

INSTITUTIONAL LOGICS, EXTENDED RATIONALITY, AND THE EFFECTS OF
MILITARY BACKGROUND OF BUSINESS LEADERS

by

Yi Han

A Dissertation Submitted to the Faculty of the

DEPARTMENT OF SOCIOLOGY

In Partial Fulfillment of the Requirements
For the Degree of

DOCTOR OF PHILOSOPHY

In the Graduate College

THE UNIVERSITY OF ARIZONA

2008

THE UNIVERSITY OF ARIZONA
GRADUATE COLLEGE

As members of the Dissertation Committee, we certify that we have read the dissertation prepared by Yi Han

entitled Institutional Logics, Extended Rationality, and the Effects of Military Background of Business Leaders

and recommend that it be accepted as fulfilling the dissertation requirement for the Degree of Doctor of Philosophy

_____ Data: October 27, 2008
Albert Bergesen

_____ Data: October 27, 2008
Joseph Galaskiewicz

_____ Data: October 27, 2008
Ronald Breiger

Final approval and acceptance of this dissertation is contingent upon the candidate's submission of the final copies of the dissertation to the Graduate College

I hereby certify that I have read this dissertation prepared under my direction and recommend that it be accepted as fulfilling the dissertation requirement.

_____ Data: October 27, 2008
Dissertation Director: Albert Bergesen

STATEMENT BY AUTHOR

This dissertation has been submitted in partial fulfillment of requirement for an advanced degree at the University of Arizona and is deposited in the University Library to be made available to borrowers under rules of the Library.

Brief quotations from this dissertation are allowable without special permission, provided that accurate acknowledgement of source is made. Requests for permission for extended quotation from or reproduction of this manuscript in whole or in part may be granted by the head of the major department or the Dean of the Graduate College when in his or her judgment the proposed use of the material is in the interests of scholarship. In all other instances, however, permission must be obtained from the author.

SIGNED: Yi Han

ACKNOWLEDGEMENTS

I am grateful to the members of my dissertation committee for their advice on this research and other studies. Thanks to Ron Breiger for teaching me theory, network and cultural analysis. Thanks to Joe Galaskiewicz for teaching almost everything I know about the sociology of organizations. Thanks to Al Bergesen for teaching me the crafts of sociology. Other professors in the department have been inspiring in my research too. I feel thankful to Erin Leahey, Jeff Sallaz, and especially to Charles Ragin for teaching me QCA and helping with this dissertation. And thanks to Patricia Thornton at Duke University for helping me with emails.

Conversations with many graduate students in the department have been both helpful and delightful: thanks to Omar Lizardo, Jeff Larson, Samantha Kwan, Scott Savage, Joy Inouye, Matt Greens, Brayden King, Alexander Ibsen, and many other graduates.

Thanks to researchers of Leadership Initiative Program at Harvard Business School for providing their database. A small grant from the University of Arizona's Social and Behavioral Sciences Research Institute was also helpful.

Special thanks to my family, to my wife Wang Li for everything.

This dissertation is dedicated to my parents, in grateful memory.

TABLE OF CONTENTS

LIST OF FIGURES.....	7
LIST OF TABLES.....	7
ABSTRACT.....	8
CHAPTER 1: INTRODUCTION: TOWARDS A SOCIOLOGY OF LEADERSHIP...10	
Psychological Studies of Leadership.....	12
Economic and Business Theories of Leadership.....	19
Classical Sociological Theories of Leadership.....	24
System Theory.....	32
Field Theory.....	38
Institutional Theory.....	44
The Importance of Social Background.....	50
A Sociology of Leadership.....	54
Summary of Chapter One.....	59
CHAPTER 2: BUSINESS AND THE MILITARY.....62	
Institutions and Environment.....	64
Military Profession and the Organization of Military.....	69
Personal Network: Elites and Power.....	77
Organizational Network: Military Industrial Complex.....	81
Military Cultural Logics and Business.....	88
Summary of Chapter Two.....	99
CHAPTER 3: THE COMPETITION OF INSTITUTIONAL LOGICS: RISE OF MILITARY PERSONNEL TO GREAT BUSINESS LEADERSHIP.....103	
Introduction.....	103
Research Background.....	107
Data.....	118
Hypotheses.....	121
Methods.....	126
Results.....	130
Discussion.....	136
CHAPTER 4: THE EFFECTS OF MILITARY BACKGROUND ON BUSINESS.....150	
Introduction.....	150
Research Background.....	154
Data.....	162
Hypotheses.....	164
Methods.....	167
Results.....	172
Discussion.....	174

TABLE OF CONTENTS—*Continued*

CHAPTER 5: CONCLUSION: INSTITUTIONAL LEADERSHIP AND EXTENDED RATIONALITY	185
Summary of Theories and Findings.....	186
Theoretical Implications.....	191
Empirical Implications.....	202
Limitations to Study.....	204
Suggestions for Future Research.....	205
 APPENDIX A: Correlation of Variables Used in Chapter Three	 209
APPENDIX B: Correlation of Variables Used in Chapter Four.....	211
APPENDIX C: Truth Table for Data on Profitability in fsQCA Analysis.....	212
 REFERENCES.....	 213

LIST OF FIGURES

Figure 1.1 A System Model of Organization.....	60
Figure 1.2 Overlapping Fields of Capitals (Adopted from Bourdieu, 1993, p.38).....	60
Figure 1.3 Relations of Institutions as Sources for Leadership.....	61
Figure 2.1 A Model for Relationship between Military and Business.....	102
Figure 3.1 Proportion of Social Background of Business Leaders over Decades.....	141
Figure 3.2 Correspondence Analysis Graph for Military and Industry.....	142
Figure 4.1 Comparison of Profitability of Companies without Ex-military Leaders and with Ex-military Leaders (1950-2000).....	179

LIST OF TABLES

Table 2.1 Institutional Logics of Capitalist Society and their Relations.....	101
Table 3.1 Basic Statistics of Variables.....	143
Table 3.2 Social Background Origin of CEOs at Each Decade.....	144
Table 3.3 Results of Logit Models Predicting a CEO with military Social Background.....	145
Table 3.4 Results of Logit Models Predicting Being Associated with Rational Years.....	146
Table 3.5 Cross-tabulation of Militaries by Industries.....	147
Table 3.6 Results of OLS Models Predicting Years towards CEO and Years in CEO.....	148
Table 3.7 Results of OLS Models Predicting Age at First CEO Position.....	149
Table 4.1 Basic Statistics of Variables Used.....	180
Table 4.2 Results of HLM Models Predicting Net Sales and Operating Income.....	181
Table 4.3 Results of HLM Models Predicting Profitability (Log).....	182
Table 4.4 Results of HLM Models Predicting Profitability with Military Years and Ranks.....	183
Table 4.5 Results of HLM Models Predicting Number of Employees and Total Assets.....	184
Table 5.1 Theories and Models of Decision-Making.....	208

