

CHARISM AND INSTITUTION: AN ORGANIZATIONAL THEORY CASE STUDY OF THE ECONOMY OF COMMUNION

di
JEANNE BUCKEYE

This paper examines the Economy of Communion (EOC), seen as a form of "charismatic economy", through the lens of organizational theory, seeking a fuller understanding of a movement that continues to resist facile definition. Noting the absence of a unified, comprehensive theory of organizations, two differing theoretical perspectives that share a similar label are explored. "Institutional theory", rooted in scientific rationalism and a teleology of efficiency, views organizations as "closed systems" largely shaped by their external environments. This perspective, originating largely with Max Weber, has evolved to include a teleology of social legitimacy but retains the view of organizations as closed systems. The second perspective, the "institutional school" suggests that organizations are "open systems", both shaping and being shaped by their environments but through differing types of organizational behaviors. The paper considers EOC companies in light of charism; that is, as concrete enactments of spiritual gift. Organizational theory doesn't treat this possibility at all.

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«What is the Economy of Communion - in its essence? An association of businesses? A support group? A new 'ecclesial' expression? A social movement disguised as a business project? A fraternal organization? A franchise?»[1]

The Economy of Communion is not easy to define. Despite an ongoing, multi-year, research study of the business practices of Economy of Communion companies, and close engagement with more than a dozen business owners and managers, we continually find ourselves confronted with questions about its form, structure and business practice. Typical among these are questions like those above. Additionally, when we discuss the Economy of Communion with colleagues, and with other owners of ordinary[2] businesses, related questions frequently surface, e.g., how does one join or become a member? Who is in charge? Who has authority to make key decisions? We recognize that these questions persist because the Economy of Communion is a rich and complex proposition, a phenomenon that is ambitious and international, multifaceted and multidimensional. We recognize also that the questions reflect that, on the whole, the Economy of Communion needs more study, particularly by organizational scientists.

To that end, we explore the possibility that organizational science might shed light on this movement. And, while there exists no single unified body of theoretical work in organizational science, there are two perspectives we wish to explore in this paper. The first perspective is commonly described as 'institutional theory'[3] and views organizations as 'closed systems' - shaped and formed by the interaction with forces in the external environment. This perspective is historically rooted in the seminal observations of Max Weber, and describes a process of institutionalization[4] that organizational scholars have labeled *isomorphic*; that is, it explains why significant homogeneity in organizational structure, form, and practice occurs among organizations[5]. Weber viewed this process as inexorable and at some point irreversible, leading him to characterize it as the iron cage of bureaucracy[6].

1) J. Buckeye, J. Gallagher, and E. Garlow, *Resolving the Tensions in a Culture of Communion*, 2009 (Mundell & Associates: publication pending). These questions are taken directly from our own reflection on the case study.
2) We make reference several times in this paper to 'ordinary' businesses. We recognize this as the very risky generalization that it is, and acknowledge that what we wish to convey is the idea of 'non-EOC' businesses.
3) 'Introduction' in Royston Greenwood, Christine Oliver, Kerstin Sahlin, Roy Suddaby (eds), *The SAGE Handbook of Organizational Institutionalism* (Thousand Oaks, CA, USA: Sage Publications, 2008), 2.
4) Max Weber, *Economy and Society: An Outline of Interpretive Sociology* (New York: Bedminster, 1968).
5) P. J. DiMaggio, W. W. and Powell, 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields', *American Sociological Review*, Vol. 48, no. 2 (1983), 147.
6) Weber, *Economy and Society*.

The second perspective is known as the 'institutional school'[7] and builds primarily on the work of Philip Selznick. Here, organizations are 'open systems' capable of shaping themselves and their external environments in powerful ways through two types of internal dynamics: *administration*, or managerial behavior that is forward looking and intentional, and institutionalizing, or behavior that is responsive and adaptive[8]. Since adaptation occurs in response to unforeseen challenges, organizational members, facing that uncertainty, rely on what they hold to be good and true. It is in this way that organizations become a reflection of deeply held and widely shared values and beliefs.

The paper develops in three parts. The first part presents the two theoretical perspectives: 'institutional theory' with its insistence on isomorphism and the powerful external forces found in competitive markets[9], in political and legal environments, and in the characteristics of relevant industries, and then the 'institutional school' holding out the possibility of values as a powerful shaper of organizational form, structure, and practice. This discussion necessarily includes a concomitant examination of organizational ends, or teleology, as both perspectives assume that organizations are rational, i.e., in pursuit of efficiency or social legitimacy, or both[10].

The second part of the paper is an expansive reflection on the Economy of Communion movement in light of this theory. The reflection proceeds through a historical overview of the movement and a review of the extant academic literature, seeking insight from these sources, and then considers what these theoretical perspectives suggest might be shaping and forming the Economy of Communion, and individual Economy of Communion companies in particular. Here we examine the forces of isomorphism that are or might be at work, and we examine the internal dynamics that are or might be at work. Theory suggests that Economy of Communion companies will inevitably begin to resemble one another in their practices; that is, they will tend toward isomorphism. But will they eventually exhibit form, structure, and practice much like every other business in their market or industry? What signs of 'iron cage' institutionalization might we expect to see in the Economy of Communion? Are there discernible differences between the business practices of Economy of Communion companies and others?

