

UNIVERSITY OF PENNSYLVANIA
THE WHARTON SCHOOL
DEPARTMENT OF MANAGEMENT

Spring 2008 (version of 30 Dec 2007)

Course: MGMT 952, Seminar in Macro-Organization Theory, 2008
Instructor: Johannes M Pennings
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Class Times: Tuesdays; 2034 SH-DH, Management Suite, Tue 900-1200
Note "Classes Begin on 16 Jan! Note this syllabus is still being edited, redacted.

COURSE DESCRIPTION

This course is a seminar in organization theory surveying several areas, sometimes denoted with the term "paradigms" or perspectives. We cover several theoretical perspectives on organizations and environments: (1) contingency theory, (2) institutional theory, (3) organizational ecology and organizational evolution, (4) networks, (5) technology and (6) social construction or "interpretative." Obviously, a comprehensive review of current organization theory and research within one course is too challenging and therefore we need to make choices in the materials included. Compared with previous years, I have opted for comparatively light amounts of reading with the presumption of achieving greater depth and absorption. I think that allocating one day to the readings (say 8-12 hours) should suffice to master the content and be prepared to discuss. I have selected a portfolio of papers that is representative, but obviously not exhaustive, for the various streams of work. The readings for each week never exceed a nominal four but differ considerably in abstraction, complexity, word count and difficulty.

Although the seminar is focused in the area of organization theory, the underlying theoretical ideas are general enough to have applicability in other domains of social science. Students of strategy, international management, operation and information management, human resource management and entrepreneurship should find value in this course.

Each perspective will be studied first by examining and contrasting the main theoretical statements in depth, then critically discussing and evaluating empirical studies based on the theories, and finally, attempting to integrate the theories or identify ways to critically test between them. Make sure that you read the papers or book chapters in advance for the week, discuss them with each other before class. In the seminar, we should draw out key ideas from the readings, raise issues and criticize the theories and research, and develop integrations and competing tests of the theories. Students take turns to present and analyze the readings; I might chime in with short lectures or amplifications, reflections.

Grading. The course grade will be based on class participation, one or two class presentation, depending on class size, a critical commentary on the corresponding set of readings, and a final paper.

Participation (30% of the course grade). You will get out of class discussion what you put in. Regular attendance and participation are critical to your successful completion of this course--we cover a great deal of material in each class and later classes build on work covered earlier in the term. You should complete the assigned readings and assignments prior to each class. Each reading will be assigned to a reviewer and s/he will be asked to critically review the reading and comment on it. The discussion will then be open to the class.

Notes are recommended in sufficient detail to enable your regular participation in the discussion. For each session, you should be able to outline the topic that readings address, describe the core points of the reading, and, most importantly, offer your analysis of the strengths and weaknesses of the reading's central argument.

A good way to prepare for class is to think about both the "big picture" of the day as well as the details of the articles. For the "big picture," it may helpful to ask yourself the following questions about the theory/research area under review: (1) What are the core research problems or questions addressed by the theory? (2) What is the typical meta-theory (e.g., concepts, assumptions, evidence, methods, etc.) of this approach? (3) Can you specify the general theoretical arguments typically used in the approach? (4) What is the state of the evidence with respect to various theoretical claims? Obviously, you may find these questions challenging if your knowledge of the approach is limited—but you should try to answer them anyway. To get you going, I like you to craft your view of the firm and if possible, put it on a few slides that you present on first day of class—usually a lost class-time anyway.

For the details of each paper, it may be useful to ask yourself the following questions about each reading: (1) What are the central theoretical questions addressed? (2) What primary explanatory levers are offered? (3) What is the evidence to support the argument(s)? How convincing is it? (4) What are the basic assumptions behind the analysis? (5) How could this analysis be improved? Be specific and practical (do not make suggestions that you could not realistically envision yourself implementing); and (6) Identify at least one way that the analysis is cleverer or smarter than the author knows. This could take the form of deriving a new argument or developing new ideas about other dependent variables. Another approach would be to apply the author's reasoning under a different setting and explain why it might be useful.

- You are expected to participate actively in each class session. If, for some reason you are not prepared, please let me know before the start. We are all co-producer of the class discussion, and we should attempt to build on or constructively critique our comments. Formost, be bold!

Term Paper, Progress Reports, Critical Commentaries and Presentations (70% of the course grade). You will need to begin thinking about your term paper early in the course. Please feel free to discuss your ideas with me whenever you are ready to do so.

