

Journal of Management Inquiry

<http://jmi.sagepub.com>

Rejoinder

Stephen R. Barley

Journal of Management Inquiry 2008; 17; 168 originally published online May 29, 2008;
DOI: 10.1177/1056492608319678

The online version of this article can be found at:
<http://jmi.sagepub.com/cgi/content/abstract/17/3/168>

Published by:



<http://www.sagepublications.com>

On behalf of:

Western Academy of Management

Additional services and information for *Journal of Management Inquiry* can be found at:

Email Alerts: <http://jmi.sagepub.com/cgi/alerts>

Subscriptions: <http://jmi.sagepub.com/subscriptions>

Reprints: <http://www.sagepub.com/journalsReprints.nav>

Permissions: <http://www.sagepub.com/journalsPermissions.nav>

Citations <http://jmi.sagepub.com/cgi/content/refs/17/3/168>

Rejoinder

Stephen R. Barley
Stanford University

The articles assembled for the special section on corporations, democracy, and the public good provide a useful starting point for outlining a possible trajectory for future research. Institutional theory can be a solid theoretical foundation, especially when researchers emphasize the role of ideologies and language as well as power and agency. The inner workings of the legal system, and specifically the formation and adjudication of the law, may be a promising arena for empirical work. Finally, meaningful research can be promoted by resisting the temptation to base scholarly work on overly simplistic, unidimensional, and naïve conceptualizations of “democracy” and the “public good.”

Keywords: corporate power; democracy; public good

I have always thought it is an incredible honor for someone to cite, must less build on, my research. Citations are how academics tell each other that somebody's work matters. This is true even when a cite serves only as a prelude to arguing how wrongheaded someone has been. So you can imagine how awed I was that a group of scholars had found the ideas that I sketched in “Corporations, Democracy, and the Public Good” (Barley, 2007) sufficiently important to merit organizing a research symposium on the topic at the 2007 Academy meetings.

When I delivered the lecture in 2006, I hoped I might tweak the intellectual interest, if not the political conscience, of one or two members of the audience. (I also secretly prayed that my talk would not elicit the academic equivalent of tossing eggs and tomatoes.) I did not, however, anticipate the enthusiasm with which many members of the audience seemed to receive the talk or that young scholars such as Ignasi Marti, Dror Etzion, and Bernard Leca would so readily take up the gauntlet I so cavalierly threw at the field. Even less did I foresee that seasoned scholars of Royston Greenwood's, Jerry Davis's, and Doug Schuler's stature would lend their voice and credibility to arguing that corporate power has become a critical issue for democracy in our time. I am exceedingly pleased to stand with such good company.

The article you have read are exactly what I hoped my talk would catalyze. They approach the topic with an empirical, a theoretical, and, most important, a systemic bent. Critical discussions of corporate power too often devolve into political diatribe or, worse yet, into attempts

to levy moral judgment on wrongdoers. The former is the disease of the left, which partially explains why leftist scholarship on organizational power is so frequently ignored, at least in the States. The latter is the typical response of the news media as well as of members of the corporate elite, who are more than willing to sacrifice one or more of their own to the media's feeding frenzy, especially if doing so diverts scrutiny away from systemic issues. Of course, such responses are themselves evidence of a system at work, and it is in the investigation of the systemic where organization studies can make its most important contribution.

Because all of the articles, like my talk, primarily focus on corporations, it is worth noting that providing a full account of the role of organizational power in contemporary societies must be broader than a concern for corporations. To be sure, corporations and their agents are among the most powerful political actors, but other organizations matter as well. I suspect, for instance, that with respect to the structure of political action in an organizationally mediated democracy, labor unions and organized interest groups (say, the American Association of Retired People) are in many ways indistinguishable from corporations. They too are part of the asteroid belt, although they may be less common than corporate asteroids and, at least in the case of unions, less looming than in the past.

I concur wholeheartedly with Greenwood (2008): Institutional analysis seems to offer particularly good leverage for conceptualizing and studying the political power of organizations rigorously and dispassionately.

The paths by which corporations and other organizations exert influence in democracies have become institutionalized. This is precisely the crux of the problem: We have come to take the system for granted. If corporate power were merely a matter of elite conspiracies, we could rely on investigative journalists to ferret out offenders and perhaps even on the electoral and judicial process to correct the problem. Organizational theorists would have little to add. But if a system of organizational representation has become institutionalized, the issue is not how to identify and correct the actions of those who step over the line but rather understanding how the line is defined and sustained by the activities of corporations, their agents, and other organized entities. Institutional theory offers at least three analytic advantages for tackling such a task.

