GRADUATE PROGRAM IN MANAGEMENT

NATIONAL SCHOOL OF DEVELOPMENT AT PEKING UNIVERSITY

Graduate Seminar in Organization Theory[[1]](#footnote-1)

Spring 2016

Professor Xiaohui Lv

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Office Hours: By appointments

COURSE DESCRIPTION:

The goal of this seminar is to survey the major conceptual frameworks, debates, and developments in contemporary organization theory (OT). Organization theory is currently one of the liveliest areas in all of management studies in part because of the importance of understanding organizations and their environment and in part because of the challenges to traditional theory that have emerged over the past 20 years. This is an inter-disciplinary domain of inquiry drawing primarily from sociology, and secondarily from economics, psychology, anthropology, and political science. The course focuses on inter-organizational processes, and also addresses the economic, institutional and cultural contexts that organizations must face.

Organization theory is a set of approaches (or perspectives) to the understanding of how organizations establish, structure and behave, survive and grow, interact with each other and the environment, recruit and process members, gain and manage resources, and deal with problems both internal and external. Organization theory is characterized by growing eclecticism. Some find the theoretical pluralism exhilarating whereas others find it frustrating. Given the diversity in this area, every member of the class should be prepared to develop *their own framework* of understanding the multiple strands of organization theory. My expectation is that after this course, you will be able to criticize and defend various OT perspectives, and that each of us will leave the class able to contribute to the on-going conversations among organization theorists.

In each class session we will examine both historical contributions and more recent treatments of the topic for the day. Each session contains both theoretical and empirical works. While sessions may differ somewhat in their execution, each session will generally begin with a more general discussion of the definition, key concepts and explanatory mechanisms of the week's assigned perspective. In other words, we will start from the fundamentals in order to have a solid understanding of the theoretical approach. This elaboration will be followed by a more in-depth exploration of the empirical articles assigned for the week, where we will explore not just what has been said but also how these theories have been tested. Finally, we will move on to assessment and critique of the theoretical view. One or two students will be assigned to lead each week’s discussion.

COURSE REQUIREMENTS:

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| **ACTIVITIES** | **PERCENTAGES** |
| **Leading Discussion** | 20% |
| **Class Participation** | 30% |
| **Term Paper** | 50% |

**Leading Discussion (20% of grade)**. While I will provide some guidance, clarification, and summary, much of the course involves engaging in discussions about seminar topics. Each participant will be asked to lead discussion once or twice throughout the semester, depending upon the number of participants. Your presentation of the materials and facilitation of class discussion should be in a PowerPoint file and it constitutes 20% of your final grade.

Leading a week’s discussion entails providing the class with a short overview (30-40 minutes) of the main theoretical ideas (constructs, concepts, mechanisms) as well as issues (strengths, weaknesses, and controversies) and leading a discussion of the readings based upon your own agenda. We will then have a general discussion based on questions posed by the participants. The students leading the discussion should familiarize themselves with the required readings for that week. Your job is to come to class prepared to answer: *What are the central research questions raised by the authors? What core concepts, evidence, and research methods are utilized?* As you do the readings and prepare for the presentation, think about what the author did properly as well as improperly. *What are the interesting ideas in the paper? If you disagree with an argument, what would it require to persuade you?* *Can these differences be adjudicated through further empirical study?* A good discussion should have active dialog and debate. If someone proposes an idea that is contrary to your view and explanation, think about constructive ways to reconcile the differences. Your task is to engage one another in an assessment and deep understanding of the readings. You are also welcomed to consult me to develop the presentations and questions that will guide and structure each week's class. I will also (sometimes) be intentionally provocative to facilitate ideas and conversation.

