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significantly helped the flow. Chapter 4 on agency theory should have been moved to chapter 2. Applications of agency theory to forms of capital, organization, production, and corporate control (chaps. 3, 5–8) could have followed. Jensen's 1993 speech to the American Finance Association (chap. 2) should have been moved to the conclusion. It serves as a fitting summary of the history of research and practice in corporate governance.

A careful reading of the book also suggests some key areas for future research. One is the relationship between professional information providers, such as stock analysts, and market efficiency and corporate governance. Recent studies by the Securities and Exchange Commission have suggested widespread conflicts of interest between those analysts who evaluate stocks and the companies for which they work that promote those stocks. This suggests severe market inefficiencies, which would attenuate the effectiveness of the corporate takeover, a central governance mechanism in Jensen's book, in enhancing productive efficiency. More subtly, these issues suggest opportunities to reformulate a theory of the firm that relies less on efficient markets and more on the institutions for wealth creation and distribution.

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Organizations Evolving.

Howard Aldrich. Thousand Oaks, CA: Sage, 1999. 413 pp.
\$29.95, paper.

Organizations Evolving is the long-awaited sequel to Aldrich's (1979) influential *Organizations and Environments*. Like its predecessor, this book draws from research in a wide variety of disciplines, including economics, sociology, political science, and social psychology, in an effort to understand how organizations, populations, and communities emerge, change, and evolve over time. Since 1979, research in a number of different paradigms, including organizational ecology, institutional theory, and transaction costs, has tackled many of the issues Aldrich raised in his first book. In this sequel, he makes an ambitious effort to synthesize many of the advances in organizational theory over the last twenty years and put them under an evolutionary lens. His focus throughout the book, however, is on a heretofore understudied phenomenon, namely, the process by which organizations, populations, and communities emerge and become bounded entities. Because of the broad expanse of the literature that this book reviews and analyzes, it is not surprising that it has won multiple prestigious awards, including the

Weber Award from the American Sociological Association. Indeed, the very broad, eclectic nature of this work is one of its major strengths. Below, I briefly summarize the contents of the book and then discuss some of the things that the book does well and not so well.

In the first three chapters, Aldrich introduces his evolutionary framework and describes how it relates to the major paradigms in organizational theory. His underlying framework stems from Campbell's (1969) variation, selection, and retention model. Variations in routines or organizational forms can be intentional or blind. Some variations are then selected, while others are eliminated. Some of these selected variations are then reproduced and retained. Aldrich argues that it is important to look not only at selection processes at the organizational and population level but also at the level of routines and competencies. Throughout the book, he emphasizes that an evolutionary approach is not deterministic. While organizations are constructed with strong preferences and interests, their ability to construct something new is limited because of historical precedents and taken-for-granted social structures. As he notes, "Evolutionary theory posits a world where people are intendedly rational, can't always get what they want, and certainly don't always get what they need" (p. 41).

In this section, Aldrich separately summarizes the contributions of institutional theory, population ecology, the interpretive approach, research in organizational learning, resource dependence, and transaction cost economics and discusses how each can add something of value to an evolutionary framework. For example, he suggests that transaction cost economics can be used to examine the effectiveness of various organizational arrangements that might be selected through evolutionary forces, while learning theory calls attention to the conditions under which individuals can actively affect organizations and influence their own fates. Throughout the book, he draws on literatures from all of these perspectives and attempts to integrate them into an evolutionary framework.

In the remainder of the book, Aldrich examines a wide range of organizational phenomena. Chapters 4, 5, and 6 address how organizations emerge and become viable social units. In this, he provides a rich description of the founding process. He starts by discussing the role of a nascent entrepreneur, a person who undertakes activities that may or may not result in an organizational founding. He carefully examines the process by which nascent entrepreneurs attempt to collect resources and knowledge to start a viable organization and factors that can aid or hinder their efforts. He emphasizes how recruiting practices and the reward systems constructed by founders play a key role in establishing an organization as a bounded entity. Understanding these processes is quite important because, as he points out, "organizations must become bounded entities before they contribute to population dynamics" (p. 140).

In chapters 7 and 8, he discusses how change occurs at both the organizational and population level. He shows how collec-

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tive action, imitation, and policies at the organizational level that promote experimentation generate variation and how changes in internal or external selection criteria may open up opportunities for new practices to be adopted. True to an evolutionary perspective, he notes that the existing social structure is an impediment to change and that change processes are relatively rare and often take a long time to complete. At the population level, Aldrich argues, transformations are time-dependent processes, and diversity at the population level is a result of variations introduced through period, age, and cohort effects.

Chapter 9 explores how new populations emerge and pays special attention to how historical conditions and social processes affect how entrepreneurs construct new organizational forms. In this section, Aldrich insightfully discusses the problems that new entrepreneurs face when starting new populations and the strategies that they can use, such as collective action, to attain sociopolitical and cognitive legitimacy. In chapter 10, he examines how entrepreneurial intentions and access to resources affect organizational foundations and failures. In this section, Aldrich reviews much of the ecological work in this area, including density dependence theory and resource partitioning. He moves to the community level in chapter 11 and discusses the dynamics between organizational populations that characterize organizational communities and how a community's evolution depends on the processes of variation, selection, and retention at the population level. In particular, he stresses how critical it is for emerging communities to attain legitimacy and provides some rich examples of this process, including the development of the Worldwide Web. Finally, in the concluding chapter, he highlights theoretical issues that deserve more attention in future research.

