

THE OXFORD HANDBOOK OF SOCIOLOGY AND ORGANIZATION STUDIES:
CLASSICAL FOUNDATIONS

CHAPTER 2

The Value of the Classics

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A recent review of organizations research submitted for publication reveals an apparent trend toward problem-driven, rather than theory-driven papers. In a sample of eighty-nine papers published in *Administrative Science Quarterly*, Davis and Marquis (2005) report that a mere 11 percent conformed to a theory-testing model in which the research question stemmed from a theory's logic. Davis and Marquis's findings raise the question of whether organizational researchers will continue to develop theory at the rapid rate they did, for example, in the late 1970s and early 1980s. Why should we care—after all, what is wrong with good problem-focused research? One view is that problem-focused research is unlikely to accumulate knowledge (Berger 1993). Without development and testing of theory, scientific progress is at risk of languishing (Kuhn 1962; Stinchcombe 1982).

Exemplary research begins by identifying an empirical observation and examining extant theories that might best explain the empirical observation. It is possible that there is no extant explanation or theory and so such empirical observations are seeds for the development of new theory. Davis and Marquis (2005) suggest that exemplary research should focus on mechanisms, that is the “cogs and gears or the agency by which an effect is produced.” Their suggestion bears some similarity to Merton's ([1949] 1968)

classic statements that eschewed grand or universal theorizing and instead suggested a focus on developing theories of the middle range to advance social science.

In this chapter, I suggest that whatever form new theorizing will take, a good way to conduct such research and for organization and management studies to remain a vital segment of the social sciences is to examine and consider building on the foundations of the classics. To support this argument, I sketch three mini-cases to illustrate how the classics have been used to develop cumulative research programs (Berger 1993).

The cases represent a select sample of publications. The sample highlights both empirical and theoretical research articles, including Tushman and Anderson's (1986) transposition of Schumpeter to frame how technology innovation changes market structure, Podolny's (1993) integration of Merton (1968) and Simmel (1950) to understand how the status order of firms in a market affects their behavior, and Friedland and Alford's (1991) and Thornton and Ocasio's (1999) explication of Weber to outline how institutional logics shape behavior. These articles have been selected because they have won awards, are widely cited, and are published in highly rated scholarly journals. I develop a line of reasoning about how these exemplary articles and their descendants relied on the classics to develop compelling arguments. This reliance can be usefully understood using Stinchcombe's (1982) classification of the six functions of the classics: touchstones, developmental tasks, intellectual small coinage, fundamental ideas, routine science, and rituals.

2.1 STINCHCOMBE'S FUNCTIONS OF THE CLASSICS

Stinchcombe (1982: 2) argues that the classics serve six distinct functions. First, the classics are 'touchstones', meaning that they serve as exemplars of good work. They are

“beautiful and possible” approaches to conducting one’s scientific work and represent concrete examples of what good work should look like in order to make a contribution to the discipline.

A second function of the classics is to provide ‘developmental tasks’. Stinchcombe associates the classics with knowledge making. He says that the classics prompt graduate students to elevate their thinking beyond a descriptive textbook understanding of their fields. This could lead students to ground-breaking, yet continuous pathways for original research. For example, Barley and Kunda’s (1992) historical description and explanation of the eras of managerial discourse that cycle between normative and rational ideologies is based in the thinking of the classic scholars who, in describing the problem of industrialization, juxtaposed two contrasting paradigms of social order. These paradigms are given different names by different scholars: Weber wrote of *communal* and *associative*. Durkheim contrasted *mechanistic* and *organic* solidarity. Tonnies spoke of *Gemeinschaft* and *Gesellschaft*. In addition to these theoretical constructs for the contrasting waves of management discourse, Barley and Kunda drew on economic long-wave theorists to explain the factors that cause one era to rise and another to decline in the historical cycle of cultural antinomies. To make sense of their data without these classics, Barley and Kunda would have only a historical description of managerial discourse. They needed an overarching set of concepts and an explanation for change. Otherwise, ‘the odds of publishing a paper in a highly visible journal were low, and why bother if you aren’t going to be read?’ (Barley 2004: 74).