ABSTRACT

This is a theoretical and empirical study of leadership. Although sociologists have contributed important theories and research on authority and power, there is not yet a developed leadership theory in sociology. On the other hand, leadership studies in other disciplines are not satisfying, and they will not be satisfying in the foreseeable future if they adhere to their basic theoretical orientations, e.g. focusing on leadership personal traits and characteristics. I elaborate the important sociological theories that can be used in the study of leadership. I also intend to link sociological theories of leadership to social background analysis. The social backgrounds considered are family status, education, religion, military service, and more. Particular attention is paid to military background and its impact on business, because military has always been such an important social phenomenon but the theories of it have been controversial.

The study of leadership inevitably involves both individuals and their groups. With evidence obtained from different data sources on leaders and on business organizations, I studied the impact of military social background of business leaders. This research unpacks the rise of business leaders with military experience in the late 20th century, using a database on the 20th century Great American Business Leaders. This research also measures the organizational performance of these leaders, incorporating information from Standard & Poor's Compustat database. Statistical techniques like logistic regressions and hierarchical linear models are used in the analysis to test various effects on personal and organizational performance. I found that military experience does not help a business leader in aspects like time taken to become a CEO and time to be a

CEO, but it does help organizational performance as measured by profitability. Both rank and number of years in the military contribute to profitability. I also found that ex-military business leaders differ from non-military business leaders in certain organizational behaviors, e.g. they are less likely to downsize the organizations.

The theory of institutional logics and social background analysis were combined in this study. I also attempted to link institutional logics with theories of rationality. From the idea of institutional leadership and inter-institutional relationship, I suggested a theory of extended rationality.

CHAPTER 1: INTRODUCTION: TOWARDS A SOCIOLOGY OF LEADERSHIP

The essence of man is no abstraction inherent in each single individual. In reality, it is the ensemble of the social relations.

Karl Marx, *Theses on Feuerbach*

This chapter is to develop a theory of leadership. The study of leadership has been dominated by psychological orientations. This paper is not to build on extant psychological tradition, which of course has its own merits. Rather, I advocate here a sociological understanding of leadership. It is not surprising to see that the subject matters of sociology and of psychology often overlap; however, they take different paths. Sociology differs from psychology in many aspects; notably it starts with social structure but also takes mental structure into consideration. Psychology, especially social psychology, also is concerned with social structure, but its focus is on mental structure. Both approaches are important in promoting understanding of social phenomena, but in the particular subject matter of leadership, the sociological approach is less developed compared with the psychological one. In the following paragraphs, I briefly review the important theories of leadership in psychology and its related fields, like trait theory, situational leadership theory, and human relations theory. I also point out some missing links in psychological theories in the study of leadership.

Not to be misleading, economic and business theories also contributed to the understanding of leadership, other than psychology and sociology. I briefly discuss Peter

Schumpeter's theory of entrepreneurship, Henry Mintzberg's study on business managers, and agent theory in the study of business organizations. I also point out that economic and business theories fail to give a comprehensive picture of leadership, because leaders in the practical world greatly differ from the economic man model.

From failures of the Great Man and of the economic man rises the sociological perspective of leadership, leadership with values and creativities. There have been a number of insightful thoughts in sociology about the importance of leadership, specifically from important researchers as Max Weber, Philip Selznick, James Thompson, George Homans, and Pierre Bourdieu. They are all concerned with social structures, either in the form of social classifications, institutions, social environments, social exchanges, and fields. Parsons did not explicitly mention leadership, but his theory of social system inspired a social psychology of organizations in general, and of leadership in particular, i.e. Katz and Kahn's classical work in social psychology of organizations. Thus Parsons's notion of systems is also discussed below to contribute to the understanding of social structures, and consequently of leadership in social worlds.

I suggest that a sociological approach can contribute to the understanding of leadership by taking social structures into consideration. The sociological approach can help us to understand the formation as well as the dynamics of leadership. Since the sociological approach always gives priority to social structure, the key to understanding leadership is to understand social structure. Sociologists, as mentioned above, use words like system, institution, field, and so on to refer to their understanding of social structure. I suggest that there is merit in a common-sense understanding of leadership, which is the

importance of social background. Social background is used widely by sociologists in their research, and it can be used in a sociological study of leadership too.

The different terms for social structure used in sociology are to avoid reducing social structure and its agents into independent physical beings. The common uses of social background in daily and official lives suggest that it has such merit too. One more merit is that it reduces theoretical complexity, thus making it easy for a sociology of leadership to reach a broader audience without too much danger of dissolving sociology into common sense. The best known example is Weber's study on protestant ethic and the spirit of capitalism, which is concerned with the relationship of two different social fields, and with social background (i.e. religious background). Other notable examples discussed in this chapter are Robert Merton's study of science, technology, and society in 17th century England and Morris Janowitz's study on the professional soldiers.

The fashion of society changes over time, so does its favor or disfavor of social categories or social backgrounds. Does social background of leadership matter? When does social background matter? I end this chapter with some statements on effects of social background that will be used for drawing testable hypotheses in Chapters three and four.

Psychological Studies of Leadership

As mentioned above, psychologists have been playing important roles in the study of leadership. Before we talk about leadership studies, we must define leadership. It is not an easy term to define. As Cecil Gibb pointed out (1954, p.877), roughly before the 20th

century, the Library of Congress had no book on leadership. Psychologists made a great contribution by offering a comprehensive view of leadership: Attempts to define leadership in psychology go back to the earlier half of the last century, when Mapheus Smith classified the three most typical usages of leadership.

1. The leaders as those whose *attainments*, in terms of a set of goals, are considered 'high'.
 2. The leaders as those whose *status* is recognized as superior to others engaged in the same activities.
 3. The leaders as those who emit *stimuli* that are 'responded to integratively by other people'.
- (1935-1936, p.348; cited from Alvin Gouldner ed. 1950. *Studies in Leadership*, p.15)

Gibb offered a similar description of leadership, even though he, like Smith, was talking about leaders, not exactly leadership (Gibb, 1954, pp880-884). Daniel Katz and Robert Kahn summarized that "Leadership appears in social science literature with three major meanings: as the attribute of a position, as the characteristic of a person, and as a category of behavior" (1966, p.301). Overall, leadership in academic research can refer to higher positions and superior skills, and those two do not have to be combined together to create leadership.

