

Walter W. Powell  
Winter, 2004

## Education 375A/Sociology 363A

### SEMINAR ON ORGANIZATION THEORY

#### **COURSE INFORMATION:**

##### Class Meetings:

Thursdays, 2:15 to 5:05 pm.  
527 CERAS Bldg., SCANCOR Conference Room

##### Instructor:

Walter W. Powell  
Professor of Education, and Organizational Behavior, Sociology, and Communication.  
Phone: 725-7391 Office Hours: Thursdays 11-12, and by appointment  
Email: woodyp@stanford.edu

##### Goals of the Course:

This Ph.D. seminar is designed to introduce students to fundamental questions and approaches to the study of organizations. The purpose of the course is to provide students with a thorough grounding in the “classic” social science literature on organizations. The readings are organized historically. This will enable students to understand the intellectual development of organization theory and the various shifts in emphasis: from workers to managers, from organizational processes to outputs, from studies of a single organization and its environment to studies of populations of organizations. In addition to the theoretical readings, the early weeks of the course are supplemented with historical materials that supply a context for a better understanding of theoretical developments. The course is **not** intended for master’s students. First year PhD students without a background in the social sciences may want to wait until their second year before taking this course. If there are more than 16 students who wish to enroll, priority will be given to SUSE, Sociology, GSB and Communication students, and to advanced students over first-year students. I will teach the course again in fall 2004.

##### Course Requirements:

Students will share the responsibility for discussing materials and for raising questions. Students will be expected to do all of the required reading and be prepared to discuss the materials in class on the schedule indicated in the syllabus. Final grades are based on three types of information.

1. All students will be asked to lead discussions twice during the quarter. Discussion assignments will be made on the first day of class. Leading a week’s discussion entails providing the class with a short overview (20 minutes) of the main issues (strengths, weaknesses, and controversies) and leading a discussion of the readings. Typically, I will present for the first 30–45 minutes, then turn to student

discussants, who will make a brief presentation. We will then have a general discussion based on questions posed by the assigned discussants. Discussants should familiarize themselves with the optional readings for the week. All students should arrive at class with questions, topics, and issues to be raised for discussion. Class participation involves both your performance as a session leader and your active, thoughtful participation throughout the term. As you do the readings, think about what the author did right as well as wrong. What are the interesting ideas in the paper? If you disagree, what would it require to persuade you? Can these differences be adjudicated through empirical study? A good seminar should have active dialog and debate. If someone proposes an idea that is contrary to your view, speak up. I will often be intentionally provocative, so be prepared to challenge me. Your task is to engage one another in an assessment of the readings. Twenty five percent of the course grade is based on class participation.

2. All students are asked to prepare brief memos (1-2 pages) relating to the reading for each week. Formats may vary but it is useful to include:
  - (a) ideas, concepts, arguments which you found stimulating, worth remembering and building on,
  - (b) questions, concerns, disagreements with ideas encountered,
  - (c) connections, linkages, contradictions between one idea or approach and another.

**Memos are due by 9 am on the day of class.** Send them to me via email. Twenty five percent of course grade will be based on weekly memos.

3. For four of the topics, students will prepare a more detailed memo (5-6 pages) assessing the weekly readings. You can choose which week's readings you wish to analyze, but you are expected to complete this assignment before the date that the topic is discussed in class. All memos, therefore, must be completed before the end of classes. No memos will be accepted after the last day of class. The purpose of the memos is to help you grapple with the readings and respond with questions, criticisms, and new ideas. Although the memos and class discussion will identify the major points made by the readings and criticize them where appropriate, the main thrust of both the memos and the class discussion will be on developing promising ideas suggested by the readings. If you wish to use the memos as a vehicle for developing your own research ideas, that would be super. I recommend that when you choose to write a memo about a particular topic, you consult the additional readings for that week. Fifty percent of the course grade is based on these longer memos.

**Auditors are required to do assignments 1 and 2, but not 3.  
This course cannot be taken on a Pass/Fail basis.**

Course Materials:

Chandler, Alfred D. 1977. *The Visible Hand: The Managerial Revolution in American Business*. Harvard University Press.