The third part of the paper then considers the Economy of Communion as the expression of a charism; the concrete enactment of the spirituality of unity in

7) The astute reader will notice a number of differing uses and therefore intended meanings, of the words institutional, or institutionalization or institutionalizing throughout this paper. This is reflective of the field of organizational science and further supports our contention that there is no unified body of theory that will simplify an understanding of the EOC. In general, 'institutional theory' refers to a view of organizations as 'closed systems' built on the work of Weber, Meyer, Rowan, DiMaggio, Powell, and others, that examines the nature and extent to which organizations are shaped by their environments. In contrast, the 'institutional school' refers to a view of organizations as 'open systems' built on the work of Selznick and others (Bernard, Mayo, Weick principally) that examines the ways that organizations are shaped by internal agents and leaders, and in turn, affect their environments.
8) Philip Selznick, *Leadership in Administration* (New York: Harper & Row, 1957), 5.
9) Ibid.
10) DiMaggio and Powell, 'The Iron Cage Revisited', 148.

economic activity[11]. Since organizational theory offers little here to guide us, we must consider whether and to what extent the idea of charism, and charismatic organization, might also shed light on the question of defining the Economy of Communion. We observe, as have others[12], that charisms - as enacted by human beings - are subject to this process of institutionalizing, and that over time that process can be expected to create tension between preserving or protecting the charism and obscuring or denying it[13]. But we raise a new question, too: whether an organization inspired by a charism, has a teleological dimension different from either efficiency or legitimacy. In other words, is there a third organizational purpose, a communitarian teleology, more important than efficiency or legitimacy which influences the form, structure, and practice of the Economy of Communion.

Finally, we call for more engagement by organization science with questions of charism and institution. Organizational theory has not fully considered or even confronted the possibility of charism, despite its presence at the heart of some of the oldest and most significant institutions in the world. A concluding section summarizes our application of organizational theory in the context of trying to see and understand more about the Economy of Communion. Our hope is that this paper provokes further study and examination of these important questions about charism and institution.

Organizational Theory

Organizations and organizational theory

Organizations are a ubiquitous and pervasive feature of contemporary society and modern life. We are highly dependent on various forms and types of organizations to mobilize our individual and social resources in order to accomplish individual and social objectives[14]. In fact, many observers consider organizations, particularly large scale complex organizations and bureaucracies, to be the dominant social actors of our time[15]. The variety of their stated ends and purposes is staggering. As noted by Richard Scott:

11) Luigino Bruni, *Good Practices: The Economy of Communion*, www.edc-online.org/index.php/en/publications/conference-speeches/111-convegni/964-buone-pratiche-leconomia-di-comunione-.html
12) R. C. Koerpel, 'The Form and Drama of the Church: Hans Urs von Balthasar on Mary, Peter, and the Eucharist' *Logos* (2008), Vol. 11:1. Also, Anselm W. Romb OFM Conv., *The Franciscan Charism in the Church* (Paterson, New Jersey, USA: St. Anthony Guild Press, 1969).
13) Romb, *The Franciscan Charism*.
14) Charles Perrow, *Complex Organizations: A Critical Essay* (New York: McGraw-Hill 1986) 3e, 6.
15) W. Richard Scott, *Organizations: Rational, Natural, and Open Systems* (Englewood Cliffs, New Jersey, USA: Prentice Hall, 1981) 3e, 1. But this same sentiment is echoed by many. Sumantra Ghoshal, Christopher A. Bartlett, and Peter Moran, 'A New Manifesto for Management', *Sloan Management Review*, Vol. 40, no. 3 (Spring 1999). Peter F. Drucker, *Post-Capitalist Society* (New York: HarperBusiness, 1994), Charles Perrow, *Complex Organizations: A Critical Essay* (New York: McGraw-Hill, 1986) 3e, and Hans Burckart, 'Sustainable Development and Management: Elements of a New Management Paradigm' in Luigino Bruni (ed.), *The Economy of Communion: Toward a Multi-Dimensional Economic Culture* (Hyde Park, New York: New City Press, 2002) have all made similar observations. Perrow perhaps provides the strongest language to the point; '… all important social processes either have their origin in formal organization or are strongly mediated by them', vii.

> To the ancient organizational assignments of soldiering, public administration, and tax collection have been added such varied tasks as discovery (research organizations), child and adult socialization (schools and universities), resocialization (mental hospitals and prisons), production and distribution of goods (industrial firms, wholesale and retail establishments), provision of services (organizations dispensing assistance ranging from laundry and shoe repair to medical care and investment counseling), protection of personal and financial security (police departments, insurance firms, banking and trust companies), preservation of culture (museums, art galleries, universities, libraries), communication (radio and television studios, telephone companies, the post office), and recreation (bowling alleys, pool halls, the National Park Service, professional football teams)[16].

While very little of modern life is not shaped by these dominant actors, our relationship to them is complex and often uncomfortable[17]. All organizations are, to a degree, bureaucratic[18], and therefore present us with several inherent dilemmas that define bureaucracy[19], and subject us to tensions that are part of their very nature. We might consider three primary dilemmas, or sources of tension: first, the tension between goals and ends; second, the tension between members as persons or instruments; and third, the tension between stability and change.

An organization, by definition, has goals and ends, but also consists of members who have their own desires, wishes, needs, goals, and ends. Each organization must find a way to orient members toward accomplishing the organization's goals, so that personal goals take an inferior place or are totally subsumed. Organizations are actors with goals, aspirations, and objectives in their own right; however, organizations are composed of people who also possess particular and individual goals and aspirations and who belong to or participate in a particular organization with varying degrees of interest and choice[20]. Members may participate less from desire and intention and more from economic circumstances or cultural pressure. In the ideal bureaucracy, all members would act consistently in the organization's best interests; yet an organization free from counterproductive extra-organizational or inter-organizational interests is hard to imagine and probably impossible to construct[21].

If individuals are inclined to act against organizational interests, organizations may act inappropriately as well. All organizations exert varying degrees of coercion on members or participants. They tend to be designed for 'the average' person, thereby allowing little room for the use of unique talents and skills[22]. They are therefore

16) Scott, *Organizations*, 4
17) Perrow, *Complex Organizations*, 3.
18) Ibid.
19) Ibid.
20) These ideas are discussed thoroughly by Perrow, *Complex Organizations*, throughout ch. 1.
21) Ibid., 4.
22) Ibid.

prone to 'instrumentality'; viewing members only as means to organizational ends, with no standing as persons or individuals.
Organizations are designed for stability and resistance to change, which gives rise to a third tension. Bureaucracies, even in an ideal or in the best observable examples, are designed to be stable. Arguably, one of the driving motivations to organize in the first place is a search for stability. Against this basic wish, organizations struggle with considerable tension when faced with the need or necessity or desirability for change[23].

