



Neoliberalism or organizational economization?*

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abstract

This article develops a theoretical account of economization at the level of organizations as an alternative concept to 'neoliberalism'. Building on critics who argue that 'neoliberalism' lacks a clear empirical focus and is theoretically ambiguous, it uses elements from Niklas Luhmann's theories of organization and society to conceptualize 'organizational economization'. Organizational economization is a form of structural change in which organizations increasingly refer to economic problems, codes, programs or semantics. The article uses this concept in an empirical sketch drawing on research within educational organizations in Germany to illustrate the analytical potential of this approach.

Introduction

Neoliberalism is a concept that is widely used within the social sciences. It refers to transformations at multiple levels from individuals and their subjectivation to large-scale societal structures and the history of ideas. The present article addresses a quite specific analytical problem: neoliberalism at the level of formal organizations. As a concept, neoliberalism does not account for variance in organizations' transformations towards more economized structures, focuses on the market while neglecting more subtle shifts to economic logics, and is not thoroughly grounded in theories of organization and society. Therefore, fresh theorizing about economic transformations of organizations is necessary.

* This paper has improved much from suggestions by two anonymous reviewers and the editors of this special issue. All remaining flaws are mine.

Organizations are everywhere in contemporary society. They are the places where people work, students learn, scientists think about theoretical problems and empirical evidence, where doctors heal and nurses care. Contemporary society is a 'society of organizations' (Perrow, 1991). Consequently, a significant part of the social reality that neoliberal ideas and policy programs set out to change is constituted by organizations. Public-sector organizations like universities, schools, hospitals or welfare organizations have been particularly pressured to transform their structures to become more 'neoliberal', or market-based.

Are we, then, witnessing a 'neoliberalization' of organizations? Have contemporary organizations become 'neoliberal organizations' (Connell et al., 2009: 332)? In politics, using these words for description, reflection and action may be useful. Neoliberalism is a powerful label that helps to draw attention to the consequences of organizational reform for people working in those organizations, for the quality of organizational performance, and the way organizations interact with clients and customers. But are they also useful in an analytical sense?

Critics have already argued that the concept of neoliberalism is in danger of losing its analytical power (Birch, 2017: 92f; Springer, 2010; Venugopal, 2015). Neoliberalism refers to diverse phenomena in diverse empirical settings and is used ambiguously within these settings. In addition, the theoretical orientations of its users are heterogenous, resulting in constant need for conceptual translation. In order to deal with these theoretical predicaments, this paper uses a strategy of self-constraint and explicit theorization. First, it confines its discussion to the specific analytical problem of structural change in organizations. Second, with respect to this problem, it proposes to contrast the concept of neoliberalism with the concept of organizational economization. 'Organizational economization' refers to the transformation of organizational structures that are increasingly framed by economic problems, codes, programs or semantics.

I develop this argument in three steps. The next section discusses the concept of neoliberalism focusing on organization studies. I argue that the concept concentrates on the diffusion of markets as ideas and structures and criticize this approach for its lack of adequate theorization of organizations and their relations to society. To address this issue, I develop the alternative concept of organizational economization drawing on Niklas Luhmann's theories of organization and society. The subsequent section uses this concept in an analysis of changes to educational organizations in Germany from 2001 to 2012. I identify traces of organizational economization in the schools under investigation and argue that German schools are far from being 'neoliberal'. The

final section discusses the empirical results from this study and reflects on its results as well as the theoretical potential of the concept of economizing organizations in relation to the concept of neoliberalism.

From neoliberal organizations to organizational economization

The concept of neoliberalism refers to the intrusion of the market in non-economic social spheres (Birch, 2015; Brown, 2006; Mudge, 2008; Resch and Steinert, 2009). Studies of neoliberalism analyze the emergence and diffusion of a hegemonic ideology or semantic that positions the market as the best social coordination mechanism, entrepreneurial orientations of subjects and the reduction of regulation (Dean, 2014; Foucault, 2008; Mirowski and Phlewe, 2009). Several scholars trace the history of the concept and the networks through which it has spread globally (e.g. van Horn and Mirowski, 2009), but also its translation into policy and its consequences for the life chances of individuals around the globe (Centeno and Cohen, 2012; Crouch, 2011; Evans and Sewell, 2013; Fourcade-Gournichas and Babb, 2002; Harvey, 2005; Harvey, 2007). While neoliberalization has different faces in different institutional contexts (Jessop, 2010), the common topic of interest for all of these studies is the extension of the boundaries of the 'economic' through marketization (Djelic, 2006).