Powell, Walter W. and Paul J. DiMaggio, eds. 1991. *The New Institutionalism in Organizational Analysis*, University of Chicago Press.

A *Course Pack (CP)* is available from Field Copy, fcp1@aol.com, (650) 323-3155. They will bring copies of the reader to the first class.

Starred (\*) readings below are suggested and supplementary. The case studies represented by two stars (\*\*) are intended as additional readings for students who want to learn more about this line of research. Some of the books are revised doctoral dissertations, and may be particularly useful as illustrations of exemplary work.

### **Week 1: January 8th: ORIENTATION**

Introductions  
 Discussion of Expectations, Requirements  
 Assignment of discussion sections

\*I apologize but I have to be in NYC on January 15<sup>th</sup> for a Social Science Research Council Board of Directors meeting. I propose we push the course back one week and meet through March 18<sup>th</sup>. Please let me know if this presents a problem for you.

### **Week 2: January 22nd: THE ORIGINS OF MODERN ORGANIZATIONS**

#### A. Pre-bureaucratic Forms

Thompson, E. P.. 1967. "Time, work discipline, and industrial capitalism," *Past and Present*, pp. 56-97. **CP**.

Chandler, Alfred D. 1977. *The Visible Hand*, Harvard University Press, Ch. Introduction, chapters 1 and 2 (pp.1-78). Peruse Part II.

#### B. Rise of Bureaucratic Administration

Weber, Max. "The types of legitimate domination," and "Bureaucracy," in *Economy and Society*, vol 1, University California Press, pp. 212-26, pp. 956-963. **CP**.

Lipset, Seymour Martin. Introduction to Robert Michaels' *Political Parties* (1911), pp. 15-39. **CP**.

Perrow, Charles. 1986. "Why Bureaucracy?" from *Complex Organizations*, New York: McGraw-Hill, pp. 1-48. **CP**.

\*\* Lipset, Seymour Martin, M. Trow, and J. Coleman. 1956. *Union Democracy: The Inside Politics of the International Typographical Union*. Free Press.

#### C. Scientific Management

Taylor, Frederick Winslow. 1916. "The Principles of Scientific Management," *Bulletin of the Taylor Society*. **CP**.

Shenhav, Yehouda. 1995. "From chaos to systems: The engineering foundations of organization theory," *Administrative Science Quarterly*, 40: 557-86 (Especially recommended for MS&E students). **CP**.

Callahan, Raymond. *Education and the Cult of Efficiency*. University of Chicago Press. Chapters 1, 6, and 10. (Especially recommended for SUSE students). **CP**.

Chandler, Alfred D. *The Visible Hand*. Chapter 8, "Mass Production."

\*Bendix, Reinhard. 2001 (1956). *Work and Authority in Industry*. New Edition. Transaction Books.

\*\*Tyack, David. 1974. *The One Best System*. Harvard University Press.

\*\*Guillen, Mauro. 1994. *Models of Management*. University of Chicago Press.

### **Week 3: January 29th: INFORMAL ORGANIZATION**

Read Chapters 12 and 13 (pp. 377-454) in Chandler, *The Visible Hand*.

Barnard, Chester. 1938. *Functions of the Executive*, Harvard University Press, pp. 82-95, 165-171. **CP**.

Blau, Peter M. 1955. "Consultation Among Colleagues," Ch. 9 from *Dynamics of Bureaucracy*, University of Chicago Press. **CP**.

Dalton, Melville. 1959. "Relations between staff and line," Ch. 4 from *Men Who Manage*, John Wiley. **CP**

Braverman, Harry. 1974. *Labor and Monopoly Capital*, Monthly Review Press, Ch. 4, pp. 85-123. **CP**.

Burawoy, Michael. 1979. *Manufacturing Consent*, U. of Chicago Press, Ch. 4, pp. 46-73. **CP**.

Vallas, Steven P. 2003. "Why Teamwork Fails: Obstacles to Workplace change in Four Manufacturing Plants." *American Sociological Review* 68: 223-50. **CP**

\*\*Selznick, Phillip. 1949. *TVA and the Grassroots*, University of California Press.

\*\*Gouldner, Alvin. 1954. *Patterns of Industrial Bureaucracy*, Free Press.

