

Organizations and Environment

Course Syllabus

Instructor:

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Host Institution:

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Overview: This is a short course, lasting for 10 sessions with a total of 20 hours. The course is designed to give students an overview of theories on organizations and help them learn to use the ideas in research projects in Chinese context. Although this is an introductory class, we still expect students to already have some basic sociological ideas and abilities to read articles in English.

Course Design: The first half of the course focuses on main perspectives of organization studies in Western societies. The second half shifts the focus onto Chinese organizations, which covers scholarship on work unit, organizations in transitional economies, and entrepreneurship in urban as well as rural China. To keep the reading list to acceptable level to average Chinese students, we assign a couple of most important readings for each session. Wider theoretical, methodological and empirical issues, which may not be covered by the readings, will be touched upon in lectures or class discussion. We also provide a list of recommended readings for each session and a list of supplementary readings for those students who may have interest to pursue their academic curiosity further.

We will tackle each topic by thinking about the “big story” as well as the details of the readings. For the “big story,” we will address 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 are the general theoretical arguments typically used in the approach? (3) What is the state of the evidence with respect to various theoretical claims? For details, we will address following questions about each reading or study we mention: (1) What are the central theoretical questions addressed? (2) What primary mechanisms are posited? (3) What is the evidence to support the argument(s)? How convincing? (4) What are the basic assumptions behind the analysis? (5) How could this analysis be improved? Students are also strongly encouraged to think about above questions while reading and in class.

Class Meeting Format: Each session will start with one or two cases. The case discussion does not focus on how and why these organizations succeed or fail. Rather, it provides some concrete examples that students can easily understand before we get into the abstract theoretical issues. All students are expected to engage in the discussions. To facilitate the discussion, each session will have two students each of whom presents one part of the readings for that session.

Course requirements: Attendance and active discussion in class. In the end, students are required to hand in a proposal or case study before the last meeting of this class. The topics may vary according to students' individual interests, but must deal with or apply some aspects of organizational theory they learn from the course.

Lecture Time: December 8-29, 2003

Office Hours: 8 hours. (2 hours per week). Places To Be Announced.

Session 1 (Dec. 8) Orientation and introduction to organization theory

Overview of the whole course: contents, format and requirement.

Case:

Ford's assembly of car production

Required reading:

K. Polanyi. 1957. *The Great Transformation*. Chapter 3. New York: Beacon.

M. Weber. 1978. Excerpt on "Bureaucracy." Gerth and Mills, eds., *From Max Weber*, New York: Oxford.

Recommended reading:

H. Braveman. 1976. "Scientific Management." From *Labor and Monopoly Capital*, New York: Monthly Review.

Thinking questions:

What are the characteristics of bureaucracy?

Is bureaucracy inevitable for complex organizations?

What does "great transformation" mean by Polanyi? How does the transformation also transform our understanding of organizations?

Session 2 (Dec. 10): Organizational Psychology and Behavior

Case:

Twenty-dollar bill auction

Required reading:

P. Blau. 1955. "Consultation among Colleagues." and "Unofficial Norms" from *Dynamics of Bureaucracy*, Chicago: University of Chicago.

M. Burawoy. 1979. "Thirty Years of Making Out." from *Manufacturing Consent*, Chicago: University of Chicago.

Recommended reading:

K. Vandivier. "Why Should My Conscience Bother Me?" From R. Heilbroner (Ed.) *In the Name of Profit*, Doubleday

Thinking questions:

What are informal organizations? How do people act differently through informal organizations?

Why do smart people make bad decisions in organizations?

What is "commitment escalation"? How does it influence decision making in organizations?

What are the potential benefits and hazards of informal organizations?

Session 3 (Dec. 12): Power in Organizations

Case:

The fall of Lehman Brothers, status of investment banks

Required reading:

J. Pfeffer. 2000. *Power in Organizations*. Introduction. Chapter 1.

O. Williamson et al. 1975. "Understanding the Employment Relations." *Bell Journal of Economics*.

J. Pfeffer and G. Salancik. 1978. *The External Control of Organizations*. New York: Harper & Row.

Recommend reading:

J. Podolny. 1993. "A status-based model of market competition," *American Journal of Sociology* 98: 829-72.

O. Williamson et al. 1975. "Understanding the Employment Relations." *Bell Journal of Economics*.

Thinking questions:

What is internal labor market?