Neoliberal organizations?

Neoliberal ideas like New Public Management (NPM) resulted in a policy agenda that transformed state administrations and public organizations (Crouch, 2004; Hood, 1995; Pollitt et al., 2007). NPM's basic claim is that traditional organizational structures and mechanisms of public accountability fail in ensuring the reliable and efficient performance of organizations. In addition, NPM suggests that organizations should turn to firms as organizational role models and install market mechanisms in order to improve accountability.

Sociological studies of NPM have scrutinized processes of organizational change in state administrations (Brunsson, 2009), hospitals (Reich, 2014), universities (Boer et al., 2007) and schools (Arnott and Raab, 2000) among others. They show how organizational fields are transformed into markets, how hierarchies are established in collegial organizations, how economic logics enter decision-making, how clients are transformed into customers, and how professionals are transformed into managers. Studies also pointed to instances of resistance where people working in organizations use their agency in order to mediate new expectations, decouple activity from the structure, or simply prefer not to work

according to these expectations (Anderson, 2008; Spicer and Fleming, 2007; Thomas and Davies, 2005).

Within organization studies, scholars working within the institutional logics perspective (Friedland and Alford, 1991; Thornton et al., 2012) have analyzed the increasing importance of the economy in organizations, especially with respect to switches from professional to market logics. At the field level, institutionalists have investigated the change of professional logics in the academic publishing industry, identifying a switch from a professional and editorial logic to a market logic and its consequences for executive succession and the risk of acquisition (Thornton, 2001; Thornton and Ocasio, 1999). Others, like Elizabeth Popp Berman (2012, 2014), have analyzed the move towards the market logic in the field of US academic science, while Martin Kitchener (2002) used the institutional logics perspective to analyze health care in the USA, especially mergers between academic health centres; a phenomenon that he interprets as the application of market logics in the sphere of health care.

There is a good deal of literature, then, that focusses on organizations in neoliberal times. However, the theoretical foundations of these studies are often problematic. The new institutionalist perspective, for instance, lacks a theory of organization (Greenwood et al., 2014), while its theory of society is barely elaborated. Other contributions to the literature lack a foundation in organization theory, too, missing essential features of organizations. Or they work without references to theories of society. As a consequence, there is no systematic differentiation of different types of organizations within the literature, while empirical results are usually only relevant to specific organizations (like universities, schools, hospitals) and cannot be systematically compared in order to theorize current developments within organizations and society. While each study in itself may contribute to our understanding of structural transformations in contemporary organizations, their theoretical incoherence makes attempts at theoretical integration difficult.

In addition, the emphasis on the market in the concept of neoliberalism obfuscates more features of contemporary structural change than it elucidates. Markets are a specific form of social coordination, like hierarchies, communities or networks (Powell, 1990; Wiesenthal, 1999; Williamson, 1973). They are based on the mutual observation of market participants with regard to prices (Luhmann, 1994b; White, 1981). Many of the observations of the neoliberal organizations literature suggest developments that do not seem to fit the neoliberalization thesis. Especially the prominence of managerialism and hierarchical coordination in professional organizations point at developments that partially contradict increasing market coordination.

In order to grasp the changes within organizational structures that are associated with neoliberalism, then, scholars need new concepts and theories. In the remainder of this article, I deploy the concept of ‘organizational economization’ to this end.

Society and organizations

The concept of ‘economization’ refers to the growing importance of economic logics or semantics in social structures (Schimank and Volkmann, 2008).¹ Like ‘neoliberalism’, it is a broad concept that needs specification. Adapting the concept to the study of structural changes in organizations requires integrating ideas from two distinct albeit related branches of sociological theory; theories of organization and theories of society. Scholars need an elaborated idea of their object of study (organizations). What do organizations look like? How are they structured? What is their relationship to societal structures? In addition, theories of society are necessary in order to distinguish the economic sphere from other, non-economic spheres, as the extension of economic boundaries is constitutive of economization (Peetz, 2014). What counts as the ‘economic’? What are economic structures and semantics? And how do they differ from the ‘non-economic’.