#### **Week 4: February 5th: THE CARNEGIE SCHOOL**

##### A. The Decision-Making Tradition

Simon, Herbert. 1997. *Administrative Behavior*, 4<sup>th</sup> edition. Free Press. Ch. 5 and commentary on The Psychology of Administrative Decisions. **CP**.

March, James G., and Herbert Simon. 1958. *Organizations*. McGraw-Hill, Ch. 6, "Cognitive Limits on Rationality," **CP**.

Cyert, Richard and James G. March. 1963. *A Behavioral Theory of the Firm*. Prentice-Hall, Ch. 6: A Summary of Basic Concepts, pp. 114-127. **CP**.

Perrow, Charles, 1986. "The neo-Weberian Model," *Complex Organizations*, pp. 119-31, **CP**.

\*Cohen, Michael and James G. March. 1973. *Leadership and Ambiguity: The American College President*. McGraw Hill. Pp. 1-5, 29-40, 81-91, 195-229. (Especially recommended for SUSE students.)

##### A. Carnegie Goes to California

March, James and Johan Olsen. Chapters 1-4 of *Ambiguity and Choice in Organizations*, Bergen: Universitetsforlaget, 1976, pp. 10-68. **CP**.

March, James G. 1991. "Exploration and Exploitation in Organizational Learning." *Organization Science* 2(1): 71-87. **CP**.

Cohen, Wesley and Daniel Levinthal. 1990. "Absorptive Capacity: A new perspective on learning and innovation." *ASQ* 35: 128-52. **CP**

\*Bendor, Jonathan, Terry Moe, and Ken Schotts. 2001. "Recycling the Garbage Can: An Assessment of the Research Program." *APSR* 95, 1: 169-190. Reply by Johan Olsen, "Garbage Cans, New Institutionalism, and the Study of Politics." Pp. 191-198. **CP**.

#### **Week 5: February 12th: CONTINGENCY THEORY, THE EXTERNAL ENVIRONMENT, AND POLITICS**

##### A. Contingency Theory

Thompson, James D. 1967. *Organizations in Action*. McGraw-Hill, pp.1-65. **CP**.

Perrow, Charles. 1967. "A Framework for the Comparative Analysis of Organizations," *ASR* 32(2):194-208. **CP**.

Stinchcombe, Arthur. 1990. *Information and Organizations*. University of California Press. Read the first and last chapters. **CP**.

Padgett, John. 1992. "The Alchemist of Contingency Theory: Review Essay on Stinchcombe." *AJS* 97(5):1462-70. **CP**.

B. Resource Dependence and Issues of Power and Conflict

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

Allison, Graham, 1969. "Conceptual Models and the Cuban Missile Crisis." *APSR* Sept: 689-718. **CP**.

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

Davis, Gerald and Henrich Greve. 1997. "Corporate Elite Networks and Governance Changes in the 1980s." *AJS* 103:1-37. **CP**

\*Mizruchi, Mark. 1996. "What do interlocks do? An analysis, critique, and assessment of research on interlocking directorates." *Annual Review of Sociology* 22: 271-98.

**Week 6: February 19th: THE ECONOMICS OF ORGANIZATION**

Coase, R. H. 1937. "The nature of the firm," *Economica* 386-405. **CP**.

Williamson, Oliver E. 1996. "Transaction Cost Economics and Organization Theory." Ch. 9 in *The Mechanisms of Governance*, Oxford University Press. **CP**.

Williamson, Oliver E. 1975. *Markets and Hierarchies*. Free Press, pp. 132-54 on the multidivisional structure. **CP**.

Williamson, Oliver E. 1985. *The Economic Institutions of Capitalism*. Free Press. Pp. 206-239 on the organization of work. **CP**.

Klein, Benjamin. 1988. "Vertical Integration as Organizational Ownership: The Fisher Body – General Motors Relationship Revisited." *Journal of Law, Economics, and Organization* 4:199-213. **CP**.

Freeland, Robert. 2000. "Creating Holdup Through Vertical Integration: Fisher Body Revisited." *Journal of Law and Economics* pp. 33-66. **CP**.

Holmstrom, Bengt and John Roberts. 1998. "The Boundaries of the Firm Revisited." *Journal of Economic Perspectives* 12: 73-94. **CP**.