Psychologists have been interested in micro or individual level organizational behavior; in studies of leadership, they are interested in leadership behavior. To understand leadership behavior, psychologists resort to understanding the personality, since they have drawn a casual relationship between personality and behavior, where personality determines behavior. Personality, on the other hand, is influenced by cultural

role and social status (Knowles and Saxberg, 1971, p.48). The studies of the relationship between culture/society and personality and between personality and behavior are not always symmetrical in psychology, i.e., earlier psychologists tend to think of the former as nonlinear and the latter as linear, and their research focus is on the later relationship. Consequently, their concept of personality resembles that of a robot, not of a human. Henry Knowles and Borje Saxberg cited Rollo May, saying that “If we are to study and understand man, we need a human model” (p. 58). The human model they advocated is the pilot concept of personality. Built on popular Freudian theory and existential philosophy at their time, they expected managers to be mobilized by synergy in an open adaptive organizational society.

Similar to the relationship between personality and leadership behavior, psychologists also link qualities/traits of leaders and their behaviors, which is called the trait theory of leadership. Often times they were looking for characteristics or traits of successful leaders. Various traits were studied, from physical factors like height, weight, appearance to intelligence and emotion factors (Gibb, 1954, pp.884-889). To list all the traits seems an impossible yet attractive task. There are still a lot of popular writings on leadership that were influenced by a psychological orientation that seeks special or charismatic qualities of leadership. For example, a survey on popular leadership books found that about one-third of these books focused on the traits and competencies of leadership (Messick and Kramer, 2005, p.21). People find reasons for talking about the characteristics of leaders; first, successful leaders have been critical in bringing innovations, making changes, and taking strategies; second, it is almost self evident that

there is a strong relationship between merits, virtues and successes of people and their enterprises. On the other hand, psychologists try to reduce all these traits people talk about into manageable categories. The simplest categories are always a dichotomy, like Extraversion-Introversion personality made popular by Carl Jung (1921). In this oversimplified classification, leadership behavior, of course, is linked to extraversion personality. Some researchers have built on Jung's classification and added more categories (Eysenck, 1991), while others recognized that not all traits are equally important in shaping an individual's behaviors (Allport, 1961). For example, there are cardinal trait, central trait, and secondary trait. According to Gordon Allport, it is rare to find a cardinal trait in common people because they lack self-dominance in their lives; central trait is a general characteristic of an individual that shapes most of an individual's behaviors but does not work on people as powerfully as the cardinal trait; secondary trait is a characteristic that can only be seen in certain circumstances. Because psychologists as well as people in daily life believe that traits can be trained, their theory influenced professional training classrooms (Cromwell and Kolb, 2004) and even the military (Stephen Robbins et al., 2007).

As Allport's trait theory suggest, some traits (secondary) can serve as a toolkit. They only influence behavior in certain circumstances. The consideration of circumstances and situations rather than just traits leads to another psychological theory of leadership: situational leadership theory. In general, this theory states that a good leader is one who can change leadership styles according to different situations. In particular, this theory refers to Paul Hersey's writing on situational leadership (1985), his

basic statement that leadership styles of leaders should respond to the development levels of followers. The various combinations of competence and commitment determine the development levels of followers. In other words, competence and commitment of followers create situations for leaders (Hersey et al. 2008). Of course, his view of situation is quite narrow if we take into consideration theories prior or parallel to Hersey's. For example, Stouffer et al. (1949) found that in the military setting, officers and privates react differently to authority, leadership, and specific leadership practices (p.408). Leaders and followers rate situations differently. Furthermore, there are leaders of leaders, which can also be a situational concern for the leaders to make decisions. Earlier before Hersey et al.'s research, Vroom and Yetton (1973) developed a multidimensional measure of situational variables, which influences the nature of the problem, requirements for accuracy, acceptance of an initiative, time-constraints, cost constraints, etc.. There is an almost unlimited number of traits (as new books on leadership traits still keep coming to book shelves), as well as of situations. Again, the simplest classification would be a dichotomy, like stable/unstable times, certain/uncertain environments. The realization of followers in studying leadership is a meaningful advancement.

If it had not been given a name, human relations theory could be considered as a situational theory (of leadership) too. Through Hawthorne experiments, Mayo et al. tested the effects of work environments on the performance of workers. They found that a worker's realization of human attentions, arguably from supervisors and leaders, played an important role in determining his or her performance (Homans, 1941; Mayo, 1949).

Their findings, although are not free of criticism, suggested that the relationship between capitalist leaders and workers is very important, and the relationship can be improved.

The human relationship school of theory helps to dissolve the expansive boundary between leaders and followers. When Douglas McGregor (1960) developed his human relations theory into humanistic management, the boundary between leaders and workers was further broken down. Employees who are ambitious, self-motivated responsible, autonomous, and empowered are employees of leadership traits; actually, they become leaders—not in the sense that they occupy higher positions, but in that they exercised leading skills. In a transformation from employment to leadership, the workers make a psychological change from control to commitment (Walton, 1985; Rubinstein, 2002). Commitment is yet another trait of leadership.

The studies of relationships between personality traits, social situations, and leadership behavior have also been inspired by Max Weber's famous classification of authority (Weber, 1905; 1947): that of traditional, charismatic, and legal authorities. Lewin et al. (1939) further classified leadership into autocratic, democratic, and laissez-faire types; Fiedler (1967) talked about people-oriented and task oriented leaders; and there are transformational leaders (Burns, 1978) and environmental leaders (Carmazzi, 2005). Psychological theories of leadership we reviewed here all deal with categories: for many leadership traits people observed, psychologists tend to reduce all these traits into fewer categories, either through substantial (e.g. Jung) or through statistical (Eysenck, 1991) methods like factor analysis, for instance. On the other hand, built on Weber's concise classification of leadership/authority, psychologists tend to expand it to more

categories. Either through reducing categories of traits or expanding categories of leadership styles, psychological research has enhanced our understanding of leadership. However, questions still remain about leadership. For example, where do traits come from? Social psychologists can claim that leadership traits are from socialization within groups. But that does not free psychologists from the charge of being unsymmetrical in their research: on the one hand, they built models to explain the link between leadership traits and leadership behaviors; on the other hand, their model on the link between traits and culture/society is not convincing and thus leaves missing links in the explanations.

