goals.

Weber ([1922] 1947: 165) expressed similar thoughts, positing that relationships which are valued as a potential source of present or future disposition of utilities are objects of economic provision. Opportunities or advantages that are made available by custom, by the constellation of interests, or by the conventional or legal order for the purposes of an economic unit will be termed "economic advantages".

Joint interests regarding a present or future position, i.e. the disposition of utilities of those involved in the life and work of an FSU, should be expressed through the goal-oriented agreements and/or contracts with the FSU's members. In this regard, we have taken the contract as the all-important organising construct. Contracts (regarding what, who, how, on the basis of what information and for what reward activities should be realised) are an important aspect of many economic relationships, both in intra- and inter-firm relations.

As Panico (2009: 126) stated, it is well known that there are different limits to what contracts can achieve; nevertheless, their importance is increasingly recognised in the knowledge economy. The employment

relationship, with authorisation and empowerment at its core, is therefore a favourite context for analysing the enforcement of control and decision procedures for regulating negotiation processes, as employers have the authority to direct employees, to ask them to follow procedures, to verify their decisions and the like.

Starting from a demand for economisation and assurance of proper organisational support for realising it, we have arrived at the central issue of the paper: what are – besides the employment relationship (if we broaden its meaning and direction, then a better name might be personnel or human-resources relationship) – the most relevant types of relationships in economic terms?

Although the content of the previous sections has primarily brought out constructs like control, authority and decision procedures as contextual factors determining coordinative or authoritative or hierarchical relationships, in our presentation we will instead look for the next ‘natural’ components of any production system in FSUs: technology and technique. For Sayles (1964: 49–51), they were the essential parts of workflow relationships.

Sayles (1964: 49–51) made an illuminating distinction between the different kinds of relationships that can exist between managers. He distinguished seven: workflow, trading, service, advisory, auditing, stabilisation and innovation. Sayles (Stewart, 1996: 68) said this about the first:

From the manager’s point of view, these workflow relationships are crucial. How much he can accomplish depends upon the condition and timing of the ‘work’ he received from the one or more preceding stages and the demands made on him by those other managers for whose departments his department is the preceding stage.

The rough idea about the products or services an FSU will provide to its customers with the design and/or arrangement of workflow relationships, which we call “technical relationships”, is in some way the predecessor of personnel relationships. If there are no necessary conditions, potential market and technical abilities to produce goods, all efforts invested in the arrangement of personnel relationships will be in vain. Here we fulfil our promise and broaden the concept of personnel relationships, understood as only the employment relationship, to additional contextual factors. These include (in addition to contracts) employees’ competencies, education level, compatibility of personal styles, behavioural patterns, attitudes to group work etc. Therefore, when putting the emphasis on interrelationships between individuals and critical contextual factors it is understandable that Dahlgard-Park and Dahlgard (2010: 158) simultaneously mentioned the importance of developing and/or recruiting people with the right core values (for example trust, respect, openness etc.) and competencies.

Only satisfactory answers regarding the arrangement of the technical and personnel relationships mentioned above lead to the next step for rationally achieving the FSU’s goals. It is the proper coordination of previously distributed activities – by the technical division of work – among members of the FSU, executed by individuals and groups at workstations that contribute to the fulfilment of the FSU’s overall task, gained in the process of the social division of labour.

Kahn (2007: 192–193) understood the dimensions as task accomplishment, career development, sense making, the provision of meaning and personal support as the strands of the positive relationships that have the potential to bind people to their work and their

workplaces. To the extent that people have enough meaningful strands, or have strands that are thick and powerful and matter to them, they are more likely to feel personally engaged at work and attached to their workplaces. The sum total of such strands could be considered the constellations of people's work relationships. A relational constellation is the entire set of relations that organisation members draw on to meet their various needs (Kahn, 2007: 194–195). We will return to some of Kahn's dimensions later when discussing the remaining two types of relationships, which are also perceived as more relevant in economic terms.

