



Ph.d in Business

Organization theory

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Office hours: Wednesday 10-12 and after lectures

Purpose of the course

The PHD course on organization theory is design to provide an overview of organization theory and its evolution, to develop the ability to read and evaluate a theoretical contribution to the study and understanding of organization, to enable PhD students to draw on the organizational literature for their own research purpose even if it is not in the organization field.

The course aims are the following:

1. Introduce to main questions and approaches of organization studies and provide a frameworks of analysis to understand the major theoretical perspective in organization theory, with a special attention on theories that takes the organizational level of analysis
2. Analyse the organizational economics' perspectives within the organization theory and study more in depth two models of this perspective: transaction cost theory and agency theory
3. Provide an understanding on more recent contributions to organizational studies by analysing the resource based view approach and knowledge-based perspective
4. Develop an understanding of issues and problems related to the interplay between theory and methods

Prerequisites

Students are expected to have basic notions of theory of the firm

Teaching method and requirements

Doctoral student are asked to actively participate to the course in two ways. Firstly they are asked to participate to class activity and discussion during each lecture. The readings are selected in order to encourage discussion on each section's issues. Since class discussion is an integral part of the course, each participant is required to come prepared to class. PhD students are required to write a short memo of one page in advance about the topic of the lecture to be discussed, based on the required readings. Memos should be sent by e-mail the day before the

two lectures of the four weeks from 2nd week to the 5th. A memo about the first week is required at the end of the section as a summary of the main issues highlighted by discussions and readings.

Secondly they are asked to lead the discussion by preparing a critical presentation in two sections of the course, based on an article selected among optional readings.

Short memo: i. will identify the major ideas, concepts, hypothesis, research methods that have been found worth remembering and stimulating for class debate ii. raise questions and critiques for discussion on the general topic of the lecture s.

Presentation should be prepared for the third or fourth sections and for the fifth sections, they can be based on slide and last 15 minutes.

Lectures

The course is organized in ten lectures of two hours each, grouped in five weeks-sections.

The first and second weeks are focused on organization theory and on the frameworks of analysis of its evolution. From this point of view two main theoretical approaches are chosen to be analysed more extensively: bounded rationality (second week) and organizational economics (third week). The third week-section goes in more depth on the discussion of two models of organizational economics : transaction cost theory and agency theory. The fourth week-section is focused on more recent contributions to the advancement of organization theory: resource based view and knowledge approaches to organization theory. The fifth week is devoted to discuss the relationship between theory and method starting from a debate within the organization theory on the style of this theory.

Examination policy

Evaluation will be based on participation to class activity (including memo), the two presentations and an final oral exam.

Each of these assignments is worth the following amount:

Presentations 30%

Participation 30%

Final exam 40%

Contents

WEEK 1: INTRODUCTION TO ORGANIZATION THEORY

1. Introduction: aims and contents of the course
2. Main organizational issues
3. What is an organization theory
4. Frameworks of analysis

Lecture 1 - Introduction - Required readings :

- Whetten D.A., 1989, What Constitutes a Theoretical Contribution?, *Academy of Management Review*, Vol. 14, No. 4. , pp. 490-495.
- Pfeffer J., 1997, *New directions for organization theory*, Oxford, Oxford University Press , Ch. 1 - The development and scope of organizational studies, 3-24

Optional readings

- Scott, W. R. 2004. Reflections on a half-century of organizational sociology. *Annual Rev. Sociology* 30 1–21
- Augier M., March J.G., 2005, Notes on the Evolution of a Research Community: Organization Studies in Anglophone North America, 1945–2000, *Organization Science*, Vol. 16, No. 1, pp. 85–95

Lecture 2 - Required readings :

- Scott R.W. and Davis C.F. , 2006, *Organizations and Organizing: Rational, Natural and Open Systems Perspectives* , Prentice Hall, Englewood Cliffs, NJ, ch. 1 - The subject is organizations; the verb is organizing , 1-34
- Astley G. e Van de Ven A., Central perspectives and debates in organization theory, *ASQ*, 28, 1983, 245-273

Suggested readings

- Jaap Kamps and Laszlo Polos, 1999, Reducing Uncertainty: A Formal Theory of Organizations in Action , *The American Journal of Sociology*, Vol. 104, No. 6, pp. 1776-1812
- Baum J., 2002, *Companion to organization*, Oxford, Blackwell, Ch. 1 - Companion to organizations: an introduction, 1-34
- Koza M.P., Thoenig J., 1995, Organization theory at the crossroads: some reflections on European and United States approaches to organizational research, *Organization Science*, Vol.6., n.1, 1-8