Third, in referring to citations to the classics as ‘intellectual small coinage’, Stinchcombe (1982) illustrates how the classics are shorthand communication of the

theoretical lens and method of analysis that readers can anticipate. The classics, therefore, signal a collection of beliefs and agreements shared by social scientists on how problems are to be understood and empirical facts gathered and interpreted. They are a cognitive heuristic that helps to establish theoretical order and allows the reader to easily take away a memorable gestalt—they facilitate the organization of a large number of facts and empirical findings that otherwise would be lost. This also implies that the choice of a classic selected by researchers may influence what they are likely to see as salient and how they are likely to interpret empirical phenomena (Martin 1992). That is, the same data and questions can produce different answers if different classics provide the ‘intellectual small coinage’ for the analysis. In my own research, I have experimented with this idea by holding constant the same data set and variables of interest, but varying the clocks in event history models from organizational age to historical time and find different results. Why would this be the case? One explanation is that my experiments emphasizes different theoretical lenses and methods and levels of analysis—population ecology and institutional theories.

Alexander (1989) makes a similar argument to Stinchcombe’s idea of intellectual small coinage when referring to the classics as providing a common culture of discourse or point of reference for scholars—a function that is particularly important in social science because of the level of disagreement and problems of mutual misunderstanding. Alexander (1989:27-28) notes that classics reduce complexity by allowing a very small number of works to symbolize or “represent a stereotyping or standardizing process. . . .It is for this reason that if we wish to make a critical analysis of capitalism we will more than likely draw Marx’s work.”

Fourth, the classics are sources of ‘fundamental ideas’—in Stinchcombe’s vernacular classics are the trunks of the trees of knowledge, not the branches and twigs. His point is that if one spends his or her research hours modifying the trunk rather than pruning the twigs—then one in all likelihood will make a significant contribution to knowledge accumulation. In this sense, the trunks, that is the classics, are rich in fundamental concepts that can lead to the creation of new ideas (Merton 1965). For example, Ocasio (1994) makes sense of the mechanical ‘cogs and gears’ of his empirical findings by using Pareto’s (1968) and Michels’s (1962) classic theories of the circulation of elites to frame and understand the dynamics of positional power in U.S. industrial corporations in his analysis of CEO succession. In this case, note that Ocasio has command of technology and hence methodology that did not exist in the time of Pareto and Michels. Moreover, Ocasio extends the fundamental ideas of these classics by transposing them into a different institutional context to challenge and legitimate an alternative to the prevailing dominant view of power entrenchment (Pfeffer and Salancik 1978). Not only does this make his findings memorable by association with familiar, but it also creatively reconnects and extends the analysis of those ideas in light of current issues of interest to contemporary scholarly communities.

Fifth, the classics also serve a ‘routine science’ function, meaning that they provide puzzles with excess import to a number of different situations and applications, thus motivating continuous scientific work. Homans’s 1964 address to the American Sociological Association—published as an essay in the *American Sociological Review*, ‘Bringing Men Back In’—is exemplary of a classic that has multiplied routine social science. The address was originally written as a critique of the structural–functional

school's reign in sociology because the school never produced a theory (explanation) due to its focus on the 'role' (structure) and not the acting individual (agency). Note how Homans identified his argument with the more general and abstract issue of agency and structure in sociological theory giving his address scope, extra import, and a life of its own (Selznick 1957).

Homans's essay continues to engender lively debate and has been artfully used by researchers to take stands and call attention to wayward directions in the growth of research in various subfields: 'Bringing the Firms Back In' in which Baron and Bielby (1980) argue that stratification and inequality research should include how organizations structure work as distinct from prior studies on the structural effects on individual attainment or covariation among industrial/occupational characteristics; 'Bringing the State Back In', in which Skocpol (1985) argues for analytic strategies that view the state as an actor or an institution in the study of a range of topics; 'Bringing Society Back In', in which Friedland and Alford (1991) argue for a way to bring the content of societal institutions into individuals' and organizations' behavior; 'Bringing Entrepreneurship Back In', in which Thornton (1999) argues for the return of the study of entrepreneurship into sociology and organization theory; and 'Bringing the Workers Back In', in which Barley and Kunda (1992) argue that organization theory's effort to make sense of post-bureaucratic organizing is hampered by a dearth of studies of work. Moreover, note Homans's alignment with the more general argument on agency and structure, which continues in contemporary literature such as Sewell's (1992) theory of structure and agency, Emirbayer and Mische's (1998) definitions of agency, Seo and Creed's (2002)

analysis of embedded agency in institutional theory, and Thornton's (2004) partitioning of individual from structural effects.

