

## ORGANIZATION THEORY

**Period:** a.y. 2023/24 – I sem.

**Class Time:** Roentgen, Tuesday 3–6.20pm  
room 4-E4-SR01

**Instructor:** Prof. Alessandro Iorio

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### Course Overview

This course introduces central concepts in Organization Theory. The main objective of this course is to create a forum to discuss and develop an understanding of the different strategies organizational theorists use to explain organizational processes and develop theories that are as convincing as possible. We will read and discuss theoretical and empirical papers, both classic and contemporary, and identify the current frontier of the field.

We will meet once a week and the class will be a discussion format. The selected topics are listed below. My hope is that after you complete this course, you will be a more thoughtful consumer of research on organizations, and, more generally, of social science research. While some of the research perspectives emphasized in this course may not suit your interests, as a participant in the scholarly community you should be able to understand the research of others and judge it on its own terms.

### Course Structure and Requirements

This course is a seminar. I may occasionally lecture on specific topics, but the focus will be on developing an understanding of the material through discussion and debate. As such, it is essential that you come prepared having read all required readings prior to class.

You should come to class with questions, topics, and issues to be raised for discussion. Such discussions are important to help you develop your own positions on some of the theories in the area. For each session I expect students to think of questions they would like to discuss in class regarding the assigned articles. Each student is allowed to submit one question only (not a series of questions) per session. You can focus on a single article, otherwise you might also try to make connections between the current readings or with the readings we have discussed in previous sessions. Questions should be used to raise issues that are worth developing in class. A good question is thought provoking and engages the other participants in a lively discussion of the readings by taking a clear, and perhaps challenging, position.

**Questions should be sent by email to the instructor and to the entire class the day before each class (no later than 5 pm).** Questions sent after the deadline will not be discussed in class and will not be evaluated. No exceptions. No excuses. Finally, students cannot submit questions on the same readings of the memos they were assigned to.

Your class participation will be graded. I assess discussion based on your active engagement with the readings and quality is assessed by relevance to discussion and NOT by whether your comment is “right” or “wrong.” Firstly, there is rarely a right or wrong answer for this kind of material. Secondly, I want the classroom to be a free learning space where you feel comfortable in asking for clarification and gaining assistance on a topic—in other words, you should feel ok to share your lack of understanding of any concept so asking questions is a form of participation. If you ever feel that the classroom experience is making you feel uncomfortable to ask questions, please let me know so I can make efforts to change the learning space to better accommodate such classroom engagement.

In addition to this form of participation, during the course, I will ask you to take on a variety of the different roles that an academic researcher must perform. The purpose of these different roles is to engage with research from a variety of different perspectives. We will divide the course time to first discuss the readings and then student research (i.e., long memos).

1. On the first day of class, I will randomly assign you to papers listed in the syllabus. For each week (except Week 1 in which I will be leading the discussion), there will be a group of presenters: some in the role of author and some in the role of reviewer.
  - Students in the role of author will present the papers for that week to the class in a 10–15 minutes presentation. The idea here is to assume the role of the author: pretend that you wrote the paper(s), you have ownership of it, and you are its champion. The presentation should explain what the research question is, why it is important, and what the theory and evidence are; imagine that this is a conference presentation. This presentation will be graded on how well you represent what the author was trying to do, and did.
  - Students in the role of reviewer will present a 5–10 minutes critique of the paper(s). Your job here is to assume the role of a reviewer for a journal. This critique should address such points as the quality and interest of the research question, the soundness and interest of the theoretical argument, and the quality of the evidence. Are there possible alternative explanations? Are there any critical flaws in the paper?
2. Following the discussion of the readings, we will help students who have developed long memos to further their ideas.
  - Long Memos: For one of the topics, students will prepare a research proposal (6–7 pages). This paper should propose a new research project based on or inspired by your chosen topic. Your role here is that of researcher. This paper should include a statement of the new research question, an outline of the theoretical argument, and a discussion of what kinds of evidence you would collect/present. The paper should clearly identify what its

contribution is relative to the existing topic. That might involve, for example, extending the theory to new domains, addressing unresolved theoretical questions, or resolving empirical ambiguities. You may think about this document as an extended abstract of a project that you may be presenting at an academic conference. The overall goal is to advance your understanding of one of the organizational theories that you find particularly useful in a way that can advance your own career ambitions as well.