Among sociologists, Niklas Luhmann (1995) stands out because he developed both a theory of society and a theory of organizations.² He conceived organizations and society as two distinct types of social systems (Luhmann, 1995; see also Heintz and Tyrell, 2015). This theoretical decision allowed him to focus on the specific characteristics as well as the interrelations of both types of social systems. As a consequence, Luhmann’s theory provides sensitizing concepts (Blumer, 1954) that can be used for conceptualizing organizational economization.

From a systems theoretical perspective, society is conceived as a social system that distinguishes itself from its environment by its basic operation, namely

1 Slightly diverting from this understanding of economization, Çalışkan and Callon (2009) use the concept to describe the production and reproduction of the economic sphere. While this certainly overlaps with some aspects of the proposed meaning, the focus of the suggested concept of economization is on the relationship of social spheres. See Callon (2013) with references to Latour (2013) for an account of economization as differentiation.

2 For English discussions of Luhmann’s work see de Berg (1995), Paul (2001), and Stichweh (2000). See also Jessop (2008) for a Marxist application of Luhmann’s work on processes of economization. Unlike Max Weber (1972), for whom bureaucracy and modern society were deeply interrelated, sociological theorists like Bourdieu and Habermas have neglected organizations and organization theory.

communication. As a consequence, contemporary society in which communicative events at any place *may* have consequences at any other location has to be conceived as a world-society (Luhmann, 1982, 1997). While this resembles theoretical endeavors like those of John W. Meyer and colleagues (Meyer et al., 1997) or Immanuel Wallerstein (2004), Luhmann did not privilege the role of culture or inequality in the analysis of society. Instead, he argued that societies are characterized by the way they apply the distinction between system and environment within their boundaries – and that modern society has to be conceived as a functionally differentiated society (Luhmann, 1990, 2013).

Luhmann identified a series of subsystems of society, with some familiar from classic theorists of social differentiation like Weber (1988) – politics, the economy, law, religion, art, science – and others such as education, mass media, sports and the health system. In line with his arguments on general social systems theory, each of these subsystems of society is thought to work on one central societal problem. The economy, for instance, focuses on the problem of providing access to scarce resources (Luhmann, 1994b). Subsystems are characterized by specific types of communications or codes. Their operations are governed by programs that regulate the communication within the spheres, stabilized by media of communication and they are enmeshed in semantics that define the space of possible communication. As far as the (modern) economy is concerned, Luhmann suggested that its basic operations are payments, its programmatic structure focusses on ways to maximize profit, and its communications take place in the medium of money (Luhmann, 1994b).

Next to his theory of society, Niklas Luhmann also developed a distinct theory of organizations (Bakken and Hernes, 2003; Seidl and Becker, 2005). He conceived of the organization as a specific type of social system that reproduces itself through the interrelation of decisions (Luhmann, 2000). Since decisions can be conceptualized as ‘transformations of contingency’ – as Luhmann (1988; 2000) argued, drawing on the work of Herbert Simon (1945) – they transform the contingency of choice between alternatives into the contingency of the decision that could have turned out differently. Decisions may result in ‘postdecision surprises’ (Harrison and March, 1984) and give ample opportunity for reconsidering the initial choice. In addition, decisions are understood as events that have a minimal temporal stability and dissolve in the moment they are realized.

Taken together, these conceptualizations suggest that organizations are utterly fragile phenomena. And yet relatively stable organizations with specified boundaries are an empirically observable phenomenon. The theoretical conundrum of organizations, then, is how organizations manage to stabilize in

spite of their ephemeral elements. Systems theory's answer to this question is that organizations stabilize themselves through the establishment of structures that act as premises for decision-making. Decision programs specify the goals of organizational decision processes or formulate detailed paths of decisions. Paths of communication prescribe how decision-making is coordinated within the organization (via hierarchies, markets, communities or networks). Persons are 'agglomerate[s] of individual self-expectations and external expectations' (Luhmann, 2000: 280; my translation, T.P.). Positional structures, finally, integrate persons, programs and ways of communication. They decide who can decide issues according to which programs and how they are integrated within the wider decision-making network of the organization.