**Class Preparation and Participation (30% of grade).** This course is organized as a seminar; thus your active participation is critical for creating the best learning environment. All participants should arrive at class with questions, topics, and issues to be vetted and debated. Class participation involves your active, thoughtful participation throughout the term. Come to the class prepared to answer the following questions regarding each of the readings:

* What is the basic argument, and what are its strengths and weaknesses?
* If you disagree with the argument, what would it take to convince you?
* Under what circumstances and for what kinds of organizations is the argument meant to apply?
* What changes would be necessary to extend the argument to other empirical domains?
* What are the similarities and differences between this argument and others put forward by others?
* What, if any, alternative explanations could account for the empirical material?

Learning is a collective enterprise, so everybody will benefit from an engaged, intense, and constructive conversation.

**Individual Paper and Presentation (50% of grade)**. Participants will also need to write a research paper that relates a topic(s) covered in class to their own research interests. At a minimum, the final product should define a research question, review and critique the extant literature, develop a few testable hypotheses, and propose data and method for testing the proposed hypotheses. The body of the manuscript (excluding title page, references, figures, etc.) should be 20-25 PAGES, double spaced with one inch margins and 12 Times Font. Each paper should be written in the form of a journal article (like AMJ or AMR,). Papers spanning OT and other disciplines such as organizational behavior, accounting and finance, marketing, strategy, and information system etc. are also acceptable -- subject to prior approval of the subject matter by me. In the last session of the semester, you will present your paper in an AOM annual meeting format which lasts no more than 20 minutes. Your grade on this component (50%) will reflect both your revised paper (incorporating your response to the comments) and the final presentation.

COURSE CALENDAR

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| **SESSION** | **Time** | **Content** |
| **1** | Feb 26 | Introduction, Orientation, and Organizing |
| **2** | March 4 | OT: The Field, Its Scope and History |
| **3** | March 11 | Contingency Theory |
| **4** | March 18 | The Economics of Organization (I) |
| **5** | March 25 | The Economics of Organization (II) |
| **6** | April 1 | Institutional Theory (I) |
| **7** | April 8 | Institutional Theory (II) |
| **8** | April 15 | Organizational Ecology |
| **9** | April 22  | Networks and Organizations(I) |
| **10** | April 29 | Networks and Organizations(II) |
| **11** | May 6 | Status, Celebrity, and Reputation of the Firm |
| **12** | May 13 | Emerging Economies as a New Territory (I) |
| **13** | May 20 | Emerging Economies as a New Territory (II) |
| **14** | May 27 | Reflections and New Directions |
| **15** | June 3 | Project Presentation |
| **16** | June 10 | Final Paper Due |

COURSE MATERIALS

All journal articles can be downloaded from the electronic database in the library.

##### Recommended Books

Since not everyone in the class is planning on making OT the focus of their future scholarly contributions, I have decided not to require that you buy a lot of books. However, for those of you who see organization theory as your intellectual home, I highly recommend that you purchase new or used copies of the following books, and start to build your professional library.

Scott, W.R. & Davis, G.F. 2007. Organizations & Organizing: Rational, Natural and Open

Systems, 1st Edition.

DiMaggio & Powell, 1991. The New Institutionalism in Organization Analysis.

Scott, W.R. 1995*.* Institutions and Organizations.

Greenwood et al, 2008. The Sage Handbook of Organizational Institutionalism.

Patricia H. Thornton, William Ocasio, Michael Lounsbury, 2012. The Institutional Logics Perspective : A New Approach to Culture, Structure and Process.

Weick, 1995. Sensemaking in Organizations.

Pfeffer & Salancik, 1978. The External Control of Organizations.

Burt, 1992. Structural Holes.

Burt, 2005. Brokerage and Closure: An Introduction to Social Capital.

Podolny, 2005. Status Signals.

Cyert & March, 1963. A Behavioral Theory of the Firm.

March & Simon, 1958 Organizations.

Thompson, 1967, Organizations in Action.

Aldrich, 1999. Organizations Evolving (2nd by Aldrich and Ruef).

Smelser & Swedberg, 1994, Handbook of Economic Sociology (2nd edition in 2005).

Blau, 1964. Exchange and Power in Social Life.

Coleman, 1990. Foundations of Social Capital.

