

## GOVERNANCE AS PRACTICE: Contributions to the Concept of Governance from the Perspective of Social Practice

**Natália Rese** (Corresponding Author)\*

*Adjunct Professor, Department of General and Applied Administration and Graduate Program in Business Administration, Universidade Federal de Paraná.*

*\*Rua Prof. Lothário Meissner 632 - 2º andar – Jardim Botânico – CEP: 80210-170 - Curitiba/PR/Brazil*

E-mail: [natalia.rese@ufpr.br](mailto:natalia.rese@ufpr.br)

**Sergio Bulgacov**

*Adjunct Professor, São Paulo School of Business Administration at Fundação Getulio Vargas.*

*\*Rua Itapeva, 474 – Centro – CEP: 01332000 - São Paulo/SP/Brazil*

E-mail: [s.bulgacov@gmail.com](mailto:s.bulgacov@gmail.com)

**Jane Mendes Ferreira**

*Adjunct Professor, Department of General and Applied Administration and Graduate Program in Business Administration, Universidade Federal de Paraná.*

*\*Rua Prof. Lothário Meissner 632 - 2º andar – Jardim Botânico – CEP: 80210-170 - Curitiba/PR/Brazil*

E-mail: [janemff@yahoo.com.br](mailto:janemff@yahoo.com.br)

### ABSTRACT

*The objective of this theoretical essay is to discuss the concept of governance in its different spectra, and to propose a discussion from the perspective of social practice. Consequently, it comprises an introduction that presents the objectives of the article, a review of the major works discussing the issue of governance, and a return to the perspective of social practice, from the theory of structuration understanding presented by Giddens (2003) placed into the discussion of strategy as social practice; finally, the understanding of governance-as-practice is proposed, and a perspective of governance under the gaze of social practice is adopted, concluding with some final considerations that present reflections for future developments. The essay points to the understanding that the concept of governance should be seen apart from its positive and normative nature, from a multilevel perspective which deals with the complexity of the organizational phenomenon and its constitutive relations.*

**Keywords:** *Strategy, Strategy as Social Practice, Governance, Structuration, Social Practices*

### 1. INTRODUCTION

The idea of governance has been the subject of contemporary discussions in a wide range of areas. Thus, the concept of governance is made up of a "code of multiple colors" (Ezzamel & Reed, 2008) and often seems empty without an accompanying adjective: corporate governance, public governance, policy governance, governance of networks etc. The common aspect, however, among all these concepts seems to lie in the fact that the multifaceted nature of organizations (whether they are corporations or governments, or public or private companies) and the involvement of multiple actors in conducting the activities that comprise their objectives lead to conflicts of interest and of management or governance in these organizations. This conflict in turn leads to the need to create governance mechanisms that demarcate the roles of each agent in arranging the objectives, strategies, agenda, authority and power in this organizational "configuration".

The objective of this article is to compose a theoretical discussion about the concept of governance in an organizational sense. Starting from the presentation and discussion of the theoretical perspectives related to the concept, the issue of governance is discussed in order to view its limitations based on contemporary literature in the area (Daily & Canella, 2003; Ezzamel & Reed, 2008; Donaldson, 2012). From this point, the article discusses the proposition of a concept of governance as a practice, no longer understanding governance as positive or prescriptive, but rather as a framework, in the sense of Giddens's theory of structuration. By the conceptual proposition and establishing the conceptual dimensions of the construct, a research framework is proposed to operationalize the concept.

### 2. GOVERNANCE: The State of The Art of The Concept

The birth of industrial capitalism in the early 20th century brought with it a new social and economic conjuncture: the division between capital and labor. Initially, business owners (holders of capital) managed their businesses and hired workers in exchange for wages. As capitalism developed and large corporations began to emerge, there

was also a need for owners to focus on expansion strategies and business development, and the responsibility for administration came to be shared with a new character: the administrator (Chandler, 1995). With the intensification of capitalism, another important movement also arose: the dissemination of capital into the hands of different owners. All this context leaves the area of business concerned with managing conflicts that arise between the interests of owners and administrators, and with the increased complexity of relationships, conflicts with the interests of all stakeholders in producing the organizational context. It is in this context that the concept of governance begins to make sense. This concept is traditionally discussed from three perspectives: agency theory, transaction costs theory, and public governance. A plurality can be seen in the concept of governance and the perspectives on which it is based: if agency theory understands governance as a series of mechanism inside and outside the organization which are normatively capable of curbing opportunistic behavior of the agents at the expense of the interests of owners, transaction costs theory establishes governance structures that are able to manage transactions in an economically efficient manner. Public organizations, which have long moved along hierarchy/market lines (between the strong presence of the state and the minimal state), built from the peculiarities of public organizations the concept of public governance of networks, in which they recognize that the public good is the result of the interaction of many organizations, where the role of the state is to manage these relationships to ensure the production of the public good. This management occurs in a more or less centralized manner, depending on the situation of each public administration and its individual political, social and cultural characteristics. Lines and points of rapprochement and distancing can be seen among the prospects presented; however, homogeneity (mainly the result of the shared assumptions) is more visible than distance between the three. Increasing this understanding, Ezzamel and Reed (2008) discuss three different perspectives surrounding the understanding of governance as a concept: the rationalist perspective, the institutional perspective, and the governmentality perspective.

