

## **#29 Topic: The Firm as an Emergent Phenomenon**

**Leading researcher: Dirk Bruin – VUB / CLEA – [dirkpbruin@gmail.com](mailto:dirkpbruin@gmail.com)**

Why do business organizations exist if markets are in place to coordinate the supply of goods and services? This question reflects the common approach to the existence of firms. It implies the assumption that the smallest component of firms is a person. However, this denies the fact that people enter and leave firms frequently without affecting its global behavior, and that the relation between individual personal performance and firm performance is weaker than often assumed.

My research involves the development of a theory to explain what a firm is by answering these questions anew: How is it conceived, How does it cease to exist, and What are the firm's 'substance' and behavior? Its final objective is to develop tools to better explain their behavior vis-a-vis people associated with it.

It is assumed that ideas not people are the components of a hypothesis of the coherence of human behavior. Other core concepts are explanatory coherence, enactment, social systems, theoretical ecology (autopoiesis), and chemical organization theory for the representation. Widespread ideas originating from Western culture of The Market System and Belief in Progress are conjugated with this hypothesis. The firm as a complex of approximately true ideas co-evolving with other bodies of culture in society, enacted by people.

Firms as autopoietic systems are autonomous and cognizing, instead of mere instruments of people. Operational closure is a condition for the firm to perpetuate. People's autonomy is relative to that of firms. This determines the relation between ideas embodied in different roles (employee, customer) vis-a-vis firms, and those firms. This limits the expected effect of human intervention in a firm's operations.

These outcomes are relevant for scientific disciplines, people professionally involved, and they are relevant for people associated with firms, virtually everyone. It enables a re-assessment of their relation to firms they do business with. Just because beliefs of people are at the basis of the nature of firms, this can contribute to a more sustainable future.