\*Students who are more interested in the public sector than the private should read C.S. Boerner and J.T. Macher. 2001. "Transaction Cost Economics: An Assessment." Working paper, Georgetown University. Available on Macher's website at [www.msb.georgetown.edu/faculty/jtm4](http://www.msb.georgetown.edu/faculty/jtm4).

## Week 7: February 26th: THE NEW INSTITUTIONALISM

- Powell, Walter W., and Paul J. DiMaggio, eds. 1991. "Introduction", *The New Institutionalism in Organizational Analysis*. University of Chicago Press, pp. 1-38.
- Meyer, John W., and Brian Rowan 1977. "Institutional organizations: Structure as myth and ceremony, *AJS* 83: 340-63. Reprinted in Powell and DiMaggio volume.
- 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.
- DiMaggio, Paul J. "Constructing an organizational field as a professional project: U.S. art museums, 1920-40." Pp. 267-92 in Powell and DiMaggio volume.
- Dobbin, Frank and John Sutton. 1998. "The Strength of a Weak State: The Rights Revolution and the Rise of Human Resources Management Divisions." *AJS* 104: 441-76. **CP**.
- Edelman, Lauren B., C. Uggen, H. Erlanger. 1999. "The Endogeneity of Legal Regulation: Grievance Procedures as Rational Myth." *AJS* 105: 406-54. **CP**.
- Zuckerman, Ezra. 1999. "The Categorical Imperative: Securities Analysts and the Illegitimacy Discount." *AJS* 104: 1398-1438. **CP**
- \*Zucker, Lynne. 1991. "The role of institutionalism in cultural persistence." Pp. 83-107 in Powell and DiMaggio volume.
- \*Brint, Stephen and Jerome Karabal. 1991. "Institutional Origins and Transformation: The Case of American Community Colleges", pp. 337-60 in Powell and DiMaggio volume.
- \*\*Dobbin, Frank. 1994. *Forging Industrial Policy: The U.S., Britain and France in the Railway Age*. Cambridge University Press.
- \*\*Clemens, Elisabeth. 1997. *The People's Lobby: Organizational Innovation and the Rise of Interest Group Politics in the U.S. 1890-1925*. University of Chicago Press.
- \*\*Guthrie, Doug. 1999. *Dragon in a Three Piece Suit: The Emergence of Capitalism in China*. Princeton University Press.

## Week 8: March 4th: POPULATION ECOLOGY AND EVOLUTIONARY THEORY

### A. Organizational Ecology

Stinchcombe, Arthur. 1965. "Social Structure and Organizations." Pp. 142-170 in *Handbook of Organizations*, ed. by J.G. March, McGraw-Hill. **CP**.

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

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

Carroll, Glenn and Anand Sevaminathan. 2000. "Why the Microbrewery Movement? Organizational Dynamics of Resource Partitioning in the U.S. Brewing Industry." *AJS* 106(3): 715-762. **CP**.

\*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.

### B. Community Ecology

Baum, Joel, 1996. "Organizational Ecology" in *Handbook of Organizational Studies*. Sage, pp. 77-114. **CP**.

Aldrich, Howard E., and Marlene Fiol, 1994. "Fools rush in? The institutional context of industry construction," *Academy of Management Review*, 19: 645-70. **CP**.

Minkoff, Debra. 1999. "Bending with the wind: Strategic change and adaptation by women's and racial minority organizations." *AJS* 104: 1666-1703. **CP**.

\*Haveman, Heather and Lisa Cohen. 1994. "The ecological dynamics of careers: The impact of organizational founding, dissolution, and merger on job mobility." *AJS* 100: 104-52.

## Week 9: March 11th: NETWORKS AND ORGANIZATIONS

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

Powell, Walter W. 1990. "Neither market nor hierarchy: Network forms of organization," in *Research in Organization Behavior*, 12: 295-336, Barry M. Staw and L. L. Cummings, eds. JAI. **To be distributed**.



Burt, Ron. 1992. *Structural Holes*, Harvard University Press. Ch. 1, The Social Structure of Competition, pp. 8-49. **CP**.