Towards a theory of organizational economization

With this theory of organization and society in mind, it becomes possible to conceptualize organizational economization. In order to do this, however, it is necessary to think about the relationship between both concepts. Everyday observations, as well as organizational self-descriptions, identify different types of organizations that are closely aligned with specific subsystems of society. Without a doubt, schools are educational organizations, political parties are political organizations, churches are religious organizations, and so on. Next to these clearly identifiable relationships between organizations and one single functional system, other organizations, like universities or labor unions, are more complicated cases with relations to science and the educational system in the first case and to the economy and politics in the second. In addition to this, almost all types of organizations are related to the economic system as workplaces – and in this sense, they are economic organizations too. Organizations, then, are characterized as being in a special relationship with one (or, in special cases, two) functional systems (Luhmann, 1994a: 190).

Organizations are both, 'organizational', insofar as they are examples of a distinct type of social system with a rich internal landscape, and 'societal', insofar as they continuously refer to subsystems of society. Their references to societal subsystems are reflected in their organizational structures, resulting in historically distinct models of organizational structures in organizations; decisions are structured differently in economic, educational or political organizations. For instance, economic organizations work on the societal problem of scarcity, are oriented at communication coded in payments and integrate the subsystemic program of profit-maximization into their organizational decision premises, they use the medium of money and are couched in economic semantics.

This theoretical framework of organizations in functionally differentiated society offers a vocabulary for analyzing processes of social reproduction and change – and especially of organizations. It sensitizes the sociological gaze for variance in societal systems (transformations in codes, programs, media or semantics) and reorganization (transformations of organizational programs, ways of coordination, persons and positional structures). Moreover, with its distinction of types of organizations, it allows for an analysis of the relationships of organization and society. *Organizational economization*, then, is a special case of economization where organizations alter their affiliation to subsystems of society, from non-economic to economic references. It can be traced in the transformation of organizational structures that increasingly refer to economic problems, codes, programs or semantics. The potential of this conceptualization can be judged after its confrontation with empirical cases. Therefore, I now turn to an investigation of processes of economization in German educational organizations.

The economization of educational organizations

The discussion of the theoretical building blocks of Niklas Luhmann's theories of organization and society provided sensitizing concepts for empirical analyses of organizational economization. In this section, I will add more detail by illustrating its analytical power with an empirical case; the transformation of educational organizations in Germany from 2001 to 2012. After a brief overview of the political environment in which these German schools are situated, I will sketch out their recent transformation based on case studies using the theoretical concepts of Luhmann's organization theory. In the last part of this section, I use the concept of organizational economization developed in the previous section to evaluate the empirical evidence and contrast it with neoliberalism as an explanatory concept.

The German education crisis

The publication of the results of the first comparative study of educational performance by the OECD's Programme for International Student Assessment (PISA) in 2001 marked a significant turning point in the history of Germany's education system. The PISA studies are a central element of the education program of the OECD. The 'new policy consensus' – or 'neoliberal' common sense – that has been advanced in OECD publications and policy proposals links educational policy and economic welfare, promotes human capital theory and market mechanisms in education as well as it frames education as an 'individual good' (Henry et al., 2001: 30). It exerts its influence through comparative studies

like PISA that establish an educational space through mechanisms of commensuration (Espeland and Stevens, 1998; Lingard et al., 2013). These studies helped to extend the OECD's influence within the global educational policy sphere and made it into a worldwide promoter of neoliberal policy ideas (Grek, 2009; Sellar and Lingard, 2014; Weymann and Martens, 2005).

In Germany, the PISA studies hit a fragmented policy field with legislative competences located at the federal state level of the *Länder*, known for its inertia and reluctance to change. While political projects for transforming education had been formulated for quite some time (Tillmann et al., 2008; Waldow, 2009), PISA provided a critical juncture in the trajectory of the reform discourse (Bieber et al., 2014). The study attracted vast attention in the German media and put educational policy and reform on the political agenda (Niemann, 2010). Since then, PISA developed into the main frame of reference for discussions of educational policy in Germany (Lange, 2002), attracting supporters from all over the political spectrum (e.g. trade unions, educational science etc.). After PISA, the Conference of Education Secretaries (*Kultusministerkonferenz*), which coordinates educational policy among the *Länder*, gained importance (Huber and Gördel, 2006) and a common policy trend emerged.

