

Organizational Studies 310
Formal Organizations and Environments
Fall, 2006

Class Meeting: Monday & Wednesday, 2:30 p.m. – 4:00 p.m. Dennison 110

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Please include the course title (e.g. OS310) in the subject line of your e-mails to speed my response.

Course Description:

Complex organizations are enduring formal structures that direct human attention, shape decision-making, channel wealth, and concentrate power while standardizing the procedures that govern action in all spheres of society. Such organizations are ubiquitous parts of contemporary life in economics and business, politics, the law, science, education, entertainment, arts, and leisure. People live most of their lives in complex organizations, and society can be understood in terms of these formal structures and the relationships among them. But what are complex organizations? Where do they come from? How do they work? Why are they so important in contemporary life?

This class is organized around the central themes in sociological and economic research on organizations to provide an analytic framework that will help us grapple with these questions. We begin by examining the sources, arrangements, and functions of complex organizations. Next, we focus on their internal dynamics with an eye toward understanding the relationships between these structures and the people that inhabit them. Finally, we step back to consider the organizations themselves, addressing the ways they grow and change and their interactions with their environments, each other, and the larger institutions of society.

At each stage, the class draws on a mixture of classic and contemporary articles, and empirical case studies. The readings will introduce students to the theories that have shaped research on organizations, while the cases provide empirical context for understanding and discussing those concepts.

Books and Readings:

Coursepack (REQUIRED): Available at Shaman Drum Bookstore

Online Readings (REQUIRED): Online materials are available on the coursetools website.

Harvard Business School Cases (1) (REQUIRED): Available at Shaman Drum Bookstore

Southwest Airlines (A). HBS Case 9-575-060

Harvard Business School Case (1) (OPTIONAL): Available at Shaman Drum Bookstore

Why Bad Things Happen to Good Companies. HBS Case 9-595-045

Assignments:

***** THIS WRITING INTENSIVE COURSE CAN COUNT FOR UWLR CREDIT. IF YOU WOULD LIKE TO RECEIVE THAT CREDIT PLEASE MAKE SURE YOU HAVE REGISTERED FOR UWLR.*****

All writing assignments in this class must go through a process of revision. In most cases **COMPLETED** rough drafts of your assignment are due several days before the final due date. We will conduct in class reading exercises using those rough drafts (See my description of the 'paper chase' below). Rough drafts will not be turned in for a grade. Instead you should use them and your colleagues' comments to revise your assignment for submission to the professor.

Discussion Memos

Discussion memos are short papers that address aspects of the readings and case materials and serve as a basis for class discussion. Each paper addresses a particular set of readings. Draw examples from the texts to answer the following questions. Be specific. You must cite the source (text and page numbers) on which your claims are based to receive full credit. **Bring one clean copy of the memo to class on the day the rough draft is due. Final drafts must be submitted in hard copy to the instructors.**

Memo # 1 (2-3 pp) Rough Draft Due Monday 09/18: Final Due Friday 09/22 by 5pm in Larry's OS mailbox (25 points)

Drawing on Weber's characteristics of bureaucracy, compare and contrast the organization of your high school and the University of Michigan. Relate specific examples from your experience to the details of Weber's definition of bureaucracy.

Memo # 2 (2-3 pp) Rough Draft Due Wednesday 11/01. Final Draft Due by 5PM FRIDAY, 11/03 in Larry's OS Mailbox (25 points)

Drawing on population ecology and resource partitioning theory, explain how Southwest Airlines is similar to a micro-brewery. What difficulties will both SWA and micro-breweries face as they become more successful? The concept of a niche and the distinction between generalist and specialist organizations may be helpful.

******EXTRA CREDIT OPPORTUNITY******

For one (1) point of extra credit, extend your memo by one page to compare and contrast Southwest Airlines to your firm. Readings on population ecology and resource partitioning may be helpful.

Group Project: Organizations Fair Due Wednesday 10/11 (50 points)

This assignment uses publicly available sources (such as corporate websites, the business and trade press) to describe and assess the challenges a specific organization faces in coordinating employees' work to achieve a task. The assignment is designed to familiarize you with the skills and resources necessary to get a quick 'read' on an organization from public information sources. The ability to seek out, organize and analyze data on complicated organizations will serve you well in numerous venues (not the least of which is this class). Diagnosing and presenting potential challenges to an organization is also a useful skill.

