

SOCI 420 – ORGANIZATIONS

Winter 2017

Department of Sociology
McGill University

Fridays 12:35-2:25pm
RPHYS 114

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Official course description

A survey of theories of organization with particular reference to problems of growth, technology, centralization and decentralization, and organizational environments.

Course outline

Why do people stabilize economic relationships by creating organizations rather than simply transacting on the market? How are firms organized today, and how does their organization differ from the past? What is the source of that change? What are some of the problems that emerge from managing and working in large, bureaucratic organizations? What drives decision-making in organizations and how do organizations adapt to change?

This course will address the questions raised above in two parts. First, it will present classical contributions in the field of organizational theory. Second, it will consider new areas of research that seek a better understanding of contemporary organizational dynamics that classical contributions had might not have foreseen. However, we will also see that many of the initial insights of organizational theory are still very relevant for the analysis of contemporary organizations.

Course structure

The semester is divided in 12 weekly sections. Each section will focus on a set of readings, and on one or two thematic issues that illustrate the relevance of the contributions made by their authors for the understanding of organizations.

You will be expected to complete the weekly readings before each class.

My pedagogical approach for this course consists of a mix of lectures, student engagement and case studies. This is reflected in the assignments that count towards final grade.

Assignments

1. Take-home exam 1 (35%). Distributed: February 17. Deadline: February 23rd, 11:59pm.
Essay-based. Covers sections 1-6.
2. Take-home exam 2 (50%). Distributed: March 31st. Deadline: April 11, 11:59pm.
Essay-based. Covers sections 7-12, with references to sections 1-6.
3. Participation (15%)
 - a. You are required to participate in online discussions on the readings six times (2.5% each) over the semester, three times during sections 1-6 and three times during sections 7-12. Each comment must be in a different section.
 - b. You need to comment before the Monday (11:59pm) following the lecture on the section covering the readings in order to have your comment counted.
 - c. I will create threads on MyCourses asking basic questions that should guide you during your weekly readings. You can contribute to the threads in the following ways:
 - i. By attempting to answer the questions,
 - ii. By raising an aspect of the reading that you did not understand, or
 - iii. By answering directly to classmates.
 - d. You will not be graded on whether you are saying something that is correct or not. The objective of this assignment is to incite you to engage with other students and with the readings in order to gain a better understanding of the material. I will periodically monitor the discussions and contribute to it if necessary.
 - e. You are required to be polite and courteous at all times when interacting with other students online. Disrespectful behaviour will be strongly penalized.

Policies

Please contact me if you are in need of any type of personal arrangement.

McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr/honest/ for more information). (approved by Senate on 29 January 2003)

L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le site www.mcgill.ca/students/srr/honest/).

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded." (approved by Senate on 21 January 2009 - see also the section in this document on Assignments and evaluation.)

Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté (sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue).

COURSE CONTENT

Section 1 [Intro]. Basic issues 1: Market failure and the privatized military industry

- Daphne Eviatar, “Contract with America: Hard terms for the soldier of fortune.” Harper’s Magazine, 315 (October, 2007): 74-77.
- P.W. Singer, *Corporate Warriors: The Rise of the Privatized Military Industry*. Ithaca: Cornell University Press (2003): Chapter 10.

Section 2. Basic issues 2: Bureaucracy as an Iron Cage

- Gouldner, Alvin W. 1954. *Patterns of Industrial Bureaucracy*. New York: Free Press, p.15-30; 59-85. (Chapters Intro, 2-4)

Complements:

- *Haveman, Heather A. “The Columbia School and the Study of Bureaucracies.” In *The Oxford Handbook of Sociology and Organization Studies: Classical Foundations*, edited by Paul S. Adler. Oxford; New York: Oxford University Press, 2009.

Theoretical foundations:

- Weber, Max. 1978 [1968]. Chapter 11, “Bureaucracy”, *Economy and Society: An Outline of Interpretive Sociology*. Berkeley: University of California Press. (Especially pp.956-969.)
- *Merton, Robert K. “Bureaucratic Structure and Personality.” *Social Forces* 18, no. 4 (1940): 560–68.