Organizational theory then concerns itself with questions of organizational purpose and behavior, seeking to help us understand these dominant and sometimes disconcerting actors. How do organizations behave, why do they do so, and what are the consequences of that behavior[24]? Organizational theory tends to be prescriptive, that is, using knowledge about the range, causes, and consequence of organizational behavior for the purpose of making the organization better, where 'better' means 'more efficient' in operational and economic, i.e., rationalist terms. Efficiency in pursuit of the goals and ends of the organization trumps virtually any other pursuit, or good, tradition, custom, emotion and, importantly, any idea of morality. Teleological efficiency becomes the reason, the motivation, and the driver of social actions and interactions. Not simply a preoccupation of the modern era, the primacy of efficiency has its roots in the rationalism present throughout the industrial revolution, and is reflected in the analysis and accurate predictions of one of the earliest contributors to organizational theory, Max Weber.

Weber and the seeds of sociological isomorphism

Weber observed that the advent and spread of rationalism - springing from the Protestant work ethic - and its organizational manifestation, bureaucracy, would eventually result in sufficient efficiency and control as to be irreversible. This is his 'iron cage'. Weber envisioned that this process - this dynamic change over time - would result in increases in efficiency because bureaucracy would eventually solve the problems of removing all extra-organizational threats to an organization's single-minded purpose. All members would need to subsume their own ends to the ends of the organization. Weber saw this process as being driven primarily by the capitalist market economy and the concomitant demand of competition. Capitalist markets placed such demands on businesses that they would have no choice but to adopt bureaucratic forms, structures, processes, and behaviors, and in so doing, they would become more and more alike in those capacities, even while their actual ends differed widely. For Weber this was an inexorable process whereby bureaucracy would permit

23) Bureaucratic resistance to change may be the most commonly understood phenomenon about organizations, and change management is one of the largest fields for management practitioners. So, there are sources too numerous to mention, but perhaps, John Kotter's *Managing Change* (HBS Publishing, 1996) is as good a source as is available.
24) Royston Greenwood, Christine Oliver, Kerstin Sahlin, Roy Suddaby, 'Introduction' in Greenwood, Oliver, Sahlin, and Suddaby (eds), *The SAGE Handbook of Organizational Institutionalism* (Thousand Oaks, CA, USA: Sage Publications, 2008).

the organization the greatest possible efficiency in the pursuit of its goals and ends. The teleology of the organization would thus take precedence over the teleology of any individual member. The power of this change would have implications far beyond the organizational walls, changing society itself, as Habermas observed:

> What Weber depicted was not only the secularization of Western culture, but also and especially the development of modern societies from the viewpoint of rationalization. The new structures of society were marked by the differentiation of the two functionally intermeshing systems that had taken shape around the organizational cores of the capitalist enterprise and the bureaucratic state apparatus. Weber understood this process as the institutionalization of purposive-rational economic and administrative action. To the degree that everyday life was affected by this cultural and societal rationalization, traditional forms of life - which in the early modern period were differentiated primarily according to one's trade - were dissolved[25].

So, in this context, Weber left us with three critical ideas. The first is that bureaucratic organizations themselves would become more prevalent and dominant in modern society. The second is that these organizations respond to and are shaped by their external environments, and in particular for economic enterprises, by the demands of competitive markets. Third, since bureaucracy, as the embodiment of rational-legal authority, can deliver higher levels of efficiency, the response of organizations to the same environmental forces will tend to produce homogeneity in organizational form, structure and practice. Later scholars would build on Weber's construct of homogeneity and describe it as 'isomorphism.'

Legitimacy, isomorphism a nd the new institutionalism

Eventually, organizational scholars challenged efficiency as the dominant understanding of rationality and the primary sculptor of organizational form, structure and practice. Meyer and Rowan introduced the idea of 'institutional context' or widespread social understandings of what it means to be rational[26] and argued that organizations adopt practices, procedures, rituals, customs (e.g., use of titles, managerial methods, hiring criteria) that contribute nothing to efficiency but reflect prevailing standards in their industry, community, and the wider society. Organizations adopt these externally accepted behaviors and forms in pursuit of social legitimacy and thereby improve their chances for long-term survival[27]. Rationality is now two dimensional, demanding not simply economic efficiency but also social legitimacy.

25) Jürgen Habermas, 'Modernity's Consciousness of Time' in *The Philosophical Discourse of Modernity* (MIT Press, 1990).
26) J.W. Meyer and B. Rowan, 'Institutionalized Organizations: Formal structure as myth and ceremony', *American Journal of Sociology* (1977), 83: 357.
27) Ibid., 357.

Culture, social understandings, ideologies, rules, norms, common understandings of meaningful behavior[28] and 'normative and cognitive belief systems[29]' may shape organizations in ways that are not efficient, conducive to efficiency, or supportive of efficiency, but that gain the organization a social and/or cultural legitimacy. Tension between efficiency and legitimacy may lead to decoupling; where organizational structures and practices can appear inherently contradictory, or where the organization pursues some practices in search of efficiency, and some opposite or more public practices in search of legitimacy (saying one thing and doing another).

DiMaggio and Powell argued that within the same 'organizational field', that is, the universe of all 'relevant actors' whose environment is bounded by the scope and scale of all interdependent interactions[30], there is an 'inexorable push towards homogenization[31].' Recognizing that while the life cycle of an organization may include 'considerable diversity in approach and form[32]' in its early stages of growth, once an organizational field is apparent and established, all of the organizations in the field - all of the relevant actors - would be led toward homogeneity by 'powerful forces[33]' that emerge from the ongoing interactions. They labeled this process isomorphism:

> The concept that best captures the process of homogenization is isomorphism. In Hawley's (1968) description, isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions[34].