Pfeffer, 1997, New Directions for Organization Theory.

Perrow, 1986, Complex Organizations.

COURSE SCHEDULE AND READINGS

##### Session 1: Introduction, Orientation, and Organizing

Papers with one star (\*) are texts where the theory/perspective/concept is initially introduced. Sometimes the original texts are a bit difficult to digest due to the style of writing (These works were normally written and published in the 1960s and 1970s).

Papers with two stars (\*\*) are introductory texts which use modern English to explain the original texts. These papers are easier to digest and help you grasp the core ideas. However, keep in mind that these introductory texts maybe elaborated by different authors, not the original authors. You may find their explanations imperfect, incomplete, and/or imprecise, and you need to make your own judgments by comparing these introductory texts to the original ones.

Papers with a “^” are those works that employed the theoretical ideas in empirical studies. They show creative and exemplary ways to frame the ideas, locate the data, create the measures and test the theory.

Papers with a “#” are assessment and/or critique of the theory/perspective/concept.

AJS=American Journal of Sociology

ASR=American Sociological Review

**Session 2: Organization Theory: The Field, Its Scope and History**

*The first three introductory chapters give you a broad idea of what the field is all about. Each chapter briefly defines and introduces the key perspectives in organization theory and link the perspectives together in a coherent framework. Pay attention to the similarities and differences among different ways of organizing various perspectives in this field. Come back to these introductory texts when you feel confused and/or submerged by the assigned materials.*

\*\*Mills, C. 1959, The Sociological Imagination. Chapter 1.

\*\*Scott, W. Richard and Gerald Davis. 2007. Organizations: Rational, Natural, and Open Systems. Upper Saddle River, N.J.: Prentice Hall. Pp.1-34.

\*\*Pfeffer, Jeffrey. 1997. New Directions for Organization Theory: Problems and Prospects. Oxford: Oxford University Press. Pp. 42-80.

\*\* Bartunek, Jean M., Sara L. Rynes, And R. Duane Ireland. 2006. "What Makes Management Research Interesting, And Why Does It Matter?" Academy of Management Journal 49:9-15.

\*\* Corley, Kevin G., and Dennis A. Gioia. 2011. "Building Theory about Theory Building: What Constitutes a Theoretical Contribution?" Academy Of Management Review 36:12-32. (please read only pages 12-19)

Sutton, Robert I. & Staw, Barry M. 1995. What a Theory is Not, Administrative Science Quarterly, 40, 3, 371-384

Weick, Karl E. 1995. What Theory Is Not, Theorizing Is, Administrative Science Quarterly, 40, 3, 385-390

DiMaggio, Paul J. 1995. Comments on "What Theory is Not". Administrative Science Quarterly, 40, 3, 391-397

##### Session 3: Contingency Theory, Resource Dependence, and the External Environment

*Central Issus: Why are organizations structured the way they are? Do organizations choose their structures? How do environmental factors affect organizational structure? What is the proper alignment or fit between the structure and environment? Do companies that find the proper fit actually perform better? How do organizations cope with the integration challenges created by geographical and product diversification?*

A. Contingency Theory

\*Thompson, James D. 1967. *Organizations in Action.* McGraw-Hill, pp.25-65.

\*\*Donaldson, L., 2001. *The Contingency Theory of Organizations*, Sage Publications, Thousand Oaks, CA. Chapter 1.

^Chandler, Alfred D. 1977. *The Visible Hand.* Read Ch. 14 and the conclusion (pp. 455-500).

 B. Resource Dependence and Issues of Power and Conflict

\*Pfeffer, Jeffrey and Gerald Salancik. 1978. *The External Control of Organizations*, Harper & Row, Chapters 3 and 4, pp. 39-91.

##### Session 4 & 5: The Economics of Organization

Williamson, Oliver E. 1993. "Transaction Cost Economics and Organizational Theory." Industrial and Corporate Change 2:107-156.

