
INTRODUCTION TO ORGANIZATION AND MANAGEMENT THEORY

Prof. Fabrizio Ferraro
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COURSE OUTLINE

Introduction

In the last 50 years, the field of Organization Theory has contributed to the enrichment of our understanding of economic and management action, providing novel approaches, theories and methodological tools to management inquiry. This doctoral course provides a broad overview of the major theoretical debates within organization theory, and how they have influenced research in more applied fields. We will read and discuss theoretical and empirical papers, both classic and contemporary, and identify the current frontier of the field. Learning more about how organizations are structured and work can help us to improve organizational processes and their outcomes.

Objectives

This introductory doctoral course provides a broad overview of the key theoretical insights in organization theory, and how they have influenced research also in other management disciplines (operations, marketing, finance). By the end of the course the students will be able to frame a research question from a theoretical point of view, and develop original research ideas to advance scholarship in their field.

Learning Outcomes

- *Evaluate the relevance of the theoretical advancements of scientific publications in organization theory*
- *Evaluate the scientific standards and quality of the methodologies of scientific publications in organization theory*
- *Write a literature review of a sub-stream of research of organization theory, integrating several scientific contribution*
- *Generate new theory that advances our current understanding of organizations*
- *Lead a dialectic discussion that integrates several scientific contributions*
- *Communicate and debate the merits of one's scientific ideas*

Competences

General competencies

CG1: Acquire knowledge, skills, abilities and attitudes required to conduct research on a global basis

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in the field of business management.

CG3: Conduct a critical analysis, evaluation and synthesis of new and complex ideas with the objective to produce general principles applicable to business situations.

CG6: Use appropriate tools and techniques for problem solving, correction contrasting and decision validation

Basic competencies

CB6: Demonstrate knowledge and understanding that provide a basis or opportunity for originality in developing and / or application of ideas, often related to a research context.

Specific competencies

CE1: Understand the concepts of social and human sciences relevant and necessary to carry out research projects of international level in the area of business management.

CE2: Profound knowledge of tools in the fields of mathematics, statistics, econometrics and multivariate analyzes in order to carry out relevant research projects on a global level.

CE3: Organization, planning and implementation of a research project related to social sciences.

CE4: Distinguishing of the different fields of management sciences and acknowledgement of the research methodologies related to them.

CE6: Ability to take current management and organizational problems and identify how different theories of organizations can help us understand them.

CE7: Ability to design research programs in the area of Business Management.

CE8: Analyze business phenomena formal analysis tools (logic and mathematics) in order to develop consistent structural theories.

CE17: Ability to critically establish, the relevance and significance of the results obtained with respect to the proposed objectives, and prepare conclusions within the framework of current scientific knowledge on the topic in question.

Methodology

1. Readings and class discussion

Students are expected to read all the required readings and be prepared to discuss the material in class on the schedule indicated in the syllabus. All students should come to class with questions, topics, and issues to be raised for discussion. My role is to facilitate and direct the discussion. Your role is to engage each other in developing the best critical understanding of each paper.

As you do the readings, think about the following questions:

- 1) What is the basic argument made by the author(s)? What are its strengths?
- 2) What are the weaknesses of the argument?

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- 3) If you disagree with an argument, what would it take to convince you?
- 5) Are there critical differences between these authors' arguments and those of others we have read?
- 6) Can these differences be resolved through an empirical test? How would you design a test to resolve these differences?
- 7) If an empirical paper, what alternative explanations can account for the findings of the authors?

2. Discussion leadership

In addition to preparing the papers for discussion, two students will also jointly lead each session. I will email you the assignment for the course one week before we start. Discussion leaders will provide the class with a short overview (max 20 minutes) of the main issues tackled by the readings, and open the general discussion by identifying some key debate issues and questions.

The readings in the "OT Matters" section suggest how classic organization theories might be leveraged to understand contemporary phenomena. Discussion leaders are encouraged to explore these and other issues that they might be interested in.

Evaluation

Evaluation will be based on class participation, and on the grade of two types of memos students should prepare:

1. Short memos

Before each class, students are asked to prepare brief memos (MAX 2 pages, double-spaced) relating to the readings of the class. The memo could focus on specific ideas and concepts you found interesting; concerns you might have with some of the ideas/arguments, empirical settings that could be explored using a theory, and connections between different approaches and/or papers.

Memos are due the day of class and have to be uploaded to VC by 10am. I will correct them, grade them, and return them to you in class. For the final grade, I will compute the average grade across the memos, dropping the grade of the worst one.