Last, classics serve a 'ritual function' in the sense that they bind together groups of researchers, telling them that they have a common scholarly identity. For example, have you heard a scholar referred to as an institutional theorist, a Marxist, or a conflict theorist? These labels automatically imply an alignment with classic roots, for example Weber, Marx, and Coser, respectively.

2.2 THREE EXAMPLES OF CLASSICS-INSPIRED RESEARCH STREAMS

This section outlines three mini-cases of different lines of research that are inspired by the classic scholars Schumpeter, Weber, Merton, and Simmel. The work of these scholars is central in defining the metatheory¹ and community of the scholars working in these three streams. First, I will introduce a classic scholar's work. I will then show how this work inspired the researchers to use it as a basis to examine contemporary problems and to theoretically frame their empirical observations. Note that these examples include work that illustrates theory development and testing as well as qualitative and quantitative methodologies. Table 2.1 summarizes the comparative genealogy and succession of fundamental ideas that stemmed from these classic scholars and resulted in memorable ideas with traction in the literature.

<Insert Table 2.1 near here.>

¹ Metatheory is a set of interlocking rules, principles, or narratives that describe and prescribe what is acceptable and unacceptable as theory; it is the means of conceptual exploration in a scientific discipline (Overton 1998).

2.2.1 Schumpeter and Destructive Technologies

Schumpeter in his classic 1942 book, *Capitalism, Socialism, and Democracy*, theorized capitalism as an agent and a form of economic change by introducing two central ideas. The first concept distinguished inventions from entrepreneurs' innovations. The entrepreneur drives economic change by innovating, not just by developing inventions. More importantly, the entrepreneur creates new consumers, new goods, new methods of production or transportation, new markets, and new forms of industrial organization. The second insight is that the entrepreneur's innovations lead to gales of 'creative destruction' that cause old inventories, ideas, technologies, skills, and equipment to become obsolete. These insights in a sense were a defense of capitalism because it sparked entrepreneurship—they departed from conventional thinking that the prime movers of the economy were changes in the social and natural environment such as general competition, industrial change, even wars and revolutions.

At the same time, Schumpeter's ideas were not simply about start-ups. He appreciated that large firms might have a competitive advantage in developing new types of organization, such as a large-scale unit of control. In citing the Aluminum Company of America, he defended the power of large firms to innovate in order to create and retain monopoly in light of the ever-present discipline that the threat of innovation provides in the market, making his ideas relevant to the study of both entrepreneurship and intrapreneurship.

The competition that was important was not the mainstream notion of perfect price competition and static supply and demand models—Schumpeter argued these were not an accurate depiction of the real world of business—but instead the competition that

the new technology, the new type of organization, or the new supply line created in the old system. Schumpeter thought that competition aimed at the outputs and profits of existing firms had little relevance; instead what is important is the competition that rocks their very foundations and livelihoods. For Schumpeter, capitalism is not a governance system for administering economic and social structures. Instead, capitalism creates a process of industrial mutation in which it destroys old and creates new structures, resulting in continuous progress and improved standards of living for everyone. Schumpeter's powerful theoretical construct of creative destruction explained the dynamics of industrial change—the evolution from a competitive to a monopolistic market and back again.

The power of Schumpeter's construct, creative destruction, has been significant in guiding subsequent research on entrepreneurship, organizational behavior, and market structure in a number of theoretical and applied subfields. Many scholars who have picked up on Schumpeter's ideas are from Harvard University, where, no doubt, Schumpeter left his imprint. I will only outline several benchmarks that are noteworthy in the development of these research streams. In 1986 Mike Tushman and Phil Anderson, building on Abernathy and Clark (1985) and Schumpeter's insights on creative destruction, published a still-influential article comparing the effects of competence-enhancing and competence-destroying innovations in three industries: cement, airlines, and minicomputer manufacturing. Through their historical longitudinal studies, they showed the effects of new technologies on a firm's performance and on a firm's market environment.

Their data suggest that the gradual pace of technological evolution is interrupted by innovations. These innovations cause a discontinuity that increases uncertainty and munificence. The discontinuity can be competence-destroying or competence-enhancing, meaning that the product class is either opened up or consolidated, respectively.

