

Microfoundations of Strategy and Organization Theory

Strategy 898: Doctoral Seminar in Strategy

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DESCRIPTION

Strategy and organization theory scholars regularly theorize about the relationship between macro-level variables. A microfoundations perspective has emerged over the last several decades as a way to gain insight into *how* and *why* these macro-level variables relate. Central to this perspective is Coleman's (1994) "bathtub model," which depicts macro-level variables shaping micro-level variables, micro-level variables influencing other micro-level variables, and micro-level variables scaling up or aggregating to produce change in macro-level variables.

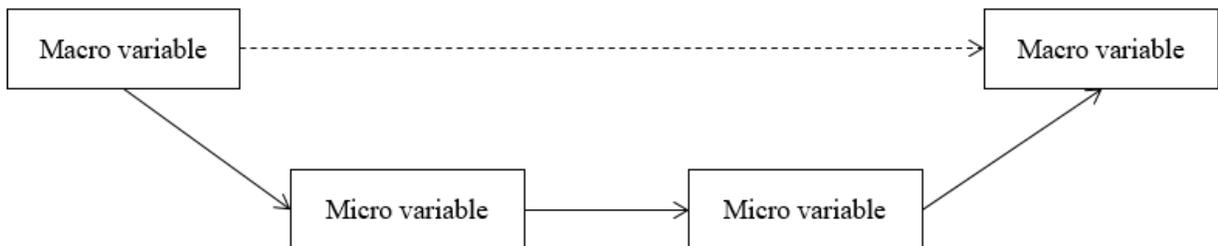


Figure. Coleman's Bathtub Model

Numerous scholars in strategy, organization theory, sociology, and economics focus primarily on the *macro* → *macro* relationships, while scholars in the field of psychology focus primarily on just the *micro* → *micro* relationships. Microfoundational scholars in strategy and organization theory emphasize the *macro* → *micro* and *micro* → *macro* relationships. This will be our focus in this seminar.

OBJECTIVES

1. Develop and demonstrate a critical understanding of the relationships macro-level variables and micro-level variables.
2. Develop and demonstrate a critical understanding for how scholars theorize about and empirically examine these cross-level linkages.
3. Continue developing and demonstrating your research process skills, paying special attention to creative idea generation, paper framing, theory-methods match, and expectations during the review process.

SEMINAR CALENDAR

Session	Due	Topic
Session 1: 5 – 8 PM Aug 28 in R5020		What are Microfoundations? Introductions
Session 2: 5 – 8 PM Sept 4 in R5020		Macro → micro (1 of 2)
Session 3: 5 – 8 PM Sept 11 in R5020		Macro → micro (2 of 2)
Session 4: 5 – 8 PM Sept 18 in R5020		Multilevel breakdowns
Session 5: 5 – 8 PM Sept 25 in R5020	1 page idea for proposal (bring hardcopies for all)	The Wizard Behind the Curtain Discussion of proposal ideas
Session 6: 5 – 8 PM Oct 2 in R5020		Micro → macro (1 of 2)
Session 7: 5 – 8 PM Oct 9 in R5020		Micro → macro (2 of 2)
Oct 21 (11 PM)	Paper proposal (by email)	
Oct 28 (11 PM)	Review of paper proposal (by email)	
Dec 13 (11 PM)	Final paper and response to reviewer (by email)	

REQUIREMENTS

1. *Reading & participation (50% of grade).* You are to read all required papers prior to the session and come prepared to discuss them. Some of the types of questions you should be thinking about are:
 - What is the fundamental question(s) of the paper? Is it an important question?
 - What assumptions does the author make? How valid are these assumptions?
 - What was impressive about this paper? What did the author(s) do right?
 - What was particularly creative about this paper?
 - What did the author(s) do wrong? Could they have done anything differently?
 - What is the central contribution of this paper? To whom might it be valuable?
 - What conclusions were really convincing, which ones were not, and why?
 - What are the ways you could significantly extend or refine this paper/area?
 - What relates to microfoundations in this paper?
 - What similarities or tensions do you see across papers? Do they contradict?
 - What themes do you detect across the readings? Across other sessions?