The rationalist perspective refers to literature in the areas of economics, administration, finance and accounting, especially related to the work of Berle and Means (1932) with respect to agency theory, and Coase (1937) and Williamson (1975, 1996) that underlie the theory of transaction costs. Agency theory assumes that owners and agents (administrators of the owners' capital) are rational and act to maximize their benefits; in this way, they face the dilemma of conflicting interests. To avoid these conflicts, governance mechanisms are designed based on contracts, limiting mechanisms, and the monitoring and control of the agents. The theory of transaction costs, in turn, addresses the fact that in addition to production costs, organizations incur a series of transaction costs, considering that they are constantly relating to other organizations to carry out their activities. As a result of limited human rationality (Simon, 1965) which limits the cognitive capacity to process all the available information, environmental uncertainty and complexity that does not allow all the necessary information about the environment to be gathered, opportunistic behavior related to understanding that each party in a transaction will always act to maximize their interests, and the small number of competitors, which does not always allow changes in partners, Williamson stated that governance mechanisms are necessary so that transaction costs can be minimized. Furthermore, Williamson identified three governance mechanisms for transactions: the market, the hierarchy and the hybrid, combining the two previous mechanisms. Ezzamel and Reed (2008) stated the following, on the common aspects between these two approaches: the reductionist conception of governance and the exclusive focus on a single body of beneficiaries and governance are ensured through formal contracts and the application of rewards and penalty. "It will be evident from our overview thus far that governance is objectified as something that is unambiguously definable and manageable." (Ezzamel & Reed, 2008, p 604.). The rationalistic foundation of corporate governance is not abandoned in public governance. From the managerial perspective (from new public management) concerned with maximizing the efficiency and effectiveness of public organizations in implementing control mechanisms that prevent public officials from acting in their own interests, it is possible to see that the public governance we have discussed here has roots which are very close to those of corporate governance.

Thus it can be said that the three governance perspectives (based on agency theory, the theory of transaction costs and new public management) share assumptions and understandings that give them a common theme in outlining the concept of governance:

- (1) In assuming that mechanisms are necessary to control managers (public or private), the three perspectives share the understanding that the subjects are hostages of their limited rationality, and act in order to opportunistically maximize their own interests.
- (2) All three perspectives on the concept of governance understand that organizations (public or private) are made of relationships—between agents and principal, between buyers and suppliers, between government, society and other organizations—that need to be managed.
- (3) They further outline (either in normative form, as in the case of agency theory and public governance, or positively, as in the theory of transaction costs) models and structures for effective governance.
- (4) They conceive governance as a structure capable of sustaining relationships and ensuring efficient results.

### 2.1. *The theoretical and epistemological foundation of the concept of governance*

The previous section discussed aspects common to the concepts of governance linked to the various perspectives. Corporate governance and public governance have clearly rational-functionalist foundations, as has been shown. Foucault (1991), in turn, with his concept of governmentality moved through his structuralist archeology and historicist genealogy. The institutional perspective, in casting its gaze on the governance phenomenon, brings its structural-functional concerns into the discussion. However, it cannot be confirmed that the theoretical and epistemological foundation has been a concern from the perspectives of those who deal with the concept of governance. Donaldson (2012) argued that there is an epistemological failure in the so-called "governance theories." The main line of reasoning adopted by Donaldson (2012) for this argument is the fact that the "governance theories" derive their propositions from organizational theory. Meanwhile, in proposing normative and prescriptive underpinnings for governance based on the facts outlined by another theory (organizational theory) there is an epistemological failure that leads to the naturalistic fallacy.

Organizational theory (and here, Donaldson [2012] referred to economics-based organizational theory, specifically, which is the basis for the theories of governance) is directly or indirectly derived from the observation of data that are expressed in theoretical propositions, generating a body of theory—as in the case of agency theory and transaction costs (expressed by the premise  $f \rightarrow E$ : observation of the facts leads to the construction of organizational theories). As the theory of normative governance essentially seeks to establish how relations "should be governed" in the pursuit of efficiency, the theory of governance is understood to lead to the establishment of norms:  $G \rightarrow n$ , according to Donaldson (2012). Another premise described by Donaldson (2012) is that observed facts do not entail norms:  $\neg(f \rightarrow n)$ . Starting from the aforementioned premises and understanding that there has been a direct derivation of governance theory from organizational theories, Donaldson's theorem (2012) proposed the impossibility that any positive economic theory can entail a theory of governance:  $\neg(E \rightarrow G)$ .

Based on this theorem, Donaldson (2012) argued in favor of an epistemic failure and the existence of a naturalistic fallacy in the theories of governance, since what seems to occur is a leap from the "is" (the facts and data observed to cause organizational theories) to the "should be" (the standards which constitute the theoretical body of governance). This means that it is not possible, from the descriptive premises about organizational theories, to establish a prescriptive conclusion, as the theory of governance does. This epistemological flaw described by Donaldson (2012), in addition to presenting a theoretical gap which requires development, further exposes the fragility of a possible theoretical body around governance that can be assumed to be forming.

Sharing some of the arguments of Donaldson (2012), and understanding that research investigating organizational governance needs to advance both in terms of epistemological base as well as in their capacity to analyze organizational practices, Daily and Canella (2003) in their article introducing the Special Edition of the Academy of Management Review on governance indicated the need for deeper exploration of the subject and discussions which may generate new governance "models".

It is in this sense that this present study aims to start a different interpretive discussion founded on the perspective of social practice about the concept of governance, seeking to situate it as a realization of individuals in action, who are able to produce and reproduce the reality in which they are inserted, where norms are restricted (such as those norms imposed by the structures and systems of governance) but where there is also space for creation and to "enact" governance in organizational routines. Thus, the next section will deal with the fundamentals of social practice in order to resume the discussion begun here with the intention of constructing a concept of governance founded on the perspective of social practice.