A key insight in this article lies in identifying two distinct types of innovation, those that enhance firm competence and those that destroy firm competence. The former gives the advantage to incumbent firms, and the latter is akin to Schumpeter's notion of creative destruction in which incumbent firms lose position in a market because of the innovation of entrepreneurs and entrepreneurial firms that are typically outsiders. These two types of innovations also have consequences for changing market structure. Competence-enhancing innovation increases entry barriers and decreases market or industry munificence, whereas competence-destroying innovation lowers entry barriers and increases munificence.

In 1992, the idea of creative destruction motivated Philippe Aghion and Peter Howitt to translate Schumpeter's construct into formal mathematical terms in an article, 'A Model of Growth through Creative Destruction'. In 1995, Richard Nolan and David C. Croson published a book entitled *Creative Destruction: A Six Stage Process for Transforming the Organization*. Borrowing Schumpeter's arguments on creative destruction and the role of large firms in innovation, they argued that corporations should downsize to free up slack resources for innovation to create competitive advantage.

Starting from a teaching case (Bower and Christensen 1995), in 1997, Clayton Christensen produced a best-selling book, *The Innovator's Dilemma*, that built on Schumpeter by coining the term 'disruptive technology,' which circulated so fast that one

year after publication of the book, practitioners had adopted the term in their common language—sadly, to the point of not knowing its origins. In his sequel in 2003, *The Innovator's Solution*, he replaced the term 'disruptive technology' with the term 'disruptive innovation'. A disruptive technology or innovation is a technological innovation, product, or service that eventually overturns the existing dominant technology in the market. With the replacement, he apparently realized that few technologies are intrinsically disruptive or sustaining in character. Instead, it is the business model or strategy enabled by the technology that creates the disruptive result. This interpretation is consistent with Schumpeter's distinction between invention and innovation and including as the important innovation—the art and science of the business model, i.e. the new method of organization. While advancing Schumpeter's ideas by linking them to firm strategy, such as stratifying the market into lower and upper ends, product improvements may exceed the rate at which customers can adopt new performance. Therefore, staying too close to the customer can prevent the firm from seeing disruptive technologies on the horizon and positioning the firm in the value chain where performance is not yet good enough will capture the profit because disruption steals markets and commoditization steals profits. Christensen further develops the two central ideas apparently first expressed, though not explicitly cited from Tushman and Anderson (1986). That is, Christensen's disruptive and sustaining technologies seem to pair with competence-destroying and competence-enhancing technologies.

Searches on the web and of the popular press literature appear to indicate that the term 'disruptive innovations' has migrated into the common vernacular. Some would argue that this is a sign of success of this research stream, as it indicates no disciplinary

boundaries and barriers in its 'small coinage'. However, while anyone with a cursory knowledge of Schumpeter's ideas would recognize they are indeed the wellspring of the fundamental ideas in this contemporary stream of research and teaching materials, the origins of Christensen's central idea is arguably not as explicitly linked back to Schumpeter as might have been most intellectually fruitful.

This raises the question of whether this seeming break in the idea chain may point to a routine science problem (Stinchcombe 1982). As lively debate among participants in our conference indicated, some in the field of organizations studies view this line of work as more descriptive of 'retrospective sense making,' than of contributing to theory building with predictive power for organization and market behavior. Perhaps one way to think about this is to return to Stinchcombe's (1982) imagery of the value of focusing on the trunk of the tree of knowledge rather than on the branches and the twigs. Is there a lesson here? That is, linking back to Schumpeter's theory of 'creative destruction' is more likely to direct the researcher to expect to find an underlying universal pattern of how entrepreneurs and entrepreneurial firms use innovations to punctuate, create, or maintain their positions with the twist that powerful incumbents cannot necessarily sustain their positions in the market or market equilibriums. By pattern I mean a general theoretical model, an underlying functional form that can be expressed in mathematical terms like a statistical distribution. Stinchcombe's analysis of the classics would lead us to argue that greater focus on the fundamental idea or the trunk of the tree would make this literature considerably richer to academics and practitioners alike, allowing the ability of firms to recognize and exploit future states of technology change—competence-enhancing and competence-destroying influences in markets and hierarchies.

Interestingly, it is this fundamental idea of cycles or ‘gales’ that has won the attention of policy makers with consequences for corporate governance and other resource environments relevant for new ventures.