Projects will be conducted in groups of four to five people and will culminate in the creation and presentation of a poster describing the organization, its purpose, tasks, and challenges as well as detailing possible solutions based on readings from Module 1. Groups will be assigned in the first full week of class and will be responsible for selecting an organization to research. More detailed instructions will be handed out in class when groups are assigned.

Individual Project: The Changing Fortunes of Large Corporations

This individual project is comprised of two cumulative writing assignments that will allow us to provide feedback at an early point in your research.

This assignment requires you to apply the theories we discuss in class to the study of a large corporation whose fortunes changed in the last half of the 20th century. I will distribute a list of firms that were members of the Fortune 500 in 1980, but later dropped off the list. You will select one of these organizations and, over the course of the semester, will conduct secondary source research to determine what happened to it. The project culminates in a term paper that draws on your research and the theories discussed in class to explain why the changes your research documents might have occurred.

Assignment A: 3-5 page paper. **Rough Draft Due Wednesday 11/15. Final Draft Due by 5PM FRIDAY 11/18 in Larry's OS Mailbox. (50 points)**

Objectives: Start researching the empirical details of your case. Familiarize yourself with data and resources for organizational research. Identify the specific factors that contributed to your corporation's changing fortunes.

- Select the firm you will research. **Once you have turned in this assignment you will only be allowed to change organizations with the consent of the instructor.**
- *Why Bad Things Happen to Good Companies* (optional HBS Case 9-595-045) may provide useful insight into factors that can affect corporate fortunes.
- Locate **at least ten (10)** articles or information sources about your firm (I will pass out a partial list of information sources relevant to this kind of research with the list of firms to help you get started). **You may not use articles or cases assigned for this class. No more than two of these sources can be published by the company you are researching.** Preference should be given to academic sources, articles from the business or trade press, and government sources over corporate web pages, press releases, or annual reports.
- Drawing on your sources, write a **3-5 page paper** that describes what your firm did and what happened to it in the period after 1980. Your research and narrative may have to reach much further back in history in order to develop an adequate picture of the changes in fortune faced by your firm.
- The primary purpose of this assignment is to identify and describe the empirical factors that you believe were most important to your organization's change in fortunes. Imagine you are putting together a court case on a show like Law and Order. Your job in this paper is to present the facts of your case in a clear and compelling way. You may learn, for instance, that your organization was bought in a hostile takeover. The takeover explains why your company is no longer on the Fortune 500 list as it is no longer an independent firm. However, your assignment A, should reach deeper and present information about why your organization was in a position to be taken over. In addition to determining the fate of your company, you should describe the key factors that made that fate possible or even likely. You will turn to theory to explain why those factors had the effects they did in the second paper. Questions like these can help to orient your research:
 - What happened to remove the company from the Fortune 500 (e.g. was it bought? did it go out of business? did it just decline?)
 - When was it founded? Where was it located?
 - What did it do? What were its markets?
 - Who were its chief competitors?
 - How large was it in 1980? Today?

Provide a bibliography that provides complete citation information for all the articles you cite in the text.

Assignment B: 7-10 page paper **Rough Draft Due Wednesday 12/06. Final Draft Due IN CLASS on Wednesday 12/13. (100 points)**

This final research paper builds on assignment A. It should draw on the data and research you developed for that assignment and the theories discussed in the course to provide a comprehensive description and explanation for your firm's change in fortunes.

Assignments A and B are graded separately but are intended to be cumulative. You may re-use text from your prior assignment, though you will be penalized if you do not edit recycled text to make it fit comfortably in the new paper. Nevertheless, write this paper as if it is the only one we will read. This paper should be able to stand alone as a theoretically-based explanation for the decline of a major corporation. **DO NOT ASSUME THAT WE REMEMBER THE DETAILS OF YOUR CASE.**

Objectives: Deepen the data on your case. Develop several explanations for what happened to your firm. These explanations must be explicitly and specifically based on theories covered in class readings and discussion. Draw conclusions about the relationship of various theories to your case based on the fit between your arguments and research. We recognize that there is rarely a single correct explanation for the changing fortunes of a large, complicated organization. As a result, we expect that you will need to present multiple arguments that explain different features of the case you developed in assignment A.