How does the existence of internal labor market make power unbalanced between employees and employers?

What is resource dependent theory? Give some examples of the relationship between resource mobilization and organizational performance.

What is status? How does status impact organizational decision-making?

Session 4 (Dec. 15): Organization and Network

Case:

Kodak outsourcing strategy, Tina Brown's story

Required reading:

B. Uzzi. 1996. "The sources and consequences of embeddedness for the economic performance of organizations: The network effect," *American Sociological Review* 61: 674-98.

R. Gulati and M. Garguilo. 1999. "Where do interorganizational networks come from?" *American Journal of Sociology* 104: 1439-1493.

Recommended reading:

G. Ahuja. 2000. "Collaboration networks, structural holes and innovation: A longitudinal study," *Administrative Science Quarterly* 45: 425-455.

S. Hu. 2002. "Effects of Alliance Relationships on Organizational Performance: A study on the Biotechnology Industry." Second Year Paper.

Thinking questions:

What is social embeddedness? Can you give some examples in China?

How does the social network benefit organizations? Is this a targeted goal or an intentional by-product? Why?

What are the most crucial resources provided by the social network? Information? Knowledge? Tangible resources? Legitimacy?

What determines organizations' abilities to establish the alliance network?

Session 5 (Dec. 17) Institutionalism Theory of Organizations

Case:

Norwegian fishery

Required reading:

W. Powell and P. DiMaggio (eds.). 1991. Chapter 3. *The New Institutionalism in Organizational Analysis*. University of Chicago Press.

J. Meyer and B. Rowan. 1977. "Institutional organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology*, 83: 340-363.

Recommended reading:

R. Scott. 1998. *Organizations: Rational, Natural and Open Systems* (4th edition). Introduction. Chapter 2. Prentice Hall.

R. Scott et al. 2000. *Institutional Change and Health Care Organizations*. Chapter 1,2. University of Chicago Press.

L. Edelman, C. Uggen and H. S. Erlanger, 1999, "The Endogeneity of Legal Regulation: Greivance Procedures as Rational Myth," *American Journal of Sociology* 105: 406-454.

Thinking questions:

Why do organizations are so similar (for example, schools)?

What is typical institutional pressure to organizations? What is de-coupling?

Can you give examples on how organizations gain legitimacy or lose it?

What is rational myth? To what extent is rational choice theory compatible with institutionalism theory?

Session 6 (Dec. 19) Organizational Demography and Ecology

Case:

Co-evolution of HMOs and hospitals, brewery industry

Required reading:

J. Pfeffer. 1983. "Organizational demography," *Research in Organizational Behavior* 5: 299-357.

M. Hannan, G. R. Carroll, S. Dobrev and J. Han, 1998, "Organizational mortality in European and American automobile manufacturing industries." *European Sociological Review* 14: 279-302

Recommended reading:

K. Y. Williams and C. A. O'Reilly. 1998. "Demography and diversity in organizations," *Research in Organizational Behavior* 20: 77-140.

W. P. Barnett, J. N. Baron and T. E. Stuart. 2000. "Avenues of attainment: Occupational demography and organizational careers in the California civil service," *American Journal of Sociology* 106: 88-144.

D. Hambrick, T. Cho, and M. Chen. 1996. "The influence of top management heterogeneity on firms' competitive moves," *Administrative Science Quarterly* 41:659-684.

G. R. Carroll and A Swaminathan, 2000, "Why the microbrewery movement? Organizational dynamics of resource partitioning in the U.S. brewing industry." *American Journal of Sociology* 106: 715-62.

Thinking questions:

What do you find appealing and unappealing about demographic analysis of organizations?

How heterogeneity or diversity plays a central role in organizational innovation and decision making process?

Why is age and size so important for ecological analysis?

What do you think about the general theory of density-dependent legitimation and competition?