DiMaggio and Powell further defined three types of these powerful forces: coercive, normative, and mimetic. Coercive forces include the power of governments and state agencies to make laws, compel compliance, and levy taxes. Normative forces include professionalization and education through which norms, standards, and expectations are developed and sustained. Mimetic forces derive from copying the practices of other organizations that are known or perceived to provide social acceptance and legitimacy.

Internal organizational behavior and leadership

Weber's primary claim was that competitive markets drive homogeneity (isomorphism) in organizations, shaping them inexorably toward bureaucratic forms and practices. DiMaggio and Powell recognized social legitimacy as a significant driver of isomorphism, and identified coercive, normative, and mimetic forces in addition to com-

28) Greenwood, Oliver, Sahlin, and Suddaby, 'Introduction' in SAGE *Handbook of Organizational Institutionalism*.
29) Scott, *Organizations*, 163
30) Ibid.
31) Ibid.
32) DiMaggio and Powell, 'The Iron Cage Revisited', 148
33) Ibid.
34) Ibid.

petitive markets. Both views essentially describe a closed system, with external factors affecting internal choices, and suggest that a set of organizations facing the same set of environmental conditions[35] and affected by external forces, and pursuing rational ends (efficiency and legitimacy) will intentionally choose similar forms, structures and behaviors, eventually creating bureaucracies or institutions that look and act alike.

The "Institutional School"

The first distinction to be made between the 'institutionalists' and the 'institutional school' is the view of organizations as closed or open systems, that is, shaped strictly by their environment (a closed system), or shaped by interaction with their environment (open system). The institutional school views organizations as open systems, and the theoretical foundation is the work of Phillip Selznick. Selznick argues that organizations are shaped not by external forces alone, but internally by characteristics and commitments of the people who participate in the organization[36]. Organizations can affect or change their environment, just as environments can affect or change organizations. Perhaps the most crucial contribution that Selznick makes, however, is the distinction between two fundamentally different types of organizational behavior or practice. One type is governed by the 'logic of efficiency[37]' (the same efficiency of scientific rationalism) and is intentional, forward-looking, planned behavior or practice. The other is responsive and adaptive behavior that is fueled not by any logic of efficiency but by shared values and beliefs. He labeled the first type of practice as 'administration' and the second type of practice as 'institutionalization'.

> Basic to Selznick's view of organizations is the distinction between the rational, means-oriented, efficiency-guided process of administration and the value-laden, adaptive, responsive process of institutionalization[38].

Moreover, he viewed the choices between these types of behavior as the function or exercise of organizational leadership. In the practice of administration, leadership consists of 'designing' behavior, thinking ahead to what needs to be done, or should be done, and designing the activities and tasks and being intentional about structuring the way those things are done. In the practice of institutionalization, leadership is 'responsive and adaptive' rather than intentional. In this way, an organization evolves as it learns from experience, encounters the unexpected, discovers challenges that must be faced, and it does not deny the reality that things happen which are neither planned nor foreseeable. As the organization finds ways

35) Ibid., 149.
36) Selznick, *Leadership in Administration*, and also Scott, *Organizations*, 65.
37) Selznick, *Leadership in Administration*, 2-3.
38) Perrow, *Complex Organizations*, 167. But here Perrow also references Selznick's article, 'Foundations of a Theory of Organizations', *American Sociological Review* (1948), 13. Perrow contrasts the 'economic' aspect of an organization with its 'institutional' aspect - which we take to mean 'social'.

to respond and adapt, those ways eventually become shared, habitual behavior. The phenomena of responsiveness and adaptation are shared within the organization. Individual responses and adaptations are 'values' driven because there is the possibility for people to act in concert with the values they hold, and with what they believe to be true or right. The responses are neither random nor illogical; a discernible pattern reveals itself. A key contribution of Selznick's thinking is the focus on the concept of acting, of behaving in certain ways. The emphasis is on what the organization 'does' and the claim is that what the organization 'is', is a function of its history[39]. In Selznick's words:

Institutionalization is a process. It is something that happens to an organization over time, reflecting the organization's own distinctive history, the people who have been in it, the groups it embodies and the vested interests they have created, and the way that it has adapted to its environment. For purposes of this essay, the following point is of special importance: The degree of institutionalization depends on how much leeway there is for personal and group interaction. The more precise an organization's goals, and the more specialized and technical its operations, the less opportunity there will be for social forces to affect its development[40].

Before we turn our attention to a reflection on the implications of these theoretical perspectives for defining the Economy of Communion, we need to consider the extent to which a historical account of the Economy of Communion, and the extant academic literature about the Economy of Communion might provide an answer.

Implications for the Economy of Communion

The Economy of Communion (EOC) grew out of the social and spiritual vision of Focolare, a lay, Catholic, ecclesial movement active in more than 140 countries. The Focolare itself began in 1943 in Trent, Italy. Amid the bombed ruins of their city and homes, Chiara Lubich and a small group of friends prayed together, read the Bible, and shared food and material goods among themselves, offering what they could to others. Eventually they came to believe that 'God is the only value worth living for[41],' and that they were called to live out the prayer that Jesus prayed the night before he died: 'Father, may they all be one[42].' They expressed this new found 'spirituality of unity' by living in community, holding possessions in common and sharing generously with anyone in need. Almost immediately Focolare began to grow and after the war it quickly spread beyond Italy. Today Focolare includes men, women and children in all parts of the world, of all faiths and beliefs, some