Overall, my point in this discussion is to illustrate the growth of organization and management theory that stems from Schumpeter—his fundamental ideas generated many theoretical constructs resulting in a cumulative stream of research that addresses real-world problems.

2.2.2 Weber, the Carnegie School, and Institutional Logics

Weber’s ([1904] 2002) classic treatise on the *Protestant Ethic and the Spirit of Capitalism* explained how culture legitimated individualism and capitalistic behavior. By examining the links between the transformation of Protestantism and the origin of Western capitalism, Weber used religion to operationalize cultural differences and to compare, for example, how different institutional–cultural contexts determine who is likely to become an entrepreneur and which nation-state economies are more or less likely to progress. This is a general argument; clearly in particular and historical contexts there are other ways to operationalize culture in today’s societies. Subsequently, in the late 1950s and early 1960s, Weber’s metatheory inspired formal testing of his ideas, most notably by psychologists at Harvard (McClelland 1961). In these classic studies, at the macro level, McClelland (1961) found significant differences in economic development between Catholic and Protestant countries; at the micro level, colleagues (Winterbottom 1958) found significant differences in parenting practices between Catholic and Protestant families and associated these differences with higher levels of achievement and independence in Protestant compared to Catholic children. Since then, other scholars

—for example, Collins (1997)—have applied a neo-Weberian model in understanding the Asian route to capitalism. These ideas are far from dead; they are now being picked up by economists to enrich human capital theory (Becker and Woessmann 2007). Moreover, Weber’s (1904) ideas continue to be vigorously explored on the one-hundredth anniversary of his classic thesis.

Just as Weber ([1922] 1978) used bureaucracy, political communities, and family systems as institutional contexts for his insights in the seminal volumes *Economy and Society*, Friedland and Alford (1991) in their critique of transaction cost, rational choice, and network theories argued that it is impossible for these theories to predict the behavior of individuals and organizations without knowing the particular institutional context in which the behavior is situated.

Thornton and Ocasio (1999) were inspired by Weber’s ([1922] 1978) insights on legitimacy and his historically comparative methods and institutionally situated ideal types—control by individual charisma, by tradition, and by legal bureaucracy. They were also inspired by how Weber had comparatively defined cultural context within one institutional sector, religion, with his comparison of Protestantism and Catholicism. However, in searching for a more complex way to contextualize and analyze institutional comparisons, they were intrigued by Friedland and Alford’s (1991) notion of situated behavior in an inter-institutional system, for example, religion, family, professions, state, and the market. Thornton and Ocasio also sought the ‘cogs and gears’ that would explain agency in these different institutional contexts by drawing on ideas about decision making from the Carnegie School (March and Simon 1958) that identified the mechanisms of bounded-rationality. With this synthesis from the classics, Thornton and

Ocasio (1999: 804–5) extended the institutional contextual arguments of Weber (1904) and Friedland and Alford (1991) with a longitudinal quantitative study showing that institutional change alters the determinants and consequences of power and control in organizations. They compared the influences of family, professions, and market institutional logics, which they labeled the editorial and market logics, on executive succession in the higher education publishing industry. This approach took Weber's views on culture and legitimacy and linked them to a new way to define cultural content by explicating and operationalizing Friedland and Alford's inter-institutional system of societal sectors.

Without the metatheory and comparable methods of analysis stemming from Weber, which led to the explication of ideal-type institutional logics—the family, corporation, professions, market, state, and religions—the Thornton and Ocasio (1999) article would have been just a description of change in power in corporations. They would not, for example, have known to explore with statistical modeling, sensitivity analyses, and qualitative methods how institutional change affected the meaning of a change in power. Moreover, they needed a theoretical mechanism—in Davis and Marquis's parlance, the 'cogs and gears'—to explain how the influences of culture at the industry level affected individual and organizational behavior. Taking earlier work by Ocasio (1997) on attention that built on the foundations of the Carnegie School (March and Simon 1958) gave them the theoretical mechanism to link these micro and macro influences. In subsequent analyses to the original paper, Thornton (2004) further developed the mechanisms linking the industry and societal sector levels of analysis in a variety of decisions contexts, finding in particular that the individual was relatively more

