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978-0-521-47917-2 - American Anti-Management Theories of Organization: A Critique of Paradigm Proliferation

Lex Donaldson

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This book offers a critique of recent developments in the study of organizational structure in the USA. There has been a profusion of new paradigms offered in the USA and this has fragmented the field. Many of these paradigms share an anti-management quality, painting managers in an increasingly negative light. This book examines five major, contemporary US organizational theories: population-ecology, institutional, resource dependence, agency and transaction cost economics. Each of these theories and their attendant research is critically examined and severe problems are identified in either theoretical coherence or empirical validity. Lex Donaldson argues that it is possible to reintegrate the field by taking structural contingency theory as the core theory and adding on to it selective propositions from the newer paradigms. He also offers suggestions for needed reforms in the US academic cultural and institutional system.

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Frontmatter

[More information](#)

Cambridge Studies in Management 25

American anti-management theories of organization

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American anti-management theories of organization

A critique of paradigm proliferation

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Lex Donaldson

Frontmatter

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Lex Donaldson

Frontmatter

[More information](#)

In memoriam

Ronald Donaldson

(1914–1988)

Cambridge University Press

978-0-521-47917-2 - American Anti-Management Theories of Organization: A Critique
of Paradigm Proliferation

Lex Donaldson

Frontmatter

[More information](#)

Contents

<i>Lists of figures and tables</i>	<i>page</i> x
<i>Preface</i>	xi
<i>Acknowledgments</i>	xiii
1 Anti-management paradigms in organization theory	1
2 Structural contingency theory of organizational adaptation	32
3 A critique of population-ecology theory	42
4 A critique of institutional theory	79
5 A critique of resource dependence theory	129
6 A critique of organizational economics	164
7 Towards a unified theory of organizational structure	202
8 A way forward for organizational structural theory	215
<i>References</i>	233
<i>Author index</i>	256
<i>Subject index</i>	261

Cambridge University Press

978-0-521-47917-2 - American Anti-Management Theories of Organization: A Critique
of Paradigm Proliferation

Lex Donaldson

Frontmatter

[More information](#)

Figures and tables

Figures

- | | |
|---|----------------|
| 1.1 Positive or negative views taken by theories | <i>page 26</i> |
| 7.1 An integrated explanatory model of organizational structure | 206 |

Tables

- | | |
|--|----------------|
| 4.1 Differences in educational structure between US states | <i>page 87</i> |
| 5.1 Correlations of satisfactions of seven parties-at-interest for ninety-seven business firms | 141 |
| 5.2 US defence contractors' responsiveness to inquiry about employment opportunities for women as a function of proportion of sales to the government, firm size and control of production | 144 |

Cambridge University Press

978-0-521-47917-2 - American Anti-Management Theories of Organization: A Critique
of Paradigm Proliferation

Lex Donaldson

Frontmatter

[More information](#)

Preface

I am an organizational analyst who works in a management school. My concern is that much academic organizational analysis at present is neither valid nor suitable for management schools. My overall mission is to advance an organization theory that draws upon more traditional academic disciplines (sociology, psychology, economics, etc.), but is not subservient to them and is sovereign in its own territory. This would foster the construction of an organization theory that studies organizations in their own right, addresses managerial concerns and can hold a useful dialogue with management.

The present volume is part of a larger programme in which I argue for the continuing cogency and empirical validity of structural contingency theory, and against more recent fashions. This book follows on from an earlier volume in 1985 in which I replied on behalf of structural-functionalism and structural contingency theory to criticisms from 'radical', 'critical' and 'Marxian' organizational theory and organizational sociology. This involved dealing with their often philosophical and sociological arguments about supposed problems with systems theory and their attempts to replace it with interpretative, subjective analyses of 'action' or with conflict theory. Inevitably that volume had more of a British flavour, since many of the leading 'radicals' came from a British background: Burrell, Clegg, Davies, Dunkerley, Morgan and Silverman – although US 'radicals' were also discussed: Benson, Goldman, Heydebrand, Stephen Turner and Van Houten.

In contrast, this book focuses on the United States. It is a critique of contemporary developments in organization studies in the USA. There has been a proliferation of new paradigms in that country that has fragmented the field. Many of these new paradigms have an anti-management quality. Moreover, they are long on assertion and short on empirical evidence. I critically examine four major US organization theories herein: population-ecology, institutional and resource dependence theories, together with organizational economics (agency and transaction cost theories). In my view a sounder approach to the study of organizational structure is

Cambridge University Press

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of Paradigm Proliferation

Lex Donaldson

Frontmatter

[More information](#)

xii Preface

contained in structural contingency theory. This is an older approach but one that enjoys a greater degree of theoretical coherence and empirical validity than the newer theories. Thus we would be better served by persevering with this approach rather than pursuing fads. The contents of this book are all original and have not appeared elsewhere.