2. Long memo

Each student should also prepare a more detailed memo (MAX 5 pages, double-spaced) inspired by the readings in the OT Matters section. In this memo, you should pick a contemporary management issue and use any one of the theoretical perspectives studied to interpret it and develop a research agenda. You should be able to show how the theoretical perspective you chose helped develop a novel perspective on the issue, and develop research questions, or even concrete research hypotheses on it. You should upload on VC the Long Memo one week after the end of class.

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Grading:

Class participation: 40%
Short memo: 40%
Long memo: 20%

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Course Outline: Topics and Articles

Session 1-2. Nov. 17, 14:30-17:15h

Organization and Management Theory: Engineering, Sociological and Psychological Foundations

Required readings:

- Weber, Max. 1946. "The types of legitimate domination," and "Bureaucracy," in Economy and Society, vol 1, University California Press, pp. 212-26, pp. 956-963.
- Perrow, Charles. 1986. "Why Bureaucracy?" In Complex Organizations, New York: McGraw-Hill, pp.1-57.
- Shenhav, Yehouda. 2003. The Historical and Epistemological Foundations of Organization Theory: Fusing sociological theory with engineering discourse. in Tsoukas, Haridimos, George D. Mavros and Christian Knudsen (Eds.) The Oxford Handbook of Organization Theory Oxford University Press.

OT Matters:

- Capitalism's secret love affair with bureaucracy. <https://www.ft.com/content/73212b74-c1ba-11e4-8b74-00144feab7de>

Optional readings:

- Fligstein, Neil. 2005. "[Organizations: Theoretical Debates and the Scope of Organizational Theory](#)" in Calhoun Craig, Chris Rojek, and Bryan Turner (eds.) International Handbook of Sociology. Sage Press.
- Pfeffer, J. 1997. New directions for organization theory problems and prospects. New York, Oxford University Press. (Chapt. 1)

Session 3-4. Nov. 20, 14:30-17:15h

The Carnegie School

Required readings:

- March, James G., and Herbert Simon. 1958. Organizations. McGraw-Hill, Ch. 6, "Cognitive Limits on Rationality."
- March, James G. 1991. "Exploration and Exploitation in Organizational Learning."

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Organization Science 2(1): 71-87.

- 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.
- Gavetti, Giovanni, and Daniel Levinthal. 2000. Looking forward and looking backward: Cognitive and experiential search. Administrative Science Quarterly, 45: 113-137.

OT Matters:

- <http://www.interfluidity.com/v2/6581.html>
- <https://www.bloomberg.com/view/articles/2016-06-17/blockchain-company-s-smart-contracts-were-dumb>
- <https://www.wired.com/2016/06/50-million-hack-just-showed-dao-human/>

Optional readings:

- 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.

Session 5-6. Nov. 27, 14:30-17:15h

Contingency Theory & Resource Dependence

Required readings:

- Thompson, James D. 1967. Organizations in Action. McGraw-Hill, pp.1-65.
- L. Donaldson. 1996. "The normal science of structural contingency theory," in S. Clegg, C. Hardy, and W. Nord, eds., Handbook of Organization Studies, Newbury Park: Sage, pp 57-76.
- Emerson, Richard M. 1962. Power-dependence relations. American Sociological Review, 27: 31-41.
- Pfeffer, Jeffrey and Gerald Salancik. 1978. The External Control of Organizations, Harper & Row, Chs. 3 and 4, pp. 39-91.

OT Matters:

- <http://www.businessinsider.com/tony-hsieh-explains-how-zappos-rebounded-from-employee-exodus-2016-1>
- <https://blog.cultureamp.com/alternative-management-structures>
- <https://hbr.org/2016/11/how-artificial-intelligence-will-redefine-management>

Optional readings:

- C. B. Schoonhoven, 1981. "Problems with contingency theory: Testing assumptions hidden with

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the language of contingency theory,” ASQ 26: 349-77

- Drazin, Robert and Andrew H. van de Ven 1985. “Alternative forms of fit in contingency theory” Administrative Science Quarterly, 30: 514-539.
- Casciaro, Tiziana and Mikolaj Piskorski. 2005 “Power imbalance, mutual dependence and constraint absorption: A Closer Look at Resource Dependence Theory”. Administrative Science Quarterly, June.

Session 7-8. Dec. 1, 14:30-17:15h.