Aldrich emphasizes throughout the book that new organizations and populations are important sources of variation in our society, and understanding how they emerge is therefore important. Thus, while the book examines almost the full range of organizational phenomena, Aldrich gives special attention to entrepreneurial issues. One of the strengths of this book is the rich account he gives of the entrepreneurial process itself. He emphasizes that outcomes of these processes are very uncertain and that many nascent entrepreneurial activities never result in the founding of new organizations. His discussion of the problems that entrepreneurs face in starting new populations is also illuminating. In particular, he shows how collective action can be an important evolutionary force through which organizations and populations can reshape their environments. Throughout the book, he stresses the important role that small organizations play in organizational and population evolution. He argues correctly that almost all organizations and populations start small and that to comprehend existing structures we must first understand the processes that created them.

Another strength of the book is how Aldrich weaves in research from other disciplines and paradigms to support his evolutionary arguments. For example, in a fascinating discussion, he weaves psychological research on cognitive biases

into an evolutionary framework to explain how small initial differences in the distribution of optimism and overconfidence in the general population will be magnified in entrepreneurs and how this affects the founding process. Similarly, he integrates literatures on human resource practices and organizational culture into an evolutionary framework to explain how organizational boundaries develop and communities of practice emerge that serve as retention mechanisms for organizational knowledge and routines. In these discussions and all through the book, Aldrich effortlessly crosses levels of analysis and shows how evolutionary processes at one level affect outcomes at another.

Aldrich's emphasis on emergence seems well placed, particularly in light of exciting new research currently being done on this topic. For example, researchers involved in the Stanford Project on Emerging Companies (SPEC) are investigating how human resource practices, organizational designs, and strategies become established and evolve over time in young high-technology firms in Silicon Valley (e.g., Baron, Hannan, and Burton, 2001). Similarly, at the population level, Polos, Hannan, and Carroll (2001) use formal logic to develop an identity-based definition of organizational forms that can allow researchers to better understand how organizational forms cohere, evolve, and sometimes even fail to emerge (see also, Carroll and Swaminathan, 2000; Ruef, 2000; McKendrick and Carroll, 2001). In short, in focusing on emergence, Aldrich has identified a rich and growing research area, and his book will be a useful resource for those contemplating doing work in this important domain.

Although this is a very interesting and comprehensive book, I do not believe it is as theoretically provocative as Aldrich's 1979 pioneering work. Part of this is due to the fact that, since then, evolutionary thought has become more taken for granted and accepted, a process in which his previous book played an important role. Moreover, because the wide range of research that Aldrich considers has its origins in many different paradigms that employ different methods and investigate substantively different questions, it is sometimes difficult to reconcile them within a single evolutionary framework. Often, it is clear that the authors of much of this work would not view their work as contributing to an evolutionary perspective and, in a few cases, their integration into an evolutionary framework appears forced.

At times, I found myself wishing that Aldrich had been more selective and focused in terms of the research that he considered. Readers who are expecting to find results presented from a cumulative research program and a clearly articulated guide for future research like the one found in Carroll and Hannan's (2000) recent book are likely to be disappointed. Indeed, one of the problems that I had in writing this review is that the topics considered and ideas generated by his synthesis of the literature were so broad-ranging and diverse that they were difficult to summarize concisely. It could be argued, however, that Aldrich trades off defining a specific agenda against seeding the field with a wide variety of interesting ideas. By combining, synthesizing, and reinterpreting research from many different disciplines and paradigms, he

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has supplied a rich source of variation. In effect, by placing research from many disciplines under an evolutionary rubric, this book may stimulate conversations across disciplines and, in the process, attract new adherents to an evolutionary way of thinking. I hope some of the variation generated by these processes will be selected and lead to new and interesting research directions. Thus, in the end, by taking a very eclectic approach, Aldrich has been true to the spirit of his evolutionary framework. Time (and future research) will tell whether the advantages of such a wide-ranging eclectic approach outweigh its disadvantages. Overall, then, this book will make a valuable addition to the libraries of organizational scholars. It should also be a valuable training aid for doctoral students because it will allow them to see how a prominent organizational scholar synthesizes and interprets the diverse research that makes up organizational studies.

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On the Job: Is Long-Term Employment a Thing of the Past?

David Neumark, ed. New York: Russell Sage Foundation, 2000. 527 pp. \$59.95.

On the Job, edited by David Neumark, provides the best available answers to the frequently asked question of whether the restructuring and resizing of American firms has decreased job security and increased the rate of job mobility for American workers. This book is based on a symposium at the Federal Reserve Bank of New York in 1996, at which a number of researchers, using different data sets and different methodologies, presented their findings. The book is divided into three main sections. The first one, "Job Stability," concerns whether the rate of separations for whatever reason from an employer or from self-employment has