2. *Term paper (40% of grade)*. Each student is responsible for writing a term paper. This paper should be at the intersection of a topic covered in class and the student's own research interests. Papers that span strategy, organization theory, and other disciplines (e.g., communications, sociology, psychology, accounting, finance, political science, etc.) are acceptable. Your aim should be creative, original research. While the paper can be the substantial improvement of an existing project, you need to disclose this with me and provide me with a copy of the draft that existed prior to this course. Note that the bar for this type of paper is higher. It is the responsibility of each student to discuss their paper topic with me prior to the last week of class. Below are the relevant details:
- *Paper proposal*. You will submit a brief proposal of your paper idea for review. The aim of the proposal is to identify your target audience, to state clearly your intended contribution, and to isolate at least one testable hypothesis. You need not discuss the methodological considerations yet, as the point of this proposal is to establish an important research question and hypothesis that, if tested well, could plausibly contribute to existing literature. The proposal may be in paragraph form, or in outline format, but the core logic and ideas must be clear. The proposal should be no more than 7 pages double-spaced (excluding references or figures), and should be written in the format of a journal article (like ASQ, SMJ, or AMJ).
 - *Term paper & response to reviewer*. Your grade on this assignment will reflect your final paper (not the proposal) and your written response to the reviewer. Term papers should be between 12-17 pages double-spaced (excluding references or figures). Papers should include the following:
 - A title and abstract (which distills the paper's central claim)
 - An introduction that is framed clearly to the audience with which you are talking, motivates your research question, and isolates your intended contribution. We will discuss what a good introduction looks like in class.
 - A theory section that includes the relevant literatures given your idea, excludes irrelevant or tangential topics, and develops a strong basis for at least one testable hypothesis. I want you to prioritize identifying and motivating one or two interesting and important hypotheses instead of developing a laundry list of hypotheses that are not well motivated or particularly interesting.
 - A methods section that briefly describes what the ideal experiment might look like, a plausible data source and research design for testing your primary hypothesis, the main deficiencies of your proposed empirical design, and how you might rule out these issues via conceptual or empirical considerations. Keep in mind that the vast majority (at least 75%) of the paper should be the introduction and theory.
3. *Review (10% of grade)*. Each student is responsible providing a quality review of a paper proposal. Your review should be no longer than two pages single-spaced, and should aim to provide between 4-6 major points.

READINGS

You can find all course readings (required and not) here: <https://tinyurl.com/wu8tfrm6>

Note: Required readings are listed in the order I'd suggest reading them. Bullets under required readings are optional, but relate directly to the required reading shed light on a broader conversation regarding that paper. Supplemental readings are listed chronologically.

SESSION 1—WHAT ARE MICROFOUNDATIONS?

Coleman, J. S. (1994). *Foundations of social theory*. Harvard university press. (read Chapter 1)

Barney, J. A. Y., & Felin, T. (2013). What are microfoundations? *Academy of Management Perspectives*, 27(2), 138-155.

Felin, T., Foss, N. J., & Ployhart, R. E. (2015). The microfoundations movement in strategy and organization theory. *Academy of Management Annals*, 9(1), 575-632.

Supplemental readings:

- Aguinis, H., & Molina-Azorín, J. F. (2015). Using multilevel modeling and mixed methods to make theoretical progress in microfoundations for strategy research. *Strategic Organization*, 13(4), 353-364.
- Harmon, D. J., Haack, P., & Roulet, T. J. (2019). Microfoundations of institutions: A matter of structure versus agency or level of analysis? *Academy of Management Review*, 44(2), 464-467.
- Zilber, T. B. (2020). The methodology/theory interface: Ethnography and the microfoundations of institutions. *Organization Theory*, 1(2), 2631787720919439.
- Bitektine, A., & Haack, P. (2015). The “macro” and the “micro” of legitimacy: Toward a multilevel theory of the legitimacy process. *Academy of management review*, 40(1), 49-75.

SESSION 2—MACRO → MICRO (1 of 2)

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.