Session 7 (Dec. 22) Chinese Organizations in Planned Economy

Case:

Three steel plants in China: Magang, Angang and Shougang

Required reading:

A. Walder. 1986. *Communist Neo-Traditionalism: Work and Authority in Chinese Industry*. Chapter 1-3. University of California Press, Berkeley.

Y. Bian. 1994. *Work and Inequality in Urban China*. Albany, NY: State University of New York Press.

Recommended reading:

A. Walder. 1992. "Property Rights and Stratification in Socialist Redistributive Economies." *American Sociological Review*, Vol. 57, No. 4. (Aug., 1992).

M. Whyte and W. Parish. 1984. *Urban Life in Contemporary China*. University of Chicago Press.

Steinfeld, Edward. 2000. *Forging Reform in China: The Fate of State-Owned Industry*. Cambridge University Press.

Thinking questions:

- What are the characteristics of work unit (danwei) in China's redistributive economy?
- What's the nature of soft budget? How the institutional setting affected firms' performance?
- How does the patron-client network work? What's the implication for organization.

Session 8 (Dec. 24) Chinese Organizations under Transition

Case:

Telecommunication Industry in China

Required reading:

X. Zhou, W. Zhao, Q. Li and H. Cai, 2003. "Embeddedness and Contractual Relationships in China's Transitional Economy." *American Sociological Review*. Vol. 68. No 1: 75-102.

D. Guthrie. 1997. "Between Markets and Politics: Organizational Responses to Reform in China." *American Journal of Sociology*, no 102: 1258-1303.

Recommended reading:

V. Nee. 1992. Organizational dynamics of market transition: Hybrid forms, property rights, and mixed economy in China. *Administrative Science Quarterly*, 37: 1-27.

Boisot, M., & Child, J. 1996. From fiefs to clans and network capitalism: Explaining China's emerging economic order. *Administrative Science Quarterly*, 41: 600-628.

X. L. Ding, 1999. "Who gets what, how?: When Chinese State-Owned Enterprises Become Shareholding Companies." *Problems of Post-Communism*, Vol. 46, No3: 32-41.

L.Keister. 2000. *Chinese Business Groups: The Structure and Impact of Interfirm Relations during Economic Development*

Thinking questions:

How contractual relations are influenced by social network, institutional settings and transaction cost concerns? In what sense do you think Zhou et. al.'s work informs the body of existent organizational research literature?

How has the work unit been under change? What are the implications for intra-organization and inter-organization relationship?

What types of strategies do Chinese firms adopt to deal with political and market uncertainty?

What are the sources of those political and market uncertainties?

Session 9 (Dec. 26) Entrepreneurship in Urban China

Case:

Stone Group, EachNet.com

Required reading:

D. Wank. 1995. "Bureaucratic Patronage and Private Business: Changing Networks of Power in Urban China." Pp.153-83 in A.G.Walder (ed.). *The Waning of the Communist State: Economic Origins of Political Decline in China and Hungary*. Berkeley and Los Angeles: University of California Press.

Lau, C. M., Ngo, H. Y., & Chow, C. K. W. 1999. "Private businesses in China: Emerging environment and managerial behavior." In L. Kelley & Y. D. Luo (Eds.), *China 2000: Emerging business issues*: 25-48. Thousand Oaks, CA: Sage.

Recommended reading:

W. R. Scott. 2002. "The Changing World of Chinese Enterprises: An Institutional Perspective." in *Management of Enterprises in People's Public of China*. Edited by Anne S. Tsui and Chung-Ming Lau. Kluwer Academic Publishers.

P Lorentzen, 2002. "The Environment for Entrepreneurship in China." (working paper).

D. Guthrie. 1998. "The Declining Significance of Guanxi in China's Economic Transition." *China Quarterly* 154. 31-62.

Thinking questions:

What does entrepreneurship mean to you? What factors does it consist of?

What are the constraints and opportunities for Chinese entrepreneurs?

Could you identify some phenomena in Chinese firms which can be explained by power dependence theory or new-institutionalism theory?

What are most important factors to building a venture in China?

Session 10 (Dec. 29) Entrepreneurship in Rural China (Final Paper Due)

Case:

Kelong Electronics

Required reading:

Y. Peng. 2001. "Chinese Villages and Townships as Industrial Corporations: Ownership, Governance, and Competition." *American Journal of Sociology* 106(5): 1338-1370.

