The Theory of Social Systems and its Implications on Leadership

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Introduction

The different conceptions of knowledge posit a challenge for the recently new field of leadership studies. Depending on the perception of knowledge, the leadership scholar will understand different concepts of leadership, but most important, will have a working model on how to execute leadership to achieve the desired results.

Understanding the different perceptions of knowledge, as well as going deeper into specific theories allow us to better understand the concept of reality that our stakeholders have, as well as our own perceptions of reality. The awareness of the different perceptions will facilitate our labor as leaders.

A constructionist view of leadership allows to understand how social change may emerge from within the systems to create long term agreements that truly drives social change (Ospina & Sorenson, 2006). This paper will outline the constructivist knowledge perception of Niklas Luhman's Theory of Social Systems. It will provide a description of the theory, its applicability, and critiques; and finally the paper will analyze and discuss the implications of this theory for the leadership scholar and practitioner interested in causing profound social change.   The paper will specifically address the reduction of poverty from the lens of the theory of social systems.

The essay attempts to answer the question: If Luhmann's dreary perception of reality is true, is it possible for us as leaders to have an impact on reducing world poverty?

Theory of Social Systems

Theories of Knowledge

The concept of knowledge has been approached in many different ways throughout philosophical history. In *Theaetetus*, Plato used the criteria of "justified true belief" to define knowledge (Plato in *Theaetetus*, 184a). The search of justified true belief has develop explanations of our reality from a scientific-descriptive to constructivists' approaches.

For the purpose of this paper, we will use Plato's definition of knowledge, as well as the definitions proposed by Zagzebski (1999) and Longino (1999). Zagzebski (1999) defines knowledge as the "cognitive contact with reality arising out of acts of intellectual virtue" (Zagzebski, 1999, p 353). On a different view, Longino (1999) defines knowledge as "the outcome not just of the cognitive agent's encounter with the world, but of cognitive agent's encounter with one another" (Longino, 1999, p 342).

In the 1800, true justified belief was created through scientific inquiry. The social sciences attempted to emulate the quantitative method inquiry of scientific methods. In the 1900s, true justified belief was not a truth to be discovered, but a truth to be understood through our social construction. Constructionism experimented with less formal instruments such as observation, interviewing, and introspection. Within constructionism, the less dominant participants of reality began to evidence how the dominant ideological forces have shaped the understanding our world, and began voicing their views on reality; this is the emancipatory perspective of knowledge (Donmoyer, 2014).

Constructionism.

Constructionism is a theory of knowledge that brings an alternative view on how reality is constructed, and how knowledge is produced (Camargo-Borges & Rasera, 2013). It views knowledge as the contingent building of reality based on the observers' point of view. Knowledge is not discovered, but built from an objective reality and the subjective interpretation of it (Ospina & Sorenson, 2006). Therefore, reality is dynamic and fluid construction.

As previously mentioned, the emancipatory view of knowledge evidenced how the epistemological concepts have been tainted by privileged voices. Women, ethnics, and other minorities have been excluded from the canon, as invisible agents. According, to Longino (1999), they have been epistemologically disenfranchised, as subjectivity is masked as objectivity (Longino, 1999). The theory of social systems presents a non-emancipatory constructionist view of reality.

Theory of Social Systems

In 1984, German sociologist, Nikklas Luhman published his theory of social systems. The theory of social systems presented a new way of thinking about society. This theory believes that society is composed of self-created, almost independent systems. Every system produces itself and its own reality; as it creates itself, the systems produces its own boundaries, it constructs its self-understanding, and the understanding of its environment (Moeller, 2006). Society is comprised of systems such as: economic, scientific, political, religion and law. Each system has its own function, efficacy, code, program and medium (Luhmann, 1984).

Communication, also called medium, media and currency, is one of the core elements of this theory.   Every system is different from other systems, and the way in which they communicate within the system is also unique. Each system develops its own code in order to improve the efficiency of the communication; and the more efficient and effective its media, the more social power the system has. For example, the economic system communicates in terms of money; the political system communicates in terms of power; the law system, in terms of jurisdiction; the scientific system, in terms of truth; and the religious system, in terms of faith. The fact that each system communicates in its own terms, causes operational closeness; which means that:

1. Every system can only communicate in its own media.

2. Each systems is incapable of understanding other system's media.

3. Each system looks at other systems and interpret the other system's reality from their own perspective. For example, an economic system may only communicate in terms of money; furthermore, the interpretation by the economic system of the political system, may only be done through an economic lens.