There are other criticisms of psychological theory of leadership, of course; for example, Mayo et al.'s claims that physical conditions mattered less than the social environment in Hawthorne-experiments work sites. Mayo et al. were criticized as not only for downplaying the importance of material conditions, but also for being biased (Bramel and Friend, 1981). I consider most of these academic criticisms to be constructive. But I also recognize the value of the original research. Mayo et al.'s research does not necessarily rule out the material conditions for workers. Rather, if we take a contingent view, the material factors were not as important just for that period of time they studied, and in that particular factory setting. They were critical in the development of psychological theory of management and leadership by taking into consideration environmental facts, both material and non-material. And their theory can serve as good correction of blanks left by trait theory. In the current research, I am particularly interested in criticizing trait theory, because it focuses too much on mental structures and leaves out the deeper reasons for the development of leadership. For

example, it fails to answer the question of where the leadership traits many psychologists talked about come from. One more dissatisfaction with the psychological theory of leadership is the doubt concerning whether it is productive to add more categories to Weber's classification of leadership, without thinking about their social origins.

Economic and Business Theories of Leadership

A survey of books on leadership shows that business students and organizational (and social) psychologists have much to do with the increase in understanding of leadership (Messick and Kramer, 2005, pp.11-53). In economics and the business world, the image of a leader is mixed with that of entrepreneurs and managers. Some business writers have tried to give clearer definitions of these words. They suggest the word entrepreneurs for innovators, managers for stabilizers, and leaders for those who change organizations and their environments (Mayo and Nohria, 2005). Business economists also use the word leadership in psychological sense: it can refer to the ability to accomplish goals and to organize people; people sometimes consider someone who made successful changes as a leader, while one who failed to function as not a leader, even if one had been appointed to the highest position in an organization. In an open and democratic environment, it is better to talk about leadership skills of individuals than to emphasize the importance of leadership position, given that individuals can compete for and occupy the positions. However, for research purposes, it is better to use the word leadership in its broadest sense. A leader can be an entrepreneur or a manager, or both. The term can also refer to someone who failed to function in a leadership position; a

leader who did not take strategies and make changes may be an unsuccessful leader, but he or she is still a leader—in this way we can compare leaders of various kinds and compare their effectiveness of leadership.

Ever since Joseph Schumpeter's seminal writing on entrepreneurship, entrepreneurs have been thought of as individuals with special qualities. As a person who likes innovations and who is capable of bringing innovations, an entrepreneur is

more self-centered than other types [presumably traditional managers], because he relies less than they do on traditions and connection and because his characteristic task—theoretically as well as historically—consists precisely in breaking up old, and creating new, tradition (Schumpeter, 1961).

In his later writing, Schumpeter further describes the function of entrepreneurs as

to reform or revolutionize the pattern of production by exploiting an invention, or more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on (Schumpeter, 1950).

Schumpeter thinks that entrepreneurs are rare in human populations, as most people tend not to face the risks and possibilities of innovations. Schumpeter's idea of entrepreneurship combines a rational choice man assumed by classical economists and a deviant person defined by psychologists and some sociologists (Coser, 1990). Although Schumpeter talked about innovation in general, including both institutional and technical

innovation, his theory was later applied extensively in understanding the important role of technology and technical innovation led by extraordinary entrepreneurs.

Agency theory of economics deals with leadership of managers of companies, and their relationship with boards of companies. Managers are agents who are delegated decision-makers in productions, distributions, and transactions. This theory, like classical economic theory, also assumes rational behavior of various parties or individuals. Due to bounded rationality (of boards) and opportunistic tendencies (of managers), it is common to see managers fail to achieve goals set by boards of companies, and the problems of agency is critical to be addressed in economics theory. However, agency theory, like other economic theories, although it concerns structures and strategies of administration of business, still contributes less to the understanding of the dynamics of leadership, compared with psychological theories.

Mintzberg reviewed different views of the manager's job decades ago (Mintzberg, 1973). He listed Schumpeter's model as one of these views, which emphasizes risk bearing and innovations. Other schools deal with work activities, decision-making, characteristics of managers, and power-relations within organizations. In another study, he wrote about the planned work activities of managers as folklores, rather than as matters of fact. He categorized the studies of Chester Barnard (1938) and of Carnegie School (Simon, 1947; March, 1958; Cyert and March, 1963) as being in the decision-making school of leadership; their research, according to Mintzberg, concerned unprogrammed activities of managers and developed economics by introducing the famous concept: bounded rationality. The views that deal with characteristics of

managers include entrepreneurship school in economics and the great man school in psychology. People find influences of these two schools from popular magazines like *Fortune* and *Forbes*, and from books on business, military, and political leaders. Marked often as case studies, these publications describe the greatness of leaders by taking the extraordinary characteristics of leadership, e.g. innovative, persistent, respectful, proactive/reactive, organized, communicative, and resourceful. These leaders often dealt with and survived crisis times. Interesting as they are, they are talking about occasions that are far away from the realities of most managers; also, they are not suitable for building general theory, according to Mintzberg.

Mintzberg was famous for his criticism of MBA education (Mintzberg, 2004). MBA education in a lot of schools is devoted to training the future business leaders. However, there have been some skepticisms about it, especially in the recent years. One reason for Mintzberg's criticism is that he always looks at the real practices of business leaders/managers. Through his professional experiences, Mintzberg found that previous experience or social background of business students matters in their success in positions; on the other hand, the effect of classroom business education is minimal, controlling for other effects. Mintzberg thinks that practices of business leaders give them facts of managerial work, not folklores held in common belief, including beliefs of business students. Although his ideas have been interpreted as quite radical in the business world, Mintzberg does not intend to destroy business education; he wants to reform it by combining business education with practices from the real world—these are not just case studies done by business professors, but real experiences and facts of business practices.

In other words, Mintzberg realizes that education in business might not work alone, if it works in a certain degree, which he thinks it does. It has to be combined with other previous business experiences. Mintzberg found his supporter among business scholars (Pfeffer Jeffrey and Fong, 2002; Ghoshal, 2005). These business professors emphasize either the importance of practices (Mintzberg and Ghoshal) or organizational phenomena (as sources of new and influential organizational theory, e.g. Pfeffer, 1997).