- Progress Report 1: Problem Definition (2-3 pages, typed, double-spaced). Describe an research problem in the domain of organizations and environments that interests you. Describe why understanding this problem is relevant to scholars and practitioners in Organization Theory. Due Week 6.
- Progress Report 2: Literature Search and Theory and Propositions (5-10 pages, typed, double-spaced). Discuss the relevant theoretical perspectives that can help address your research problem. Revise your research problem as you see fit based on your research to date. Derive two or more empirically testable propositions that relate to your research problem. Report 2 should incorporate the content of Report 1. Due by Week 11.
- Presentation. To help you develop your ideas and academic presentation skills, class session 13 will be devoted to presentations and discussions of Progress Report 2. Prepare a 10-15 minute presentation of your report and a constructive critical commentary for one other student's Progress Report 3 (2-3 pages, typed, double-spaced). Due Week 13, last week of class! April 29.
- Final Paper (15-25 pages, typed, double-spaced, plus tables and references). Develop a paper suitable for submission to an academic conference such as Organization Science Winter Conference. Revise your original ideas based on comments you receive. As well as including problem definition, contribution, theory and propositions, your paper might include a description of a research design, and hints about data required to test your propositions. The final draft of paper is due at 9am on April 30th.

Please no incomplete grades!

Readings. There is no "required" text for the course since we will be studying parts of texts and journal articles listed in the detailed week-by-week reading list that follows. Most readings will be available in pdf format in the web café. I have also listed the readings on H drive, MGMT 952, including some difficult to get ones, such as (older) book chapters

For your own paper, or for your presentations, I might be able to recommend you additional readings.

In my view, we lack good condensations of organization theory providing for a fresh and stimulating perspective. There are several books that provide a slanted perspective on organization theory, and we will incorporate them into the syllabus—for example Joel Podolny Status Signals, and Ron Burt, Brokerage and Closure. The only book I ask you to read in its entirety by mid January 2007 is:

Roberts, J., *The Modern Firm*, Oxford U Press, 2005

A survey book, rehashing the literature that might be helpful is:

Scott, W.R. 2002. *Organizations: Rational, Natural and Open Systems* (5th edition). Prentice Hall.

MGMT 952: Seminar in Macro-Organization Theory
Reading Assignments

Session 1: January 22, 2008

Meeting for Organizational Arrangements

1. Scott, W. Richard. 2004. "Reflections on a Half-Century of Organizational Sociology." *Annual Review of Sociology*: 30: 1-21.
2. John Roberts, *The Modern Firm*, Oxford U Press

BE PREPARED TO SUBMIT YOUR VIEW ON THE FIRM. DOES YOUR VIEW HAVE ANYTHING TO SAY ABOUT HUMAN AGENCY, SOCIAL STRUCTURE AND IF APPLICABLE, IS IT ANCHORED IN ANY DISCIPLINE?

Session 2: January 29, 2008

Organizations: The model, metaphor or concept of the firm

1. March, James G. and Herbert A. Simon. 1958. *Organizations*. New York: John Wiley. Chapter 6.
2. Cyert, Richard M. and James G. March. 1963. *A Behavioral Theory of the Firm*. Englewood Cliffs, NJ: Prentice-Hall. Chapter 6.
3. Roberts, John, 2005. *The Modern Firm* (as most of you are unlikely to have had a chance to get this book in time for class 0).
4. The Economist, The New Organization, 21 January 2006.
5. Foss, Nicolai, 2003. "Selective Intervention and Internal Hybrids: Interpreting and Learning from the Rise and Decline of the Oticon Spaghetti Organization. *Organization Science*, 14: 331-349

Session 3: February 5 2008

Organizations as Bundles of Routines

1. Feldman, Martha S. and Brian T. Pentland. 2003. Conceptualizing Organizational Routines as Sources of Flexibility and Change. *Administrative Science Quarterly*, 48: 94-118.
2. Naik, Gautham, 2006, A Hospital races to Learn lessons of Ferrari Pit Stop, WSJnl, 14 November 2006
3. Baldwin, Carliss and Clark, Kim, 2002. *Design Rules*, Ch 1-3
4. Huckman, J and Pisano, G, 2006, The firm specificity of individual performance: evidence from cardiac surgery. *Management Science*, 52:473-488.
5. Jacobides, M, Knuden, T., and Augier, M. 2006. Benefitting from innovation: Value creation, value appropriation and the role of Industry Architectures. *Research Policy*, 35, 1200-1221.
6. Wezel, Filippo C, Cattani, Gino and Pennings, Johannes M. 2006, Competitive Implications of Inter-firm Mobility, *Organization Science*. 17, 691-709.