    According to Luhmann, the system that is able to develop more complexity in its media and communication, the more social power it will have. Currently, the economic system is the most powerful system in our society. Compared to another system like religion, that uses faith as its media; the economic system is more complex, and more specialized, it has more appeal than faith, for example.

Table 1

Social Systems as depicted by the Theory of Social Systems.

System	Function	Efficacy	Code	Program	Medium
Law	Elimination of the contingency of norm expectations	Regulation of conflicts	Legal/illegal	Laws, constitutions, etc.	jurisdiction
Politics	Making collective binding decisions possible	Practical application of collective binding decisions	Government/ opposition	Programs of political parties, ideologies	power
Science	Production of knowledge	Supply of knowledge	True/false	Theories, methods	truth
Religion	Elimination of contingency	Spiritual and social services	Immancence/ transcendence	Holy scriptures, dogmas	faith
Economy	Reduction of shortages	Satisfaction of needs	Payment/ nonpayment	budgets	money
Social	Elimination of poverty	Regulation of basic human needs	Access to basic needs / Non access to basic needs	Social programs	Equality

Source: Adapted from Moeller, H. (2006). Luhmann Explained: From Souls to Systems.

Based on his view of the world, Luhmann (1997) expressed a dreary future:

We have to come to terms, once and for all, with a society without human happiness and,

of course, without taste, without solidarity, without similarity of living conditions. It

makes no sense to insist on these aspirations, to revitalize or supplement the list by

renewing old names such as civil society or community. This can only mean dreaming up

new utopias and generating new disappointments in the narrow span of political

possibilities. These desirabilites serve as a central phantom that seems to guarantee the

unity of the system. . . . If we look at the huge masses of starving people, deprived of all

necessities for a decent human life, without access to any of the function systems, or if we consider all the human bodies, struggling to survive the next day, neither "exploitation" nor "suppression"—terms that refer again to stratification—are adequate descriptions. It is only by habit and by ideological distortion that we use these terms. But there is nothing to exploit in the favelas; nor are there, at the higher levels of society, actors or dominant groups that use their power to suppress these people…Many individuals have to live without certified birth and identity cards, without any school education and without regular work, without access to courts and without the capacity to call the police. . . . And modern values, such as equality and freedom, serve as cover terms to preserve an illusion of innocence—equality as equal opportunity and freedom as allowing for individual (and not societal) attribution (Luhmnan, 1997, pp 4–5).

Application of the theory.

Luhmann (1997) explains that the reasons why socialist failed in Eastern Europe using his theory of social systems. According to him, socialism failed not because of the brutality of the regime; but because it was a political system attempting to communicate in economic media (Moeller, 2006). In this case, the political system (the Communist Party) attempted to induce change and claim legitimacy through economic terms, like fostering economic growth (Tarifa, 2007). According to the social systems theory, a political system cannot artificially control another system; it is an illusion, not a reality. Since it is an illusion, true change cannot endure.

Critiques.

The theory of social systems has been widely criticized by thinkers such as Jürgen Habermas. Habermas, a sociologist from the University of Frankfurt and part of The Frankfurt School, believes that social theories must try to understand and explain society as a whole. For the sociologists at The Frankfurt School, a theory is valid if it is directed at the totality of society, it improves the understanding of society, is explanatory, practical and normative (Thomassen, 2010).   While social systems theory explains the current state of society, and identifies the economic system as a possible agent for change, it does not provide a clear path to achieve social change.

Some of Habermas' questioning of Luhmann's theory include:

1. Luhmann's theory did not see law and politics as instruments for progress in society
2. Luhmann's theory did not see human agency in directing or resisting change
3. Luhmann's ideas do not offer a solution
4. Luhmann's theory rejection of rationality
5. Luhmann is antimoralism, antinormativs, antihumanism (Moeller, 2006)

More recent critiques to Luhmann's theory address the fact that social systems theory is not capable to explaining social movements (Moeller, 2006); for example, the Arab Spring: its birth and implications on societal systems.