Gupta, A., & Wowak, A. J. (2017). The elephant (or donkey) in the boardroom: How board political ideology affects CEO pay. *Administrative Science Quarterly*, 62(1), 1-30.

Ocasio, W. (1999). Institutionalized action and corporate governance: The reliance on rules of CEO succession. *Administrative Science Quarterly*, 44(2), 384-416.

Michel, A. A. (2007). A distributed cognition perspective on newcomers' change processes: The management of cognitive uncertainty in two investment banks. *Administrative Science Quarterly*, 52(4), 507-557.

Tilcsik, A. (2014). Imprint–environment fit and performance: How organizational munificence at the time of hire affects subsequent job performance. *Administrative Science Quarterly*, 59(4), 639-668.

Bianchi, E. C., & Mohliver, A. (2016). Do good times breed cheats? Prosperous times have immediate and lasting implications for CEO misconduct. *Organization Science*, 27(6), 1488-1503.

Supplemental readings:

- Hambrick, D. C., Cho, T. S., & Chen, M. J. (1996). The influence of top management team heterogeneity on firms' competitive moves. *Administrative Science Quarterly*, 659-684.
- v. Werder, A. (1999). Argumentation rationality of management decisions. *Organization Science*, 10(5), 672–690.
- Hambrick, D. C. (2007). Upper echelons theory: An update. *Academy of Management Review*, 32(2), 334-343.
- Marquis, C., & Huang, Z. (2010). Acquisitions as exaptation: The legacy of founding institutions in the US commercial banking industry. *Academy of Management Journal*, 53(6), 1441-1473.
- Marquis, C., & Tilcsik, A. (2013). Imprinting: Toward a multilevel theory. *Academy of Management Annals*, 7(1), 195-245.
- Linneman, T. J. (2013). Gender in Jeopardy! Intonation variation on a television game show. *Gender & Society*, 27(1), 82–105.
- Schwarz, N. (2014). *Cognition and communication: Judgmental biases, research methods, and the logic of conversation*. Psychology Press. (Chapter 2)

SESSION 3—MACRO → MICRO (2 of 2)

Heimer, C. A. (1999). Competing institutions: Law, medicine, and family in neonatal intensive care. *Law and Society Review*, 17-66.

McPherson, C. M., & Sauder, M. (2013). Logics in action: Managing institutional complexity in a drug court. *Administrative Science Quarterly*, 58(2), 165-196.

Glaser, V. L., Fast, N. J., Harmon, D. J., & Green Jr, S. E. (2016). Institutional frame switching: How institutional logics shape individual action. In *How Institutions Matter!* (pp. 35–69). Emerald Group Publishing Limited.

Zajac, E. J., & Westphal, J. D. (2004). The social construction of market value: Institutionalization and learning perspectives on stock market reactions. *American Sociological Review*, 69(3), 433-457.

- Zuckerman, E. W. (2004). Towards the social reconstruction of an interdisciplinary turf war. *American Sociological Review*, 69(3), 458-465.

Vaisey, S. (2009). Motivation and justification: A dual-process model of culture in action. *American Journal of Sociology*, 114(6), 1675–1715.

Chen, M. K. (2013). The effect of language on economic behavior: Evidence from savings rates, health behaviors, and retirement assets. *American Economic Review*, 103(2), 690–731.

- Roberts, S. G., Winters, J., & Chen, K. (2015). Future tense and economic decisions: controlling for cultural evolution. *PloS one*, 10(7).

Supplemental readings:

- Mills, C. W. (1940). Situated actions and vocabularies of motive. *American Sociological Review*, 5(6), 904–913.
- Hannan, M. T., & Freeman, J. (1984). Structural inertia and organizational change. *American Sociological Review*, 149-164.
- Swidler, A. (1986). Culture in action: Symbols and strategies. *American Sociological Review*, 273-286.
- Friedland, R. & Alford, R. (1991). Bringing society back in: Symbols, practices, and institutional contradictions. The new institutionalism in organizational analysis, 232-263.
- Haidt, J. (2001). The emotional dog and its rational tail: a social intuitionist approach to moral judgment. *Psychological Review*, 108(4), 814.
- Thornton, P. H., & Ocasio, W. (2008). Institutional logics. *The Sage handbook of organizational institutionalism*, 840, 99-128.
- Thornton, P. H., Ocasio, W., & Lounsbury, M. (2012). The institutional logics perspective: A new approach to culture, structure and process. OUP Oxford.
- McWhorter, J. H. (2014). The language hoax: Why the world looks the same in any language. Oxford University Press, USA.