### 3. THE PERSPECTIVE OF SOCIAL PRACTICE IN STRATEGY AND ORGANIZATIONS

Since the 1980s, a "practical turn" in contemporary social theory has been seen; from this, authors such as Pierre Bourdieu, Michel De Certeau, Michel Foucault, and Anthony Giddens began to recover and think about practice and its importance in social theory (Whittington, 2006; Johnson, Langley, Melin, & Whittington, 2007). Organizations and their phenomena were not on the fringes of this discussion, and mainly from the 1990s the perspective of practice began to be addressed in organizational studies and studies of strategy. The strategy, a rational-functional area *par excellence* focused on results, began to rethink the field from a practical approach, considering that the concept of practice is interpreted in several ways, but commonly these refer to the way in which people do something, resuming the focus on people within the organizations (Whittington, 2003).

An important emphasis on people (the practitioners) can be seen in this approach, but with no disregard for all the theoretical and scientific knowledge that has influenced the practice to some extent. Treating strategy as a social

practice (and understanding social practice based on the ideas of the authors discussed above and fundamentally from the Giddensian perspective) requires that a sociological eye be turned to this strategy, no longer an essentially economic eye, as had been done thus far (Whittington, 2007).

When dealing with the theory of structuration, Giddens (2003) started by discussing the thinking linked to functionalism and structuralism on the one hand, and to hermeneutics and the interpretative sociologies on the other, representing in the former the primacy of the structure, of the functional and structural properties that remain and influence social life, and in the latter the primacy of action, of the interpretation of the subject and of its creation on social life. From this, Giddens claimed that his aim in formulating the theory of structuration is to put an end to "empires", which will occur through the investigation of social practices: "they are not created by social actors, but continually re-created by them through the own ways they express themselves as actors. In their activities, and through them, these agents reproduce the conditions that make these activities possible" (Giddens, 2003, p. 2-3, translation ours).

From this, it is seen that *structuration* is the process of production and reproduction of social life and the institutions that embody social life, a process defined by Giddens (2003, p. 29, translation ours) as "Conditions governing the continuity or transmutation of structures, and therefore, the reproduction of social systems". This production and reproduction has elements of structure (durability) and human action (change). To understand this process it is essential to present some fundamental concepts that support the concept discussed up to this point.

**Structure.** In understanding structure to be composed of *rules* and *resources*, it is necessary to assess the concept of these two elements. Giddens (2003) drew attention to the fact that rules cannot be regarded separately from resources, "which refer to the ways in which transformative relationships are actually incorporated into the production and reproduction of social practices" (Giddens, 2003, p. 21, translation ours), while rules, in line with the thinking of Garfinkel (1991), imply "methodical procedures" of social interaction. With this established, it is now necessary to understand that the rules have two aspects: (1) related to the constitution of meaning and (2) related to the sanctioning of the modes of social conduct. The first are those which are used intensively in everyday activities, typically informal and weakly penalized, but permeate the social fabric and are strong influences on the process of structuration, since they are accepted by the subjects and reproduced in their practices. On the other hand, the second type of rules refers to those which already have a discursive formulation, are formalized, and if they are broken, imply strong sanctions. The structure, in being composed of rules and resources, is conditioned by such rules and placed into use through the mobilization of resources. In this way it is possible to understand the meaning of the structure as dual: at the same time restrictive and facilitative.

Therefore, it is important to emphasize that raising the concept of structure as being rules and resources destroys the static notion that schools of thought such as functionalism and structuralism bring to the concept. In structuration, in turn, the idea of the structure gains dynamic characteristics, as has been seen. It is further understood that this structure is not external to individuals (Giddens, 2003) but is appropriated by them, produced and reproduced through their *social practices*.

**Social Practice.** In understanding social practices to be "procedures, methods or skilled techniques appropriately executed by social agents" (Cohen, 1999, p. 412-413, translation ours) the *agent* enters the scene. The basic idea is that social life presents durability, and this durability is fundamental to maintaining the sense of ontological security, and able to keep the subjects secure with regard to courses of action, the decisions they make, and the future. The durability of social life, however, is not static or maintained by a fixed "structure" that does not vary in the time and space of societies. On the contrary, it is understood to consist of rules and resources, where the rules provide the driving element of how things should be and the resources assist in the practical achievement of these rules. It is seen, therefore, that the structure is incorporated into the social practices of the subject, and thus for the structure to be durable and perpetuated, the action of the subject is required. The subject repeats it while at the same time *producing* it, considering the resources used and the scope for *creating* it anew that is configured when space is given to the subject. In this way, permanency does not result from the fact that the social structure is something immutable, but because the agents (who have the ability to act cognoscitively and intentionally) have the structure embedded in their social practices and in a recursive movement are the *actors* in this reproduction, which is reflexively monitored in relation to their conduct and that of the other agents that comprise the community which forms the social system. This means that it is not possible to think of a fixed, rigid, self-perpetuating structure; durability depends on the action of the subjects, which is not the result of a subjective movement but an inter-subjective legitimacy (Berger and Luckmann, 1985) in which these subjects are constituted as agents of a social reality, by which their actions are conditioned. In this context, the socialization of the subjects in a given social context allows the incorporation of this structure into their practices, which are monitored reflexively into



a movement coherent with the reproduction of social life in a recursive manner. Interpretive schemes, understood as "the modes of typification built into the actors' stores of knowledge, reflexively applied to support communication" (Giddens, 2003, p. 34, translation ours), allow the subjects to support this reproduction and produce social life in a way that ensures the concept of stability. Thus, the dual nature of the structure is understood: it is a producer and product of this social reality, as a conditioning factor and a catalyst of individual actions, because both of these elements are incorporated into its definition. Social life is produced in an area of *structure* and *interaction* in a process of structuration.

#### 4. GOVERNANCE AS PRACTICE: A Perspective of Governance Viewed from Social Practice

Given the definition by Ezzamel and Reed (2008) for the concept of governance as a "code of multiple colors", the harsh criticism from Donaldson (2012) concerning the epistemological failure that is at the core of governance theory, and the recognition on the part of Daily and Canella (2003) of the need for theoretical advances in governance, it is understood that the perspective of practice can make an important contribution to the development of research on governance.