In its immediate reaction to the study, the Conference of Education Secretaries suggested political measures for improving German education at the societal as well as the organizational level (KMK, 2002). On the societal level, these measures revolve around topics like competences, quality and standards (Ertl, 2006). Discussions concerning the organizational level focus on 'school autonomy' and the devolution of decision competences to individual schools (Heinrich, 2006; Rürup, 2007). Both are situated within supposedly 'neoliberal' and international (educational) policy discourses that link educational performance to national economic prospects. For instance, the European Union (2000) envisaged itself to 'become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion' in the conclusion of its Lisbon Council. Andreas Schleicher (2006), the OECD's director of education and skills, argued that education was exactly the means to achieve this end.³

Critics within the contemporary educational discourse characterize these discussions as evidence of a neoliberal transformation of the educational system

3 As the quoted passage shows, the discourse is not univocal. Many contributions include references to 'social' goals next to economic motives. Nevertheless, as Geoff Whitty and Sally Power (2003: 308) observe with respect to international education policy reforms, '[w]ithin the range of political rationales, it is the neo-liberal alternative which dominates'.

and of educational organizations like schools (e.g. Lohmann, 2002; Merkens, 2002; Pongratz, 2007). In their view, key actors in the educational discourse expect schools as well as the educational system to change from a pedagogical to a market logic. If this interpretation is correct, from the perspective of systems theory, it implies a particular transformation of the relationships between a specific type of organizations and society; namely, *schools change their structures from educational to economic references – they are increasingly economized*. If systems theory is capable of analyzing the relations of organization and society, its analytical apparatus should be able to yield insights into these processes.

Transformations to school autonomy

Educational organizations in general, and schools in particular, used to be interpreted as professional educational organizations (Drepper and Tacke, 2012). The organizational model of educational organization characterizes schools as organizations with unclear programming, considerable leeway for personal decision-making, relatively flat hierarchies, and community-based coordination of activities (Bidwell, 1965; Dreeben, 1970; Meyer and Rowan, 1978; Waller, 1932). In recent years and supported by the PISA inspired policy discourse, this situation has started to change. Responsibilities and competences have been devolved from state authorities to individual schools in order to raise the quality of schools (Fend, 1988; Huber and Gördel, 2005).

‘School autonomy’ is a ‘mega-trend’ (Pfeiffer, 2001: 51) of school development in OECD countries.⁴ Far from being a purely pedagogical concept, school autonomy is regularly interpreted as an instrument for introducing neoliberal ideas of efficiency (Brüsemeyer, 2002), such as ‘new public management’ (Buschor, 1998), within educational organizations and, thus, as an instance of marketization. But are German schools actually changing? In order to answer this question, I analyze the ways German schools reacted to reform expectations. In particular, I concentrate on the reorganization of four schools in secondary education with respect to programs, ways of communication, persons and positional structures (Peetz, 2014).⁵

4 See Döbert and Geißler (1997) for an overview of developments in Europe and Aktionsrat Bildung (2010) for differences between the German Länder. Heinrich (2006) is situating the concept of school autonomy within pedagogical discourses on autonomy. See also Lohr et al. (2013) and Herrmann (2012) for empirical investigations of school autonomy in the German context.

5 The schools participating in the study were selected for their avant-garde status in processes of school reform. For a full description of data and methods, I refer the reader to Lohr et al. (2013) and Peetz (2014).

With respect to the *programmatic structure* of school organizations, the most important organizational change consists in the explication of so-called ‘school programs’ (cf. Holtappels, 2002; Rolff, 2006). Obligated to objectify the principles of their operations by law, schools have in fact given themselves school programs in which they state their pedagogical goals and sketch out plans for school development. However, while they satisfy the expectations of core environmental actors, school programs are not effective in changing the organizational practices within schools. For example, many teachers are unaware of their contents and sometimes even of their existence.