Section 3. The origins of organizations 1: From markets to hierarchies

- Oliver Williamson, *Markets and Hierarchies: Analysis and Antitrust Implications. A Study in the Economics of Internal Organization*. New York: The Free Press (1975). (Chapter 1 (segments), 2 and 4)

Complements:

- *Jones, S. R. H. “Transaction Costs and the Theory of the Firm: The Scope and Limitations of the New Institutional Approach.” *Business History* 39, no. 4 (October 1, 1997): 9–25.
- *Williamson, Oliver E. “The Modern Corporation: Origins, Evolution, Attributes.” *Journal of Economic Literature* 19, no. 4 (1981): 1537–68.

Theoretical foundations:

- Herbert A. Simon, *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organization* (2nd ed.). New York: Free Press. (Chapter 5)
- Simon, Herbert A. “Rational Decision Making in Business Organizations.” *The American Economic Review* 69, no. 4 (1979): 493–513.
- Cyert, Richard M., Herbert A. Simon, and Donald B. Trow. “Observation of a Business Decision.” *The Journal of Business* 29, no. 4 (1956): 237–48.

Theoretical ramifications:

- Cohen, Michael D., James G. March, and Johan P. Olsen. “A Garbage Can Model of Organizational Choice.” *Administrative Science Quarterly* 17, no. 1 (1972): 1–25.

Section 4. The origins of organizations 2: The rise of the modern firm

- Chandler, Alfred D. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge, Mass.: Belknap Press, 1977. (Introduction and Chapter 3)
- Williamson, Oliver E. *Markets and Hierarchies. Analysis and Antitrust Implications*. New York, NY: The Free Press, 1975. (Chapter 8)

Complements:

- Fligstein, Neil. *The Transformation of Corporate Control*. Cambridge, Mass.: Harvard University Press, 1990. (Chapters 1 and 9)
- Fligstein, Neil. "The Spread of the Multidivisional Form Among Large Firms, 1919-1979." *American Sociological Review* 50, no. 3 (1985): 377–91.
- *Chandler, Alfred D. "What Is a Firm?" *European Economic Review* 36, no. 2 (April 1, 1992): 483–92.
- *Fligstein, Neil. "Chandler and the Sociology of Organizations." SSRN Scholarly Paper. Rochester, NY: Social Science Research Network, Summer 2008. <http://papers.ssrn.com/abstract=1226062>.
- Guillén, Mauro F. *Models of Management: Work, Authority, and Organization in a Comparative Perspective*. Chicago: University of Chicago Press, 1994. (Chapter 1 and 2)
- Whittington, R., M. Mayer, and F. Curto. "Chandlerism in Post-War Europe: Strategic and Structural Change in France, Germany and the UK, 1950-1993." *Industrial and Corporate Change* 8, no. 3 (September 1, 1999): 519–51.

Section 5. Explaining how organizations behave 1: Neo-institutionalism and isomorphism

- DiMaggio, Paul J., and Walter W. Powell. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48 (2): 147- 160.
- Tolbert, P. S. and L. G. Zucker (1983). "Institutional sources of change in the formal structure of organizations: the diffusion of civil service reform, 1880-1935." *Administrative Science Quarterly*, 28: 22-39.
- Meyer, John W., and Brian Rowan. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83 (2): 340-363.

Complements:

- James D. Westphal and Edward J. Zajac, "The Symbolic Management of Stockholders: Corporate Governance Reforms and Shareholder Reactions" *Administrative Science Quarterly*, 43: 127-153, 1998.
 - Kraatz, Matthew S. and Edward J. Zajac. 1996. "Exploring the Limits of the New Institutionalism: The Causes and Consequences of Illegitimate Organizational Change." *American Sociological Review* 61:812-36.
 - Henisz, Witold J., Bennet A. Zelner, and Mauro F. Guillén. 2005. "The Worldwide Diffusion of Market-Oriented Infrastructure Reform 1977-1999." *American Sociological Review* 70:871-897.
 - Karl Weick, 1976. "Educational Organizations as Loosely Coupled Systems," *ASQ* 21: 1-19.
- Critique*
- Mizruchi, Mark S., and Lisa C. Fein. "The Social Construction of Organizational Knowledge: A Study of the Uses of Coercive, Mimetic, and Normative Isomorphism." *Administrative Science Quarterly* 44, no. 4 (December 1, 1999): 653–83.