39) Perrow, *Complex Organizations*, 158.
40) Selznick, *Leadership in Administration*, 16.
41) Jim Gallagher, *Chiara Lubich: A Woman's Work: The Story of the Focolare Movement and its Founder* (Hyde Park, New York: New City Press, 1997). On page 31, Gallagher reports, 'One thing on which they had all agreed was that in this life everything would pass. Only God endured, only God was eternal. Everything else was vanity.'
42) John 17:21.

living together in community. Their prayer and work is directed toward promoting understanding, mutual respect, and love among peoples, and toward establishing a 'culture of giving' that stands in contrast to what they term the contemporary 'culture of having'. On a visit to Sao Paulo, Brazil, in 1991, Chiara observed the significant unmet materials needs of Focolare living in and among the favelas. In concert with others in the movement, she recognized the need for action and called for a new 'economy of communion'. Through economic activity, Chiara said, the EOC would increase the 'communion of goods' available through the creation of competently managed businesses that could provide jobs and generate profits. A portion of those profits would be held in common and distributed to those in need. Almost immediately business people among the Focolare came forward to participate. Initially the call was to accomplish what charitable giving alone could not: to generate enough money to provide, at a minimum, for the poor who participated in Focolare.

Formally known as the 'Economy of Communion in Freedom', the project invited companies to compete, like any business, in local and global markets, and to participate freely in the ideals of the movement. Going beyond a purely transactional view of economic activity, the EOC understood communion or unity to be the true objective of business activity; markets were valuable not for buying and selling alone, but, more importantly, as places for interpersonal encounter and relationship[3]. To those ends, the EOC 'ideal' placed 'persons' at the center of an enterprise. The ideal also upheld the need for a three-part distribution of profits among participating business owners. One part of profits would be reinvested in the business to support the capacity for efficiency, competitiveness and sustainability. A second part would be used in common by the EOC for activities that promoted a 'culture of giving' and that advanced the work of the EOC itself. The final share of profits, to be held also in common by the EOC, would be reserved for job creation and meeting material needs of those who share in the spirit of the project[44].

By 2010, the EOC project included over 750 businesses worldwide. Most were small, entrepreneurial businesses that were integral members of their local communities. Widely dispersed though they are, owners communicate regularly and share information freely with each other. The EOC has preserved the emphasis on freely chosen participation, and has remained relatively non-prescriptive with respect to the business owners. A set of general principles articulates their understanding of good business management[45], and emphasizes that business should be a place of 'unity, manifesting a culture of communion' among employees, customers, suppliers, the local community, investors and trustees. The EOC includes

43) Chiara Lubich, 'The Economy of Communion Experience: a Proposal for Economic Activity from the Spirituality of Unity', presented at Strasbourg Conference of Political Movements for Unity, May 1999, in Luigino Bruni (ed.), *The Economy of Communion*.
44) This is from their current website: www.edc-online.org
45) These are posted on the website, but they are also in a paper from Lorna Gold, Conference of the WCC/WLF/WARC/CEC/RvK, *Economy in the Service of Life*, Amersfoort, Netherlands, 18 June 2002.

numerous companies that are not only successful competitors committed to good management practices, but that also stand as manifestations of faith intentionally integrated and 'lived' in the business world.

Academic interest in the EOC

Published articles on the EOC tend to focus on one of two areas. The first is that of the individual business or owner. These are generally person-centered stories describing circumstances and situations where business owners believe the hand of God has been evident in their work and in their lives[46]. The second area represents most of the scholarly work that has appeared on the EOC and focuses primarily on the project's economic philosophy[47] or the challenges the EOC presents to dominant economic and legal theory[48]. A number of non-reviewed theses are published and available on the EOC website, but most of these are theoretical, examining the link between individual businesses and ideas about corporate responsibility[49].

Among the more extensive scholarly treatments is a collection of papers published in a volume edited by Luigino Bruni, The Economy of Communion: Toward a Multi-Dimensional Economic Culture[50]. The work begins with an essay by Chiara Lubich, in which she indirectly affirms that the EOC's roots lie in charism and not theory. 'When I proposed the Economy of Communion', says Lubich, 'I certainly did not have a theory in mind[51].' Nevertheless she recognizes the genuine and diverse scholarly interests aroused by the EOC project. Proving the point, essays that follow hers reflect on the EOC through the lenses of management science (Burckart), economic history (Bruni), political economy (Zamagni, Gui) and business (Molteni)[52]. The person-centered anthropology of the EOC and its Trinitarian spirituality, exemplified in gratuitousness and reciprocity, are treated effectively by Norris in The Trinity: Life of God, Hope for Humanity[53]. In The Sharing Economy[54], Lorna Gold's treatment of the EOC as a social experiment provides a rich theoretical assessment

46) C. Bozzani, 'Communion in Action', *Living City* (May 2006).
47) Lorna Gold, *The Sharing Economy: Solidarity Networks Transforming Globalisation*, (Aldershot, England: Ashgate, 2004), 85.
48) There are two sources here: Luigino Bruni, *The Present-Day Situation of the Economy of Communion*, paper presented at the Economy of Communion International Convention, September 2004 see (www.edc-online.org/uk/_idea.htm) and Luigino Bruni, and A. J. Uelman *Religious Values and Corporate Decision Making: The Economy of Communion Project* (New York: Fordham University, 2006), working paper.
49) E. Garlow, *Key Connections for a Way of Communion: Linking the Economy of Communion Project to Corporate Social Responsibility and Workplace Democracy* (2007): www.edc-online.org/index.php?option=com_wrapper&Itemid=125
50) Luigino Bruni, 'Introduction' in Luigino Bruni (ed.), *The Economy of Communion*.
51) Chiara Lubich, 'The Experience of the Economy of Communion', ibid.
52) All of these are in Luigino Bruni (ed.), *The Economy of Communion*.
53) Thomas J. Norris, *The Trinity: Life of God, Hope for Humanity - Towards a Theology of Communion* (Hyde Park, New York: New City Press, 2008).
54) Lorna Gold, *The Sharing Economy*.

of the project. *Essential Writings*[55], a collection of Lubich's own letters, speeches and poetry affirms her understanding of the EOC's charism of unity and her belief that the EOC would help create 'new' lay men and women who could change the culture by living the Gospel in virtually every area of secular life, from education to medicine to business to law. Finally, Jim Gallagher's[56] excellent biography of Lubich places the inauguration and growth of the EOC in the timeline of the founder's life, and in the context of many rich veins of ideas Focolare has followed for 63 years.