Schumpeter's model of entrepreneurship about risk taking and innovating cannot be explained by the rational man model. If man is to maximize profits and minimize costs, being risky and unstable would be the least strategies to take. Mintzberg realized the complexity of managers in the real world. He, along with other researchers in business, does not think it is enough to train a rational man or woman in the classroom; business practices give students a real flavor of managerial world. It is a world with social costs besides economic costs (Coase, 1960); it is also a world of embeddedness (Granovetter, 1985), and much more. Mintzberg resorts to practice and real experiences to find the remedy for the rational man. Practices and experiences can familiarize students with the real world that is different from the market place in textbooks. Mintzberg only emphasizes the practices and experiences from the business world, because they give students hands-on skills and tacit knowledge. But a question remains: in an embedded world—not only economic actions embedded in social structure, but also social actions embedded in economic structure—do practices and experiences from a social background other than business also contribute to a more accurate description of human behavior (of course including leadership behavior)?

Classical Sociological Theories of Leadership

Contemporary industrial societies are called “organizational societies” (Perrow, 1981). The sheer number of organizations can give us a sense of the importance of studying organizations; if we think about the number of leadership of these organizations, we might also conclude that leadership of organizations is a phenomenon that worthwhile to investigate. Leadership has been an important topic in organizational studies for decades. A review of academic history found that the field of organizational studies has been in a close relationship with the sociology of organizations (Scott, 2004). But it is rare to find an explicit chapter in textbooks of organizational sociology that is devoted to leadership. Early writings of organizational sociologists tended to downplay the importance of leadership (e.g. Perrow, 1986). Sociologists are well informed of Weber’s classification of authorities, which is also a classification of leadership types. However, sociologists seem to accept Weber’s idea that western societies are moving from traditional and charismatic leadership to legal-rational leadership.

Sociology concerns patterns of human relations and social structures within societies, both on macro and micro levels. Although less study on leadership has been from organizational sociologists, the ideas from sociologists have been borrowed by researchers in other subfields of organizational studies. Sociologists contribute to the understanding of leadership not only by providing a schema for classification of authorities (i.e. Weber’s classification), but also by measuring various variables for constructing leadership, like legitimacy, environment, institution, and so on. The

fundamental difference between the sociological perspective and perspectives from other disciplines, especially from psychology and from business economics mentioned above, is that sociologists are always considering social structure in understanding the formation and dynamics of leadership. The key is, of course, how to understand social structure.

Every classical sociologist has something to say about social structure. Karl Marx's thought on the relationship between economic base and superstructure, for example, was an attempt to understand society and structures with social classes (Marx, 1859; Williams, 1973). Although he intended to be scientific and objective, the political tone in his theory of changes of social structure always led his follower sociologists to negative feelings about power in capitalism society—they have good reasons for being negative to power, because the powerful, elites, and leaders in capitalist society and indeed in every human society were responsible for so many injustices, inequalities, and unfair treatment of the powerless. This political and ideological tend in Marx's theory also prevented him from developing a more comprehensive theory on leadership. Emile Durkheim talked about social classification, ritual, and collective consciousness (1965; 1967; 1997), which are actually social structures too. His theory might be used by leaders to promote organic solidarity in modern societies and organizations, Durkheim himself did not develop it to a theory of leadership, or of the powerful, but his theory is still inspiring in understanding the functions of leadership—Pierre Bourdieu proved this point very well, which I will discuss later in this chapter. Georg Simmel is famous for his analysis of social forms (Coser, 1971) conflicts and groups (Simmel, 1964). Social forms are categories we use to refer to kinds of people, like strangers and intellectuals. His

thoughts are helpful in understanding the structures of modern societies too. But, like Durkheim's, they do not directly link to a theory of leadership. If a sociology of leadership is also a social structure of leadership (in contrast to superior traits of leadership and superior calculability of leadership), those classical sociological thoughts on social structures are promising in developing sociological theory of leadership. Most of sociological research I discuss in the following takes a comprehensive perspective by linking their own originalities with classical sociological theories. The classical sociologist who was the most influential to the study of leadership in organizations is Max Weber.

Much of research on leadership in organizational studies and in organizational sociology can be traced back to Weber's works. Weber's classification of authorities into traditional, charismatic, and legal-rational, as I mentioned above, has been studied and expanded by some psychologists. Weber also classifies social actions into traditional, emotional, value-oriented, and rational. Each social action corresponds to one type of authorities: traditional social action to traditional authority, emotional social action to charismatic authority, and rational social actions to legal-rational authority; except for value-oriented social action, Weber did not specify an authority type for it. There were scholars who looked to Weber's missing type of value-rational authority to build a model of collectivist organizations, as opposed to bureaucratic organizations (Handel, 2003). According to Weber, western societies are moving from traditional, emotional, and value-oriented to rational ones, which is a process of rationalization. Rationality often is referred to as technical rationality that emphasizes only economic efficiency. There are

other types of rationalities; for example, Weber talks about value-rational social action. There are rational elements in traditional and emotional social actions too; however these rational elements are different from technical rationality. Taking-for-grantedness can be viewed as a kind of rationality, at least in some situations, and it is different in many aspects from technical rationality that is based on efficiency.

Weber discussed authorities at the societal level; he also saw that different authorities resided in organizations too. Traditional organizations, represented by kingdom states, catholic churches, and armies, were guided by traditional and charismatic authorities; while modern organizations, represented by secular states, factories, and schools, were uided often by legal-rational authorities. Weber gave a name to this new type of modern organization: bureaucracy (1946). Traditional organizations are pressured to be transformed more and more towards bureaucracy and join with modern ones. Weber's typology of authorities cannot be regarded as in the same camp with psychologists' studies on personalities and characteristics of leadership, because Weber discussed different authorities in social contexts. To Weber, organizational authorities are related to social statuses and social positions, not specific persons or personalities. The ethos of societies in different historical periods determines the dominant type of authorities, not psychological forces.

In Weber's writings, there are other types of social structures, but bureaucratic structure of organizations becomes more and more dominant in western and industrialized societies. Consequently, the leadership type in modern organizations becomes dominated by a bureaucratic type of leaders. Traditional and charismatic types

of leaders still exist, but they seem to be decreasing in numbers according to Weber's statement. To understand the leadership in bureaucratic organizations, I briefly review Weber's idea of bureaucracy and how later sociologists developed Weber's thought.