Section 6. Explaining how organizations behave 2: Organizational ecology

- Carroll, Glenn R., and Anand Swaminathan. "Why the Microbrewery Movement? Organizational Dynamics of Resource Partitioning in the U.S. Brewing Industry." *American Journal of Sociology* 106, no. 3 (November 2000).
- Delacroix, Jacques, Anand Swaminathan, and Michael E. Solt. "Density Dependence Versus Population Dynamics: An Ecological Study of Failings in the California Wine Industry." *American Sociological Review* 54, no. 2 (1989): 245–62.

Complements:

- *Hannan, Michael T. "Ecologies of Organizations: Diversity and Identity." *Journal of Economic Perspectives* 19, no. 1

(March 2005): 51–70.

Theoretical foundations:

- Hannan, Michael T. and John Freeman. 1977. "The Population Ecology of Organizations." *American Journal of Sociology* 82: 929-964.
- Carroll, Glenn R. and Michael T. Hannan. 1989. "Density Dependence in the Evolution of Newspaper Populations." *American Sociological Review* 54: 524-541.
- Carroll, Glenn R. 1985. Concentration and specialization: Dynamics of niche width in populations of organizations. *American Journal of Sociology*, 90: 1262-1283.
- Stinchcombe, Arthur. 1965. "Social Structure and Organizations." Pp. 142-169 in *Handbook of Organizations*, edited by James March. Chicago: Rand McNally.

Critique:

- Young, Ruth. "Is Population Ecology a Useful Paradigm for the Study of Organizations?" *AJS* 94 (1988):1-24.

Thematic: China as a case study

- Xu, Dean, Jane W. Lu, and Qian Gu. "Organizational Forms and Multi-Population Dynamics Economic Transition in China." *Administrative Science Quarterly* 59, no. 3 (September 1, 2014): 517–47.

Section 7. The contemporary firm 1: The shareholder revolution

- Dobbin, Frank, and Jiwook Jung. "The Misapplication of Mr. Michael Jensen: How Agency Theory Brought down the Economy and Why It Might Again." In *Markets on Trial: The Economic Sociology of the U.S. Financial Crisis*. Research in the Sociology of Organizations, 30 Part B. Emerald Group Publishing Limited, 2010: 29–64.
- Budros, Art. "Causes of Early and Later Organizational Adoption: The Case of Corporate Downsizing." *Sociological Inquiry* 74, no. 3 (August 1, 2004): 355–80.

Complements:

- *Shin, Taekjin. "The Shareholder Value Principle: The Governance and Control of Corporations in the United States." *Sociology Compass* 7, no. 10 (October 1, 2013): 829–40. doi:10.1111/soc4.12076.
- Fligstein, Neil. *The Architecture of Markets: An Economic Sociology of Twenty-First-Century Capitalist Societies*. Princeton: Princeton University Press, 2001. (chapter 7)
- *Davis, Gerald. "The Twilight of the Berle and Means Corporation." *Seattle University Law Review* 34, no. 4 (May 30, 2011): 1121.
- Davis, Gerald F., and E. Han Kim. "Business Ties and Proxy Voting by Mutual Funds." *Journal of Financial Economics*, The economics of conflicts of interest financial institutions, 85, no. 2 (August 2007): 552–70.
- Appelbaum, Eileen, and Rosemary Batt. *Private Equity at Work: When Wall Street Manages Main Street*. Russell Sage Foundation, 2014. (Chapter 1 and 2)

Theoretical foundations

- Jensen Michael and W. Meckling. 1976 "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure." *Journal of Financial Economics* 3:305-60.
- Fama, Eugene, and Michael C. Jensen. 1983. "Separation of Ownership and Control." *Journal of Law and Economics* 26: 301-325.