Session 4: February 12, 2008

Organizations as Designs, Configurations of Routines

- 1 Thompson, James D. 1967. *Organizations in Action* (excerpt in pdf)
- 2 Levinthal, D. and Warglien, M. 1997. Landscape Design: Designing for local action in complex world. *Organization Science*, 2002
- 3 Simon, H.A. 1969. Architecture of Complexity, *Phil. Annals*; also reprinted in *Sciences of the Artificial*, MIT Press.
- 4 Brusoni, Roberto 2005. The limits of Specialization: Problem Solving and Coordination in Modular Networks. *Organization Studies*, 26 (12) 1885-1907.
- 5 Nickerson, Jack A. and Zenger, Todd R. 2004. A knowledge based theory of the firm: The Problem Solving perspective. *Organization Science*. 15:617-632.
7. Alexander, Christopher, *The Nature of Order: An Essay on the Art of Building and the Nature of the Universe*, Book 1 (?) Fifteen Props (2 excerpts)

Session 5: February 19, 2008

Organizations as Institutions

1. DiMaggio, P.M. & Powell, W.W., 1983, The Iron Cage Revisited, *American Sociological Review*, 48: 147-160.
2. Scott, W. Richard 1991. Unpacking Institutional Arguments, pp 164-183 in WW Powell and PJ DiMaggio, U Chicago Press
3. Scott, W.Richard 1987. The Adolescence of Institutional Theory. *Administrative Science Quarterly*, 32, 493-511. OPTIONAL
4. Special Issue of *Academy of Management Journal*, February 2002. Lead article (Introduction) by Issue Editors, M.Tina Dacin, Jerry Goodstein & W Richard Scott , pp 475-587. Introduction and one article TBA.
5. Meyer, John W. and Brian Rowan. 1977. "Institutionalized organizations: Formal structure as myth and ceremony." *American Journal of Sociology*, 83: 440-463.
6. Donaldson, Lex, 1995, *American Anti-Management Theories of Organizations: A Critique of Paradigm Proliferation*, Cambridge U Press, 4. (Critique on Institutional Theory)

Session 6 , February 26, 2008

Organization in the cesspool of institutional developments

1. Beck, Nikolaus and Wagenback, Peter, 2005. Technical Efficiency or Adapation to Institutional Expectations? The Adoption of ISO 9000 Standards in the German Mechanical Engineering industry. *Organization Studies*. 26: 841-866.
2. Westphal, J.D., Gulati, R. and Shortell, S.M., 1997 Customization or conformity. *Administrative Science Quarterly*, 42, 366-394.
3. Witold J. Henisz and Andrew Delios. 2001. "Uncertainty, Imitation, and Plant Location: Japanese Multinational Corporations, 1990-1996." *Administrative Science Quarterly* , 46 (3)
4. Rao, Huggy, Greve, Henrik and Davis, G.F., 2001. Fool's Gold: Proof in the imitation and abandonment of Coverage by Wall Street Analysts. *Administrative Science Quarterly*, 46: 502-526.
5. Zuckerman, E. 2000. Focusing the Corporate Product: Securities Analysts and De-Diversification, *Administrative Science Quarterly*, Vol. 45, No. 3. (Sep., 2000), pp. 591-619.

Session 7: March 14 or 18 2008(*or alt date , eg March 18 in which case we need to reschedule—if 4 or 14 do not work out we move the classes up by one week and have last class on April 29*), TBA

Organizations as Networks

1. Granovetter, Mark 1985. "Economic Action and Social Structure: The Problem of Embeddedness." *American Journal of Sociology*, 91:481-510.
2. Burt, Ronald S, 2005, *Brokerage and Closure*, Oxford U Press. Introduction, Ch1-3; skim rest.. See also his <http://gsb.uchicago.edu/fac/ronald.burt/research>.
3. Burt, Ronald S. 2004. "Structural Holes and Good Ideas." *American Journal of Sociology*, 110 (2): 349-399.
4. Podolny, Joel M. and Karen L. Page 1998. "Network forms of organization." *Annual Review of Sociology*: 24: 57-76.
5. Watts, Duncan J. 2004. "The 'New' Science of Networks." *Annual Review of Sociology*: 30: 243-270.
6. Borgati, S. 2006. Centrality and Structural Holes, Presentation at Wharton School.

Progress Report 1: Problem Definition Due Today!