Uzzi, Brian, 1997. "Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness." *ASQ* 42: 35-67. **CP**.

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

Uzzi, Brian. 1999. "Embeddedness in the Making of Financial Capital." *ASR* 64: 481-505. **CP**

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

\*Sorenson, Olav and Toby Stuart. 2001. "Syndication Networks and the Spatial Distribution of Venture Capital." *AJS* 106(6): 1546-88.

\*Ahuja, Gautam. 2000. Collaboration networks, structural holes, and innovation: A longitudinal study. *ASQ* 45: 425-455.

### **Week 10: March 18th: New Directions: Analyzing Network and Organizational Dynamics**

Leblebici, Huseyin et al. 1991. "Institutional Change and the Transformation of Interorganizational Fields: An Organizational History of the U.S. Radio Broadcasting Industry. *ASQ* 36: 333-363. **CP**.

Rosenkopf, Lori and Tushman, Michael L. 1994. "The Coevolution of Technology and Organization". Pp. 403-424 in *Evolutionary Dynamics of Organizations*, edited by Joel A.C. Baum and Jitendra Singh. New York, Oxford University Press. **CP**.

Jones, Candace. 2001. "Co-evolution of Entrepreneurial Careers, Institutional Rules and Competitive Dynamics in American Film, 1895-1920." *Organization Studies* 22, 6: 911-44. **CP**.

Padgett, John F. 2001. "Organizational Genesis, Identity, and Control: The Transformation of Banking in Renaissance Florence." Pp. 211-257 in *Networks and Markets*, J.E. Rauch and A. Casella, eds. New York: Russell Sage Foundation. **CP**.

Powell, Walter W., D. White, K. Koput, and J. Owen-Smith. 2004. "Network Dynamics and Field Evolution: The Growth of Interorganizational Collaboration in the Biotechnology Industry." *AJS*, forthcoming. **To be distributed**.

\*Nelson, Richard R. 1994. "The Co-Evolution of Technology, Industrial Structure, and Supporting Institutions," *Industrial and Corporate Change* 3: 47-64.

\*Van de Ven, Andrew and Garud, Raghu. 1994. "The Coevolution of technical and Institutional Events in the Development of Innovation". Pp. 425-443 in *Evolutionary Dynamics of Organizations*, edited by Joel A.C. Baum and Jitendra Singh. New York, Oxford University Press.

Note to SUSE Students: I routinely get questions from Education students as to why there aren't more readings about schools. The simple fact is that organizational researchers have not often dealt with schools in a significant way. Universities are another matter, and there is more work there. If you would like to familiarize yourself with some of the available literature, the following articles are a useful start.

Blau, Peter M. (1973). *The Organization of Academic Work*, Ch. 1-3. New York: Wiley.

Cibulka, J.G. (1995). The Institutionalism of Public Schools: The Decline of Legitimizing Myths and the Politics of Organizational Instability. In R.T. Ogawa (Ed.) *Advances in Research and Theories of School Management and Educational Policy*. Vol. 3, pp. 123-158. Greenwich, CT: JAI Press.

Clark, B.R. (1972). "The Organizational Saga in Higher Education." *Administrative Science Quarterly* 17(2): 178-184.

Hackett, E.J. (1990). "Science as a Vocation in the 1990s: The Changing Organizational Culture of Academic Science." *Journal of Higher Education* 61(3): 241-79.

Moe, T. (1995). The Politics of Structural Choice: Toward a Theory of Public Bureaucracy. In O.E. Williamson (Ed.), *Organization Theory: From Chester Barnard to the Present and Beyond*, 116-153. New York: Oxford University Press.

Rowan, B. (1995). Institutional Analysis of Educational Organizations. Lines of Theory and Directions for Research. In R.T. Ogawa (Ed.) *Advances in Research and Theories of School Management and Educational Policy*. Vol. 3, pp. 1-20. Greenwich, CT: JAI Press.

Tyack, B. and Tobin, W. (1994). The Grammar of Schooling: Why Has it Been So Hard to Change? *American Education Research Journal* 31: 453-479.

Wong, S.L. (1991). "Evaluating the Content of Textbooks: Public Interests and Professional Authority." *Sociology of Education* 64(1): 11-18.