Interpreting Sayles' (1964) approach, Stewart (1994: 44) emphasised that in an ideal organisation [of an FSU] coordination would be a task, but not a problem. Looking for mention of coordinative relationships in Sayles' classification of relationships, we might be disappointed at first glance. However, if we look closely at the content of Sayles' trading relation(ship)s there is no doubt that there are more or less two different designations for the same content: Sayles saw trading relationships as a crucial aspect of many managers' jobs. He linked them to "the process by which the terms of some future relationship are established" (Stewart, 1994: 60). The problems of the relationship were at first examined from the point of view of the superior and then from that of the subordinate. Superiors must decide what work they should do themselves and what they should delegate. The superior-subordinate relationship is formally established by the organisation. For most managers, this takes up more time than any other form of contacts. In the view of Tsai and Ghosal (1988), in coordinative or hierarchical relationships oriented to task accomplishment subordinates are provided with goals, direction and

resources. It is a vital relationship for both parties (Sayles: in Stewart, 1994: 69). Observed from another angle, one trading relationship is that between service departments and their customers; another is between the manager responsible for completing a task and the other individuals and groups in the FSU whose help is needed to do so (Sayles: in Stewart, 1994: 90).

Considering the above, we can presume that the coordinative or authoritative or power relationships between employees in an FSU are basically determined by workflow, i.e. technical relationships. The character of these relationships also depends upon the personalities concerned, i.e. personnel relationships, personal feelings for each other, employees' abilities and their concern for organisational, as distinct from narrowly departmental, objectives. These three types of relationships can be eased by recognising their existence and, where feasible, by formalising them, i.e. by specifying the responsibilities for each part of the workflow and the procedures to be followed. The importance of these workflow relationships should, therefore, be recognised in the relevant job descriptions, but this is rarely done except in the most general terms. There is also a need to ensure that managers in a workflow relationship keep in touch with each other (cf.: Stewart, 1994: 68).

In organisation theory, the view that efficient coordination is not feasible without proper communication support is broadly accepted. Further, we argue that there is no coordination without communication and, consequently, no satisfactory organisation without suitably arranged communicational relationships. According to Stewart (1994: 45), coordination problems can arise because people do not know what they should be doing in order to relate their activities to those of other parts of the organisation; these problems

arise from failures in communication. Poor communication is often blamed for various failures. This is thought to be an explanation, whereas it is at best only a possible diagnosis, with the causes still to be discovered. One likely cause may be the poor organisation of who needs to know what and when (Stewart, 1994: 48).

Consequently, we can state that by communicating – mostly within the framework of the FSU's information system – any member of an FSU should be properly informed about the:

- a) FSU's goals and a broad picture of activities to achieve them, as well as about the normal circumstances in which the activities should go on;
- b) type of jobs and/or tasks which must be executed by her/him;
- c) time (date) when the tasks must be executed;
- d) location where the execution of tasks should take place;
- e) working conditions, especially if they differ from normal ones;
- f) employees with whom she/he will be working during the execution of tasks;
- g) precisely defined expected results of her/his work; and
- h) compensation for her/his contribution to the results.

In short, managers should be responsible for seeing that employees obtain the right information (from the organisation's viewpoint) and receive it at the right time. We are aware that recent developments in information technology offer many new possibilities

regarding connections between coordinative and communicational relationships inside and outside FSUs, and in this way have increased the importance of these connections. As Hannaway (1989: 63) noted, in the dynamic environment in which most managers work there are no natural limits to information acquisition. Events must be constantly defined and interpreted and then redefined and reinterpreted.