- Locate **at least three (3) more** articles or information sources about your firm. **Only one of these sources can be published by the firm you are studying.**
- Integrate new information with the discussion of factors leading to decline from assignment A.
- Draw on the articles, cases, and lectures to suggest explanations for the firm's decline.
 - Base these preliminary explanations on the theories we have discussed in class. Refer to specific authors and articles.
 - Use the three new sources you located and the materials from Assignment A to support and elaborate your explanations.
 - Use specific examples from the sources you have located. Cite the sources you use. Be sure to note any contradictions raised by your explanations.
 - Return to the theories that your explanations are based on. What does your discussion of the data from your case tell you about the theories more generally?
 - Summarize the theory or theories you believe provide the best explanation for your firm's decline.
- Explain why you think this explanation is the strongest using information from class and the sources you have located thus far.
- Discuss any puzzles or questions raised by the new information you have discovered.
- Consider the implications of your research for other organizations and for organizational theory more generally.

- What does your case tell us about corporate decline that might help explain why other organizations fail?
- Provide a bibliography that provides complete citation information for all the articles you cite in the text. Highlight the three new sources using **bold faced text**.

EXTRA CREDIT OPPORTUNITIES:

In addition to the extra credit opportunity in Memo #2, there are four class days when you may receive extra credit by reading responding to the optional materials. On each of the following days, you will receive one (1) point of extra credit if you read the optional material and compose a **1 page** memo relating one or more specific points in that reading to the research you are doing for assignments A and B. **These extra credit memos must be turned in by the end of class on the day the reading is assigned in class. Late memos will not be considered.**

Days with Extra Credit Opportunities.

Monday 10/23, Monday 10/30, M 11/06, M 11/13

In total you can receive up to five points (5) points of extra credit in this class. That amounts to 2% of the final point total and can mean the difference between, for instance, an A and an A-. **No other extra credit opportunities will be offered.**

Classroom Organization and Exercises:

We have organized the class discussions and exercise to allow for a wider range of student participation than is typical in a course that lacks discussion sections. These efforts are based on classroom formats and exercises designed to enable you to be more directly engaged with the material.

Seminar Groups: On the first day of class you will be randomly divided into four groups of 12-15 students. These seminar groups will be a venue for discussion and collective work throughout the semester. Many classes will begin with summary lectures describing the material. Those lectures will be followed by periods of discussion in seminar groups. Each group will be expected to report its discussions and conclusions to the class as a whole, which will use them to re-engage with the day's materials. The members of your seminar group will be primarily responsible for assigning your class participation grade.

Seminar Days: In addition to structured discussion in the classroom, we will have several days where the class will separate into two discussion groups facilitated by Larry and myself. On seminar days, two seminar groups will be assigned to Larry and two assigned to Jason. Each group will hold a facilitated discussion of questions about the day's reading assignments. Seminar days offer an opportunity for exploring the broader issues raised by organizational theories and to engage in discussion with your classmates. Seminar days will be particularly important to your class participation grade as they

provide the chance for you to make significant contributions to discussion in a smaller setting than the class lectures.

Paper Chase: In order to provide feedback and opportunities for revision and discussion of assignments, we will routinely conduct an exercise I call the ‘paper chase.’ In seminar groups, students will exchange papers. Each student will read and write comments upon several of their colleagues’ memos in class. The intention of this exercise is constructively read each other’s work. Comments from the paper chase exercise should be used to revise memos and papers. Thus, your written comments should emphasize substantive points (e.g. places where your thinking is similar to or different from that proposed in the memo you are reading, and questions that the memo raises) as well as stylistic concerns (e.g. grammar and spelling, the clarity and logic of argument). Your comments will be most helpful when they are clear and specific enough to aid your colleagues in revising. This may sometimes mean pointing out confusing or infelicitous passages and logical flaws in arguments. Such constructive criticism can be very helpful, but please be careful to treat your colleagues and their ideas with the respect you would like to have them accord to you.