Fama, Eugene F., and Michael C. Jensen. 1983. "Separation of Ownership and Control." Journal of Law and Economics 26:301-325.

\*\*Barney, Jay B., and William Hesterly. 1996. "Organizational Economics: Understanding the Relationship between Organizations and Economic Analysis." Pp. 111-129 in Handbook of Organization Studies, edited by Stewart R. Clegg, Cynthia Hardy, and Walter R. Nord. London; Thousand Oaks: Sage Publications.

#Donaldson, L. 1990. "The Ethereal Hand: Organizational Economics and Management Theory." Academy of Management Review 15:369-381.

#Ghoshal, Sumantra, and Peter Moran. 1996. "Bad for Practice: A Critique of the Transaction Cost Theory." Academy of Management Review 21:13-47.

#Ferraro, Fabrizio, Jeffrey Pfeffer, and Robert I. Sutton. 2005. "Economics Language And Assumptions: How Theories Can Become Self-Fulfilling." Academy of Management Review 30:8-24.

#Felin, Teppo, and Nicolai J. Foss. 2009a. "Social Reality, the Boundaries of Self-Fulfilling Prophecy, and Economics." Organization Science 20:654-668. (only for the presenters)

#Ferraro, Fabrizio, Jeffrey Pfeffer, and Robert I. Sutton. 2009. "How and Why Theories Matter: A Comment on Felin and Foss (2009)." Organization Science 20:669-675. (only for the presenters)

#Felin, Teppo, and Nicolai J. Foss. 2009b. "Performativity of Theory, Arbitrary Conventions, and Possible Worlds: A Reality Check." Organization Science 20:676-678. (only for the presenters)

#*The Economist*, Jul 16th, 2009 “Efficiency and beyond”. (pp.61-62)

Frank, Robert H., Thomas Gilovich, and Dennis T. Regan. 1993. "Does Studying Economics Inhibit Cooperation? Journal of Economic Perspectives 7:159-171.

##### Session 6 & 7: Institutional Theory

\*Meyer, John W., and Brian Rowan 1977. “Institutional organizations: Structure as myth and ceremony, *AJS* 83: 340-63. Reprinted in Powell and DiMaggio volume (1991).

\*DiMaggio, Paul J. and Walter W. Powell 1983. "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields," *ASR* 48: 147-60. Reprinted in Powell and DiMaggio volume (1991).

^Zuckerman, Ezra. 1999. “The Categorical Imperative: Securities Analysts and the Illegitimacy Discount.” *AJS* 104: 1398-1438.

^Chung, Chi-Nien, and Xiaowei Luo. 2008. "Human Agents, Contexts, and Institutional Change: The Decline of Family in the Leadership of Business Groups." Organization Science 19(1):124-142.

# Session 8: Organizational Ecology

\*Hannan, Michael T. and John Freeman 1977. "The population ecology of organizations," *AJS* 82: 929-64

\*\*Hannan, Michael T., and Glenn R. Carroll 1995. “An introduction to organizational ecology,” in *Organizations in Industry.* Oxford University Press, pp. 17-31

\*\*Hannan, M.T., and Freeman, J. 1984.Structural inertia and organizational change. American Sociological Review, 49: 149-164.

^Dobrev, Stanislav D., Tai‐Young Kim, and Michael T. Hannan. 2001. "Dynamics of Niche Width and Resource Partitioning." American Journal of Sociology 106:1299-1337.

#Young, Ruth C. 1988. "Is Population Ecology a Useful Paradigm for the Study of Organizations?" American Journal of Sociology 94:1-24.

#Freeman, John, and Michael T. Hannan. 1989. "Setting the Record Straight on Organizational Ecology: Rebuttal to Young." American Journal of Sociology 95:425-439.

#Young, Ruth C. 1989. "Reply to Freeman and Hannan and Brittain and Wholey." American Journal of Sociology 95:445-446.

Hannan, Michael T., and John Freeman 1989. *Organizational* *Ecology.* Harvard U. Press.