Organizational theory and the EOC

Given this history of the EOC, and its relationship to the Focolare Movement, and in the context of the extant academic literature, how can organizational theory enlarge our understanding of the EOC? 'Institutional theory' and the 'institutional school' both suggest an evolutionary process of institutionalization. And both view this as a process by which certain forms, structures, and practices become established, reinforced, and finally embedded in an organization over time. Organizations are subject to external forces and to internal dynamics and are engaged in a continual process of being shaped and formed. Specifically what is being shaped and formed are their structures, behaviors, and practices - the decisions, policies, practices, procedures that develop either in response to external environmental forces or as a result of internal intentional or adaptive behaviors. So, in a broad sense, we might say that organizations define themselves over time, and can therefore be defined at any point in time, by their practices; that is, by and as a result of what they do.

To better understand the EOC then we must examine their organizational practices. In this regard, the movement presents three possible levels of analysis. When we ask after the essence of the EOC, we could be asking about the EOC movement itself, its organization, its governance, and the activities that are carried out worldwide on behalf of the movement. We could also be asking about the Focolare, since the EOC is a movement within a movement, and we could explore the structure, forms, and practice of the Focolare, particularly as those relate to the relationship between the Focolare and the EOC. In other words, to what extent does the Focolare Movement, its governance, form, structure, practice, requirements, shape and define the EOC? Of these two levels of analysis, we would (following additional insights from Selznick[57]), argue that their goals are imprecise, and their operations are neither technical nor specific. This is not to say that their goals are not ambitious and important, or that their operations are not effective and inten-

55) Chiara Lubich, *Essential Writings: Spirituality Dialogue Culture* (Hyde Park, New York: New City Press, 2007).
56) Jim Gallagher, *Chiara Lubich: A Woman's Work*. No known relation to any author of this paper.
57) As we've noted elsewhere, Selznick emphasizes the role of values, adaptation, and past choices in the 'institutionalizing' of an organization and points out that in organizations where goals are not 'precise' and operations are not 'specific' (both of which we take to mean flexible and open to interpretation) then values and adaptive behavior are more influential.

tional, but it is to say that they are technically imprecise and non-specific. Perhaps by the very nature of the spirituality, they are imprecise and non-specific.

But the third level of analysis, the business practices of individual companies, is where we might begin to enlarge our understanding of the EOC. We would argue there are two reasons for this. First, each of these companies is an organization in its own right, and each has its own form, structure, and practice with any number of similarities or dissimilarities among them, united by their participation in the EOC. It is here that we would expect the tension between the powerful external isomorphic institutionalizing forces, particularly of competitive markets, and the powerful internal, value-laden dynamics, particularly the spirituality of unity, to be most apparent. To ask whether EOC companies are being shaped by isomorphic forces which will force them to be similar to ordinary businesses, or whether they are distinguishing themselves from ordinary companies as an affect of EOC values and the spirituality of unity, is to really ask, what sorts of decision, and business practices are being followed, invented, promulgated every day as these businesses face their challenges of business, and what is driving those decisions and practices. It is at this level that the institutionalizing activity of the EOC is taking place.

Second, it is also at this level that the EOC is insufficiently studied or scrutinized and so little is known. We seek to counter this with our own research and call for others to join us.

But, as we have considered in this paper, organizational theory suggests that EOC companies, in pursuit of either efficiency or social legitimacy, or both, are inevitably being shaped by a variety of isomorphic influences:

- Coercive forces such as governments, state agencies, courts, taxing authorities, and licensing authorities.
- Normative forces such as professional standards, managerial education practices, and social norms.
- Mimetic forces such as industry and technology demands, technical standards, competitive markets, and customer demands.

And, at the same time, EOC companies are inevitably being shaped by powerful internal dynamics, perhaps in pursuit of the Focolare ideal of unity:

- The personal values and belief systems of the entrepreneur.
- The values and belief systems of employees, and even of customers, suppliers, competitors, communities, and owners or trustees.
- The Focolare movement itself, and the EOC association with that movement, and the world wide EOC and its guidelines.
- Individual company history and the history of the EOC.

Empirical study of all these factors presents an opportunity for a lifetime of work. Other scholars will, perhaps, make contributions to this effort to study and understand the EOC as it matures. The work that must be done first is to compile a

record of what these companies do, that is, how they conduct business.

Organizational theory then does not reveal particular criteria by which to define the EOC, nor does it propose language or concepts sufficiently precise to help us describe the EOC. But it does suggest that an enlarged understanding of the EOC can begin with an examination of the business practices of individual EOC companies. It is here that the effect of external isomorphic forces will be evident. It is here, also, that powerful internal dynamics and leadership will be evident. The evidence thus observed can shed light on what the EOC, in its unity, is. No consideration of the nature of the EOC can be complete, however, without reference to another factor - the phenomenon of charism. For, by self-definition, the EOC characterizes itself as charismatic[58].