Grading and Policies

Grading:

Your grade will be based on a total of 250 points.

| | |
|----------------------------|---------|
| 2 Memos (25 pts each) | 50 pts |
| Organizations Fair Project | 50 pts |
| Paper A | 50 pts |
| Paper B | 100 pts |

Letter Grades

| | | | |
|----|---------|----|---------|
| A+ | >245 | C | 182-189 |
| A | 235-244 | C- | 175-181 |
| A- | 225-234 | D+ | 165-174 |
| B+ | 215-224 | D | 157-164 |
| B | 207-214 | D- | 150-156 |
| B- | 200-206 | E | <150 |
| C+ | 190-199 | | |

Extra credit points can raise your final grade, but otherwise point totals stand. For example, a 234 is an A- **and will not be rounded to an A.**

Late papers:

Assignments will be accepted late but each late day will result in the automatic deduction of 10% of the possible points for the assignment.

Extra Credit:

You may earn up to 5 points (2% of total) of extra credit for relating your company's change in fortunes to readings for Memo # 2 and selected optional materials. **IF YOU DO NOT CHOOSE TO DO THIS EXTRA CREDIT, NO OTHER OPPORTUNITIES TO IMPROVE YOUR GRADE WILL BE OFFERED.**

Writing Assignments:

Writing assignments should be double spaced in twelve-point type.

Page limits will be strictly observed. **We will not read beyond the page limit.**

Bibliographies and in text citations should follow APA style.

Plagiarism and Cheating

Students are expected to adhere to the University of Michigan's regulations regarding academic dishonesty. Plagiarism or cheating of any form will result in a failing grade for the assignment in question.

Calendar of Topics, Readings, and Assignments

CP = Available in the Coursepack

Web = Online source linked to Ctools site.

Case = Harvard Business School Case

**PLEASE COMPLETE AND BE PREPARED TO DISCUSS READINGS ON
THEY DAY THEY ARE LISTED.**

Week I

Wed. 09/06 Introduction, discuss syllabus, assignments, policies

Week II

Mon. 09/11 Organizations and Contemporary Life

Format: Class exercise/discussion

In Class: Hand Out and discussion of writing expectations

Wed. 09/13 Why Organize at All?

Read: Adam Smith, *The Wealth of Nations*. Pp. 3-13 (CP)

Karl Marx, "Cooperation," Pp. 353-368 in *Capital* (CP)

R.H. Coase, "The Nature of the Firm" (WEB)

Format: Seminar Day

Week III

Mon. 09/18 Bureaucracy: Is it more than just a hassle?

ROUGH DRAFT OF MEMO #1 DUE

Read: Max Weber, "Bureaucracy" Pp. 196-204 (CP)

Paul DiMaggio "Introduction" in *The Twenty-First Century Firm* Pp. 7-19 (CP)

In Class: Paper Chase

Format: In Class Exercise, Discussion.

Wed. 09/20 The Dark Side of Bureaucracy

Read: George Ritzer, *McDonaldization: The Reader* Pp. 4-30 (CP)

In Class: Video clip, *Brazil*

Format: Lecture/Class Discussion

Visitor: David Winter discusses the OS honors program

Final Draft of Memo #1 Due FRIDAY 09/22 by 5PM to Larry's OS mailbox

Week IV

Mon 09/25 Can Organizations Learn?

Read: Barbara Levitt & James March "Organizational Learning" (WEB)

Format: Lecture/Discussion

Wed. 09/26 Learning from rare events
Read: James March et Al. "Learning From Samples of One or Fewer" (WEB)
Format: Lecture/ Discussion

Week V

Mon 10/02 Federal Responses to 9/11
Read: *9/11 Commission Report* Ch 11 "Foresight and Hindsight" (WEB)
Optional Reading: *9/11 Commission Report*, Preface and Ch. 1 (WEB)
Format: Seminar Day

Wed. 10/04 Networks and Organizations
Read: Laurel Smith-Doerr & Walter W. Powell "Networks and Economic Life" (WEB)
Lynn Hirschberg "The Coppola Smart Mob" (WEB)
Format: Lecture/Class Discussion