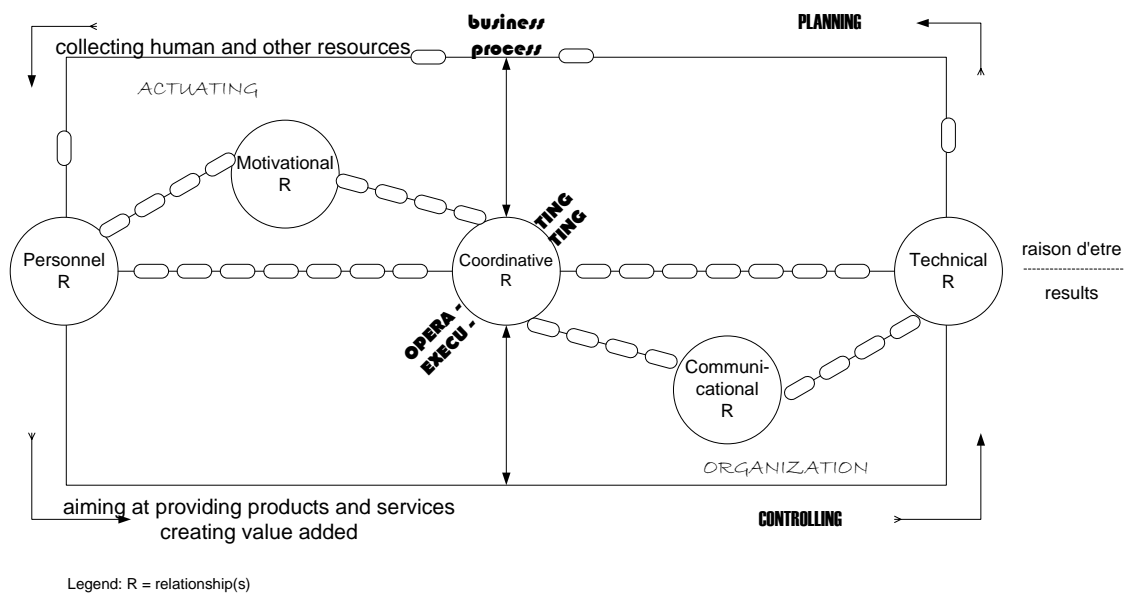
Finally, we come to the last relationship type, which is assumed to be more relevant in economic terms: the motivational relationship. We can hardly expect the efficient and effective performance of an FSU if we do not succeed in balancing the FSU's goals with the goals of the individual members. The primary goals of individuals are mostly based on their personal needs, interests and attitudes. Accomplishing individual and joint tasks also depends, as mentioned before, on individual expectations and assessments about the possibilities for the development of the employees' careers, satisfaction of their needs, sense of equity etc. This can be interpreted as strands of positive relationships that have the potential to bind people to their work and objectives of the FSU.

Managers should be aware of the motivational (mental) assemblage of each FSU member's personal goals. Taking these into consideration, and closely adapting the types and scale of incentive tools to these individual assemblages, they will be able to direct members' behaviour towards their tasks and the FSU's goals with greater assertion so as to not be confronted with subordinates' resistance when giving them instructions.

Considering organisational relationships, we found those links in the “direct instrumental (production) chain” or “value creation organisational chain” between the idea and the FSU's initial goals and the FSU's performance and results to be more economically relevant. In Figure 4, we compile two concepts shown in Figures 2 and 3 and adjust them to the concept of the five most goal-oriented, i.e. most

They used this expression for work relationships as vehicles by which most organisational tasks are accomplished. Fulop and Linstead (2004: 8) described these relationships as role-focused and goal-oriented and/or about the “rational-purposive” dimension. If we observe the direct instrumental chain from the manager's angle, it consists of:

Figure 4: The set of the five most goal-oriented relationships as organisational enablers of the business process



economically relevant, relationships.

Feed-forward and feedback loops or flows can be easily (as in Figures 2 and 3) deduced from Figure 4, and only a little imagination is needed to identify and further understand the two intertwined and complementary (organisational and business) processes from the same figure. Therefore, although this may perhaps sound pretentious, the figure could remind one of the double-helical loop of DNA because the business and organisational loop continually intertwine with each other in order to attain an FSU's objectives.

We have borrowed the expression “instrumental” from Tsai and Ghosal (1988).

