The Struggle for Control of the Modern Corporation

Organizational Change at General Motors, 1924–1970

The Struggle for Control of the Modern Corporation provides a fascinating historical overview of decision-making and political struggle within one of America’s largest and most important corporations. Drawing on primary historical material, Robert F. Freeland examines the changes in General Motors’ organization between the years 1924 and 1970. He takes issue with the well-known arguments of business historian Alfred Chandler and economist Oliver Williamson, who contend that GM’s multidivisional corporate structure emerged and survived because it was more efficient than alternative forms of organization. This book illustrates that for most of its history, GM intentionally violated the fundamental axioms of efficient organization put forth by these analysts. It did so in order to create cooperation and managerial consent to corporate policies. Moreover, it was the top managers who advocated these changes. The corporate owners vehemently opposed them, touching off a struggle over corporate organization inside GM that lasted for decades. Freeland uses the GM case to reexamine existing theories of corporate governance, arguing that the decentralized organizational structure advocated by efficiency theorists may actually undermine cooperation, and thus foster organizational decline.

Robert F. Freeland is Assistant Professor of Sociology at Stanford University. He has published in the American Journal of Sociology, the Journal of Law and Economics, and Business and Economic History and is the recipient of the 1998 Social Science History Association’s President’s Book Award for this book.
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The series Structural Analysis in the Social Sciences presents approaches that explain social behavior and institutions by reference to relations among such concrete entities as persons and organizations. This contrasts with at least four other popular strategies: (a) reductionist attempts to explain by a focus on individuals alone; (b) explanations stressing the causal primacy of such abstract concepts as ideas, values, mental harmonies, and cognitive maps (thus, “structuralism” on the Continent should be distinguished from structural analysis in the present sense); (c) technological and material determinism; (d) explanations using “variables” as the main analytic concepts (as in the “structural equation” models that dominated much of the sociology of the 1970s), where structure is that connecting variables rather than actual social entities.

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Organizational Change at General Motors, 1924–1970

Robert F. Freeland

Stanford University
For my parents

and to the memory of Carol Hatch

. . . we must shake off the sadness and take her and place her before us, though she may be faded, a figure from days long past, and we must have the confidence to be amazed that she ever did exist.
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Acknowledgments

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