As far as *ways of communication* are concerned, schools still show quite traditional patterns. As typical for professional organizations, collegiality, trust and community are crucial in the coordination of activities. While some teachers observe an increase of hierarchical elements in school coordination – for instance, new forms of middle management or the changing status of school leadership –, others deny any relevance of hierarchy. With respect to markets as another possible way to coordinate decision processes in organizations, the informants are univocal: While there are temptations to use the data of mechanisms of quantification like standardized tests for mutual observation, there are no monetary sanctions coupled to them. Therefore, teachers are not able to interpret their performance in terms of products, which are tagged with prices. Consequently, it is impossible for them to observe the behavior of others in terms of prices, too.

The category of *person* refers to individually attributed behavioral expectations in organizations and shows some changes, especially with respect to school leaders. While teachers report on rising expectations regarding their professional practice (orientation towards competences, individualization of teaching) they also describe stable orientations towards their educational practice (orientations towards the case history of students, involvement in the shaping of the school as a place of teaching and learning, cooperation with colleagues). School leaders, on the other hand, show considerable change with respect to their interpretation of their role as a head teacher. While head teachers used to be seen as *primus inter pares*, they have started to interpret their role in terms of school management (Peetz, 2015; Peetz et al., 2010; Wissinger, 2011) and show clear orientations towards unilateral decision-making and cost reduction. In addition to emphasizing their responsibilities as agents of efficiency within schools, they also show missionary ambitions and attempt to disseminate the ideology of scarcity within the teaching staff.

While programs, ways of communication and persons in schools show moderate changes in contemporary educational reforms, *positional structures* are in

transition. First, the position of the school leader has witnessed a considerable attribution of additional competences especially with respect to the supervisory status of head teachers and administrative functions. School managers are now responsible for the evaluation of teachers' performance and participate more directly in staff selection (Peetz, 2015). Both of these tasks were previously administrated by the school administration, that is from state officials in schools' political environment. Second, a new category of temporal positions has been introduced in schools ('*Vertretungslehrer*'), resulting in considerable insecurity and social tension within the teaching staff as personnel turnover increases.

German schools, then, are situated in a system environment that calls for reorganization and it is indeed possible to identify the transformations of organizational structures that result. Niklas Luhmann's organization theory provides an account of organizational structures that is sensitive to the particularities of these educational organizations. Yet, systems theory's theoretical potential does not end here. It also enables the specification of distinct forms of structural organizational change that highlight the shift to economic logics.

Processes of economization

Are the organizational transformations that I have sketched out in the previous section instances of economization? With its distinction of organization and society, systems theory allows for a differentiated and theoretically guided answer to this question. It suggests a clear theoretical definition of organizational economization as those transformations that shift the references of organizational structures from non-economic societal subsystems to the economic system. In processes of economization, organizations start to orient themselves to the economic problem, code, program or medium (Peetz, 2014). In this process, organizational structures change accordingly: programs begin to focus on scarcity and efficiency, ways of communication change from hierarchy or community to (internal) markets, persons are increasingly addressed and describe themselves in terms of management, and positional structures are made more flexible.

Reconsidering the transformations of the educational organizations in Germany that I have described above, it is obvious that the educational landscape is in fact changing. Educational organizations have not withstood the so-called educational crisis but have changed their structures, albeit moderately. As obvious as these transformations are, the question remains whether they should be interpreted as changes from an educational to market logic, or something else.

The empirical observations of the preceding section support the hypothesis of the economization of educational organizations to some extent. Two of the structural transformations that I have reported – the change to school management as well as the flexibilization of the positional structures – can easily be classified as phenomena of economization. School managers' cost orientations clearly show references to the economic code (payments) and to economic problems (scarcity). Similarly, the use of flexible contracts can be interpreted as a means of minimizing personnel expenditures, reacting to problems of scarcity and oriented at cost reduction. Other structural transformations of schools like the explication of organizational programs, however, are not easily classified as instances of economization. School programs, for example, are still formulated in a vocabulary that mainly draws on pedagogical semantics (Lohr et al., 2013; Mohr, 2006). And ways of communication remain thoroughly grounded within the professional tradition of the educational system; they do not transform into markets. In terms of societal references, then, schools are economizing but are not (yet) economized.