An initial discussion that may establish limits from the practical perspective concerns understanding of the nature of human subjects. Agency theory, the theory of transaction costs, and the theory of public governance seem to share the assumptions of bounded rationality and that individual interests will be maximized by subjects who act opportunistically. From the standpoint of social practice (and a Giddensian view) the subjects first possess the **capacity for agency**, which means that they are able to act and intervene in situations of social life, and without this action on the part of the subject, the outcome of the situation may have been different. Second, the subjects have **cognoscitive ability**, in other words, these subjects possess knowledge of the situation of action, and this knowledge can be linked to a practical consciousness (related to tacit and unspoken knowledge within the individual's domain, which he or she is not able to express) or a discursive consciousness (related to tangible knowledge, which the subject is able to express in words). The action of these subjects is **reflective**, in other words they monitor their actions to maintain the flow and continuity of social life or the situation in which they exist. A fourth important element is the **intentionality** of the subjects, which means that their actions are based on an intention about how the situation will be outlined and the outcome that will be attained. Thus, in any situation the subjects are not passive, they are able to read and interpret, and when they carry out their daily routine they do so in an active manner to reproduce and/or modify the presented structure (De Laville & Monoud, 2003). As a result, an important consequence for the concept of governance is that any structure of rules or standards is not static considering the agent-subject behavior endowed with all the previously described characteristics. It is the subjects, through their actions, that give meaning, life and dynamism to the structures, thus reproducing or even changing them.

A second important aspect is the concept of governance itself. From the theories that traditionally address the concept of governance, this is understood as a framework of norms that regulate and standardize the behavior of individuals in relationships around differences in ownership, in transactions and negotiations, and in power relationships, seeking to make these individuals act according to the interests of the owners of the capital in the name of economic efficiency, on behalf of a major concern. Governance allegedly regulates these relationships and leads to the attainment of an economically efficient outcome, while always considering the assumptions of human nature described above. Now in considering the subject as active and endowed with the capacity for agency, the understanding described above about what governance is becomes incoherent. Given the proposal under discussion, the understanding of governance closely approaches what Ezzamel and Reed (2008, p 608, translation ours) presented as the institutional understanding of governance: "a loosely coupled set of 'management mechanisms' that vitally assist organizations by simultaneously containing the tensions and contradictions that are endemic between guidance for technical efficiency and the need for symbolic legitimacy." At the same time, it is proposed that governance be understood as a **structure**, in the Giddensian sense, with its dual nature, understanding that governance not only restrains but also allows order to be reproduced as it can be transformed by the subjects in moments of interaction and action.

A third issue that seems relevant is the notion of **order**. The theories of agency, transaction costs, and public governance deal with the triad of order, conflicts, and mutual gains, understanding that governance (normative and prescriptive, as is understood) is the means by which **order** is attained, preventing **conflicts** of interest between the parties from expressing opportunistic attitudes, and eliminating the possibility of **mutual gains**. The notion of order for the structurationist perspective of social practice is materially different: social order is maintained through social practices, which themselves guard the regularity of social life, and as they are carried out daily they are able to reproduce the order necessary to maintain the social life and ontological security of the subjects with respect to what is to come and how to behave in the face of the situations that arise.

A fourth aspect concerns the role of institutions in the different theories. In the traditional theories that address the concept of governance, institutions—the market, state, agencies, arbitration courts, legal courts, laws, rules—are exclusively understood as restricting harmful behaviors related to economic efficiency and property rights, acting in the form of penalties for these behaviors. From the perspective of social practice, the role of institutions is expanded, moving in the direction of the new institutionalism; these are understood to be complexes of cultural rules, based on the regulative, normative, and cultural-cognitive pillars, which expands the coercive and normative notion to something based on the micro level of analysis and the active performance of the subjects. (Scott, 2008). The fifth aspect to be discussed is the naturalistic fallacy and epistemological failure (Donaldson, 2012) identified as inherent to the theories of governance mentioned here. With a view to overcoming these critical points, a different treatment for the concept of government is proposed, based on the other four points presented. This treatment addressed the concept of governance differently, from a perspective of social practice, which calls for (a) a disconnection from the normative and prescriptive understanding of governance, (b) reconsideration of the role of the subject, (c) a change regarding the notion of order, (d) an ontological and epistemological shift to recognize that reality is socially constructed by active subjects endowed with cognoscitive ability. With this in mind, it is proposed that governance be understood from the idea of **governance as practice**.

**A constitutive-operational definition of governance as practice.** How organizations maintain themselves over time has been a significant question in organizational studies, and the answers range from adaptive issues to meeting demands for legitimacy. It is in this area of organizational maintenance that the construction of this proposal to reposition the concept of government in this study falls: just as the social systems are maintained by their social structure, it is proposed that governance is this structure for organizations. This understanding has some implications, as described below:

- (1) Structure, in the Giddensian sense, is understood to mean rules and resources that restrain organizational life. Therefore, governance guards duality as structural ownership, from which it constrains and enables the creation of routine organization. In this way, the permanence of an organization occurs through the existence of this governance structure that defines the rules, resources, actions, and relationships that constitute organizational life.
- (2) Like structure, governance is produced and reproduced through practices. In this sense it is not static but dynamic, carried out by the actions of the active individuals in their daily routines. There are various organizational practices that support structure: strategy and relationships seem to be some of the main practices which perpetuate the organization as such.
- (3) The order that traditional governance theories emanate from the normative principles appears here as a product of the acquiescence of the mutual normative expectations grounded in shared knowledge, in the symbolic structures, and in socially shared collective cognition which gives meaning to the action of the subjects (Reckwitz, 2002).
- (4) Understanding governance thus requires dealing with an entire complex of relationships involving the macro level, as well as the institutional relations that restrain this structure; it involves the level of organization and routinized practices, as well as the activities of subjects in action and interaction on the micro level. Governance as a structure involves all of this, and with this in mind looks back to this world.
- (5) Governance as a structure also opens a space for understanding the different results obtained by different organizations: namely, the practices are where the governance structure is produced and reproduced, where the identity of each organization is created. The configuration of these may explain the unique results of each one, just as the practices of each society assist in understanding the entire culture of each.