Charism and Organizational Theory

To consider the EOC as a charismatic organization is to understand it as an expression or enactment of a charism. The Catechism of the Catholic Church describes charism as 'graces of the Holy Spirit which directly or indirectly benefit the Church, ordered as they are to her building up, to the good of men, and to the needs of the world[59].' Organizational scholars have studied charism as a personal characteristic (e.g., the charismatic personality) and charism as an organizing influence (e.g., charismatic leadership)[60]. But it is the communitarian dimension of charism as an integral part of an organization that is our primary interest here, and examination of this dimension is virtually absent in the organizational theory literature[61]. Historical studies of charismatic organizations, such as religious orders, universities, hospitals, or charities, are not uncommon, and usually reveal dynamics, pressures and forces similar to those in any other organization. Histories of religious and ecclesial groups may not intentionally describe and analyze the process of institutionalizing as it is understood in this paper, but their accounts of key events and challenges in the life of the group often make the point indirectly[62].

A purely secular perspective on a charismatic organization, while describing structures, functions and other important features, is likely to miss the point, the central reason these organizations exist at all: the enactment of a charism. For example, secular treatments of the Church typically focus on its Petrine dimension (enactment), reducing its essence to that of a large, old and in some ways

58) Luigino Bruni, *Good Practices: The Economy of Communion*.
59) *The Catechism of the Catholic Church* (San Francisco: Ignatius, 1994), 799.
60) Peter G. Northouse, *Leadership*: Theory and Practice (Thousand Oaks, CA, USA: Sage Publications, 2009) 5e.
61) A database (JSTOR) search using the search term 'charism' and searching the entire database (all years) of business, economic, and sociological journals turns up only 41 articles.
62) An excellent example from among this genre is John Allen's investigative study, *Opus Dei: An Objective Look Behind the Myths and Reality of the Most Controversial Force in the Catholic Church* (New York: Doubleday, 2005).

powerful bureaucracy, albeit one claiming moral authority; the question of the source of the that moral authority (its charism) seldom arises. Though incomplete, such treatments of the Church are understandable in light of its size, traditions and global dimensions, all of which accentuate the presence of its bureaucratic organizational forms. Other bureaucratic characteristics can easily be seen as well, e.g., tendencies for stability, resistance to change, subsuming of individuality in favor of the organization, homogeneity in process and thorny questions of membership. Like other bureaucracies, charismatic organizations sometimes show evidence of 'decoupling,' or separation of behaviors that serve efficiency from those that serve legitimacy. Observers and participants may experience this as a loss of integrity. (Here one need only think of the sexual abuse crisis, an awful burden for the Petrine church.)

Historical accounts of charismatic organizations draw attention to the tension between the charism and its enactment, recognizing that the charism (the Marian dimension of the church) must institutionalize (the Petrine dimension) in order to survive[63]. This process may be accompanied by concerns that the charism will be obscured or otherwise diminished. From the perspective of organizational theory this might be viewed as the formative tension necessarily implied in institutionalization. Every day use of the word 'institutionalize', in fact, describes these same concerns.

Implications for the EOC

Organizational theory suggests, and the history of other charismatic organizations demonstrates, that neither individual companies comprising the EOC, nor the organization as a whole can be immune from tensions associated with institutionalizing. Assuming that 'institutionalizing' is necessary to secure the future of the charism of unity and that, in fact, the process is already under way, the direction that the EOC and the participating companies take in decisions about participation, governance, goals and other normative behaviors will be telling. In a fully involved effort to create an institution capable of sustaining a charism over time, one would expect to see within each company patient education and transparent communication about the company mission, persistence and confidence in 'seeing things together[64],' and appropriate employee consultation and participation in decisions. But this raises challenging questions for individual entrepreneurs. Who will be included in the process? Would excluding some potential participants weaken the community? Who holds responsibility for building and nurturing community? Is the entrepreneur alone responsible, or is responsibility jointly held by employees? If the latter, how much do employees need to know or to accept about the EOC and its ideals to be effective participants?
Adding charism and the experience of charismatic organizations to concepts gen-

63) Romb, *The Franciscan Charism*.
64) This is a description provided by one of the EOC company entrepreneurs in discussing an approach to conflict resolution within the company.

erally accepted in organizational theory, offers a more complete and meaningful perspective on the EOC and EOC companies, particularly in their institutional endeavor to protect the charism of unity. For organizational theory on the whole, the proper consideration of charism requires a teleological shift. Charism introduces a teleology that is substantively and qualitatively different from either efficiency or legitimacy. Given the idea of a 'charism of unity' as it is understood by the EOC companies, and of the notion of 'charism' as defined by the Church, we might describe charismatic teleology as 'community,' or as a teleology dedicated to increasing or maximizing the common good. The particular teleology of EOC companies is then, not efficiency or mere social legitimacy, but 'community', and community understood as a partial realization of the kingdom of heaven[65].

For us, this is a new and valuable insight relative to the understanding of the charismatic principle in organizational life and certainly bears further reflection and empirical study. For the moment, it allows us to suggest several possible hypotheses relevant to the current state and future development of the EOC. As we look at the EOC and EOC companies through the lens of organizational theory, and as we ponder a future inspired by the charism of unity, we would expect to the see following:

1. Integrity among form, structure, and process or behavior - and no decoupling of behavior with the organization.

2. Practices that promote organizational virtue[66], particularly as regards introspection, reflection, participation and consultation.

3. Provision of goods and services which in themselves are conducive to developing the common good.

Implications for organizational theory

Given that many of the oldest and most influential organizations in the world are charismatic, we call for organizational theorists to engage the question of charism. No account of the Church and its religious orders, or the monasteries, schools, hospitals, charities or services that are their fruit, can be complete without reference to charism. We would argue that charismatic organizations present us with more than a grace-filled gift, but a fundamentally different organizational teleology: community. Charismatic organizations must be concerned with efficiency and legitimacy to ensure survival, but in their case a transcendent goal and pursuit of different ends,

65) 'Through their capacity to do and to make, human beings, cast in the image of God, are involved in a project of advancing creation toward its destination, the Kingdom of God.' Helen J. Alford, Charles Clark, S. A. Cortright, Michael J. Naughton (eds), 'Introduction' in *Rediscovering Abundance* (Notre Dame, USA: University of Notre Dame Press, 2006), 27.
66) The concept of organizational virtue is rooted in, among others, the work of Alasdair MacIntyre. *See A. MacIntyre, After virtue: A study in Moral Theory* (2nd edn, London: Duckworth, 1985).

take precedence. A charism, rightly understood, is a spiritual gift given to one or more of a small group of persons, but for the benefit of the whole church and for the common good. Where a charism is at work, the ultimate teleology is the kingdom of God. One need not accept a charism as true or real to acknowledge its transcendent organizational purpose, which is to say that the potential for organizational theory to study charism as a teleological force is not dependent on faith or a particular religious perspective, but merely on the will to do so.