Thematic: Divestiture (reversing diversification)

- Zuckerman, E. 2000. "Focusing the Corporate Product: Securities Analysts and De-Diversification," *Administrative Science Quarterly* 45: 591–619.
- Davis, G., K. A. Diekmann, and C. Tinsley. 1994. "The Decline and Fall of the Conglomerate Firm in the 1980s: The Deinstitutionalization of an Organizational Form," *American Sociological Review* 59: 547–570.
- Prahalad, C. K., and Gary Hamel. "The Core Competence of the Corporation." *Harvard Business Review* 1990, no. May-June (1990).

Thematic: Layoffs and externalization

- Jung, Jiwook. "Shareholder Value and Workforce Downsizing, 1981–2006." *Social Forces* 93, no. 4 (June 1, 2015): 1335–68.

Thematic: Resistance to shareholder control in Japan

- Mitsuhashi, Hitoshi. “John Buchanan, Dominic Heesang Chai, and Simon Deakin: Hedge Fund Activism in Japan: The Limits of Shareholder Primacy.” *Administrative Science Quarterly* 59, no. 2 (June 1, 2014): 366–69.
- Jung, Jiwook, and Eunmi Mun. “Bending but Not Breaking?: Foreign Investor Pressure and Dividend Payouts by Japanese Firms.” *Sociological Forum* 31, no. 3 (September 1, 2016): 663–84. doi:10.1111/socf.12268

Section 8. The contemporary firm 2: Networks and embeddedness

- Powell, W.W. “Neither Market Nor Hierarchy: Network Forms of Organization.” *Research in Organizational Behavior* 12 (1990): 285–336.
- Uzzi, Brian. 1997. “Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness.” *Administrative Science Quarterly* 42: 35-67.

Complements:

- *Podolny, Joel M. and Karen L. Page. 1998. “Network Forms of Organizations.” *Annual Review of Sociology* 24: 57-76.
- Dore, Ronald. “Goodwill and the Spirit of Market Capitalism.” *The British Journal of Sociology* 34, no. 4 (1983): 459–82.
- Naomi R. Lamoreaux, Daniel M. G. Raff, and Peter Temin, “Beyond Markets and Hierarchies: Towards a New Synthesis of American Business History,” *American Historical Review* 108, no. 2 (2003): 404–433.

Theoretical foundations:

- Granovetter, Mark. 1985. “Economic Action and Social Structure: The Problem of Embeddedness.” *American Journal of Sociology* 91: 481-510.

Section 9. The global firm 1: Buying across borders

- Gereffi, Gary, John Humphrey, and Timothy Sturgeon. “The Governance of Global Value Chains.” *Review of International Political Economy* 12, no. 1 (2005): 78–104.

Complement:

- Sturgeon, Timothy J. “Modular Production Networks: A New American Model of Industrial Organization.” *Industrial and Corporate Change* 11, no. 3 (June 1, 2002): 451–96. doi:10.1093/icc/11.3.451.

Section 10. The global firm 2: Making global value chains ethical

- Frank, T. A. “Confessions of a Sweatshop Inspector.” *Washington Monthly* 40, no. 4 (April 2008): 34–37. [This text is an introduction to the topic, for context.]
- Locke, Richard, Matthew Amengual, and Akshay Mangla. “Virtue out of Necessity? Compliance, Commitment, and the Improvement of Labor Conditions in Global Supply Chains.” *Politics & Society* 37, no. 3 (September 1, 2009): 319–51.

Complements:

- Locke, Richard M. *The Promise and Limits of Private Power: Promoting Labor Standards in a Global Economy*. Cambridge: Cambridge University Press, 2013. (Chapters 2, 3 and 6)
- Esbenshade, Jill Louise. “Chapter 4: Weakness and Conflict in Private Monitoring,” *Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry*. Philadelphia: Temple University Press, 2004.
- Seidman, G. *Beyond the Boycott: Labor Rights, Human Rights, and Transnational Activism*. Russell Sage Foundation, 2007. (Chapter 1 and 5.)

Section 11: Additional topic 1: Institutions and the firms' competitive strategy

- Saxenian, AnnLee. "Beyond Boundaries: Open Labor Markets and Learning in Silicon Valley." In *The Boundaryless Career: A New Employment Principle for a New Organizational Era*, edited by Michael B Arthur and Denise M Rousseau, 34–85. New York, NY: Oxford University Press, 1996.
- Casper, Steven. "Chapter 4: The German biotechnology industry: the limits of orchestrated innovation", *Creating Silicon Valley in Europe: Public Policy Towards New Technology Industries*. Oxford: OUP, 2007.