**In view of this, in this study governance is a structure composed of rules, resources, and relationships which may provide stability to organizations and guide organizational practices put into action by the subjects.** Understanding governance in this way allows the concept of **governance to be described as a practice**, which is illustrated in Figure 1:

**FIGURE 1.**

Figure 1 shows that understanding governance as a practice involves understanding it as a producer and a product of a series of intricate relationships. Initially, it is necessary to highlight the understanding of the systemic nature of organizations and the fact that they are immersed in an environmental and institutional context (as indicated by **number 1** in Figure 1) that influences organizational decisions while it is influenced by their results. Note that the dotted line delineating the organizational context represents both the impossibility of a clear distinction between environment and organization, as well as the indication that the relationship between the two is constant; meanwhile, the boxes that extend beyond the dotted line clearly show an obvious relationship with the external environment. Therefore, it is understood that the way the governance of a given organization will configure itself is influenced by this context and thus reproduces environmental and institutional assumptions in the form of rules, norms, and principles which are culturally accepted in the organization; this will outline a framework that

determines the organizational practices and is also built by them (as shown by **number 2** in Figure 1). The representations of **numbers 3, 4, 5, 6, 7, and 8** in Figure 1 are all understood as practices that can produce and reproduce the organizational context in the sense that "A practice is thus a routinized way in which bodies are moved, objects are handled, subjects are treated, things are described and the world is understood" (Reckwitz, 2002, p. 250) and that these practices are revealed in the discourses, the artifacts, and the behaviors of the subjects, and in the everyday life of the organization. Thus, it is understood that the governance structure determines the creation of organizational strategy, which is understood as something that people do in their daily lives in order to realize their vision and organizational objectives with a view to results (intended or not), and depends on a number of other organizational practices to configure what we can call organization (as seen in **number 3** in Figure 1). The organizational structure, with hierarchy, the degree of centralization, the form of departmentalization, and the relationship between power and authority, is a practice which along with strategy comprises the organization on a day-to-day basis (as shown by **number 4** in Figure 1). The organizational processes and practices, in turn, reveal the "how" of the routine tasks that give rise to governance as a practice (as seen in **number 5** in Figure 1). The resources and relationships (intra- and extra-organizational) reveal the content of these practices, with which it deals in order to permit everyday realization (as shown by **numbers 6, 7 and 8** in Figure 1). This entire dynamic seems to occur not in a linear manner or in isolation but instead as an everyday construction in which elements of all the practices categorized are combined to configure the organization as such and to produce the results—whether formally planned or those that arise in the course of daily life—of the organization's activities (as shown by **number 9** in Figure 1).

Having described the dynamics of the relationship proposed above, it is possible to notice that understanding the concept of governance as a practice (as has been proposed) is to view it as a multilevel phenomenon, which takes place in the intersection between the macro (environmental and institutional), meso (organizational relations) and micro (the interactions of the subjects). Questioning about the possibilities for operationalization of the constitutive model is evident, and is understood to be productive from a qualitative view, guided by some conditions and "indicators" detailed in Table 1 below:

**TABLE 1.**

From Table 1 above, it is possible to see that understanding the organization from the perspective of practice means creating a space for a complex chain of interrelationships. This complexity requires an essentially qualitative viewpoint, while at the same time requiring precise systematization of data in order to obtain effective observations and considerations regarding the organizational context. Additionally, it maintains that the combination of organizational features creates unique identities able to confer their uniqueness on each organization. At the same time, considering that the organizations are immersed in fields and in social, economic, political and legal contexts that can help shape their governance as practice, suggesting lines that in some ways homogenize their practices, it is understood that organizations may be presented in terms of configurations related to certain results that can be captured from systematic qualitative analyses, as in the case of configurational methodologies such as qualitative comparative analysis (QCA), which makes it possible to capture the dimension that is routinized, incorporated into the organization and the organizational field to which it belongs, in a materially systematic manner.

It is important to stress the importance of temporality as a condition to be obeyed in the concept of governance-as-practice: if the traditionally addressed concept of governance is positive and normative, and it is configured as one of the epistemological failures pointed out by Donaldson (2012), the concept of governance-as-practice considers it fundamental to view governance as a structure, and as such, a structure put into action by the subject in a space-time dimension that needs to be considered. Based on situational observation of where the subjects act in time and space, the meaning of production and reproduction in the daily activities of the organization can be understood. In this way, it becomes relevant to include this as a dimension of analysis and of the contextualization of the data addressed. In this sense, the argument that observation of changes in strategic content and its motivators can be relevant indicators in understanding of the time dimension is supported.

## **5. FINAL CONSIDERATIONS**

It is acknowledged that the discussion presented in this study does not simplify the concept of governance in any way; on the contrary, it adds a complex dimension far from the positive-normative reference that is customary in discussions of governance. However, as a study from the perspective of social practice in organizations, the understanding of organizations as the product of a cause/effect relationship is not adequate. Organizations are understood to consist of multiple relations of causation in which the combination of different conditions in everyday production of the organizational context by the subjects is what gives meaning and identity to the organizations.