- such determination of jobs and tasks and their workflow sequence to provide products (technical relationship), which enables the delegation of the execution of jobs and tasks
- to competent organisational units and employees as individuals and members of groups (personnel relationship)
- who through a technical division of labour take over duties, responsibilities and/or authority, and accountability to merge the effects of partial tasks into completion of the FSU's overall task (coordinative relationship)

relationships

- with the support of the FSU's information system (communicational relationship)
- and the use of proper motivational tools (motivational relationship).

Everybody involved in work processes may remind herself/himself that "the story of her or his task" in reality goes or should continue (as a rule) through the contents as they are listed above. It means that when one piece of this content is missing or weak, the execution of an individual task and consequently of an FSU's task as a whole is jeopardised.

Therefore, when we previously argued that there is no coordination without communication, we were relatively one-sided. Specifically, it should be declared that all five types of relationships create among themselves the organisational infrastructure necessary for the functioning of an FSU.

Here it is useful to imagine the role of managers in actuating the 'detected' most relevant goal-oriented relationships. Due to the presumption that the arrangement of relationships is not only the manager's main task, but simultaneously the formal essence of the five relationships, the following descriptions of the five relationships' contents can be derived from the direct instrumental chain:

- for a technical relationship: the determination of jobs, including the means of work (premises, equipment etc.) and their logical connection in generating products and services;
- for a personnel relationship: the alignment of professional knowledge, personal traits and values among an FSU's members;
- for a coordinative relationship: the assignment of duty, responsibility and authority from the superiors and determination of the method, scope and

strength of authorisation of subordinate employees;

- for a communicational relationship: the determination of contents, form of messages and channels of communication as links between task holders; and
- for a motivational relationship: the alignment of the range and meaning of motivational tools (in broader sense) in view of the purpose or mission and goals of an FSU.

We suppose that such described relationships are regular (in)direct components of either task assignment or duties and responsibilities delegated to employees in any FSU tend towards the rational production of goods. This direct instrumental chain must bring – through necessary adaptations of organisational and business process – economically interesting yields, regardless of whether it is called value added, income or profit.

Throughout this section, we have been searching for an answer to the question of why such relationships differ from others. The short answer is that it is because they are apparently directly linked to the execution of individual tasks aimed at realising the joint task of the FSU. However, let us try to be a little more descriptive. In the arrangement of direct instrumental chain relationships, their contribution to some type of economic yield is explicitly exposed and/or dominant over other purposes, e.g. formation of an electors' majority, hindrance of information etc. It does not mean that sometimes such a contribution could be accompanied by the prior or simultaneous creation of greater satisfaction for the FSU's members.

Of course, no one can argue against the fact that good professional or equal gender

relationships might also contribute to better economic results. However, when we compare the five relationships in the direct instrumental chain on one hand with emphasised professional or gender relationships on the other, we can relatively easily find the distinction we have been looking for: a directly expected positive economic effect in the FSU in setting up direct instrumental chain relationships. This appears to be the absolute criterion of our classification, regardless of whether we are talking about the arrangement of the relationship of two employees or a relationship where more employees are affected.

In the direct instrumental chain, the economic effect should be measurable in any relationship from one employee to the next of such a cooperation chain or even by any user of the arranged relationship(s). Therefore, for chosen types of economically more relevant relationships, in FSUs there usually exist corresponding organisational systems, e.g. an information system, system of remuneration etc., while in contrast special social, gender or religious systems generally do not appear.

8. ECONOMIC CONSEQUENCES OF QUALITY ORGANISATION

The discussion about especially relevant organisational relationships in economic terms requires a more detailed explanation of the connections between quality relationships – organisation in the direct instrumental chain and their economic consequences. We previously indicated that a higher economic yield in an FSU is expected due to the lower costs and greater revenues in the case of smoothly organised or engineered (business and production) processes enabled by quality relationships. A similar assumption can be

found in Ragins and Dutton (2007: 6) who argued that sustainable organisational performance is increasingly dependent on the quality of relationships between people at work.