Carroll, Glenn and Michael Hannan. 2000. *The Demography of Corporations and Industries*. Princeton University Press.

^Mezias, J. M., and Mezias, S. J. 2000. Resource partitioning, the founding of specialist firms, and innovation: The American feature film industry, 1912-1929. Organization Science, 11: 306-322.

##### Session 9 & 10: Networks and Organizations: Embeddedness and Structural Holes

\*Granovetter, M. S. 1973. The Strength of Weak Ties. American Journal of Sociology, 78:1360-1380.

\*Granovetter, Mark 1985. "Economic action and social structure: The problem of embeddedness," *AJS* 91:481-510.

\*Burt, Ron. 1992. *Structural Holes*, Harvard University Press. Ch. 1, pp. 8-49. *(You don’t need to understand every sentence of this chapter, just grasp the essential ideas).*

^Uzzi, Brian. 1996. "The Sources and Consequences of Embeddedness for the Economic Performance of Organizations: The Network Effect." American Sociological Review 61:674-698. *(I strongly recommend that you read this one together with Uzzi, 1997).*

#Emirbayer, Mustafa, and Jeff Goodwin. 1994. "Network Analysis, Culture, and the Problem of Agency." American Journal of Sociology 99:1411-1454. (only for the presenters)

#Salancik, G.R. 1995. "WANTED: A Good Network Theory of Organization." Administrative Science Quarterly 40:345-349.

Powell, Walter W., K. Koput, and L. Smith-Doerr. 1996. “Interorganizational Collaboration and the Locus of Innovation.” *ASQ* 41(1): 116-45

Uzzi, Brian. 1997. "Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness." Administrative Science Quarterly 42:35-67.

Uzzi, Brian, and Jarrett Spiro. 2005. "Collaboration and Creativity: The Small World Problem." American Journal of Sociology 111:447-504.

Podolny, Joel. 2001. “Networks as the Pipes and Prisms of the Market.” *AJS* 107(1): 33-60

Uzzi, Brian, and Ryon Lancaster. 2004. "Embeddedness and Price Formation in the Corporate Law Market." American Sociological Review 69:319-344.

^Xiao, Z.X. and Tsui, A.S. 2007. Where brokers do not work: The cultural contingency of social capital in Chinese high-tech firms. Administrative Science Quarterly, 52(1): 1-31.

# Session 11: Status, Celebrity, and Reputation of the Firm

*You may want to think about how exactly the status measure is constructed (Bonacich’s centrality) in Podolny’s works? Does it make sense to you? How can it be applied to other contexts? A deeper question about this line of research is what exactly status of firms is in the market. Is the concept fluid so that it has different conceptualizations and measure in different research contexts? Is this good for knowledge accumulation and theory advancement? Or this is the way it should be?*

\*Podolny, Joel M. 1993. "A Status-Based Model of Market Competition." American Journal of Sociology 98:829-872.

\*\*Sauder, Michael, Freda Lynn, and Joel M. Podolny, 2012. “Status: Insights from

Organizational Sociology.” Annual Review of Sociology 38:267-283.

^Zuckerman, Ezra W. 1999. "The Categorical Imperative: Securities Analysts and the Illegitimacy Discount." American Journal of Sociology 104:1398-1438.

^Phillips, Damon J, and Ezra W Zuckerman. 2001. "Middle-Status Conformity: Theoretical Restatement and Empirical Demonstration in Two Markets." American Journal of Sociology 107:379-430.

\*Rindova, Violina P., Timothy G. Pollock, and Mathew L. A. Hayward. 2006. "Celebrity Firms: The Social Construction of Market Popularity." Academy of Management Review 31:50-71.

*This is a theoretical paper that extends the individual-level construct (celebrity) to the firm-level analysis. Pay special attention to how the authors framed the similarities and differences between celebrity and 1) reputation, 2) legitimacy, and 3) status?*

**Session 12: Emerging Economies as a New Territory (I): Business Groups**

^Khanna, Tarun, and Jan W. Rivkin. 2001. "Estimating the Performance Effects of Business Groups in Emerging Markets." Strategic Management Journal 22:45-74.