Analysis and Discussion

Assuming that the social systems theory portrayal of reality is justified true belief, what are the implications for leaders? How can leaders drive social change within a system?

At the turn of the century, leaders from the one hundred ninety three member states of United Nations signed the Millennium Development Goals (MDG) pledge. The pledge pursuits the fostering of equality and the elimination of poverty in the world.   The MDG pledge invoked an unprecedented commitment from the member states, non for profit organizations and corporations; however, the world has shown uneven advances in the eight MDG dimensions. At the end of the established timeline, and with over $60 billion spent (OECD, 2014), the world has more inequality today than at the beginning of the century (World Bank, 2014).

Reviewing the systems suggested by Luhmann, as well as their function, efficacy, code, program and medium, it is clear that none of those systems has been created to eliminate the social inequality of society. It may be argued that through the other systems, the subject of inequality may be addressed; however, the statistics show that the efficiency of achieving such task has not been completed.

Analyzing the MDGs situation through the lens of the social systems theory, it could be argued that the same reasons for which socialism did not survive in Eastern Europe, because it was a political system attempting to communicate in an economy media; social inequality will not be eliminated, because it is an economy system attempting to communicate in a social media, for example, poverty. The $60 billion that have been poured into achieving the Millennium Development Goals could be seen as a communication from one system to another, in a media that is only understood by the providing system. So, it may seem that there is an attempt from the economy system to communicate with the social system, but in reality, no communication has been established. It is just an illusion. Again, since it is an illusion, no real change has been achieved.

There are three possible solutions for this situation: 1) considering the existence of a sixth system, a social system; 2) including the task of reducing poverty in all of the systems; 3) accept Luhmann's opinion that no social equality may be achieved. This last option will not be discussed in this paper.

The sixth system

There is no social system in the theory's depiction of reality that specifically addresses social wellbeing. From an emancipatory point of view, it could be argued that this constructionist theory is tainted by the privileged voice of white European males, and that since the social system would represent the situation of the disenfranchised, it has been ignored, and that the sixth system exists, but it holds not valuable currency for the other systems.

Assuming that there is a self-created system, a social system, whose function is the elimination of poverty; the paper proposes that the social system's efficacy is measured by the regulation of basic human needs; its code is the access or no access of the population to basic human needs; its program is social program; and its medium is equality (see table 2).

Table 2

Suggested social system.

System	Function	Efficacy	Code	Program	Medium
Social	Elimination of poverty	Regulation of basic human needs	Access to basic needs / Non access to basic needs	Social programs	Equality

Source: Own.

In this situation, the only solution that seems plausible is to attempt to increase the value of the system's medium, equality, through the aid of policy making. In India, for example through the passage of the Companies Act in 2013, it is mandatory for all corporations to destine at least 2% of their average net profit in the previous three years in social responsibility activities (Confederation of Indian Industry, 2013). This law attempts to include social wellbeing in the dashboard of corporations; it is an example of how the social system may be artificially influenced using the media of the political and economy system. This policy will be in effect starting the 2014-2015 fiscal year; therefore, the results of such policy remain to be examined.

The Inclusion of Reducing Poverty as a Task in the Systems

Another solution to the poverty dilemma in the social systems theory would be to include the task of reducing poverty in all of the systems, particularly important in the economy system. Since a system is not able to communicate with another system but with its own media; then the change must be caused from within; that is, by including poverty reduction as a task and as a form of currency for the system. Following the biology metaphor of living cells, since the systems create their own conditions for existence, the new alterations of boundary, authority, role and task of the system could be compared to a virus.

Heifetz (2003) defines leadership as the activity of mobilizing resources to do the required adaptive work to achieve the ultimate goal (Heifetz, 2003). To achieve this task, a leader within the system must follow Heifetz suggestions of activities: identify the adaptive challenge, bring attention to the issue, and regulate the created disequilibrium. In the disequilibrium, the systems' status quo will attempt to survive, and it will depend on the leader's

competence to manage the adaptive issues in order to complete the systems overall purpose. In a way, this is what social movements have attempted to do in certain systems; for example the Arab Spring; however, the leadership of social movements has lacked all of the suggested competences to achieve a successful orchestration of change. The discussion of the results of social movements in the systems expand beyond the scope of this paper.