Complements:

Theoretical foundations

- Hall, Peter A., and David Soskice. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford [England]; New York: Oxford University Press, 2001. ([Introduction](#))

Thematic: Biotech industry

- Casper, Steven, *Creating Silicon Valley in Europe: Public Policy Towards New Technology Industries*. Oxford: OUP, 2007. (Chapters 1-3)
- Andrea Herrmann, "Rethinking the Link between Labour Market Flexibility and Corporate Competitiveness: A Critique of the Institutional Literature," *Socioeconomic Review* 6 (2008): 637–69;
- Knut Lange, "Institutional Embeddedness and the Strategic Leeway of Actors: The Case of the German Therapeutical Biotech Industry," *Socio-Economic Review* 7 (2009): 181–207.

Thematic: Shareholder Control

- Jackson, Gregory. "Stakeholders under Pressure: Corporate Governance and Labour Management in Germany and Japan." *Corporate Governance: An International Review* 13, no. 3 (May 1, 2005): 419–28.

Section 12. Additional topic 2: Diversity in bureaucracies

- Kanter, Rosabeth Moss. 1977. Some effects of proportions on group life: Skewed sex ratios and responses to token women. *American Journal of Sociology*, 82 (5): 965-990.
- Dobbin, Frank R., Daniel Schrage, and Alexandra Kalev. 2015. Rage against the iron cage: The varied effects of bureaucratic personnel reforms on diversity. *American Sociological Review*, 80 (5): 1014-1044.

Complements:

- Kalev, Alexandra. "How You Downsize Is Who You Downsize Biased Formalization, Accountability, and Managerial Diversity." *American Sociological Review* 79, no. 1 (February 1, 2014): 109–35.
- Reskin, Barbara F., Debra B. McBrier, and Julie A. Kmec. 1999. The determinants and consequences of workplace sex and race composition. *Annual Review of Sociology*, 25: 235-261.
- Castilla, Emilio. "Gender, Race, and Meritocracy in Organizational Careers" *AJS* 113(6): 1479-1526
- Huffman, Matt L., Philip N. Cohen, and Jessica Pearlman. 2010. Engendering change: Organizational dynamics and workplace gender desegregation, 1975-2005. *Administrative Science Quarterly*, 55 (2): 255-277.
- Turco, Catherine J. 2010. Cultural foundations of tokenism: Evidence from the leveraged buyout industry. *American Sociological Review*, 75 (6): 894-913.
- Castilla, Emilio J. 2015. Accounting for the gap: A firm study manipulating organizational accountability and transparency in pay decisions. *Organization Science*, 26 (2): 311-333.
- Margarete Arndt and Barbara Bigelow, "Professionalizing and Masculinizing a Female Occupation," *Administrative Science Quarterly* 50: 233-261, 2005

[*] Denotes that a text is a good summary of the literature.

Additional resource:

Keith Rollag's *Organizational Theory* website: http://faculty.babson.edu/krollag/org_theory.html.

You might find that its design dates from another century, but it might prove a very useful reference. It includes a mini-encyclopedia for different terms in organizational theory, and bullet-point summaries for important authors.

COURSE SCHEDULE

Section #	Date	Event
1	January 6	Basic issues 1 (Course Intro)
2	January 13	Basic issues 2
3	January 20	The origins of organizations 1
4	January 27	The origins of organizations 2
5	February 3	How organizations behave 1
6	February 10	How organizations behave 2
7	February 17	Beyond the modern firm 1
	February 23, 11:59pm	Deadline – Take-home 1
8	February 24	Beyond the modern firm 2
x	<i>March 3</i>	<i>Reading week – No class</i>
9	March 10	The global firm 1
10	March 17	The global firm 2
11	March 24	Additional Topic 1: Institutions
12	March 31	Additional Topic 2: Diversity
x	<i>April 7</i>	<i>Final Take-home – No Class</i>
	April 11, 11:59pm	Deadline – Take-home 2