Consequently, understanding that governance as a structure consisting of rules, resources, and relationships which can confer stability on organizations and guide organizational practices put into action by the subjects involves conducting complex research, considering dimensions and relationships that comprise the organizations, which are situated in a context of time and space.

It is understood, therefore, that new research problems arise with this concept, as well as challenges to the operationalization of the concept. Within the framework of the research problems, it is understood that the following lines of investigation are relevant: (1) how the subjects read, interpret, and act based on the constitutive discourses of rules on governance mechanisms adopted by the organizations; (2) the effective results attained by organizations (intended or not, in a multidimensional sense) from their governance; (3) the production and reproduction of governance as a structure that maintains the organization; (4) the relationship between the institutional environment and organizational governance practices. However, the following challenges affecting the implementation of research in this direction are acknowledged:

- (1) The temporal dimension is central to the operationalization of the concept of governance-as-practice, since it is from the temporal setting of the practices that the production and reproduction of governance as a structure can be recognized. The investigation of this dimension is visibly problematic, given the difficulty in monitoring organizational processes over a long period of time.
- (2) Access to subject-practitioners is also a challenge which is traditionally indicated in research in the field of practice.
- (3) The ability to understand the entire complex chain of relationships that make up governance-as-practice seems to be the most relevant and most complex challenge, which needs to be considered from appropriate methodological choices. It is suggested that the qualitative configurational methodologies may assist in systematizing this complexity with an aim to creating data which can be read and translated for the scientific community.
- (4) Another relevant challenge is to handle the different levels of analysis that involve the organizational phenomenon and the issue of governance-as-practice; again, appropriate methodological choices can help in dealing with this challenge.