Let us first mention two other economic consequences derived as almost immediate effects of better organisation: a) increased engagement, involvement and enthusiasm in employees' work when human resources generate positive feedback as a response to positive organisational relationships, escalating resource quantity and the quality of their contribution (cf. Rousseau and Ling, 2007: 382); and b) better exploitation of fixed resources that generate and create new resources, thus expanding the "pie" of individual and FSU resources (cf. Rousseau and Ling, 2007: 373-384).

Secondly, looking at the bigger picture of economic consequences brought about by better organisation we unavoidably encounter concepts of transaction costs and the value of social assets. The latter we usually find termed "social capital" in the literature which, from an accounting point of view, as noted previously, is not entirely correct.

There are many authors who assert how properly arranged relationships in FSUs can have advantages in terms of transaction costs. According to Coase (1937), the employment contract between an entrepreneur and workers enables fewer transactions and lower average costs of transactions. Herbert Simon (1951) joined Coase (1937) in identifying the employment relation and the concomitant hierarchy and authority as defining the essential nature of the firm. Simon, like Coase, saw the employment relationship and discretionary control over employees by the employer as an effective response to the impossibility of foreseeing the tasks and

activities that would be asked of a worker. Bargaining and transaction costs could be too great to negotiate and write a contract for each task.

An essential part of transaction costs are information costs. We can presume that an FSU may also resort to internalisation on account of economies of information exchange. Repeated interpersonal interactions may permit even further economies of communication (cf. Williamson, 1971: 114) and thus of information costs. Williamson also showed a transaction cost comparison when he discussed incentives. In his view, when comparing markets and firms, innovation and rewards for innovation are important (Williamson, 1985: 161).

Without going deeper into the theory of transaction costs, the broadly accepted opinion is that better organisational relationships reduce friction in an FSU, contributing in this way to lower transaction costs and, consequently, to lower total costs.

Organisational relationships and employees' competences to maintain, establish and nurture relationships are also increasingly considered to be assets. Tomer (2008: 24) included these assets (orig.: "organisational capital") with structures, networks and hierarchy as a part, besides those outside of FSUs, of the social assets in FSUs. These are defined as that part of assets in people (orig.: "human capital"), which is not firstly connected with individuals, but especially with relationships between people. Assets in people are one of two parts (besides assets in the form of intellectual property) of a FSUs' intangible assets.

Svendsen and Svendsen (2004: 34) stated that social capital is a potential instrument for individuals and groups in achieving various profits. Social capital, measured as the level of trust among people, may be regarded as a new

production factor alongside the traditional ones of human and physical capital (Svendsen and Svendsen, 2004: 63).

The idea of this type of asset is not new as it has appeared in the sociology literature emphasising the importance of relationships between people. The new approach highlights the word "capital" (as assets), which means that relationships have a component expressed in value, which may become a source of an FSU's competitive advantage. Because these assets concern connections between people, they cannot be created by any tangible investment in the way that assets are usually understood by notable economists (Portes, 2000: 44; Adler and Kwon, 2002: 23; Fukuyama, 1995; in: Kešeljević, 2003: 71).

9. RESEARCH ENVIRONMENT AND APPROACH

The view concerning the economic relevance of the above over other organisational relationships could be perceived as a hypothesis that should be tested with real data. The significant positive correlations between relevant variables on the organisational and economic side were recently found in a longitudinal study by Pregeljč (2010). It is especially valid for correlations between both the quality of the coordinative and communicational relationships as well as indices of economic results. Due to these findings, it is hardly conceivable to discover more coherently arranged sets of relationships that would compete for the designation of "the most economic relevant relationships".

Of course, it is only the most visible step necessary for such a competition. In the background of respective efforts is the search for procedures aimed at verifying those characteristics of organising that are considered

important within a particular organisational school or theory. If we encounter examples of a sufficient number of FSUs within areas of organising to practical occurrences that suit the expectations offered by the theoretical concept, they could serve as proof of the particular foundations of the organisational school.