**All memos are due the last day of class (at the latest).**

There will be a final exam one week after our last class. The exam will be structured in a set of open-ended questions in which students will critically evaluate theories and concepts covered during the course. This will be a closed-book exam.

## **Specific Course Requirements and Grading**

Participation:	20%
Long Memo:	30%
Final Exam:	50%

Letter grades will be assigned according to the observed distribution of total points earned in the different required components by the entire class. It will be students' best interest to perform as well as possible in each task.

## **Faculty Bio**

Alessandro is an Assistant Professor in the Department of Management and Technology at Bocconi University. He received his Ph.D. in Organizational Behavior and Theory from Carnegie Mellon University's Tepper School of Business, where he was awarded the Herbert A. Simon Doctoral Dissertation Award in Behavioral Research in the Administrative Sciences. His research uses a multimethod approach to understand how social networks create competitive advantage for individuals and organizations. He is also interested in investigating the origins and evolution of social network structures, with special emphasis on the link between formal organizational arrangements and informal social relationships. His research has been published in leading international journals, such as *Administrative Science Quarterly*, *Academy of Management Journal*, and *Organizational Behavior and Human Decision Processes*.

## TIPS ON READING ACADEMIC JOURNAL ARTICLES

Reading academic journal articles can seem like a daunting task: They are usually full of domain-specific jargon, complicated statistics, and what seems like irrelevant and complex information. Thus, a lot of the information may seem irrelevant—but (usually) it is not. The details that are presented will help you to determine how much stock to put into the research. The methodological and statistical details provide vital information for determining an article’s strengths and weaknesses, and generally for determining whether it is an example of “good scholarship.” Therefore, it is important that you learn how to read journal articles so that you gain the relevant information yet be aware of their limitations.

A primary goal of this course is to get everyone up to speed with the skill of reading journal articles. We will discuss this at various points throughout the course, and you should feel free to ask any questions that you may have. Though you will develop your own strategy over time, it is useful to keep the following questions in mind when reading a given paper:

1. **Motivation:** Why do the authors think that their topic or question is important? What do the authors (implicitly or explicitly) regard as incomplete in existing research such that their research constitutes a significant contribution?
2. **Theory:** What distinguishes the theoretical viewpoint of the authors under consideration? What causal mechanism or mechanisms do the authors focus on and why? What are the potential advantages of a given focus and what are the drawbacks?
3. **Evidence:** What types of evidence do the authors bring to bear to support their argument? Which sorts of analyses do you find most compelling and why?
4. **Big Picture:** To what extent do you regard this article as making a significant contribution to the larger questions that animate research in “organization theory”? How could the work have made a bigger contribution?

# COURSE SCHEDULE AND READINGS

## Week 1 Transaction Cost Approach, Carnegie School, & Contingency Theory

### **Mandatory:**

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

Williamson, O. E. (1981). Economics of Organization: The Transaction Cost Approach. *American Journal of Sociology*, 87(3):548-577.

March, J. G., & Simon, H. (1958). *Organizations*. McGraw-Hill (Ch. 6: "Cognitive Limits on Rationality").

Cyert, R. & March, J. G. (1963). *A Behavioral Theory of the Firm*. Prentice-Hall (Ch. 7: A Summary of Basic Concepts).

March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1): 71-87.

### **Optional:**

Cohen, M. D., March, J. G., & Olsen, J. P. (1972). A garbage can model of organizational choice. *Administrative Science Quarterly*, 17(1): 1-25.

Eisenhardt, K. M. (1989). Making fast strategic decisions in high-velocity environments. *Academy of Management Journal*, 32(3): 543-576.

Nickerson, J. A., & Todd R. Z. (2004). A Knowledge-Based Theory of the Firm: The Problem-Solving Perspective. *Organization Science*, 15(6): 617-632.