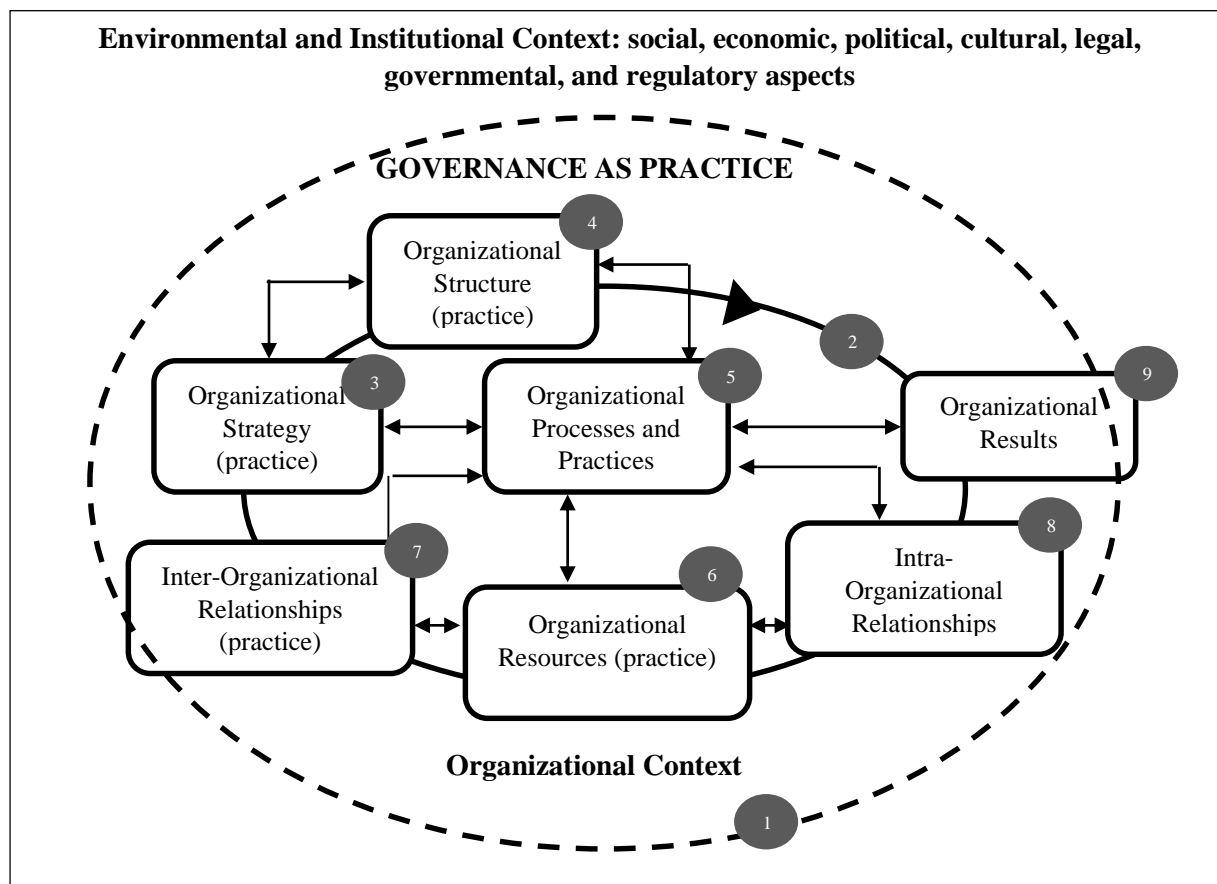
## REFERENCES

- Berger, P. L. & Luckmann, T. (1985) *A construção social da realidade*. [The social construction of reality.] Petrópolis: Vozes.
- Berle, A. A., & Means, G. C. (1932). *The Modern Corporation and Private Property*. New York: Macmillan Publishing Co.
- Chandler, A. D. (1995). *The visible hand*. Cambridge: Belknap Press.
- Coase, R. H. (1937). The nature of the firm. *Economica*, November.
- Coase, R. (1998). The new institutional economics. *American Economic Review*, 88(2), pp. 72-74.
- Cohen, I. J. (1999). Teoria da estruturação e práxis social. [Theory of structuration and social praxis.] In A. Giddens & J. Turner (orgs.). *Teoria social hoje* (pp. 393-446). 1st reprint. São Paulo: Editora UNESP.
- Daily, C. M., & Canella, A. A. Jr. (2003). Corporate governance: decades of dialogue and data. *Academy of Management Review*, 28(3), pp. 371-382
- Dalton, D. R., Daily, C. M., Certo, S. T., & Roengpitya, R. (2003). Meta-analyses of financial performance and equity: Fusion or confusion? *Academy of Management Journal*, 46, pp. 13–26.
- Davis, G. F. (2005) New directions in corporate governance. *Annual Review of Sociology*, 31, pp. 143–162.
- De La Ville, V., & Mounoud, E (2003(a)). *What do we mean by “strategy as” practice?* Retrieved from <http://www.strategy-as-practice.org/>.
- De La Ville, V., & Mounoud, E. (2006, July). A narrative view on strategizing and organising: the multiple stories of regional, public yet self-designed, organisation. *Proceedings EGOS Colloquium – European Group for Organizational Studies*. Retrieved from <http://www.strategy-as-practice.org/>.
- De La Ville, V., & Mounoud, E. (2003(b)). Between discourse and narration: how can strategy be a practice? In B. Czarniawska, & P. Gagliardi. *Narratives we organize by*. Sweden: John Benjamin Publishing.
- Denhardt, R. B. (2011). *Teorias da administração pública*. [Theories of public administration]. São Paulo: Cengage Learning.
- Donaldson, T. (2012). The epistemic fault line in corporate governance. *Academy of Management Review*, 37(2), pp. 256-271.
- Eisenhardt, K. M. (1989). Agency Theory: an assessment and review. *Academy of Management Review*, 14(1), pp. 54-71.
- Ezzamel, M., & Reed, M. (2008). Governance: a code of multiple colours. *Human Relations*, 61(5), pp. 597-615
- Foucault, M. (1991). *Studies on governmentality*. Chicago: The University of Chicago Press.
- Garfinkel, H. (1967). *Studies in ethnomethodology*. London: Prentice Hall Press.



- Ghoshal, S., & Moran, P. (1996). Bad for practice: A critique of the transaction cost theory. *Academy of Management Review*, 21(1). pp. 13–47.
- Giddens, A. (2003). *A constituição da sociedade*. [The constitution of society.] São Paulo: Martins Fontes.
- Guillen, M. (2001). *The limits of convergence: Globalization and organizational change in Argentina, South Korea, and Spain*. Princeton, NJ: Princeton University Press.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), pp. 305-360.
- Johnson, G., Langley, A., Melin, L., & Whittington, R. (2007). *Strategy as practice: research directions and resources*. New York: Cambridge.
- Kjaer, A. M. (2010). *Governance: key concepts*. Cambridge: Polity Press.
- Kjaer, A. M. (2009). Rhodes contribution to governance theory: praise, criticism and the future governance debate. *Public Administration*, 87(2), pp. 101-113.
- Mintzberg, H. (1996). Managing government, governing management. *Harvard Business Review*, May/Jun. pp. 75-83.
- Orlikowski, W. Practice in research: phenomenon, perspective and philosophy. In D. Golsorkhi, L. Rouleau, D. Seidl, & E. Vaara. (2010). *Cambridge Handbook of Strategy as Practice*. New York: Cambridge University Press.
- Perrow, C. (1986). *Complex organizations: A critical essay* (3. ed.). New York: Random House.
- Pozzebon, M., & Pinsonneault, A. (2005). Challenges in conducting empirical work using structuration theory: learning from IT research. *Organization Studies*, 26(9), pp.1353-1376.
- Rhodes, R. A. W. (1997). *Understanding Governance: policy networks, governance, reflexivity and accountability*. New York: Open University Press.
- Rhodes, R. A. W. (2007). Understanding governance: ten years on. *Organization Studies*, 28(8), pp. 1243-1264.
- Roy, W. G. (1997) *Socializing capital: The rise of the large industrial corporation in America*. Princeton, NJ: Princeton University Press.
- Scott, R. (2008). *Institutions and organizations: ideas and interests*. California: Sage.
- Simon, H. (1965). *Comportamento administrativo*. [Administrative behavior.] Rio de Janeiro: Fundação Getúlio Vargas, 1965.
- Whittington, R. (2006). Completing the practice turn in strategy research. *Organization Studies*, 27(5). pp. 613-634.
- Whittington, R. (2002(a)). Corporate structure: from policy to practice. In: A. Pettigrew, H. Thomas, & R. Whittington. *Handbook of Strategy and Management*. London: Sage.
- Whittington, R. (2004). Estratégia após o modernismo: recuperando a prática. [Post-modernist strategy: recovering practice.] *Revista de Administração de Empresas*, 44(4). pp. 44-53.
- Whittington, R. (2010). Giddens, structuration theory and Strategy as Practice. In D. Golsorkhi, L. Rouleau, D. Seidl, & E. Vaara. *Cambridge Handbook of Strategy as Practice*. New York: Cambridge University Press.
- Whittington, R. (2002(b)). *O que é estratégia*. [What is strategy.] São Paulo: Pioneira.
- Whittington, R. (2007). Strategy as practice and strategy process: family differences and the sociological eye. *Organization Studies*, 28(10). pp. 1575-1586.
- Whittington, R. (1996). Strategy as practice. *Long Range Planning*, 29(5). pp. 731-735.
- Whittington, R. (2003). The work of strategizing and organizing: for a practice perspective. *Strategic Organization*, 1(1). pp. 119-127.
- Whittington, R., Jarzabkowski, P., Mayer, M., Monoud, E., Nahapiet, J., & Rouleau, L. (2003). Taking strategy seriously: responsibility and reform for an important social practice. *Journal of Management Inquiry*, 12(4). pp. 396-409.
- Whittington, R., Johnson, G., & Melin, L. (2004). The emerging field of strategy practice: some links, a trap, a choice and a confusion. *Proceedings EGOS Colloquium – European Group for Organizational Studies*. Retrieved from <http://www.strategy-as-practice.org/>.
- Williamson, O. E. (1999). Strategy research: governance and competence perspectives. *Strategic Management Journal*, 20(12). pp. 1087-1108.
- Williamson, O. E. (1996). *The mechanisms of governance*. New York: Oxford University Press.
- Williamson, O. E. (2002). The theory of the firm as governance structure: from choice to contract. *Journal of Economic Perspectives*, 16(3). pp. 171-195.
- Williamson, O. E. (1995). Transaction Cost Economics and Organization Theory. In: O. E. Williamson. *Organization Theory: from Chester Barnard to the present and beyond*. New York: Oxford University Press.