resistant than the organizational-level effects to historical and institutional change. While to some researchers, the Weberian roots are clear, they are not directly stated in Friedland and Alford's (1991) ideas. In my view this would have lent strength and emphasis to their arguments on an inter-institutional system as a metatheory of how societal culture legitimates individual and organization behavior. To carry this point further, one could argue that had the link to Weber been explicit in Friedland and Alford's discussion of the inter-institutional system a solution to the puzzle of embedded agency would have been clearer in the 1991 article. However, it evidently was not clear as is evidenced by the number of articles since that time, which have attempted to resolve this puzzle (Thornton and Ocasio, forthcoming). The citations to Weber's foundational ideas are explicit in subsequent work (see e.g. Thornton 2004: table 3.1, which is derived from Weber's, *Economy and Society*).

2.2.3 Merton and Status-Based Markets

Merton (1968), in interviewing Nobel laureates, argued that the world rewards the already esteemed, observing that famous scientists receive disproportionately greater credit for their contributions to science and relatively unknown scientists receive disproportionately little credit for equal contributions. Merton identifies this misallocation of credit for scientific work by coining the term 'the Matthew effect'—taking his inspiration from a passage from the Gospel of St. Matthew. 'For unto every one that hath shall be given, and he shall have abundance: but from him that hath not shall be taken away even that which he hath.' Merton (1968) derives from this passage an understanding of how the reward system works for individuals' careers as well as for the implications for the communication system in science: for example, he generates the

hypothesis that a scientific contribution will have greater visibility in the community of scientists when it is introduced by a scientist of higher status rather than by one of lower rank.

Taking as Merton's fundamental ideas on the Matthew effect and status enhancement and suppression effects in the behavior and communication patterns of scientists and Simmel's (1950) insight that rewards are largely a function of position, Podolny (1993) extends the scope of these fundamental ideas by applying a variant of the distinction between actor and position to market producers. He examines how a producer's position in the market affects the relative opportunities open to the producer in comparison to those available to its competitors. Applying these insights to the contemporary puzzle of pricing dynamics in the primary securities markets, he shows that on average, the higher status banks underbid lower status banks for a given deal in the investment-grade markets. However, for the larger offerings, the latter must underbid the former, and they must do so from a relatively disadvantageous cost structure. As Podolny (1993: 865) notes, 'the result is significant because it illustrates the fact that for the larger, more difficult issues, status is relevant not only to the investor and potential syndicate members but to the issuer's decision as well', teasing out when positive rents derive from status versus cost advantages. In building on these classics, Podolny (1993) explains the mechanisms through which the market is shaped by non-economic factors, shedding light on several economic puzzles: for example, why higher status firms do not dominate the market and why higher status firms pay less for the goods, services, and human and financial capital, and achieve higher profits. These puzzles stemming from Podolny's development of fundamental ideas from the classics created follow-on research

in a variety of different contexts—what Stinchcombe (1982) referred to as creating routine science.

Let me give two more examples to illustrate this routine science function—new theoretical variants and substantive applications stemming from Podolny’s ideas of how status processes lead to nuanced understandings of market competition. Stuart, Hoang, and Hybels (1999), in investigating how start-up companies’ interorganizational networks affect their ability to acquire the resources necessary for survival and growth, found that, in the venture-capital market, biotechnology firms with higher status equity investors and underwriters had a higher rate of initial public offering (IPO) and a higher market capitalization at IPO than did firms with lower status interorganizational relationships. They found that higher status venture-capital firms maintained close relationships with leading investment banks. Thus, start-ups funded by leading venture-capital firms tended to secure prestigious investment banks to syndicate their IPOs. There is a status spillover effect; higher status interorganizational relationships attract other prestigious relations. The status of interorganizational relationships provides investors with attributions of quality when, in the start-up and risk capital venue, quality is quite uncertain.

Rather than focusing on firm performance at exit from venture-capital portfolios, in another example, Shane and Cable (2002) extend the theory of status-based markets to again uncertain and imperfect market conditions in examining the chances of entrepreneurs receiving seed financing. Their findings suggested that the reason network relationships are important in entrepreneurs garnering resources is that they are primarily mechanisms for information transfer. Most funded business proposals come by referral because the referral provides information in an imperfect market. However, once

information is publicly available about the quality and reputation of entrepreneurs, high reputation or status of the entrepreneur is the primary driver through which seed financing is received.