According to Weber (1946), bureaucracy refers to a particular type of administrative structure, developed in association with the rational-legal mode of authority. Its characteristics have been summarized as: 1. fixed division of labor among participants; 2. hierarchy of offices; 3. set of general rules that govern performance; 4. separation of personal from official property and rights; 5. selection of personnel on the basis of technical qualification; 6. and employment viewed as a career by participants. The authority related to bureaucratic organizations is called bureaucratic authority, legal authority, or rational authority, in Weber's works, these words share the same meaning. Bureaucracy is an ideal-type. This ideal type of organization neglects the dynamics of organizations and of leadership. For example, if people found the ideal type of bureaucracies in the real world, then everything could be planned according to these six principles and there would be no need for leadership, or leadership would be reduced to just a symbol for a position. In reality, there are variations of bureaucratic structures of organizations, as revealed by some sociologists.

Robert Michels (translated 1999), through his study of European socialist trade unions and political parties, proposed an "iron law of oligarchy." He helped to provide examples and thoughts on how bureaucracies become inevitable as the size and complexity of organizations increase. Officials were selected to delegate the groups and they became more and more specialized and professionalized. The power accumulated

asymmetrically, with leaders becoming the dominant power in organizations. Collective decision making became a myth and a ritual. Michels's book *Political Parties* (1999), as the title suggested, focused on organizational phenomena within political organizations, although these elites who took power might come from a different social background, e.g. working class and intellectuals. Nevertheless, his theory has been generalized to other types of organizations and other settings of organizations (in communist and in capitalist societies, for example). Another sociologist, Reinhard Bendix, also investigated the process of bureaucratization, but it is of industrial organizations and in industrial nations (1956). He studied how the entrepreneurial class reacted to work forces in different societies. He reached a similar conclusion as Michels, that is, the behavior of elites or capitalists are more important than that of working class. However, although a few elites are important in shaping worker and employer relationships, they face different social and organizational environments. For example, in the United States, managerial ideologies exist in large scale economic enterprises, and leaders of business form an autonomous class; whereas in Russia, in the time Bendix conducted his research, business leaders were subordinated to state control, and managerial ideologies only existed in inception of industry. However, business elites groups in both nations were doing fine at that time, largely because of bureaucratization of the economic enterprises.

Stinchcombe's study on "Bureaucratic and Craft Administration of Production" (1959) can be viewed as an important development of Weber's theory of bureaucracy. He found that, on the craft production site like mass construction, there lacks hierarchy of authority and written records and communications. Thus, craft administration stands out

as something different from bureaucratic administration. It seems that Stinchcombe looked at only a portion of work sites within organizations—back to administrative and planning offices, not just on construction sites, there can be a huge bureaucratic structure, even for the construction industry. But Stinchcombe's research is critical in challenging the dominance of bureaucracy and bureaucratic views. Borrowing wisdom both from Weber and from Stinchcombe, we may find that, in reality, bureaucratic and craft administration can exist in the same organization; for example, military is always considered as a good example for bureaucracy (Henslin, 2007), with its hierarchical structure and division of tasks. However, the military troops are different in peace time and in war time. In peace time, we may consider it as a big piece of bureaucracy that emphasizes its own rationality; but in a war time, especially on the battle field, the characteristics of craft administration emerge—it is when written records and hierarchy become less important, or even disappear. One does not have to be in the military to understand this point: military texts often reveal that military organization and its behaviors are not based on bureaucratic principles, but on principles of craft administration, and of art (see Sun Tzu, 2007; Clausewitz, 2007). Stinchcombe thinks that there are bureaucratic administrations, and there are craft administrations too. Both types are rational administrations. The meaning of rationality is not only defined by bureaucratic administration.

Many sociologists, including contemporary ones, are still influenced by Weber's classical statement on the rationalization of society. They mourn for the irrationality of overdosed rationality in modern society and they see negative sides of bureaucratic

leadership (e.g., Ritzer, 2000). Their research on negative sides of rationality and rational leaders revealed some truth in modern society. They also suffer for being one-sided.

While Stinchcombe discovered craft administration or leadership, psychologists studied much of charismatic leadership, as mentioned above, including trait theory which concerns with all the characteristics of successful leaders. While some sociologists view charismatic leaders as an outdated fashion, as suggested by Weber, psychologists embraced the version of charismatic leaders. The leaders these researchers studied were mostly extraordinary, so their characteristics seem so extraordinary too. The findings of Stinchcombe and trait theorists are based on evidences from western industrialized world, suggesting that Weber's prediction that western society moves more and more towards rational (technical) society is not accurate. People still look for charismatic leaders, and they can always find them in political, military, and business organizations, almost everywhere. Craft administration not only works in mass construction industry, it works in the art world (Orpheus Chamber Orchestra, <http://www.orpheusnyc.org>) and in modern high-tech companies as well, as we may already heard from the media about how companies like google.com work.

Weber's theory of bureaucracy and reactions to it help people to understand the situations of administration of various organizations in modern times. Although these sociologists often talked about power and authorities, without using the exact word leadership, their research stimulated a sociological understanding of leadership. Weberian sociologists are not deterministic, however, because they were disproportionately dealing with the bureaucratic structure of modern society (even to oppose it), their research still

lacks the superior theoretical power over the social psychological one during the time. Weberian sociologists realized that there are variations of bureaucracy (e.g. Blau, 1963; Crozier, 1964). But bureaucracy might be variations of a larger social structure. What is this larger social structure? I list three modern sociological theories that are critical in helping us to understand social structures and the formation of leadership. These are: system theory, field theory, and institutional theory.

System Theory

Richard Scott and Gerald Davis's book *Organizations and Organizing* (2006) is subtitled *Rational, Natural, and Open Systems*. But when Alvin Gouldner first proposed the two methods for analysis, he did not regard the rational model as system thinking. He thinks that:

The Rational model assumes that decisions are made on the basis of rational survey of the situation, utilizing certified knowledge, with a deliberate orientation to an expressly codified legal apparatus. The focus is, therefore, on the legally prescribed structure—i.e. , the formally “blueprinted” patterns—since these are more largely subject to deliberate inspection and rational manipulation.... The natural-system model regards the organization as a “natural whole”, or system. The realization of the goals of the system as a whole is but one of several important needs to which the organizations is oriented. Its component structures are seen as

emergent institutions, which can be understood only in relation to the diverse needs of the total system (Gouldner, 1959, pp.404-5).