First, as Greenwood underscores, studying corporate power as an institutional problem means beginning with the assumption of a field, a system composed of multiple kinds of organizations bound together by a variety of relationships. When thinking in terms of fields, we are less likely to treat corporations (or other types of organizations) as fully autonomous agents and, hence, less likely to lose sight of how the actions of the powerful depend on and are exerted through relations with other actors. The roster of organizations involved in generating and maintaining corporate political power includes not only professional associations but also trade associations, lobbying firms, think tanks, the news media, government agencies, consulting firms, and even universities.

Second, unlike other approaches to studying systems of organization, institutional theory stands alone in acknowledging the crucial role that ideologies play in creating, maintaining, and changing systems. Logics and languages are important precisely because they are the raw materials for crafting ideologies. Telling the full story of how corporations have come to wield such influence in democracies will require attending to ideologies of business, especially the ideology of finance capital. On this front, Neil Fligstein (1987, 1993) has already made seminal contributions, but much still remains to be said. One crucial issue will be to show how the logic and language—the ideology—of finance has filtered into legislative, administrative, and judicial decision making and what the ideology's effects have been for governance. In fact, I suspect one could profitably approach the production and maintenance of financial ideology as an organizational field in and of itself. The accounting firms that Royston has studied so fruitfully for so many years are surely key players in the organizational field that constructs and disseminates the ideology of finance.

Finally, institutional theory—especially the old institutionalism and newer variants of neoinstitutionalism—highlights the role of agency (for a review, see Barley, 2008). Corporate power gradually emerged and continues to evolve through human action, especially when people act as agents of organizations and interests. Such agency is exerted in multiple arenas, one of the most important of which is law. Law (including administrative rulings) must be understood as a tool for creating, shaping, and changing social systems. Legal processes and establishments are institutions of institutionalization. It is telling that the term *enact*, which many organizational theorists have adopted as a synonym for *agency*, is most commonly used in everyday English to refer to the acts of legislatures and other rule-making bodies. To tackle the topic of the institutionalization of corporation power, students of organizations will need to give the law greater prominence in research than we have previously done. Here too such institutionalists as Lauren Edelman and Mark Suchman have been trail blazers (Edelman, Fuller, & Mara-Drita, 2001; Edelman & Suchman, 1997, 1999).

Although Greenwood's article is primarily conceptual, Etzion and Davis's (2008) article gives us a taste of what is empirically possible. Etzion and Davis realize they have only tapped the surface of what one could do by assembling a longitudinal database on where members of the administration and Congress came from before and went to after serving in the government. That a revolving door exists between government and industry is well known, but the fact that researchers have yet to study patterns of movement systematically gives further testimony to how "off the table" corporate and government relations have been for students of organizations. One should be able to assemble records of the sort that Etzion and Davis have pulled together over quite a number of administrations, if for no other reason than newspapers typically document what such public figures did before and after public office. Etzion and Davis's data raise a number of interesting hypotheses, including the possibility that movement between government and industry has become more common over time. If this were true, we would have evidence of a growing bond between industry and government. Another viable research question is whether joining a corporate board or becoming a corporate executive has become a more prominent career trajectory for politicians who had no corporate involvement prior to entering government.

Schuler (2008) also asks an empirical question: Under what conditions do corporations find it easier or more difficult to convince legislators to pass laws that serve

their interests? Answers to Schuler's question are important because they could instruct us on how to ensure a more open democracy in a society where organizations are prominent and powerful actors. Nevertheless, several of the phenomena Schuler discusses made me wonder whether a standard model of moderator variables can handle the complexity of an institutional system. Two issues, in particular, came to mind.

First, Schuler rightly notes that it is easier for corporate agendas to prevail when voters are apathetic and that apathy is greater when voters are unaware of what is at stake. The news media are for most citizens the primary source of information on public issues and pending legislation. As Paul Starr (2004) noted in his excellent history of newspapers in Britain and the United States, the rise of democracy was tightly tied to a proliferation of relatively local, independently owned newspapers that offered citizens a diversity of opinions. With increasing media consolidation, a small number of corporations have gained control over a substantial share of the market for news. I worry that a consolidated media guided by corporate interests may wittingly or unwittingly act as a filter that keeps important issues from reaching the salience they would have attained under a less consolidated system.

Furthermore, harkening back to Greenwood's concern with logics and ideologies, consolidated media are much better positioned to frame the issues that do reach the public. Although the cybergensia assures us that political blogs and Net movements represent a countervailing force to the consolidation and homogenization of the news, there are reasons for doubt. Not only are most bloggers not investigative journalists, but I would venture that only a small set of voters actively scan blogs for information. In short, although Schuler is certainly right about the importance of issue salience, it may be that the salience of issues has become more constricted in a world where the media are themselves consolidated corporate entities. Fortunately, in the age of digital archives, this question could be put to empirical test.