Therefore, regarding the above approach it is obvious that the beginning of potential competition of other sets of relationships starts with researching whether a sufficient positive correlation between the organisation as a set of relationships in the direct instrumental chain and the achieved economic results, primarily in firms, can be found and statistically confirmed.

As such, at least in regard to research in the field of organisational relationships, it is necessary to follow general procedures for social research. This means that qualitative data should be collected through questionnaires, participants and observers, interviews (both in-depth and informal) and documentary sources. Further, the research process could be characterised by the demand that individual observers assigned to various sites keep close track of the ongoing process. Only in this way might we expect the intense interaction between individuals' work in the field and team discussion and analysis because sometimes the assumptions derived from data analysis might simultaneously overlap with data collection.

While we can declare that the research methodology in the organisational field is more or less general, participants' observations usually do not require structured rules of attention, but familiarisation and socialisation with organisational life which raises the issue of the researcher's immersion in or detachment from organisational processes (Strati, 2000: 137).

10. CONCLUSION

In the case of FSUs as economic organisations, any created organisational arrangements should, as a rule, be in accordance with the demands of FSUs' business strategies. This notion is also expressed in Lipovec's definition of organisation, in which the supportive and instrumental label of relationships is emphasised. Consequently, an FSU's members establish, develop, employ and respond to relationships in the service of their organisational roles and the completion of given tasks aimed at realising the FSU's goals.

Research in any discipline creates a series of expectations regarding the ability to predict the expected behaviour of the observed subject. Taking this into consideration, among the many types of organisational relationships mentioned in the literature an effort should be made to focus on those among them which most suitably require 'being goal-oriented enough' and at the same time visibly influence the variety of economic results. In our case, progress could be made in the search for interdependence between the quality of an FSU's organisation and its economic results, if we objectify the organisation as a dynamic set of relationships with the proper expression or even a metaphor for our extended definition of organisation. We have worked towards this in Figure 3 in which some types of organisational arrangements have been exposed, and even more so in Figure 4 in which we have drawn closer to the substance of our definition of organisation and that of Lipovec.

Due to the emphasis on the instrumental label of relationships, we came to the most economically relevant relationships within managers' organisational roles, starting with technical and then continuing with personnel, coordinative, communicational and

motivational relationships. These are also placed within the framework of the direct instrumental chain, which was perceived as the most logical path to the expected economic consequences of a well-organised FSU.

We are aware that this kind of deductive approach to find especially relevant relationships in economic terms is insufficient to substantiate the offered types of relationships as most suitable. As a consequence, we highlight the need for an additional correlation study (regarding the results found by Pregeljc (2010)) between several types of economic results and quantitative expressions of the five mentioned relationship qualities in a large number of FSUs. If the analysis of the study results also establishes a significantly positive correlation between both series of variables, then the proposers of any other competitive sets of economically relevant relationships would at least confront a demanding benchmark to surpass.