In sum, the empirical illustrations provide a brief glance at the transformations of the educational system and educational organizations in Germany as well as of the analytical potential of the systems theoretical framework. They show that systems theory provides for a differentiated and elaborated theoretical vocabulary for analyzing organizational economization.

Discussion and conclusion

In this paper, I used the concept of economization to reconstruct phenomena subsumed under the rubric of 'neoliberalism' or 'neoliberalization' in an analytical language that enables analysis of structural change in organizations. I introduced Niklas Luhmann's theories of organizations and society and showed that this theoretical framework provides an elaborated and differentiated vocabulary for the study of economization in organizations. In the empirical section, I deployed this theoretical framework in order to analyze the current transformation of educational organizations in Germany.

Compared to the transformation of educational systems in the Anglophone world since the 1980s with the privatization of education, voucher systems, high stakes testing, massive standardization, and the managerialization of head teachers,⁶ the reported transformation of German educational organizations seems limited.

6 The literature on the transformation of education in the Anglophone world is legion. See Ozga (2002), Ball (2006), and Ravitch (2010) for overviews, and Hallett (2010) and Koyama (2013) for case studies.

Yet, while there is structural inertia within the German system, these changes also show that first steps towards an economization of schools have been made.

What are the advantages of such an analysis compared to an analysis using the concept neoliberalism?

First, using the concept of organizational economization helps fight the tendency of some authors in the neoliberalism debates to analyze ‘the world as seemingly always “neoliberal” while failing to provide ‘any substantive evidence to support [their] claims’ (Birch, 2017: 79). Instead of enabling talk of ‘neoliberal organizations’, the concept forces scholars to answer simple but important questions when it is applied rigorously in data generation and interpretation. Given organizations are structured by programs, paths of communication, persons and positional structures, how have these structures actually changed in schools – if they have changed at all? And in case that it is possible to identify structural changes. Why should these changes be interpreted as an increase in the importance of market structures and semantics? Compared to the rather ambiguous concept of neoliberalism, the concept of organizational economization provides clearer guidelines for empirical research and the evaluation and discussion of its results.⁷ My empirical sketch has shown that the concept allows for differentiated analyses of organizational change.

Second, as I have argued above, the concept of neoliberalism is focused on ideas about the market as well as the use of the market as a coordination mechanism at multiple levels. Given the results presented above, any analysis of neoliberalism in the German educational system would only be able to tell a story of organizational decoupling: While there exist strands in educational policy discourses that favor markets as coordination mechanisms, organizational structures and, to a large extent, even educational policy are decoupled from them. But that does not mean that there are no organizational changes nor that these changes are not to some extent identifiable as instances of economization. Thus, using the concept of organizational economization allows for detecting the extension of economic logics beyond the economic sphere that would have gone unnoticed using neoliberalism as a guiding concept.

Third, this empirical absence of marketization does not mean that markets and marketization are theoretically absent. Instead, markets and marketization do have a systematic place within the concept of organizational economization. As I

7 It goes without saying that using the sensitizing concepts of organizational economization does not excuse researchers from testing alternative concepts or from being attentive to aspects of their data that call for theoretical reconsiderations.

have noted above, as ways of coordination, markets are alternatives to hierarchies, communities, and networks. Marketization and economization are, thus, not alternatives as Elizabeth Popp Berman (2014) seems to suggest. Instead, the use of markets in organizational coordination is one aspect of processes of economization that may or may not take place in specific empirical cases.

Fourth and finally, the concept of organizational economization also addresses the problem of undifferentiated use of neoliberalism in diverse empirical settings. Since it is embedded in the tradition of differentiation theory, the concept suggests differentiated developments in different types of organizations from the outset. Educational, economic, religious, health care or religious organizations develop different ways of structuring their decision-making – this was the central insight from combining Luhmann’s organization theory with his theory of society. As a consequence, using ‘organizational economization’ in analyses of organizational change suggests distinct developments of economization in distinct types of organizations. Based on these implications, developments can be compared and hypotheses about the causes of their divergent paths can be developed. While systematic comparison of processes of organizational change in different types of organizations is beyond the scope of this article, it is a promising avenue for further research.

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