Gouldner further points out that the rational model is a planned device to improve the level of efficiency of an organization whereas the natural-system model is to maintain the equilibrium of organization (Gouldner, 1959, pp.404-5). The use of word natural, of course, is influenced by philosophical thoughts of and belief in the law of nature. According to Gouldner, the natural-system thinking in sociology goes back to its founders: Saint-Simon and Auguste Comte. Because they viewed modern organizations differently from Weber's theory of rationality and bureaucracy, they tended to be more eulogistic than Weber about the development of modern organizations. The proposed analyses of Gouldner was built upon Talcott Parsons (1956). Talcott Parsons is a pioneer in introducing system thinking to sociology and to organizational studies. Parsons proposed that

An organization is defined as a social system oriented to the attainment of a relatively specific type of goal, which contributes to a major function of a more comprehensive system, usually the society. Such an organization is analyzed in terms of an institutionalized value system, above all defining and legitimizing its goal, and of the mechanisms by which it is articulated with the rest of the society in which it operates (Talcott Parsons, 1956, p.63).

Thus Parsons' system theory of organizations has two meanings: organizations are systems and they live within systems. The systems organizations live within,

according to Parsons, and are basically three types: economics, policy, and culture of authority (Talcott Parsons, 1956, p.63). The component systems are interdependent upon each other. Parsons's AGIL functions for social actions—Adaptation, Goal Attainment, Integration, and Latency—are carried on by specific systems in society:

The behavioral organism is the action system that handles the adaption function by adjusting to and transforming the external world. The personality system performs the goal-attainment function by defining system goals and mobilizing resources to attain them. The social system copes with the integration function by controlling its component parts. Finally, the cultural system performs the latency function by providing actors with norms and values that motivate them for action (Ritzer, 1996).

Furthermore, these systems correspond to different spheres of society, as we know that different organizations and institutions in society specialize in different functions of the systems.

Parsons did not forget about the individual. Actually, "Parsons's conception of the social system begins at the micro level with interaction between ego and alter ego" (Ritzer, 1996, p.103):

A social system consists in a plurality of individual actors interacting with each other in a situation which has at least a physical or environmental aspect, actors who are motivated in terms of tendency to the "optimization of gratification" and whose relation to their situations, including each

other, is defined and mediated in terms of a system of culturally structured and shared symbols (Parsons, 1951, p.5-6).

Parsons's system theory later received criticism from conflict theory for being static, from symbolic interactionism for neglecting the micro level of analysis, and from cultural theory for separating culture from other social spheres. However, it is still helpful in understanding the complexity of modern society—given that most classical sociologists gives clear descriptions about societies and less descriptions about the components of societies. The interdependence of systems creates multiple images of society and of organizations to individuals; individuals inherent different values from different systems of society.

There is yet another meaning in Parsons' system theory of organizations: Organizations are themselves systems. When we think about organizations as systems, the simplest model is to view internal structure and components of an organization as a black box. To make it meaningful to call this black box a system, it must have at least one input and one output; to make this system meaningful, the input and the output must be different, either in quantity or in quality. Taking this simplest model, along with elements of system theory taken from Karl Marx, Floyd Allport, Parsons, and natural sciences, social psychologists Daniel Katz and Robert Kahn intended to develop an open system theory of organizations, and of leadership in particular. They state that “the psychological approach to the study of problems in the social world has been impeded by an inability to deal with the facts of social structure and social organizations” (Katz and Kahn, 1966,

p.2) , adding that open system theory can “remedy the shortcoming of psychological theorizing” (p.15).

To illustrate the ideas of system theory of organizations, we can look at Figure. 1.

If we are to think an organization as a system, it must at least have an input and an output. Output can serve as a signal, through the feedback loop, for the organization to adjust its input or its structure. Both input and out are linked to other organizations; all the related organizations and the relationship pattern become the environment of the organization. Input, output, and feedback do not necessarily happen at the same time, rather, they happen in a sequential manner. As Katz and Kahn point out (p.22), system theory differs from field theory in that it concerns temporal patterns rather than spatial patterns of interdependent relations among attributes of organizations. Environment is important for an organization, because it provides energy through inputs for the organization to prevent it from running down. In order to live and live well, organizations must be open systems, as implicated by the second law of thermodynamics.

Had open system theory been deterministic, the need for leadership would be unnecessary. Organizations are constantly organizing (Weik, 1979). The organizational or open system design is always incomplete and imperfect because rules and realities cannot go with others seamlessly and there are informal organizations within organizations; thus open system organizations are in great need for leadership. Specifically, These sources of the organizational requirement for leadership are: 1. “leadership emerges as individual take charge of relating a unit or subsystem to the external structure or environment” (Katz and Kahn, p.532); 2. Organizations are

functioning in a changing environment. And “this environment is subject to technological, legal, cultural, climatic, and many other kind of change”. When environment changes to a certain degree and it “demands for invention and creativity beyond the performance of role requirements; it requires leadership of a high order” (p.533); 3. Organizations in an open system are constantly changing their boundaries. When an organization extends its control to incorporate new subunits, coordination and adjudication call for new leadership functions. 4. The elements of organizations are human members, technologies, goals, relationships, and on. “Human membership in an organization is segmental in nature; it involves only a part of people....These extraorganizational and other-organizational aspects of a person’s life affect behavior of the person in the organization, and changes in these aspects of life produce changes in his or her behavior on the job.” Furthermore, “Every organization member must be replaced at some time, and every replacement brings to the organizational role his or her unique experience and personality” (p.534), and the turnover, especially leadership turnover, is not always a rational process. All the four processes, incompleteness of organizational design, changing in environment, diverse dynamics of subsystems, and partial organizational membership create needs for leadership. And they need leadership to keep the organizations in effective motion, to adjust to environment and make necessary changes, and even to improvise—abiding by rules only cannot create a good leader, since rules are sometimes, if not always, too general for specific task and situation—all three functions are very important, according to Katz and Kahn. However, there is no fixed formula for leadership style. To fulfill the functions, leaders should always keep in mind that the system perspective has two aspects:

one is external perspective which may be called “organization-in-environment” (Katz and Kahn, 1966), and another is organization-with-subsystems.

From what I introduced above, system theory is not just another structural theory without agency; it has much to tell us about leadership: 1. Leadership is dealing with open systems; 2. Leadership is dealing with open systems in organizing, in other words, they are dealing with processes. Sequential rationality is needed for leadership, if we use rationality in a broader sense; 3. There are different systems; different systems can demand different types of leadership; 4. Systems are interdependent; for leaders work on the boundaries of systems, they are open to different system perspectives; 5. Individuals are in open systems and they can take partial memberships of organizations. Leaders are often partial members of organizations too, and these organizations are likely to be of different types. Leaders’ perspectives can be extended if they are involved in different organizations with enough strength.