Gavetti, G., Levinthal, D., & Ocasio, W. (2007). Perspective—Neo-Carnegie: The Carnegie School's Past, Present, and Reconstructing for the Future. *Organization Science*, 18(3): 523-536.

Argote, L., Lee, S., & Park, J. (2020). Organizational Learning Processes and Outcomes: Major Findings and Future Research Directions. *Management Science*, 67(9): 5399-5429.

Perrow, C. (1967). A framework for the comparative analysis of organizations. *American Sociological Review*, 32(2): 194-208.

**Week 2      Social Embeddedness**

**Mandatory:**

Baker, W. E. (1984). The social structure of a national securities market. *American Journal of Sociology*, 89(4): 775-811.

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, 91(3): 63-68.

Uzzi, B. (1997). Social structure and competition in interfirm networks: The paradox of embeddedness. *Administrative Science Quarterly*, 42(1): 35-67.

Davis, G. F., & Greve, H. R. (1997). Corporate elite networks and governance changes in the 1980s. *American Journal of Sociology*, 103(1): 1-37.

**Optional:**

Powell, W. W. (1990). Neither market nor hierarchy: Network forms of organization. In B. M. Staw & L. L. Cummings (eds.), *Research in Organization Behavior*, Vol. 12: 295-336. Chicago: JAI Press.

Jones, C., Hesterly, W. S., & Borgatti, S. P. (1997). A general theory of network governance: Exchange conditions and social mechanisms. *Academy of Management Review*, 22(4): 911-945.

Ingram, P., & Roberts, P. W. (2000). Friendships among competitors in the Sydney hotel industry. *American Journal of Sociology*, 106(2): 387-423.

Gnyawali, D. R., & Madhavan, R. (2001). Cooperative networks and competitive dynamics: A structural embeddedness perspective. *Academy of Management Review*, 26(3): 431-445.

Aven, B., Morse, L., & Iorio, A. (2021). The valley of trust: The effect of relational strength on monitoring quality. *Organizational Behavior and Human Decision Processes*, 166: 179-193.

**Week 3      Neo-Institutionalism**

***Mandatory:***

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2): 340-363.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2): 147-160.

Suchman, M. (1995). Managing legitimacy: Strategic and institutional perspectives. *Academy of Management Review*, 20(3): 571-611.

Edelman, L. B., Uggen, C., & Erlanger, H. S. (1999). The endogeneity of legal regulation: Grievance procedures as rational myth. *American Journal of Sociology*, 105(2): 406-454.

***Optional:***

Zucker, L. G. (1977). The role of institutionalization in cultural persistence. *American Sociological Review*, 42(5): 726-743.

Selznick, P. (1996). Institutionalism "old" and "new." *Administrative Science Quarterly*, 41(2): 270-277.

Kraatz, M. S., & Zajac, E. J. (1996). Exploring the limits of the new institutionalism: The causes and consequences of illegitimate organizational change. *American Sociological Review*, 61(5): 812-836.

Rao, H., Monin, P., & Durand, R. (2003). Institutional change in Toque Ville: Nouvelle cuisine as an identity movement in French gastronomy. *American Journal of Sociology*, 108(4): 795-843.

Zhao, E. Y., Fisher, G., Lounsbury, M., & Miller, D. (2017). Optimal distinctiveness: Broadening the interface between institutional theory and strategic management. *Strategic Management Journal*, 38(1): 93-113.

**Week 4      Population Ecology of Organizations**

***Mandatory:***

Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American Journal of Sociology*, 82(5): 929-964.

Carroll, G. R. (1985). Concentration and specialization: Dynamics of niche width in populations of organizations. *American Journal of Sociology*, 90(6): 1262-1283.

Carroll, G. R., & Hannan, M. T. (1989). Density dependence in the evolution of populations of newspaper organizations. *American Sociological Review*, 54(4): 524-541.

Carroll, G. R. & Swaminathan, A. (2000). Why the microbrewery movement? Organizational dynamics of resource partitioning in the US brewing industry. *American Journal of Sociology*, 106(3): 715-762.