The present volume has had a long gestation. I attended the 1980 Annual Academy of Management Meeting in Detroit and then almost every Annual Academy Meeting from 1984 onwards. In those meetings I have watched a change from US executives being treated with deference, to their being assailed for their failure to produce competitiveness. Similarly, the academic theories presented there have shifted from models of positive adaptations by organizations and their managers, to agency theories of managers as cheats and devious idlers. The time has come to challenge this new anti-management stance and the several, discordant paradigms that underlie it. Our intent is that the field return to the building of a cumulative science of organizations that makes a more positive contribution to management.

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Lex Donaldson

Frontmatter

[More information](#)

Acknowledgments

I should like to thank the two successive Deans of the Australian Graduate School of Management, Jeremy Davis and Frederick Hilmer, for two sabbatical leaves in the United States to work on this book.

In 1987/8, I was a visitor in the College of Business Administration at the University of Iowa. There my hosts were Frank Schmidt and Jim Price, both of whom are steadfastly pursuing the long-term goal of producing an empirically valid general science of organizations. The doctoral seminar in organization theory at Iowa provided me with positive feedback on my endeavours, particularly Clyde Caulfield who worked with me on meta-analyses and Jim Davis, now at Notre Dame, Indiana, who continues to collaborate with me on corporate governance research. I also engaged in friendly sparring with Don McCloskey and his colleagues in the Project for Rhetoric in Inquiry. This helped me to recognize the rhetoric in contemporary US organization theory.

More recently, in 1991/2, I was a Visiting Scholar in the Stanford Center for Organizations Research (SCOR). There my understanding host was Dick Scott. John Meyer and Dick Scott both read a draft of my critique of institutional theory and their comments led to substantial additions and revisions. I also participated in the Scandinavian Consortium for Organizations Research seminar, genially chaired by Jim March. Again I received comments on an overview of this book from Jim and the colleagues therein. Jeffrey Pfeffer kindly commented upon a draft of my critique of resource dependence theory, which improved it.

While at Stanford my friendship continued with Joanne Martin which had started during her sabbatical in Sydney. She has been my guide to organizational culture – both theoretically and in the particular case of Stanford University. I also enjoyed friendly collegueship with Bob Sutton. During my time at SCOR I was in the company of a number of other Visiting Scholars, including Hal Colebatch and Mary Zey; the latter was my intellectual companion throughout. Kay Schoonhoven was a knowledgeable and friendly colleague. All of us who were Visiting Scholars were looked after by the courtesy of the SCOR secretary, Lisa Hellrich.

Cambridge University Press

978-0-521-47917-2 - American Anti-Management Theories of Organization: A Critique
of Paradigm Proliferation

Lex Donaldson

Frontmatter

[More information](#)

xiv Acknowledgments

I would also like to record my debt to Graham Astley who long encouraged me in this project. He also read an earlier version of this book and his detailed comments led to substantial changes. Sadly Graham did not live to see its completion. His untimely death robbed us all of a good colleague – and a real professional. Graham was never afraid to provoke a debate and I hope that he would have approved of this final version.

I have also had the good fortune to enjoy an on-going discussion of agency theory here at the Australian Graduate School of Management with Gerald Garvey, whose wit and wisdom have been a source of enlightenment.

While I was at Stanford, Marilyn Dwight did a very good job typing part of the manuscript. I would also like to record my deep thanks to the secretarial staff of the Australian Graduate School of Management, especially Pauline Keyvar and Era Koirala, whose excellent work has allowed completion of this manuscript since my return to Sydney. Thanks also to my wife, June Ohlson, who has given me constant emotional support and accompanied me on my sojourns in the United States. Latterly, June has given me invaluable help to get the manuscript into a proper state, including feedback on how to make the work more ‘reader friendly’. The reader can thank June for the more lucid parts and any remaining lack of clarity is my responsibility.

Finally, I would like to acknowledge the help given by the staff at Cambridge University Press throughout the publication process, and in particular the contributions of Patrick McCartan (commissioning editor), Chris Doubleday (copy-editor) and Jayne Matthews (production controller).