REFERENCES

- Adler, P. S., & Kwon, S. (2002). Social capital. Prospects for a new concept. *Academy of Management Review*, 27, 17–40.
- Andriessen, D., & Gubbins, C. (2009). Metaphor Analysis as an Approach for Exploring Theoretical Concepts: The Case of Social Capital. *Organization Studies*, 30(8), 845–863.
- Argenti, J. (1993). *Your Organization: What is It for?* London: McGraw-Hill.
- Baker, W., & Dutton, J. E. (2007). Enabling Positive Social Capital in Organizations. In: Dutton, J. E., & Ragins, B. R. (eds.). *Exploring Positive Relationships at Work; Building a Theoretical and Research Foundation*. Mahwah, New Jersey; London: Lawrence Erlbaum Associates Publishers, 325–345.
- Barnard, C. (1938). *The Functions of the Executive*. Cambridge, MA: Harvard University Press (fifteenth printing, 1962).
- Berscheid, E. (1999). The greening of relationship science. *American Psychologist*, 54, 79–129.
- Beugelsdijk, S., Koen, C. I., & Noorderhaven, N. G. (2004). Organizational culture and relationships skills, St. Andrews, EURAM conference paper, May 5–8.
- Boczko, T. (2007). *Corporate Accounting Information Systems*. Harlow, England: Prentice Hall.
- Coase, R. H. (1937). The nature of the firm. *Economica*, IV, November, 386–405.
- Dahlgaard-Park, S. M., & Dahlgaard, J. J. (2010). Organizational learnability and innovability: A system for assessing, diagnosing and improving innovations. *International Journal of Quality and Service Sciences*, 2(2), 153–174.
- Feldman, M. S. (2004). Resources in emerging structures and processes of change. *Organization Science*, 15, 295–309.
- Fukuyama, F. (1995). *Trust*. New York: Simon & Schuster.
- Fulop, L., & Linstead, S. (2004). A critical approach to management and organization. In: Linstead, S., Fulop, L., & Lilley, S. (eds.). *Management and Organization*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 1–14.
- Gordon, J. R., Mondy, R. W., Sharplin, A., & Premeaux, S. R. (1990). *Management and Organizational Behavior*. Boston: Allyn and Bacon.
- Granovetter, M. S. (1973). The strength of weak ties. *American Journal of Sociology*, 78, 1360–1380.
- Hagström, P. (2000). Relaxing the boundaries of the firm. In: Birkinshaw, J., & Hagström, P. (eds.). *The Flexible Firm*. Oxford University Press, Oxford, 207–212.
- Hayek, F. (1945). The use of knowledge in society. *American Economic Review*, 35(September), 519–530.
- Hannaway, J. (1989). *Manager Managing: The Workings of an Administrative System*. London: Oxford University Press.
- Hinde, R. A. (1979). *Towards Understanding Relationships*. New York: Academic.
- Hitt, M., Miller, C., & Coltella, A. (2006). *Organizational Behavior: A Strategic Approach*. New Jersey: John Wiley & Sons, Inc.
- Kahn, W. A. (2007). Meaningful connections: Positive relationships and attachments at work. In: Dutton, J. E., & Ragins, B. R. (eds.). *Exploring Positive Relationships at Work; Building a*