Critical Theory, Organizing, and Sensemaking

Required readings:

- Adler, Paul S., Linda C. Forbes, and Hugh Willmott. “Critical Management Studies.” Academy of Management Annals 1.1 (2007): 119-179.
- Adler, Paul S. “The Future of Critical Management Studies: A Paleo-Marxist Critique of Labor Process Theory.” Organization Studies 28.9 (2007): 1313-1345.
- Fine, G.A. 1993 “The sad demise, mysterious disappearance, and glorious triumph of symbolic interactionism,” Annual Review of Sociology: 61-87
- Weick, Karl E. “The Collapse of Sensemaking in Organizations: The Mann Gulch Disaster.” Administrative Science Quarterly 38.4 (1993): 628-652.

OT Matters:

- <https://www.newyorker.com/magazine/2016/12/19/our-automated-future>

Optional readings:

- Barley, Stephen, 1986. "Technology as an occasion for structuring," ASQ 31: 78-108.
- Gioia, Dennis A., and James B. Thomas. “Identity, Image, and Issue Interpretation: Sensemaking during Strategic Change in Academia.” Administrative Science Quarterly 41.3 (1996): 370-403.
- Weick, Karl E., and Roberts, Karlene H. 1993. Collective Mind in Organization: Heedful Interrelating on Flight Decks. Administrative Science Quarterly, 38 : 357 - 381.
- K. Weick. 1979. The Social Psychology of Organizing, Addison-Wesley, 2nd ed.

Sessions 9-10. Dec. 11, 14:30-17:15h

The Fabulous 70s: New Institutionalism

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Required readings:

- Meyer, John W., and Brian Rowan 1977. "Institutional organizations: Structure as myth and ceremony, AJS 83: 340-63.
- Powell, Walter W., and Paul J. DiMaggio, eds. 1991. "Introduction", The New Institutionalism in Organizational Analysis. University of Chicago Press, pp. 1-38.
- DiMaggio, Paul J. and Walter W. Powell 1983. "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields," ASR 48: 147-60.
- Tolbert, Pamela S., and Lynne 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.

OT Matters:

- <https://www.vanityfair.com/news/2016/09/elizabeth-holmes-theranos-exclusive>
- <http://fortune.com/silicon-valley-startups-fraud-venture-capital/>

Optional readings:

- Baron, James N., Frank R. Dobbin, and P. Deveraux Jennings 1986. "War and peace; the evolution of modern personnel administration in U.S. industry," American Journal of Sociology, 92: 350-83.
- Meyer, J. W., J. Boli, et al. 1997. "World society and the nation-state." American Journal of Sociology 103(1): 144-181.
- 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.

Sessions 11-12. Dec. 15, 14:30-17:15h

The Fabulous 70s: Population Ecology

Required readings:

- Hannan, Michael T. and John Freeman 1977. "The population ecology of organizations," AJS 82: 929-64.
- Carroll, Glenn R., and Michael T. Hannan. 2000. The Demography of Corporations and Industries, chapters 2-4, 10 and 12. Princeton, NJ: Princeton University Press.
- Carroll, Glenn and Anand Swaminathan. 2000. "Why the Microbrewery Movement? Organizational Dynamics of Resource Partitioning in the U.S. Brewing Industry." AJS 106(3): 715-762.

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OT Matters:

- <https://www.businessoffashion.com/articles/intelligence/what-comes-after-zara>
- <https://www.forbes.com/sites/lbsbusinessstrategyreview/2017/02/20/kraft-heinz-versus-unilever-a-contest-between-two-models-of-capitalism/#5ac2e819d77a>

Optional readings:

- Haveman, Heather A., and Hayagreeva Rao 1997. "Structuring a theory of moral sentiments: Institutional and organizational coevolution in the early thrift industry." AJS 102: 1606-1651.

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Professor's Biography



Prof. Fabrizio Ferraro

Professor of Strategic Management

Ph.D in Management Science, Stanford University

M.Sc. in Sociology, Stanford University

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Fabrizio Ferraro is Professor of Strategic Management at IESE Business School. He holds a PhD in Management from Stanford University. His research explores the emergence of responsible investing in mainstream financial markets and is supported by a five-year grant (2011-2015) of the European Research Council (ERC).

Previously he has studied the institutionalization of the Global Reporting Initiative and his work has been published in the *Academy of Management Review*, *Academy of Management Journal*, and *Organization Science*, among others.

He received the 2005 IESE Prize for Excellence in Research and the 2006 Best Paper Award from the *Academy of Management Review*. He serves or has served as a member of the editorial board of *Academy of Management Review* and *Academy of Management Discovery*, and *European Management Review*.

At IESE he teaches classes for MBAs and Executives on strategic decision making, strategy execution, and power. He also taught executive programs and/or consulted for firms such as ENEL, Oracle, Banco Santander, Henkel, Nestlé, Puig, Lavazza, and Gonzalez-Byass.