

The Wharton School
Department of Management
Organization Theory, PhD (MGMT 958)
Professors Johannes M Pennings
First Mini Semester 2010

PROVISIONAL (version of 2 December 2009)

Course: Seminar in Macro-Organization Theory, 2010
Instructor: Johannes M Pennings
Office: pennings12@gmail.com
Class Times: TBA
Readings: Webcafe; EBSCO

COURSE DESCRIPTION

This course is a seminar in organization theory surveying three important current themes or topics.: (1) social networks and status, (2) institutional theory and the emergence/decline of categories, and (3) organizational demography I have selected a portfolio of recent papers that is representative, but obviously not exhaustive, for these three streams of work thus furnishing a contemporary state of the art. The readings for each week never exceed a nominal four or five 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, 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 before class, 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, on a critical commentary on the corresponding set of readings, and on a final paper.

Participation (40% 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.

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 given data, analysis and robustness checks (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.

Note also that the audience is thoroughly familiar with the paper that you are reviewing as all students are expected to write a 250 word critique on each and every paper we discuss during the seminar. Also,

- 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. Foremost, be bold!

Term Paper, Progress Reports, Critical Commentaries and Presentations (60% 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. Papers The paper should be at least 12 and no more than 15 double-spaced pages long using 12-point times font (excluding any title pages, abstracts, graphs/tables and references). Papers are due on March 15 2010.

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

In our 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. 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.

John Roberts, 2004, The Modern Firm, Oxford U Press

MGMT 958X Seminar in Macro-Organization Theory
Reading Assignments

Session 1: *Networking and Status; A rediscovered perspective on organization theory and strategic management.*

1. Jensen M., 2009. The use of Relational Discrimination to Manage Market Entry: When do Social Status and Structural Holes Work Against You? *Academy of Management Journal*, 51: 723-743.
2. Podolny, J. 2005 *Status Signals*. Princeton U Press, Chapter 1-5.
3. Stuart, TB & Podolny, J, 1995. A Role Based Ecology of Technological Change, *American Journal of Sociology*, 100:1224-1260..
4. Phillips, D J & Zuckerman, E.W 2001 *Middle Status Conformity*, *American Journal of Sociology*, 107: 379-427

Session 2: *Status effects on strategic behavior, conformity and performance*

1. Abbott, A, 1981. Status and Status Strain in the Professions . *American Journal of Sociology*, 86:819-844.
2. Adut, A., 2005. Theory of Scandal: Victorians, A Homosexuality, and the Fall of Oscar Wilde. *American Journal of Sociology*, 111:213-248.
3. Pontikes, E, Negro, J and Rao, H., 2010. *Stained Red?: A Study of Mere Proximity to Blacklisted Artists and Oscar Winners in Post-War Hollywood*. Working Paper, Stanford Graduate School of Business
4. Azoulay, P., Zivin, JG, Wang, J, 2010. *Superstar Extinction*. Working Paper. Sloan School of Management, MIT.

Session 3: *Categories, membership and organizational identities*

1. Teece, D., Rumelt, R, Dosi, G and Winter, SG, 1994. "Understanding Corporate Coherence: Theory and Evidence," *Journal of Economic Behavior and Organization*, 23: 1-30.

2. Davis, GF , Diekmann, K and Tinsley, C., 1994, The Decline and Fall of the Conglomerate Firm in the 1980s: The Deinstitutionalization of the Organization Form, *American Sociological Review*, 59, 547-570.
3. Hsu, G. and Hannan, MT 2005. Identities, genres, and organizational forms. *Organization Science* 16, 5: 474-90
4. Hannan MT, Hsu,G and Polos,L, 2008. Modal Construction in Sociological Arguments. Working Paper, GSB Stanford University.