WEEK 2 – EVOLUTION OF ORGANIZATIONAL THEORY AND BOUNDED RATIONALITY

1. The evolution of organization theory
2. Bounded rationality

Lecture 1 - Required readings :

- Pfeffer J., 1993, Barriers to the advance of organizational science: paradigm development as a dependent variable, *Academy of management review*, vol.18, n.4 599-620
- Santos F.M., Eisenhardt K.M., 2005, Organizational Boundaries and Theories of Organization, *Organization Science* Vol. 16, No. 5, pp. 491–508

Optional readings

- Van Maanen J., Style as theory, *Organization Science*, Vol.6., n.1, 133-143
- Pfeffer J., 1995, Mortality, reproducibility and the persistence of style of theory, , *Organization Science*, Vol.6., n.6, 681-686
- Van Maanen J., Fear and loathing in organizational studies, *Organization Science*, Vol.6., n.6, 687-692
- Kaplan S., Henderson R., 2005, Inertia and incentives: bridging organizational economics and organizational theory, *Organization science*, vol.16, n.5, 509-521
- Ghoshal S. e Moran P. [1996], *Bad for Practice: A Critique of the Transaction Cost Theory*, in "The Academy of Management Review", 21 1, pp. 13-47.

Lecture 2 - Required readings :

- Simon H.A. [1955], A behavioral model of rational choice, in "Quarterly journal of Economics", 69, pp.99-118
- Simon H.A. [1979], Rational Decision Making in Business Organizations, in "The American Economic Review", 69, 4, September, pp. 493-513.

Suggested readings

- March J., Simon H., 1993, *Organizations*, Oxford, Blackwell, Ch. 1 and ch Introduction
- Simon H. A. [1957], *Administrative Behavior*, The McMillan Company, New York
- Simon H. A. [1960], *The New Science of Management Decision*, Harper & Row, New York.
- Augier M., March J.G., 2001, Conflict of interest and bounded rationality: Herbert A. Simon and Oliver E. Williamson, Paper, Stanford University

WEEK 3 : ORGANIZATIONAL ECONOMICS : TCE AND AGENCY THEORY

1. Economic approach to organization: transaction cost theory
2. Agency theory

Lecture 1 TCE - Required readings :

- Coase R.H., 1937, The nature of the firm, *Economica*, 4. 386-405

- Williamson O. [1981], *The Economics of Organization: The Transaction Cost Approach*, in “American Journal of Sociology”, 87, pp. 548-77.

Suggested readings

- Barney J. B. , 1990, The debate between traditional management theory and organizational economics: substantive differences or intergroup conflict?, *Academy of management review*, 15, 3, 382-393
- Foss N.J., 2005, Strategy , economic organization and knowledge economy. The coordination of firm and resources, Oxford, Oxford University Press, Cap.6
- Granovetter MS. [1985], Economic action and social structure: The problem of embeddedness,, *American Journal of Sociology* , 91, 3, pp. 481-510.
- Robins J.A. [1987], Organizational Economics: Notes on the Use of Transaction-Cost Theory in the Study of Organizations, in “*Administrative Science Quarterly*”, 32, 1, March, pp. 68-86.
- Monteverde K. Teece D.J., [1982], Supplier swithing costs and vertical integration in the automobile industry, *Bell Journal of economics*, 13, 206-213
- Silverman B.S. , 1999, Technological Resources and the Direction of Corporate Diversification: Toward an Integration of the Resource-Based view and Transaction Cost Economics, *Management Science*, Vol 45, N.8 pp.1109-1124
- Silverman B.R., 2002, Organizational Economis, in Baum J.A.C., 2002, *Companions to organizations*, Blackwell , Oxford
- Williamson [1991], *Comparative Economic Organization: The Analysis of Discrete Structural Alternatives*, in “Administrative Science Quarterly”, 36, June, pp. 269-296.
- Moe T.M. [1984], The New Economics of Organizations, in “*American Journal of Political Science*”, 28, 4, November, .

Lecture 2 AT- Required readings :

- Eisenhardt, K.M., 1989, *Agency Theory: An Assessment and Review*, in “Academy of Management Review”, Vol. 14, No. 1.
- Levinthal, D. [1988]: *A Survey of Agency Models of Organization*; in “Journal of Economic Behavior and Organization”; n.9 - 1988.