Week VI

Mon. 10/09 Work in class on organizations fair

Wed. 10/11 **ORGANIZATIONS FAIR**

Week VII

Mon. 10/16 No Class, Fall Break

Wed. 10/18 Networks and Organizations
Read: Jeff Pfeffer *Managing with Power* Pp. 101-125 (CP)
Exercise: Facebook.com
Format: Lecture/Class Discussion

Week VIII

Mon. 10/23 Networks as Organizations
Read: Walter W. Powell "Neither Market Nor Hierarchy: Network Forms of Organization." (WEB)
Optional Reading: "Transaction Cost Economics and Organization Theory" Pp. 76-86 (CP)
******* EXTRA CREDIT OPPORTUNITY*******
Format: Lecture/ Class Discussion

Wed. 10/25 . Organizations and their environments
Read: W. Richard Scott "*Organizations: Rational, Natural, and Open Systems*"
Pp. 123-148 (CP)
Format: Lecture/Class Discussion

Week IX

Mon. 10/30 Population Ecology
Read: Michael Hannan & Glen Carroll "An Introduction to Organizational

Ecology” Pp. 17-31 in *Organizations and Industry* (CP)
Barbaro, “Walmart Triggers Tumult in Toyland” (WEB)

Optional Reading: Michael Hannan & John Freeman “The Population Ecology of Organizations” Pp. 929-938.

***** **EXTRA CREDIT OPPORTUNITY*******

Format: Seminar Day

Wed. 11/01 Resource Partitioning Theory: Beer and Airplanes

ROUGH DRAFT OF MEMO #2 DUE

Read: Glenn Carroll & Anand Sevaminathan “Why The Micro-Brewery Industry?” Read

Pp. 715-735 & 749-754, skim the remainder

Southwest Airlines (CASE)

In Class: Paper Chase

Format: Lecture/Discussion

Final Draft of Memo # 2 Due FRIDAY 11/03 by 5PM to Larry’s OS mailbox

Week X

Mon 11/06 Institutional Theory: It’s better to look efficient than to be efficient

Read: DiMaggio & Powell “The Iron Cage Revisited” (WEB)

Optional Reading: Meyer & Rowan “Institutional Organizations: Structure as Myth and Ceremony” (WEB)

***** **EXTRA CREDIT OPPORTUNITY*******

Format: Lecture/Discussion

Wed. 11/08 How are gym culture and management consulting alike?

Read: Stern, Callister & Jones “Face Time” (CP)

McKenna *The World’s Newest Profession*, Pp. 165-191 (CP)

Format: Seminar Day

Week XI

Mon. 11/13 Resource Dependence Theory

Read: Jeffrey Pfeffer & Gerald Salancik *The External Control of Organizations*, Ch3 (WEB).

Optional Reading: Jeffrey Pfeffer & Gerald Salancik *The External Control of Organizations*, Ch4 (WEB).

***** **EXTRA CREDIT OPPORTUNITY*******

Format: Lecture/Discussion

Wed. 11/15 **ROUGH DRAFT OF PAPER A DUE**

In Class: Paper Chase by firm/industry groups

Final Draft of Paper A Due FRIDAY 11/18 by 5PM to Larry’s OS mailbox

Week XII

Mon. 11/20 The Future of Organization Theory

Read: Heather Haveman “The Future of Organizational Sociology: Forging Ties Among Paradigms” (WEB)

In Class: Lecture/Discussion

Wed. 11/22 **NO CLASS, THANKSGIVING BREAK**

Week XIII

Mon 11/27 Using Macro-Organizational Theory

Read: W. Chan Kim and Renee Mauborgne “Creating New Market Space” (WEB)

Format: In Class Exercise/Discussion

Wed. 11/29 **Return and Discuss Paper A**

Week XIV

Mon 12/04

In Class: Work on/Discuss Paper B

Wed 12/06 **Rough Draft of Paper B Due**

In Class: Paper Chase

Week XV

Mon 12/11 Globalization

Read: Carruthers & Babb, *Economy/Society* Pp/ 181-125

View: *T-Shirt Travels*

In Class: Course Evaluations

Wed. 12/13 Globalization and Course Wrap-up

Final Draft of Paper B DUE IN CLASS

In Class: Discuss Organizations, Environments, and Globalization