Another possibility of infecting the system is through the application of the management framework called Theory U, developed by German Otto Scharmer. Scharmer's theory, like Luhmann's, has been heavily influenced by the work of the biologist and philosophers Humberto Maturana and Francisco Varela. Theory U is a change management framework based on the premise that the quality of the results of the group's decisions and work are in direct relation to the quality of the group´s awareness. The theory suggests that the group should move through five different stages, before reaching its ultimate goal. The final product of theory U is a holistic solution that considers every stakeholders best interest, within a system (Scharmer, 2004).

From a constructionist perspective it is possible for leadership to emerge from the constructions in systems. According to Ospina and Sorenson (2006), leadership emerges as a collective process once the stakeholders are able to frame the purpose, tasks, role, and authority within the group (Ospina & Sorenson, 2006).   As the process develops, the cause stops being a shared idea, and actually becomes embedded in the system –the system's media-. The concepts of dialogue, creativity, co-creation, and other meaning making activities are practical resources that may be spark changes within the system. For example, in order to reduce poverty, we would like to encourage new meanings to be co-created such as equality, pluralism and diversity, promoting systemic transformation.

Since every community understands their reality in a different manner, the way in which they tackle the problems is be unique, as well. Therefore, in order to fight poverty it is not enough to simply pour financial resources into the system. The abundance of financial resources does not guarantee that the stakeholders will engage in collective and meaningful work to solve the problem.

This constructivist leadership approach has implications on the way research and project management is conducted in organizations such as United Nations. Ospina and Sorenson (2006) suggest that this new approach to research should consider:

1) To focus on creating collective agreements, that encompass the views of all stakeholders. Different countries have different areas, and different communities. Each community may have the same outcome of poverty, but caused by different reasons. Understanding the roots of the problems is crucial, and each community holds the real knowledge about the possible causes.

2) To foster a participatory approach among all stakeholders. The communities may want to be helped in different manners –other than simply financial aid, for example-; therefore, paying attention to all the voices within the community and empowering them to make their own decisions will further engage the community in the project.

3) To make sure that the participatory approach is grounded in the community.

4) Leadership may emerge in different manners; therefore the research performed in the community must engage different methodologies. Like narrated in his work, *Research as Ceremony*, Wilson (2008) evidences how there are other different methodologies that may be used to better understand the community that we are

studying. For example, other than conducting surveys and interviews, it is important for the researcher to pay attention to relationships, verbal communication, rituals, arts, culture and spiritualty (Wilson, 2008). These nontraditional ways of gathering knowledge will allow the researcher to better understand the people's perception of reality in the community, and consequently be able to develop programs with higher probabilities of efficiency and effectiveness.

Conclusion

Aristotle said: "To leave the greatest and noblest of things to chance would hardly be right" (Aristotle in *Nicomachean Ethics, 1109b25).* Assuming that Luhmann's theory of social systems presents a justified truth belief, as leadership practitioners and scholars we require a conscious paradigm shift on how to resolve the social problems of the new millennium.

Even though we might not agree with Luhmann's perception on the justification of inequality in the world, the theory of social systems does have some elements that could be truth, and that may help us explain why we have not been able to reduce real poverty and inequality in the world. As leader researchers and practitioners we must be conscious of the dominance of the views of the privileged in our world; and we must also understand that their construction is real, and that we must learn to work with that constraint. On the other hand, the emancipatory perception of knowledge, it is not only fair, but necessary to be included in the way we approach leadership in order to achieve social change.

Viewing the issue of poverty as simply a lack of financial resources, and having developed nations pour money into developing countries without taking the time of jointly constructing a solution to the many causes of poverty, will only preserve the current establishment. Considering changing the system from within and aiding the change of the system through the structural coupling of policy making used in tandem may be the key to start advancing in social change.

Our constructivist view that takes into consideration working with the different communities in the developing nations to address their specific causes of poverty will take more time and effort; however it should lead us to a praxis of social action, as we embody agents for social change.

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