\*Granovetter, Mark. 2005. "Business Groups and Social Organization." Pp. 429-450 in Handbook of Economic Sociology, edited by Neil Smelser and Richard Swedberg. Princeton, NJ: Princeton University Press.

^Luo, Xiawei, and Chi-Nien Chung. 2005. "Keeping It All in the Family: the Role of Particularistic Relationships in Business Group Performance during Institutional Transition." Administrative Science Quarterly 50:404-439.

\* Carney, Michael, Eric R. Gedajlovic, Pursey P. M. A. R. Heugens, Marc Van Essen, and J. (Hans) Van Oosterhout. 2011. "Business Group Affiliation, Performance, Context, and Strategy: A Meta-Analysis." Academy of Management Journal 54:437-460.

Granovetter, Mark. 1995a. "Coase Revisited: Business Groups in the Modern Economy." Industrial and Corporate Change 4:93-140.

Khanna, Tarun, and Yishay Yafeh. 2007. "Business Groups in Emerging Markets: Paragons or Parasites?" Journal of Economic Literature 45:331-372.

# Session 13: Emerging Economies as a New Territory (II): Family and Political Ties

\*Khanna, Tarun. 2001. "Empresas CAP, 1994." Harvard Business School Case 9-798-053 and Teaching Note 5-701-038. (only for the presenters)

^Marianne Bertrand, Simon Johnson, Krislert Samphantharak, and Antoinette Schoar. 2004. “Mixing Family With Business: A Study of Thai Business Groups and the Families Behind Them” Working Paper

Note: a shortened version of this paper was published in Journal of Financial Economics 88: 466-498 (2008) but some the original ideas and argument were cut.

^Gómez-Mejía, Luis R., Katalin Takács Haynes, Manuel Núñez-Nickel, Kathyrn J. L. Jacobson, and José Moyano-Fuentes. 2007. "Socioemotional Wealth and Business Risks in Family-controlled Firms: Evidence from Spanish Olive Oil Mills." Administrative Science Quarterly 52:106-137.

^Faccio, Mara. 2006. "Politically Connected Firms." American Economic Review 96:369-386.

^Siegel, Jordan. 2008. "Contingent Political Capital and International Alliances: Evidence from South Korea." Administrative Science Quarterly 52:621-666.

Gomez-Mejia, Luis R., Cristina Cruz, Pascual Berrone, and Julio De Castro. 2011. "The Bind that Ties: Socioemotional Wealth Preservation in Family Firms." Academy of Management Annals 5:653-707.

# Session 14: Reflections and New Directions

\*Hinings, C. R., and Royston Greenwood. 2002. "Disconnects and Consequences in Organization Theory?" Administrative Science Quarterly 47:411-421.

\*Pfeffer, Jeffrey. 1993. "Barriers to the Advance of Organizational Science: Paradigm Development as a Dependent Variable." Academy of Management Review 18:599-620.

Cannella, Albert A., and Ramona L. Paetzold. 1994. "Pfeffer's Barriers to the Advance of Organizational Science: A Rejoinder." Academy of Management Review 19:331-341.

Van Maanen, John. 1995. "Fear and Loathing in Organization Studies." Organization Science 6:684-692. *(This is another response to Pfeffer’s paper in 1993)*

\*Davis, Gerald F., and Christopher Marquis. 2005. "Prospects for Organization Theory in the Early Twenty-First Century: Institutional Fields and Mechanisms." Organization Science 16:332-343.

\*Palmer, Donald. 2006. “Taking stock of the criteria we use to evaluate one another’s work: ASQ 50 years out” Administrative Science Quarterly 51:535-559.

##### Session 15: Project Presentation

1. Required for graduate students majoring in Management and open to all other students 2nd year and beyond. [↑](#footnote-ref-1)