**FIGURE 1: Modeling the constitutive relationship of the concept of governance as practice**



Source: Prepared by the author.

**Table 1: Operational Indicators of the Conditions of Constitutive Modeling**

	CONDITION	DEFINITION	INDICATORS
1	Organizational Context	The organizational context is composed of all the elements that characterize the organization, its relationships, its history, its processes, its culture, its objects and artifacts, and the subjects that comprise it. It is the context that can bring it to life and the notion of all the elements discussed individually.	(a) description of the history of the organization. (b) description of salient events, characterized in terms of time and space. (c) description of the organizational characteristics. (d) description of the relationship between the organization and its environment. (e) description of the key subjects in the development of organizational activities.
2	Governance as Practice	A structure composed of rules, resources, and relationships which may provide stability to organizations and guide organizational practices put into action by the subjects.	(a) identification of the set of laws, standards, and regulations that influence the organization.

			<p>(b) identification of the main interest groups inside and outside the organization.</p> <p>(c) identification of the main relationships that sustain the organizational routine.</p> <p>(d) identification of the main features on which the organization depends.</p> <p>(e) identification of the organizational discourse about how to govern all these aspects.</p>
3	Organizational Strategy	<p>Definition of products and markets where the organization acts, from which its members give a projective and orientative meaning to delineate the structures of action. Understood as a practice, it has administrative, rational, discursive and episodic dimensions, which assume importance in the everyday life of creating strategy.</p>	<p>(a) identification of the organization's products/services.</p> <p>(b) identification of the organization's market or scope of activity.</p> <p>(c) identification of the connection between the definitions above and the organizational intent.</p> <p>(d) identification of the movements of and modifications to the organization's strategic content.</p> <p>(e) identification of organizational discourse about strategy.</p> <p>(f) identification of the episodes to create strategy.</p> <p>(g) identification of "tools" used to create strategy.</p> <p>(e) identification of key practitioners of organizational strategy.</p>
4	Organizational Structure	<p>Design of the organization that encompasses how processes are organized and resources are used in order to achieve the desired results and to put the strategy into action. From the perspective of practice, the structure is understood from the complex of activities that construct the organization in daily life.</p>	<p>(a) description of the organization's organizational chart.</p> <p>(b) definition of roles in the organization.</p> <p>(c) description of the chain of command, authority, and power.</p> <p>(d) degree of hierarchy and centralization.</p>
5	Organizational Processes and Practices	<p>Means of making and operationally developing organizational activities that reveal the "how" of the organization and supports everyday organization, producing and reproducing this reality.</p>	<p>(a) mapping of the organizational activities.</p> <p>(b) identification of the tools used in daily life.</p> <p>(c) identification of the discourses and narratives that support the production and reproduction of the organization.</p>

			(d) identification of the "how" of the organization in its key processes.
6	Organizational Resources	These are tangible inputs (capital, raw materials, infrastructure, people) and intangible inputs (knowledge, legitimacy, brand) which enable the organization to transform (via processes and practices) its intention (manifested through strategy) into results (intended or not).	(a) mapping of the tangible resources of the organization, in accordance with its productive nature.  (a) mapping of the intangible resources of the organization, in accordance with its distinctive characteristics.  (c) connections between the resources and the organization's practices and processes.
7	Inter-Organizational Relationships	Practices that connect the organizations to other organizations on which they depend both for obtaining resources and to obtain legitimacy. These relationships connect the organizations to their external environment and are fundamental to the design of governance for each organization, given that the organization's framework of rules and resources is primarily concerned with the types of relationships that spring from the organization.	(a) identification of the groups of interest for the organization and in the organization.  (b) connections between the resources and interest groups.  (c) identification of the agreements, partnerships, and relationships that the organization possesses.
8	Intra-Organizational Relationships	Interactional practices occurring within the organization between individuals and/or groups with the goal of supporting the daily life of the organization.	(a) identification of the organization's episodic practices.  (b) identification of subjects and/or groups which are the focus of relationships in the organizations.
9	Organizational Results	A multidimensional construct (economic, social, political, etc.) which spans the results of the organization, expected or not, which are the product of organizational efforts to bring about its intentions and which reflect the intended nature of all organizations.	(a) identification of the economic and financial results of the organization (or those which express its rational/legal logic).  (b) identification of social results.  (c) identification of political results.  (d) inter-relations between these results based on their productive dimensions.
10	Temporality	Dimension that allows the production and reproduction of governance-as-practice to be observed as a structure in action.	(a) changes in the organization's strategic content, ordered in time and space.  (b) description of the motivators of change in strategic content.  (c) description of the rules and resources that change in conjunction with the strategic content.

Source: Prepared by the author.