Second, Schuler also rightly notes that it is easier for corporations (or, for that matter, any interest group) to achieve their legislative agenda if their agenda has bipartisan support. At least in the United States, however, the strength of bipartisan support as a moderator is likely to depend on the balance of power not only in Congress but also among the legislative, administrative, and judicial branches of the government. In recent years, the balance of power within and among the various branches of the U.S. government has been eroded to the benefit of the Republicans and, by extension, in the favor of corporate

interests. It is also well worth remembering that legislation may be less important than administrative rulings and judicial action for obtaining a system favorable to corporate interests. Perrow (2002), Prechel (2000), and Nace (2003) have all shown that the courts were crucial for devising the frameworks that have granted corporations greater legal and political power.

Finally, Schuler's review of recent research in management and organization journals confirms that most research on corporations and the polity concerns itself with how corporations can more effectively get what they want. He notes, however, that economists and political scientists have paid more attention than organizational theorists to the social and public consequences of corporate power. Economists, for example, are concerned with the anticompetitive outcomes of corporate policy. Although this is certainly the case, it is well worth remembering that those hurt by anticompetitive practices are most likely to be competitors, that is, other corporations. Fligstein's (1993) work made abundantly clear that even though calls to regulate monopoly often appeal to consumer welfare (which is equated with lower prices), in reality the strongest proponents of regulatory action have usually been other corporations that were afraid of losing profits or being put out of business. The recent antitrust suits against Microsoft are a case in point.

We come, then, to what may be the most philosophically troubling aspect of the institutionalization of corporate power in a democratic society. When laws are justified by asserting a confluence of corporate and public interest based on images of citizens as consumers or shareholders, the notion of the public good is substantially narrowed. When citizens are reduced to consumers and shareholders and such a reduction rings acceptable to the ear (as it apparently did in the case of the Bankruptcy Abuse Prevention and Consumer Protection Act), polity has been reduced to economy. In such a cultural sleight of hand lies the ultimate institutionalization of power, the type of taken-for-grantedness that Marxists used to call hegemony.

References

- Barley, S. R. (2007). Corporations, democracy, and the public good. *Journal of Management Inquiry*, 16, 201-215.
- Barley, S. R. (2008). Coalface institutionalism. In R. Greenwood, C. Oliver, R. Suddaby, & K. Sahlin-Andersson (Eds.), *Handbook of organizational institutionalism* (pp. 490-515). Thousand Oaks, CA: Sage.
- Edelman, L. B., Fuller, S. R., & Mara-Drita, I. (2001). Diversity rhetoric and the managerialization of law. *American Journal of Sociology*, 106(6), 1589-1641.

- Edelman, L. B., & Suchman, M. C. (1997). The legal environments of organizations. *Annual Review of Sociology*, 23, 479-515.
- Edelman, L. B., & Suchman, M. C. (1999). When the "haves" hold court: Speculations on the organizational internalization of law. *Law and Society Review*, 33, 941-999.
- Etzion, D., & Davis, G. F. (2008). Revolving doors? A network analysis of corporate officers and U.S. government officials. *Journal of Management Inquiry*, 17(3), 157-161.
- Fligstein, N. (1987). The intraorganizational power struggle: Rise of finance personnel to top leadership in large corporations, 1919-1979. *American Sociological Review*, 52, 44-58.
- Fligstein, N. (1993). *The transformation of corporate control*. Cambridge, MA: Harvard University Press.
- Greenwood, R. (2008). Focusing the asteroid belt of organizations. *Journal of Management Inquiry*, 17(3), 152-156.
- Nace, T. (2003). *Gangs of America: The rise of corporate power and the disabling of democracy*. San Francisco: Berrett-Koehler.
- Perrow, C. (2002). *Organizing America: Wealth, power and the origins of corporate capitalism*. Princeton, NJ: Princeton University Press.
- Prechel, H. (2000). *Big business and the state: Historical transitions and corporate transformation, 1880s-1990s*. Albany: State University of New York Press.
- Schuler, D. A. (2008). Peering in from corporate political activity. *Journal of Management Inquiry*, 17(3), 162-167.
- Starr, P. (2004). *The creation of the media: Political origins of modern communications*. New York: Basic Books.

Stephen R. Barley is the Charles M. Pigott Professor of Management Science and Engineering, the co-director of the Center for Work, Technology and Organization at Stanford's School of Engineering, and the co-director of the Stanford/General Motors Collaborative Research Laboratory. He holds a PhD in organization studies from the Massachusetts Institute of Technology. He was editor of *Administrative Science Quarterly* from 1993 to 1997 and the founding editor of *Stanford Social Innovation Review* from 2002 to 2004. He has served on the editorial boards of *Academy of Management Journal*, *Journal of Management Studies*, and *Organization Science*. He has been the recipient the Academy of Management's New Concept Award. He has written extensively on the impact of new technologies on work and the organization of technical work and organizational culture and has served as a consultant to organizations in a variety of industries including publishing, banking, computers, electronics, and aerospace.