Session 8: March 25 2008

Environments as Networked Status System and Institutional Setting

1. Walker, G. 2005. *Networks of Strategic Alliances*. Ch 7, I Shenkar, Sage Publishers
2. Watts, D, 2004, The new science of networks, *Ann.Review of Sociology* 30, 243-270.
3. Dosi, Giovanni. 1982. "Technological Paradigms and Technological Trajectories: A Suggested Interpretation of the Determinants and Direction of Technical Change." *Research Policy*, 11: 147-162.
4. Podolny, Joel, 2005. *Status Signals*, Princeton U Press, Introduction, Chapters 1-3, and 5.
5. Fowler, James H and Keon, Sangick 2006. The Authority of Supreme Court Precedent: A Network Analysis. Working paper, PoliSci, UC Davis
6. B.Uzzi and J.Spiro, 2005. Collaboration and Creativity: The small world problem. . *Am.Jnl Soc*, 111, 447-504.
7. Podolny, J. M., & Stuart, T. E. 1995. A Role-Based Ecology of Technological Change. *The American Journal of Sociology*, 100(5): 1224-1260.

Session 9: April 1, 2008 (note need for some schedule adjustment!)TBA

Learning, Inertia and Networks

1. March, James G. 1991. "Exploration and exploitation in organizational learning." *Organization Science*, 2: 71-87.
2. Darr, Eric D., Linda Argote, and Dennis Epple. 1995. "The acquisition, transfer, and depreciation of knowledge in service organizations: Productivity in franchises." *Management Science*, 42:1750-1762.
3. Argote, Linda, Beckman, S and Dennis Epple, 1990, The Persistence and Transfer of Learning in Industrial Settings, *Management Science*, 36, 140-154.
4. Powell, Walter W., Kenneth W. Koput, and Laurel Smith-Doerr. 1996. "Interorganizational collaboration and the locus of innovation: Networks of learning in Biotechnology." *Administrative Science Quarterly*, 41:116-145. OPTIONAL
5. Uzzi, B. 1997. Social structure and competition in interfirm networks. *Administrative Science Quarterly*, 42,1, 35-67
6. Stuart, Toby. 1998. "Network positions and propensities to collaborate: An investigation of strategic alliance formation in a high-technology industry." *Administrative Science Quarterly*, 43:668-698.

Session 10: April 8, 2008

Sharing Established and New Knowledge in Organizations

1. Hansen, Morton 2003. The search transfer problem: The role of weak ties in sharing knowledge across sub units *Administrative Science Quarterly*, 35: 9-30.
2. Barley, Steven, 1986, Technology as an Occasion for Structuring, *Administrative Science Quarterly*, 31: 78-108

3. Black LJ, Carlile PR, Repenning NP 2004. A dynamic theory of expertise and occupational boundaries in new technology implementation: Building on Barley's study of CT scanning , *Administrative Science Quarterly*, 49 (4): 572-607
4. Hargadon and Sutton, R I. 1997. Technology brokering and innovation in a product development firm. *Administrative Science Quarterly*, 42: 716-749.

Session 11: April 15, 2008

Ecological Processes: Age, Size, Niche Width, and Density

1. Levinthal, Daniel. 1991. "Random walks and organizational mortality." *Administrative Science Quarterly*, 36: 397-420.
2. Hannan MT and Freeman, JH, 1884. Structural Inertia and Organizational Change, *American Sociological Review*, Vol. 49, No. 2, 149-164
3. Barnett, William P. and Morten T. Hansen. 1996. "The Red Queen in Organizational Evolution." *Strategic Management Journal*, 17: 139-157.
4. Baum, Joel and Shipilov, Andrei V 2005. *Ecological approaches to organizations*. Working paper. School of Mgt, U Toronto.
5. Hannan, Michael T., Glenn R. Carroll, Elizabeth A. Dundon and John C. Torres. 1995. "Organizational Evolution in a Multinational Context: Entries of Automobile Manufacturers in Belgium, Britain, France, Germany, and Italy." *American Sociological Review* . 60: 509-528.
6. Baum, Joel A. C., and Heather A. Haveman. 1997. "Love thy neighbor? Differentiation and agglomeration in the Manhattan hotel industry, 1898-1990." *Administrative Science Quarterly*, 42: 304-338.
7. Donaldson, Lex, 1995, *American Anti-Management Theories of Organizations: A Critique of Paradigm Proliferation*, Cambridge U Press, 3.

Progress Report 2: Literature Search and Theory and Propositions Due this week!