Ng, S. L. 2000. Township and village enterprises and rural environment in China. In C. M. Lau & J. F. Shen (Eds.), *China Review*: 529-552. Hong Kong: Chinese University Press.

Recommended reading:

L. Zhao, 2003. "Backgrounds, Timing and Paths to Private Entrepreneurship: Rural China as a Case." (Ph.D. Dissertation in progress in Stanford University)

G. D. Bruton, H. Lan, and Y. Lu. 2000. China's township and village enterprises: Kelon's competitive edge / executive commentary. *The Academy of Management Executive* 14, 1: 19-11

J. Oi. 1999. *Rural China Takes Off: Incentives for Industrialization*. Berkley & Los Angeles: University of California Press.

Thinking questions:

How does local state corporatism make TVEs more competitive and efficient? What's the role of market discipline in this picture?

How does property right issue affect the development of rural private enterprises?

Can you identify some factors in Chinese family structure, value and culture which nurture or thwart entrepreneurship in rural China?

Supplement Readings:

Some students may find the above readings insufficient for the projects they are interested in. Here is a list of supplement materials. We will assign some of the readings to those advanced students according to their interests:

R. Burt. 1992. *Structural Holes*, Harvard University Press.

G. Carroll and M. Hannan. 2000. *The Demography of Corporations and Industries*. Princeton University Press.

A. Stinchcombe, 1964, "Social structure and organizations," pp. 142-193 in J. G. March (ed.) *Handbook of Organizations*, Chicago: Rand McNally.

J. Baron, M. Burton and M. Hannan. 1996. "The road taken: Origins and evolution of employment systems in emerging companies," *Industrial and Corporate Change* 5: 239-275.

M. Ruef. 2000. "The emergence of organizational forms: A community ecology approach" *American Journal of Sociology* 106: 658-714.

L. Pólós, M. Hannan, and G. Carroll. 2002. "Foundations of a theory of social forms," *Industrial and Corporate Change* 11: 85-115.

D. McKendrick and G. Carroll. 2001. "On the genesis of organizational forms: Evidence from the market for disk drive arrays," *Organization Science* 12: 661-682.

J. Thompson. 1967. *Organizations in Action*. New York: McGraw Hill.

T. Stuart. 1998. "Network Positions and Propensities to Collaborate: An Investigation of Strategic Alliance Formation in a High-Technology Industry." *Administrative Science Quarterly*, 43: 668-698.

A. Stinchcombe. 1990. *Information and Organization*. Berkeley: University of California Press.

J. Freeman, G. Carroll and M. Hannan. 1983. "The Liability of Newness: Age Dependence in Organizational Death Rates." *American Sociological Review*, 48: 692-710.

M. Granovetter. 1973. "The Strength of Weak Ties." *American Journal of Sociology*, 78: 1360-1380.

P. DiMaggio and W. Powell. 1983. "The iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review*, 48: 147-160.

- J. Baum T. Calabrese and B. Silverman. 2000. "Don't Go It Alone: Alliance Network Composition and Startups' Performance in Canadian Biotechnology." *Strategic Management Journal*, 21: 267-294.
- R. Coase. 1937. "The Nature of the Firm" *Economica* 1937: 386-405.
- G. Davis and H. Greve. 1995. "Corporate Elite Networks and Governance Changes in the 1980s." *American Journal of Sociology*, 03: 1-37.
- T. Stuart, H. Hoang and R. Hybels. 1999. "Interorganizational Endorsements and the Performance of Entrepreneurial Venture." *Administrative Science Quarterly*, 44: 315-349
- T. Stuart. 2000. "Interorganizational Alliances and the Performance of Firms: A study of Growth and Innovation Rates in a High-Technology Industry." *Strategic Management Journal*, 21: 791-811.
- P. Haunschild. 1994. "How much is that company worth?" *Administrative Science Quarterly* 39: 391-411.
- P. Haunschild and C. Beckman. 1998. "When do interlocks matter? Alternate sources of information and interlock influence," *Administrative Science Quarterly* 43: 815-844.