2.3 DISCUSSION AND CONCLUSION

In this chapter, I have argued there is great value in reflecting on how to use the classics in the development of organization studies and more generally social science research. Applying the functions of the classics specified by Stinchcombe (1982), I have illustrated in three mini-cases how the theoretical constructs of disruptive technologies, institutional logics, and status-based markets—theoretical constructs that are the wellspring for vibrant research and teaching communities—are descendants of the fundamental ideas of the classics. Moreover, while these examples are only outlines of streams of research, they suggest that by connecting to the classics to study contemporary research problems researchers can more systematically accumulate knowledge (Berger 1993).

In returning to the question presented in the introduction about problem-driven research, the mini-cases lead me to suggest that a solution to problem-driven research without the use and development of some form of theory will not be as effective in advancing the discipline of sociology and one of its larger sub-disciplines, organization studies. I have presented examples of researchers who have developed compelling arguments in studying real problems with an understanding of their empirical observations through the guidance of the classics and theory.

The classic scholars were different from contemporary scholars. Because classic scholars were not held to the incentives attached to quantitative research so admired in the American university system, they had greater opportunity to be clairvoyant and

visionary in their thinking compared to today's scholars. The work of the classic scholars resulted in fundamental ideas and predictions of a future world that often did not exist in their time. Consider, for example, how Schumpeter's work is now most relevant to our entrepreneurial start-up economy of today when in 1942 the institutional infrastructure for such to happen was a good fifty years away. This point has implications for questions of the relevancy of organization theory or any school of thought.

The sea change that occurred in organization theory in the late 1970s and early 1980s to lift it from the grasp of contingency theory, the dominant paradigm, was based on at least two phenomena. First, the world had changed and the problems facing organizations and more generally management and society at large could not be explained by contingency theory. Second, contingency theory had become such an unruly collection of empirical and problem-driven findings that it challenged one's capacity to make overall sense out of it. It became unclear how the findings were in an integrative sense related to theoretical mechanisms and therefore explanations. In the end, contingency theory lacked an essential feature of stickiness: Many of the findings could not be explained by a theory. There may be some parallel now with the current state of organization theory and organization studies in that there is a socio-economic sea change in many institutional sectors around the world. Perhaps this signals a good time for organizational scholars to weed the garden and plant new seeds; I have given examples to illustrate that looking to the classics can help grow this endeavor.

I have argued that we need to invest in theory-building research and the classics can point to pathways in this endeavor. In returning to the question of whether theory development has slowed or become irrelevant since the late 1970s and early 1980s—note

that the three mini-cases presented the spinning of new theory from the classics in the late 1980s to present.

When Schumpeter wrote in 1942 as a lone voice about the gales of creative destruction in a world of large American corporations, it fell on deaf ears. It is only now, with our vibrant start-up community spreading worldwide, that his metatheory is the current buzz in Washington, D.C.; the classic theoretical construct, creative destruction, now echoes throughout the hallways from Federal Reserve chief to the antitrust attorneys in the Department of Justice (Rose 2002). Without the classics, one could argue we would not have the theoretical constructs—destructive technologies, institutional logics, and status-based markets. These constructs are the basis of cumulative research programs currently being translated into vibrant theory, practitioner knowledge, and public policy. In general, I am loath to study what we study. However, in writing this essay, it now seems prudent to turn attention to the classics to inspire investigative action that focuses on both theory and empirical observation and progresses to testing those relationships predicted by theory. Otherwise our research communities may risk impoverishment with problem-focused research.

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Table 2.1 Examples of Research Streams

Classic theorist	Merton and Simmel	Weber	Schumpeter
Contemporary theorist	Podolny 1993	Friedland and Alford 1991 Haveman and Rao 1997 Thornton and Ocasio 1999	Tushman and Anderson 1986
Theoretical construct/ mechanism	Status-based markets	Institutional logics	Competence-enhancing and competence-destroying technology Disruptive technology
Sub-field/paradigm	Network theory	Institutional/organization theories	Entrepreneurship/ Strategy
Researchers	Stuart, Hoang, and Hybels 1999	For summary, see Thornton and Ocasio, forthcoming	Christensen 1997
Application	Effects of status on market processes in investment banking, venture capital investment, and IPO underwriting	Effects of institutional logics on selection, organizational behavior	Effects of technology on firm strategy and market structure