SESSION 4—MULTILEVEL BREAKDOWNS

Garfinkel, H. (1964). Studies of the routine grounds of everyday activities. *Social Problems*, 11(3), 225–250.

Weick, K. E. (1993). The collapse of sensemaking in organizations: The Mann Gulch disaster. *Administrative Science Quarterly*, 628–652.

Harmon, D. J. (2019). When the Fed speaks: Arguments, emotions, and the microfoundations of institutions. *Administrative Science Quarterly*, 64(3), 542-575.

Fligstein, N., Stuart Brundage, J., & Schultz, M. (2017). Seeing like the Fed: Culture, cognition, and framing in the failure to anticipate the financial crisis of 2008. *American Sociological Review*, 82(5), 879–909.

Zuckerman, E. W. (1999). The categorical imperative: Securities analysts and the illegitimacy discount. *American Journal of Sociology*, 104(5), 1398-1438.

- Goldfarb, B., & Yan, L. (2021). Revisiting Zuckerman's (1999) categorical imperative: An application of epistemic maps for replication. *Strategic Management Journal*, 42(11), 1963-1992.

Frake, J. (2017). Selling out: The inauthenticity discount in the craft beer industry. *Management Science*, 63(11), 3930-3943.

Supplemental readings:

- Scott, M. B., & Lyman, S. M. (1968). Accounts. *American Sociological Review*, 46–62.
- Hewitt, J. P., & Stokes, R. (1975). Disclaimers. *American Sociological Review*, 1–11.
- Elsbach, K. D. (1994). Managing organizational legitimacy in the California cattle industry: The construction and effectiveness of verbal accounts. *Administrative Science Quarterly*, 57–88.
- Weber, K., & Glynn, M. A. (2006). Making sense with institutions: Context, thought and action in Karl Weick's theory. *Organization Studies*, 27(11), 1639–1660.
- Harmon, D. J., Green Jr, S. E., & Goodnight, G. T. (2015). A model of rhetorical legitimation: The structure of communication and cognition underlying institutional maintenance and change. *Academy of Management Review*, 40(1), 76–95.

SESSION 5—THE WIZARD BEHIND THE CURTAIN

Harmon – original submission & letter to editor.

Harmon – first revision, response document, & letter to editor.

Zuckerman (2008) Tips for Writers.

Zuckerman (2015) On Genre.

<https://blogs.scientificamerican.com/guest-blog/the-awesomest-7-year-postdoc-or-how-i-learned-to-stop-worrying-and-love-the-tenure-track-faculty-life/>

SESSION 6—MICRO → MACRO (1 of 2)

Zucker, L. G. (1977). The role of institutionalization in cultural persistence. *American Sociological Review*, 726–743.

Green Jr, S. E., Li, Y., & Nohria, N. (2009). Suspended in self-spun webs of significance: A rhetorical model of institutionalization and institutionally embedded agency. *Academy of Management Journal*, 52(1), 11–36.

Lyons, A., & Kashima, Y. (2003). How are stereotypes maintained through communication? The influence of stereotype sharedness. *Journal of Personality and Social Psychology*, 85(6), 989.

Frake, J. & Harmon, D. (2023). Intergenerational Transmission of Organizational Misconduct: Evidence from the Chicago Police Department.

Kennedy, M. T. (2008). Getting counted: Markets, media, and reality. *American Sociological Review*, 73(2), 270–295.

MacKenzie, D., & Millo, Y. (2003). Constructing a market, performing theory: The historical sociology of a financial derivatives exchange. *American Journal of Sociology*, 109(1), 107-145.