Session 4: *Categories, Rise and Fall of Institutional Domains and Membership Calibration*

1. Zerubavel, E. 1996. Lumping and Splitting: Notes on Social Classification. *Sociological Forum*. 11: 421-433
2. Zuckerman, E W. 1999. The Categorical Imperative: Securities Analysts and the Illegitimacy Discount. *American Journal of Sociology* 104: 1398-1438 and Zuckerman, E,W 2000, Focusing the Corporate Product: Security Analysts and De-diversification, *Administrative Science Quarterly*, 45: 591-619.
3. Rao, H, P Monin, and R Durand. 2005. "Border Crossing: Bricolage and the Erosion of Culinary Categories in French Gastronomy," *American Sociological Review*, 70: 968-991.
4. Jonsson, S, Greve, H & Greve,TF, 2009, Lost Without Deserving: The Spread of Legitimacy Loss in Response to Reported Corporate Deviance *Administrative Science Quarterly*.

Session 5: *Demography, Individual vs firm*

1. Wiersema, M.F. and Bantel, K. 1992, Top management team demography and corporate strategic change, *Academy of Management Journal*, 35, 91-121.
2. Hambrick, DC, 2007 Upper echelons theory - An update. *Academy of Management Review* 32: 334-343.
3. Boeker W. 1997. Executive migration and strategic change: The effect of top manager movement on product market entry. *Administrative Science Quarterly* 42: 231-236.
4. Soerenson, JB, 1999, The ecology of organizational demography: Managerial tenure Distributions and Organizational Competition. *Industrial and Corporate Change*: 8, 713-744
5. Pennings, J.M and Wezel, F.C. 2009. Faraway Yet So Close: Organizations in Demographic Flux, *Organization Science*, (forthcoming).

Session 6: *Sectors and Their Firms' Demography*

1. Fleming, L. 2001. Recombinant Uncertainty in Technological Search. *Management Science*, 47: 117-132
2. Stuart, TE, 1999. Network Positions and Propensities to Collaborate: An Investigation of Strategic Alliance Formation, *Administrative Science Quarterly* 43, pp. 668-698.

3. Porac, JF, Howard Thomas, H, Wilson, F, Paton,D., Kanfer, A. 1995. Rivalry and the Industry Model of Scottish Knitwear Producers, *Administrative Science Quarterly*, 40 : 203-227.
4. Katila, R and Ahuja, G. 2002 Something New, Something Old: Search Behavior and New Product Introduction. *Academy of Management Journal*, 45: 183-1194.

Session 7: *Organizations as Networks, conditioned by demography and informed by status*
: *Wrap-up*.

1. Ruef, M. & Patterson, D 2009. Credit and Classification: Defining Boundaries in 19th Century America. *Administrative Science Quarterly*, 2009
2. Henderson, R. and Iain Cockburn, I. 1994. Measuring Competence? Exploring Firm Effects in Pharmaceutical Research. *Strategic Management Journal*, Special Issue: Competitive Organizational Behavior: 63-84.
3. Ghosh, A and Pennings, JM, 2010. *Brokerage and Status in the Knowledge Space as Precursors of Strategic Alliances*. Working Paper, Department of Management, The Wharton School.
4. Delmestri, G and Wezel, FC, 2010. Diffusion of Multi-screen theaters across Europe. *Working Paper* (forthcoming)
5. Sine, W.D. and Lee, B.H. 2009, Tilting at Windmills? The Environmental Movement and the Emergence of the U.S. Wind Energy Sector, *Administrative Science Quarterly*, 2009

Progress Report Presentations. Final Papers Due 15 March 2010.

Enjoy the seminar!

Johannes M. Pennings

Brief Resume 2010

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 in the 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 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 Gino Cattani) Organizational Turnover and the Evolution of Localized Populations, *Organization Science*, 2003.

(with Filippo C. Wezel and Gino Cattani) Competitive Implications of Inter-firm Mobility. *Organization Science*, 2006.

(with Filippo C Wezel). *Human Capital, Inter-firm Mobility and Organizational Evolution*, Cheltenham: Edward Elgar Publishing 2007.

(with Hann E Kim) Innovation and Strategic Renewal in Mature Markets. *Organization Science*, March-April 2009.

(with Filippo C Wezel) Faraway Yet So Close: Organizations in Demographic Flux. *Organization Science*, Nov-Dec, 2009

Currently researching the evolution of the social categories in 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. This side also includes an inquiry into knowledge recombination and the propensity to engender breakthrough innovations.