Suggested readings

- Jensen, M.C., Meckling, W.H. [1976]: *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*; in “Journal of Financial Economies”, III.
- Kawasaki, S., McMillan, J. [1987]: *The Design of Contracts: Evidence from Japanese Subcontracting*; in “Journal of the Japanese and International Economies”; n.1 - 1987.
- Asanuma, B., Kikutani, T. [1992]: *Risk Absorption in Japanese Subcontracting: A Microeconomic Study of the Automobile Industry*; in “Journal of the Japanese and International Economies”; March 1992.
- Gibbons R., 2005, Incentives between firms (and within), *Management science*, Vol. 51, n.1 (2-17)

WEEK 4 – RESOURCE BASED VIEW AND KNOWLEDGE BASED OF THE FIRM

1. Resource based view
2. Knowledge approaches to organization theory: knowledge–based theory of the firm, managing knowlwdge in organization

Lecture 1 RBV - Required readings :

Wernerfelt B., 1984, "A Resource-based View of the Firm", *Strategic Management Journal*, Vol.5, 171-180.

Barney J.B., 1991, Firms Resources sustained competitive advantage, *Journal of Management*, 17 (1): 99-120.

Suggested Readings

- Lado A.A., N.G: Boyd, P. Wright and M.Kroll, 2006, "Paradox and Theorizing within the Resource-based View", *Academy of Management Review*, Vol.31, N.1, 115-131.
- Barney J.B., 2001, "Resource-based Theories of Competitive Advantage: a Ten-year Retrospective on the Resource-based View", *Journal of Management*, 27, 643, 650.
- Rugman A.M. and A.Verbeke, 2002, "Edith Penrose's Contribution to the Resource-based View of Strategic Management", *Strategic Management Journal*, 23:769-780.
- Acedo F.J., C. Barroso and J.L. Galan, 2006, "The resource-based Theory: Dissemination and Main Trends", *Strategic Management Journal*, 27, 621-636.
- Newbert S.L., 2007, "Empirical Research on the Resource-based view of the Firm: An Assessment and Suggestions for Future Research", *Strategic Management Journal*, 28, 121-146.
- Priem R.L. and J. Butler, 2001, "Is the Resource-based View a Useful Perspective for Strategic Management Research?", *Academy of Management Review*, Vol.26, n.1, 22-40.
- Barney J.B., 2001, Is the Resource-base View a Usdeful Perspective for Strategic Management Research? Yes", *Academy of Management Review*, Vol.26, N.1, 41-56.
- Barney J.B., 1996, "The Resource-based Theory of the Firm", *Organization Science*, Vol.7, N. 5, september-october.
- Wernerfelt B., 1995, "The Resource-based view of the Firm: Ten Years after", *Strategic Management Journal*, Vol.16, 171-174.
- Barney J.B., M. Wright and D.J. Ketchen Jr, 2001, "The resource-based view of the firm: Ten Years after 1991", *Journal of Management*, 27, 625-641.

Lecture 2 KBF- Required readings :

- Kogut B., Zander U., 1995, Knowledge of the firm, combinative capacity and replication of technology, *Organization Science*, vol.3, n.3, 383-397
- Birkinshaw, J. Nobel, R.; Ridderstrale, J., 2002, Knowledge as a Contingency Variable: Do the Characteristics of Knowledge Predict Organization Structure? *Organization Science*, Vol. 13 Issue 3, 274-289

Suggested readings

- Argyres N., 1996, Evidence on the role of firm capabilities in vertical integration decisions, *Strategic management journal*, vol.17, n.2, 129-150
- Poppo L. Zenger T.R., 1998, Testing alternative theories of the firm: transaction cost, knowledge-based and measurement explanations for make or buy decisions in information services, *Strategic management Journal*, 19, 853-77
- Grandori A., Kogut B., 2002, Dialogue on Organization and Knowledge, *Organization science*, Vol. 13, No. 3, 224-231,
- Argote L., McEvily B., Reagans R., 2003, Introduction to the Special Issue on Managing Knowledge in Organizations: Creating, Retaining, and Transferring Knowledge, *Management Science*, Vol. 49, No. 4, April 2003, pp. v–viii
- Brusoni S., Prencipe A., Pavitt K., (2001), Knowledge specialization, Organizational Coupling and the Boundaries of the Firm: Why Do Firms Know More Than They Make?, *Administrative Science Quarterly*, 46:597-621
- Nelson R. e Winter S. [1982], *An evolutionary theory of economic change*, Belknap Press of Harvard University; Cambridge, Mass.
- Heiman B., Nickerson J.A., 2002, Towards reconciling transaction cost economics and the knowledge based view of the firm: the context of interfirm collaboration, *Int. J., of the economics of business*, vol.9.n.1., 97-116

WEEK 5 - THE INTERPLAY BETWEEN THEORY AND METHOD

1. Organization theory and methods: the interplay

Lecture 1- Required readings :

Van Maanen J., Sørensen J.B., Mitchell T.R., 2007, Introduction to special topic forum: the interplay between theory and method, *Academy Of Management Review*, Vol. 32, No. 4, 1145–1154.