Summary and Conclusion

We began this paper with the recognition that the EOC is not easily or readily defined. Providing a concise, complete, and meaningful answer to the question, 'What, in its essence, is the EOC?' is an elusive task. The challenge lies partly in the uniqueness of the EOC itself and partly in our own reactive tendency to view the EOC primarily as an economic phenomenon. Indeed the EOC describes itself as a new style of economic action. Although it is accurate to say that EOC concerns itself with economic activity, strictly focusing on the economic element provides neither a complete nor a fully informative understanding of the EOC.

In this paper we turned to organizational theory to determine where and how such theory could further our understanding of the EOC as a social phenomenon. Our interest is not so much in how the EOC can be described and categorized according to accepted theory, but on the insights and ideas from that theory that can improve and enlarge our understanding of the EOC. By the same token, we are interested in what ways - and why - organizational theory may be inadequate for the task.

As we've noted, given the spirit that posits efficiency as rational organizational teleology, Weber viewed competition as the force explaining the rise and prevalence of organizations and their propensity to bureaucratic homogeneity. The pursuit of efficiency would shape organizational form, structure and behavior, creating homogenous organizations, or bureaucracies, within an industry or field of competitors. Later scholars began using the term isomorphism to describe the observed tendency toward homogeneity in organizational form, structure, and behavior, and proposed socially determined 'legitimacy' as a teleological alternative or addition to efficiency. DiMaggio and Powell categorized the social forces of isomorphism as coercive, normative and mimetic[67]. These scholars, moreover, noted also that organizations might 'decouple' their efficiency seeking behavior from their legitimacy-seeking behavior. For both Weber and the 'new institutionalists', organizational form, structure, and behavior were largely determined by, and in response to, the external environment.

67) DiMaggio and Powell, 'The Iron Cage Revisited'.

Selznick enlarged our theoretical understanding by suggesting two things. One was the notion of the organization as an open, organic system, not solely environmentally determined, but subject to internal dynamics as well. Second was the idea of internal dynamics - that there is more at work in organizations than a logic of efficiency. While such logic might support practices at an operational level, Selznick nonetheless suggests that at higher organizational levels, this is too simplistic. Adaptive responses guided by values, beliefs, and social relationships, among other internal factors, inevitably shape the organizations form, structure, and behavior. Moreover, he argues that where organizational goals are imprecise, where operations are non-technical and non-specific, and where change and uncertainty threaten the status quo, then the expression and interplay of values and beliefs among organizational members, and their lived experience, gives rise to unplanned or organic forms and structures, ultimately becoming the content of the organization's history. We understand these internal dynamics to offer resistance to isomorphism.

This leads us to one important conclusion. Certainly, the EOC and its participating companies are, and will be shaped by isomorphic forces that are competitive, coercive, normative, and mimetic. At the same time, the EOC is a worldwide movement with imprecise goals and non- specific operations, leading us to suggest that the EOC's identity will be shaped predominantly by how individual companies behave. The EOC is - and is at once more fully becoming - a function of the business practices of individual companies. Following Selznick, we contend that the EOC will be predominantly shaped by responsive and adaptive company behaviors that are reflective of, and born from, the values and beliefs of the entrepreneurs and employees of the individual companies. We note, too, that this is keeping with the EOC, and Focolare, emphasis on 'lived experience'. and we invite more organizational scholars to take up this kind of empirical examination of EOC companies.

At the same time, the individual companies comprising the EOC, like EOC itself, claim that as business enterprises there is a difference about what they do, the very difference, in fact, which allows them to suggest that they operate in a new kind of economy. This difference, a kind of gift or 'charism', is central to the self-understanding and purpose of both individual EOC companies and of EOC as a whole. Organization theory, however, is of little value for serious study of EOC as a charismatic movement, because it has yet to address the phenomenon of charism itself. Charismatic movements certainly appear to be shaped and formed by the same external forces and internal dynamics as all other human organizations. Observers of Franciscan and Benedictine orders, for example, or even the Church herself, have noted the rise of an inevitable tension between the charism and the institutionalization of the charism. Features of this process very much fit with traditional organizational theory. But what organizational theory has not addressed is the extent to which an organization can be shaped by the charism. Understood as a 'gift of the Spirit to build up the common good', charism includes, therefore, a

notion of community. One might expect charism to be at least as great a force in shaping the form and structure of an organization as, say, efficiency or legitimacy.

These ideas lead us to a second important conclusion. We argue that charism introduces a third teleology, distinct from either efficiency or legitimacy, and we have named that 'communion' or 'community'. We propose that charismatic organizations will be subject to all of the same external forces, and all of the same internal dynamics, as other organizations, but will be shaped and formed as well by the openness of organizational members to the expression of the charism. So, with a charism of unity as expressed in the case of the Economy of Communion, we would expect to find - at the level of the individual companies - practices that promote the common good, products and services that promote human well-being, an organizational integrity that avoids decoupling, and a 'process' that preserves an openness to the charism as its primary purpose.

JEANNE BUCKEYE
University of St. Thomas, St. Paul MN, and John Gallagher, Maryville College, Maryville, TN
john.gallagher@maryvillecollege.edu