- Theoretical and Research Foundation. Mahwah, New Jersey; London: Lawrence Erlbaum Associates Publishers, 189–206.
- Kast, F. E., & Rosenzweig, J. E. (1985). *Organization and Management*. New York: McGraw-Hill Book Company.
- Kešeljević, A. (2006): Opređelitev socialnega kapitala na organizacijski ravni in njegovi zunanji učinki (The definition of social capital on the organizational level and its external effects). *Organizacija*, 1, 6–13.
- Lipovec, F. (1974). *Teorija organizacije (Theory of Organization)*. Ljubljana: University of Ljubljana, Faculty of Economics.
- Lipovec, F. (1987). *Razvita teorija organizacije (The Developed Theory of Organization)*. Maribor, Slovenia: Obzorje.
- Magalhães, R. (2003). Perspectives on ICT innovation and organizational context. In: Avgerou, C., & Lebre la Rovere, R. (eds.). *Information Systems and the Economics of Innovation*. Cheltenham: Edward Elgar.
- Mihelčič, M. (2008). *Organizacija in ravnanje (Organization and Management)*, Ljubljana: Založba FE in FRI.
- Morabito, J., Sack, I., & Bhate, A. (1999). *Organization Modelling – Innovative Architectures for the 21st Century*. Upper Saddle River, NJ: Prentice Hall.
- Morgan, G. (1986). *Images of Organization*. Newbury Park, CA: Sage.
- Nicolini, D. (2009). Zooming in and out: Studying practices by switching theoretical lenses and trailing connections. *Organization Studies*, 30, 1391–1418.
- Panico, C. (2009). Employment relationships in knowledge-based firms: Who should have power? *European Management Review*, 6, 120–129.
- Piore, M. J. (2006). Qualitative research: does it fit in economics? *European Management Review*, 3, 17–23.
- Portes, A. (2000). Social capital. Its origins and applications in modern sociology. In: Lesser, E. (ed.). *Knowledge and Social Capital: Foundations and Applications*. Boston: Butterworth, 43–67.
- Pringle, C. D., Jennings, J. F., & Longenecker, J. G. (1988). *Managing Organizations – Functions and Behaviors*. Columbus: Merrill Publishing Company.
- Pregeljc, M. (2010). Measuring the quality of an organization and the organizational implications for achievement of the social unit' goals. In: *Organization as a System of Dynamic Relationships and Its Applications*, proceedings of 1st International Conference on Management and Organization, Brdo pri Kranju, Slovenia, June 11–12: The Slovenian Academy of Management, 47–49.
- Pugh, D.S., Hickson, D. J., & Hinings, C. R. (1984). *Writers on Organizations*. Harmondsworth, Middlesex: Penguin Books.
- Ragins, B. R., & Dutton, J. E. (2007). Positive Relationships at Work: An Introduction and Invitation. In: Dutton, J. E., & Ragins, B. R. (eds.). *Exploring Positive Relationships at Work; Building a Theoretical and Research Foundation*. Mahwah, New Jersey; London: Lawrence Erlbaum Associates Publishers, 3–25.
- Robbins, S. P. (1984). *Essentials of Organization Behavior*. Englewood Cliffs, NJ: Prentice Hall.
- Rousseau, D. M., & Ling, K. (2007). Commentary: Following the Resources in Positive Organizational Relationships. In: Dutton, J. E., & Ragins, B. R. (eds.). *Exploring Positive Relationships at Work; Building a Theoretical and Research Foundation*. Mahwah, New Jersey; London: Lawrence Erlbaum Associates Publishers, 373–384.
- Sayles, L. R. (1964). *Managerial Behaviour: Administration in Complex Organizations*. New York: McGraw-Hill.
- Schmerhorn, J. R., Hunt, J. G., & Osborn, R. N. (1991). *Managing Organizational Behavior*. Hoboken, NJ: John Wiley & Sons, Inc.
- Simmel, G. (1950). *The Sociology of Georg Simmel*. New York: Free Press.
- Simon, H. (1951). Formal theory of the employment relationship. *Econometrica*, 19, 293–305.
- Svendsen, G. L. H., & Svendsen, G. T. (2004). *The Creation and Destruction of Social Capital*. Cheltenham, UK; Northampton, MA, USA: Edward Elgar.
- Stewart, R. (1994). *The Reality of Organizations*. Houndmills, Basingstoke, Hampshire: Macmillan.
- Tomer, J. F. (2008). *Intangible Capital, Its Contribution to Economic Growth, Well-being and Rationality*. Cheltenham, UK; Northampton, MA, USA: Edward Elgar.
- Tsai, W., & Ghosal, S. (1988). Social capital and value creation: The role of intrafirm networks. *Academy of Management Journal*, 41, 464–476.
- Weber, M. ([1922] 1947). *The Theory of Social and Economic Organization*. New York: Free Press.
- Wickens, P. D. (1995). *The Ascendant Organization*. London: Macmillan Press Ltd.

Williamson, O. E. (1971). The Vertical Integration of Production: Market Failure Considerations. *American Economic Review*, LXI, 112–123.

Williamson, O. E. (1985). The Limits of Firms: Incentive and Bureaucratic Features. In: Williamson, O. E. (ed.). *The Economic*

Institutions of Capitalism, New York: Free Press, 131–162 and references.

Williamson, O. E., & Masten, S. E. (1999). *The Economics of Transaction Costs*, Introduction. Cheltenham, UK; Northampton, MA, USA: Edward Elgar, ix–xxii.