***Optional:***

Singh, J. V., Tucker, D. J., & House, R. J. (1986). Organizational legitimacy and the liability of newness. *Administrative Science Quarterly*, 31(2): 171-193.

Young, R. C. (1988). Is population ecology a useful paradigm for the study of organizations? *American Journal of Sociology*, 94(1): 1-24.

Zucker, L. G. (1989). Combining institutional theory and population ecology: No legitimacy, no history. *American Sociological Review*, 54(4): 542-545.

Burt, R. S. (1997). The contingent value of social capital. *Administrative Science Quarterly*, 42(2): 339-365.

Zuzul, T., & Tripsas, M. (2020). Start-up inertia versus flexibility: The role of founder identity in a nascent industry. *Administrative Science Quarterly*, 65(2): 395-433.

## Week 5 Power & Resource Dependence Theory

### **Mandatory:**

Pfeffer, J. & Salancik, G. (1978). *The External Control of Organizations*. New York: Harper and Row (Ch. 3-4: pp. 39-91).

Cook, K. S., Emerson, R. M., & Gillmore, M. R. (1983). The distribution of power in exchange networks: Theory and experimental results. *American Journal of Sociology*, 89(2): 275-305.

Casciaro, T., & Piskorski, M. (2005). Power imbalance, mutual dependence, and constraint absorption: A closer look at resource dependence theory. *Administrative Science Quarterly*, 50(2): 167-199.

Gulati, R., & Sytch, M. (2007). Dependence asymmetry and joint dependence in interorganizational relationships: Effects of embeddedness on a manufacturer's performance in procurement relationships. *Administrative Science Quarterly*, 52(1): 32-69.

### **Optional:**

Thompson, J. D. (1956). Authority and power in "identical" organizations. *American Journal of Sociology*, 62(3): 290-301.

Hickson, D. J., Hinings, C. R., Lee, C. A., Schneck, R. E., & Pennings, J. M. (1971). A strategic contingencies' theory of intraorganizational power. *Administrative Science Quarterly*, 16(2): 216-229.

Davis, G. F., & Cobb, J. (2010). Resource Dependence Theory: Past and future. *Research in the Sociology of Organizations*, 28: 21-42.

Drees, J. M., & Heugens, P. P. (2013). Synthesizing and extending resource dependence theory: A meta-analysis. *Journal of Management*, 39(6): 1666-1698.

Sytch, M., & Kim, Y. H. (2020). Quo Vadis? From the Schoolyard to the Courtroom. *Administrative Science Quarterly*, 66(1): 177-219.

**Week 6 Social Networks**

**Mandatory:**

Granovetter, M. (1973). The strength of weak ties. *American Journal of Sociology*, 78(6): 1360-1380.

Coleman, J. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94: S95-S120.

Burt, R. S. (2004). Structural holes and good ideas. *American Journal of Sociology*, 110(2): 349-399.

Iorio, A. (2022). Brokers in disguise: The joint effect of actual brokerage and socially perceived brokerage on network advantage. *Administrative Science Quarterly*, 67(3): 769-820.

**Optional:**

Krackhardt, D. (1987). Cognitive social structures. *Social Networks*, 9(2): 109-134.

Hansen, M. T. (1999). The search-transfer problem: The role of weak ties in sharing knowledge across organization subunits. *Administrative Science Quarterly*, 44(1): 82-111.

Reagans, R., & McEvily, B. (2003). Network structure and knowledge transfer: The effects of cohesion and range. *Administrative Science Quarterly*, 48(2): 240-267.

Obstfeld, D. (2005). Social networks, the tertius iungens orientation, and involvement in innovation. *Administrative Science Quarterly*, 50(1): 100-130.

Soda, G., Tortoriello, M., & Iorio, A. (2018). Harvesting value from brokerage: Individual strategic orientation, structural holes, and performance. *Academy of Management Journal*, 61(3): 896-918.

Hernandez, E., & Shaver, J. M. (2019). Network synergy. *Administrative Science Quarterly*, 64(1): 171-202.