Suggested readings

- Baum J., 2002, *Companion to organization*, Oxford, Blackwell

Lecture 2 – - Required readings

An article has to be chosen for the presentation by PhD students among suggested readings or proposed by PhD students. The choice should be communicated in time to include each article as required readings

Reading list

General reference books on the course topics are:

- Aldrich H., 1999, *Organizations evolving*, London, Sage
- Astley G. e Van de Ven A., Mapping the field to create a dynamic perspective on organization design and behavior, in *Perspectives in organization behaviour and design*, Wiley, 1981
- Bacharach S., Gagliardi P., Mundell B., 1995, *Studies of organizations in the european tradition*, JAI Press,
- Robbins S.P., 1990, *Organization theory*, Englewoods Cliffs, Prentice Hall
- Baum J.A.C., 2002, *Companions to organizations*, Blackwell , Oxford
- Burrell G. e Morgan G., *Sociological paradigms and organizational analysis*, Heinemann, 1979
- Douma S. e Schreuder H. [1991], *Economic approaches to organizations*, Prentice-Hall Inc., Englewood Cliffs, New Jersey.
- Donaldson L., 1995, *American anti-management theories of organization: a critique of paradigm proliferation*, Cambridge University Press,
- Hatch M.J., 1997, *Organization Theory*, Oxford University Press
- Jones G. R., 2003, *Organization theory, design and change*,
- March J., Simon H., 1993, *Organizations*, Oxford, Blackwell, Ch. 1 and ch Introduction
- Milgrom P. e Roberts J. [1992], *Economics, organizations and management*, Prentice Hall, Englewood Cliffs, New Jersey.
- Nelson R. e Winter S. [1982], *An evolutionary theory of economic change*, Belknap Press of Harvard University; Cambridge, Mass.
- Penrose E. [1959], *The Theory of the Growth of the firm*, John Wiley & Sons, New York
- Pfeffer J, 1982, *Organizations and organization theory*, Pitman
- Pfeffer J., 1997, *New directions for organization theory*, Oxford University Press
- Pfeffer J. e Salancik G. R [1978], *The External Control of Organizations: A Resource Dependence Perspective*, Harper & Row, New York.
- Simon H. A. [1957], *Administrative Behavior*, The McMillan Company, New York
- Scott R.W. and Davis C.F. , 2006, *Organizations and Organizing: Rational, Natural and Open Systems Perspectives* , Prentice Hall, Englewood Cliffs, NJ
- Thompson J.D. [1967], *Organizations in Action*, McGraw-Hill, New York
- Williamson O.E., 1990, *Organization Theory*, New York, Oxford University press
- Williamson O.E. [1975], *Markets and Hierarchies: Analysis and Antitrust Implications*, The Free Press, New York,.
- Williamson O.E. [1985], *The Economic Institutions of Capitalism. Firms, Markets, Relational Contracting*, The Free Press, New York

Articles and papers

- Astley G. e Van de Ven A., Central perspectives and debates in organization theory, *ASQ*, 28, 1983, 245-273
- Augier M., March J.G., 2005, Notes on the Evolution of a Research Community: Organization Studies in Anglophone North America, 1945–2000, *Organization Science*, Vol. 16, No. 1, pp. 85–95
- Christensen C. e Raynor M., What hard-nosed executives should care about management theory?, *Harvard Business Review*, September 2003
- Ghoshal S., Bad management theories are destroying good management practices, *Academy of management learning & education*, 2005, n. 1
- March, J. G. 1996. Continuity and change in theories of organizational action. *Admin. Sci. Quart.* 41(2) 278–287.

- Morgan, Gareth (1986). Images of organization. Newbury Park, CA: Sage Publications, Inc.
- Perrow, Charles (1986). Complex organizations: A critical essay. 3rd ed. New York, NY: McGraw-Hill, Inc.
- Pfeffer J., 1993, "Barriers to the advance of organizational science: paradigm development as a dependent variable", *Academy of Management Review*, 18: 599-620.
- Pfeffer J., 1995, "Mortality, reproducibility and the persistence of styles of theory", *Organization Science*, 6, 680-686.
- Scott, W. R. 2004. Reflections on a half-century of organizational sociology. *Annual Rev. Sociology* 30 1–21
- Thompson, J. D. 1967. *Organizations in Action*. McGraw Hill, New York.
- Van Maanen J., 1995a, "Style as theory", *Organization Science*, 6, 132-143.
- Van Maanen J., 1995b, "Fear and loathing in organization studies", *Organization Science*, 6, 687-692.
- Willmott H., What has been happening in organization theory and does matter?, *Personnel Review*, Vol. 24, 1995, n. 8