Session 12: April 22, 2008

The Fight between Institutional and Ecological Perspectives

1. Baum, Joel A. C. and Walter W. Powell. 1995. "Cultivating an institutional ecology of organizations: Comment on Hannan, Carroll, Dundon, and Torres." *American Sociological Review* 60: 529-538.
2. Hannan, Michael T., Glenn R. Carroll, Elizabeth A. Dundon and John C. Torres. 1995. "Reply to Baum and Powell." *American Sociological Review* 60: 539-544.
3. Strang, David and Michael W. Macy. 2001. "In Search of Excellence: Fads, Success Stories, and Adaptive Emulation." *American Journal of Sociology*, 107(1): 147-182.
OPTIONAL
4. Ruef, Martin, 2001, The Emergence of Organizational Forms, *American Journal of Sociology*, 106 (3): 658-714
5. Donaldson, Lex, 1995, *American Anti-Management Theories of Organizations: A Critique of Paradigm Proliferation*, Cambridge U Press, 3. (Critique on Ecological Theories)

Session 13: April 29, 2008

Technological Processes and Organization Design

1. Tushman, Michael L., and Philip Anderson. 1986. "Technological discontinuities and organizational environments." *Administrative Science Quarterly*, 31: 439-465.
2. Henderson, Rebecca M., and Kim B. Clark. 1990. "Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms." *Administrative Science Quarterly*, 35: 9-30.
3. Wade, James. 1995. "Dynamics of organizational communities and technological bandwagons: An empirical investigation of community evolution in the microprocessor market." *Strategic Management Journal*, Summer Special Issue, 16: 111-134.
4. Garud, Raghu, and Karnøe, P. 2003. "Bricolage vs. Breakthrough: Distributed and embedded agency in technology entrepreneurship" *Research Policy*, 32: 277-300.
5. Adner, R & Kapoor, H. 2007, *Innovation Ecosystems and Innovators' Outcomes*. Working Paper, INSEAD.

Session 14: May 2 or 3? TBA, 2008

Progress Report 2 Presentations. Final Papers Due in Two Weeks.

The eRoom includes two exemplars of papers, proposals, by Sylvaine Castellano (institutionalization in wine sector) and Erik Wetter (networking

entrepreneurship) that could illustrate the sort of paper you may want to write for MGMT 952

Enjoy the seminar!

Johannes M. Pennings

Brief Resume 2008

Received his BA and MA at the Universities of Utrecht and Leiden (Netherlands) and his Ph.D. in 1973 from the University of Michigan. Born in the Netherlands, he has resided in the US since 1970. Prior to his status as professor of management at the Wharton School of the University of Pennsylvania, he was affiliated with Carnegie-Mellon University and Columbia University. He also maintains a part-time affiliation with the Department of Economics, Tilburg University, Netherlands. Recent visiting positions were at HKUST, HongKong, Seoul National University, Korea, SMU Singapore, Handelshoegskolan Stockholm, CEIBS, Shanghai, Nankai U, Tianjin and LUISS, Rome. Currently on editorial board of *Organization Science*. Published six books and over 100 papers in outlets like Academy of Management Journal, American Journal of Sociology, Administrative Science Quarterly, Research Policy, Organization Studies, Organization Science and elsewhere.

Recent articles include:

(with Harry Barkema) Top Management Pay: The Role of Overt and Covert Power. *Organization Studies*, 20, 1997.

(with Chonwoo.Lee and Kyungmook Lee) Internal Capabilities, External Networks and Performance: A study of technology based ventures, *Strategic Management Journal*, 22, 2001.

(with Kyungmook Lee) Mimicry and the Market, *Academy of Management Journal*, 2002

(with F. Wezel and G Cattani) Competitive Implications of Inter-firm Mobility. *Organization Science*, 2006.

(with F Wezel) *Micro Behavior and Organizational Evolution*. Cheltenham: Edward Elgar Publishing 2007.

Currently researching the evolution of the tennis racket industry, and two opposite sides of the imaging sector during the period 1975-2005.. On the one hand exploring product design architecture and interfirm collaboration—i.e. the so-called output side in which producers bundle components into new or established configurations. On the other side, examining the evolution of the technology—the input side-- through bridging (brokerage and closure) by firms based on mobility of inventors, patent citations (backward) and propinquity, thus trying to determine the firms' role in their industry evolution.

Consulting has focused on these very same areas: organization design, management of innovation, and change recent clients include Randstad, Aventis, TetraPak, Fritidsresor Group and China Resources. Private interests include sailing, ski, squash, travel to Gobi desert or Alps, Irish Cliffs and Norwegian Fjords,- Brahms, New York City with its Lincoln Center and contemporary art. Likes to read Hermann Hesse, Jonathan Spence, Gabriel Garcia Marquez, The Economist, The New Yorker..