Supplemental readings:

- Carruthers, B. G., & Espeland, W. N. (1991). Accounting for rationality: Double-entry bookkeeping and the rhetoric of economic rationality. *American Journal of Sociology*, 97(1), 31–69.
- Porac, J. F., Thomas, H., Wilson, F., Paton, D., & Kanfer, A. (1995). Rivalry and the industry model of Scottish knitwear producers. *Administrative Science Quarterly*, 203–227.
- Lyons, A., & Kashima, Y. (2001). The reproduction of culture: Communication processes tend to maintain cultural stereotypes. *Social Cognition*, 19(3), 372–394.
- Fiss, P. C., & Hirsch, P. M. (2005). The discourse of globalization: Framing and sensemaking of an emerging concept. *American Sociological Review*, 70(1), 29–52.
- Ocasio, W., & Joseph, J. (2005). Cultural adaptation and institutional change: The evolution of vocabularies of corporate governance, 1972–2003. *Poetics*, 33(3-4), 163-178.
- Clark, A. E., & Kashima, Y. (2007). Stereotypes help people connect with others in the community: A situated functional analysis of the stereotype consistency bias in communication. *Journal of Personality and Social Psychology*, 93(6), 1028.
- Gray, B., Purdy, J. M., & Ansari, S. (2015). From interactions to institutions: Microprocesses of framing and mechanisms for the structuring of institutional fields. *Academy of Management Review*, 40(1), 115–143.

SESSION 7—MICRO → MACRO (2 of 2)

Holm, P. (1995). The dynamics of institutionalization: Transformation processes in Norwegian fisheries. *Administrative Science Quarterly*, 398–422.

Suddaby, R., & Greenwood, R. (2005). Rhetorical strategies of legitimacy. *Administrative Science Quarterly*, 50(1), 35–67.

Zilber, T. B. (2002). Institutionalization as an interplay between actions, meanings, and actors: The case of a rape crisis center in Israel. *Academy of Management Journal*, 45(1), 234–254.

Navis, C., & Glynn, M. A. (2010). How new market categories emerge: Temporal dynamics of legitimacy, identity, and entrepreneurship in satellite radio, 1990–2005. *Administrative Science Quarterly*, 55(3), 439–471.

Harmon, D., Rhee, E., & Cho, Y. (2023). Building a Bridge to the Future: Prospective Legitimation in Nascent Markets. *Strategic Management Journal*.

Augustine, G., Soderstrom, S., Milner, D., & Weber, K. (2019). Constructing a distant future: Imaginaries in geoengineering. *Academy of Management Journal*, 62(6), 1930-1960.

Supplemental readings:

- Steinberg, M. W. (1999). The talk and back talk of collective action: A dialogic analysis of repertoires of discourse among nineteenth-century English cotton spinners. *American Journal of Sociology*, 105(3), 736–780.
- Lounsbury, M., & Glynn, M. A. (2001). Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources. *Strategic Management Journal*, 22(6–7), 545–564.
- Greenwood, R., & Suddaby, R. (2006). Institutional entrepreneurship in mature fields: The big five accounting firms. *Academy of Management Journal*, 49(1), 27-48.
- Tetlock, P. C. (2007). Giving content to investor sentiment: The role of media in the stock market. *The Journal of Finance*, 62(3), 1139–1168.
- Weber, K., Heinze, K. L., & DeSoucey, M. (2008). Forage for thought: Mobilizing codes in the movement for grass-fed meat and dairy products. *Administrative Science Quarterly*, 53(3), 529–567.
- Santos, F. M., & Eisenhardt, K. M. (2009). Constructing markets and shaping boundaries: Entrepreneurial power in nascent fields. *Academy of Management Journal*, 52(4), 643-671.
- Khaire, M., & Wadhvani, R. D. (2010). Changing landscapes: The construction of meaning and value in a new market category—Modern Indian art. *Academy of Management Journal*, 53(6), 1281-1304.
- Heaphy, E. D. (2013). Repairing breaches with rules: Maintaining institutions in the face of everyday disruptions. *Organization Science*, 24(5), 1291-1315.