Field Theory

In his article, “What is Field Theory,” John Martin asserts, “Field theory is more or less coherent approach in the social sciences whose essence is the explanation of regularities in the individual action by recourse to position vis-à-vis others” (Martin, 2003). Field theory is familiar to any physicists, but in sociology there is still a great shortage of concepts and theoretical approaches to build a reasonable field theory. Martin found that there are exceptions in social sciences, such as the social psychological theory

of Lewin, field theory of Bourdieu, and DiMaggio and Powell's theory of organizational field.

According to Martin, some characteristics pertaining to physical fields can be used to understand a field theory of social sciences. 1. Field theory does not need to state the causes of changes in some elements in the field. For example, the downwards movement of objects on this planet does not have to have an ultimate excuse; 2. Elements can be differently "charged" with mass, electricity, and capitals. They interact with the fields and have different patterns of movement (I want to add here that homophily and upwards mobility are two important social phenomena of "movements" discovered by sociologists); 3. A field without the elements is only a potential for the creation of influence, so there is not a direct measurement of field effects without referring to movement of the elements; 4. A field is organized and differential, and different positions in a field are not identical, in other words, positions matter. Position can be understood here in two senses: the position of individuals in a field and the position of a field in a broader field (field of fields). Both understandings are important for the field theory for leadership. Relying on field theory from physics might be helpful in drawing the main characteristics of a field theory and of a field, but we cannot overlook the differences between field in the natural world and field in human society. The latter has one thing that the former lacks: that is the existence of subjectivities in relations, and because of involvement of subjectivities in social field, it is harder to find a constant for describing the most important character of a field, e.g. $g=9.8$ in Newton's Law of Gravity. Psychology does not help much to develop field theory of society either, since the former

often focuses on a cognitive and micro level. The field theory of society should find its foundation in sociological research, e.g. Bourdieu's fields approach. To understand Bourdieu's field theory and how it relates to a sociological theory of leadership, one must have a comprehensive view of Bourdieu's general sociology. In the following paragraphs, I will introduce concepts that are related to Bourdieu's field theory, as well as Bourdieu's theory of capitals and relate it to field theory. In the final paragraph of this section, I will explain how Bourdieu's theory can be used to study leadership.

The concepts field and habitus form a duality in Bourdieu's theory. By duality I mean they constitute each other, yet they cannot be reduced to each other. Bourdieu purposely used words fields and habitus as so called "open concepts." He says that it is "a way of reject positivism" and that

concepts have no definition other than systemic ones, and are designed to be put to work empirically in systematic fashion. Such notions as habitus, field, and capital can be defined, but only within the theoretical system they constitute, not in isolation (Bourdieu and Wacquant, 1992, p95-6.).

I am not sure if the above statement by Bourdieu is true for most of sociological concepts, like the concept system I discussed above. But the nature of Bourdieu's writings advises us that, in order to understand field and field theory, one must learn what these related concepts mean, including habitus, capital, strategy, trajectory, and position. These concepts also form a field of meaning. Perhaps through the field of meaning, we can better understand other sorts of fields.

First, to take the risk of being reductionist: field in this simplest sense can be understood as a social structure, and habitus can be understood as agents or social actions (social actions as defined by Weber, 1978). However, both field and habitus are charged with subjectivity and objectivity, and they both are “structured structures” and “structuring structures” (Johnson, 1993)¹. Habitus are the systems of ‘durable, transposable dispositions’ (1992, p.53). They are agents that are occupying positions, not in a vacuum, but in a world of social relations. The relationships among those positions are objective, but the interactions among the agents are subjective. The relationship of positions is hierarchical in modern human societies, in the economic field, the education field, the political field, and the cultural field. There are higher and lower positions (Johnson, p.6). Because of imbalance of resources accessible for the positions within the field, the relationships between agents are always competitive. Resources can be material and nonmaterial, like money and authority. Because of the competition, strategy becomes important. “Strategy may be understood as a specific orientation of practice” and it is “a product of the habitus” (Johnson, p.17)². The same agent can occupy different positions at different times; linking these positions together draws a “trajectory” (Johnson, p.18) of an agent. If we have information on the trajectories of agents, we can get the information on the relationship of these positions and of these agents (Breiger, 1974). A structural

¹ Bourdieu defines habitus as ‘structured structures predisposed to function as structuring structures’ (1977, p.72). This definition is suitable for the concept field too if no levels of analysis are taken into consideration, that is, either social psychological or social spatial levels.

² Some (Johnson, 1993) regard strategy as “not based on conscious calculation but rather results from unconscious dispositions towards practice.” It is reasonable to emphasize the unconscious disposition rather than conscious calculation in human decision making. However, we do not have to rule out the conscious calculation. In a field embedded in economic society, unconscious disposition might be a result from conscious calculation.

reduction of a field will be that a field is a collection of all the relationship between positions, and that between agents/habitus. There are different kinds of fields, either economic, political, or cultural. These fields can overlap and be embedded with each other. For example, Bourdieu showed how the French literary and artistic field is contained within the field of power (1992, p.37-8). He also linked the field of logic—ways of organizing and differentiating the agents. Different fields have different logics:

In highly differentiated societies, the social cosmos is made up of a number of such relatively autonomous social microcosms, i.e., spaces of objective relations that are the site of a logic and a necessity that are specific and irreducible to those that regulate other fields. For instance, the artistic field, or the religious field, or the economic field all follow specific logics (Bourdieu and Wacquant, 1992).

The logic of a field values a specific capital above other capitals. Bourdieu extended the meaning of capital. Other than economic capital, there are cultural capital and social capital. Generally speaking, cultural capital refers to the knowledge, skill, and education levels an agent possesses; “Social capital is the aggregate of the actual or potential resources that are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu, 2001); political capital can be considered as one kind of social capital; economic capital can be measured directly with monetary or material assets. Later Bourdieu added symbolic capital in his analysis. Symbolic capital can refer to honor and powerful positions, they

too bring resources for agents in interaction. According to Bourdieu, these different forms of capital maintain their autonomy yet they can be converted to each other.

Bourdieu used his theory to study production and the reproduction of power. Power can be measured by capitals and has multiple meaning in Bourdieu's theory. For example, in fields characterized by hierarchical relationships among positions, e.g. political field, military, and capitalism institutions, they are governed by logics of social capital and economic capital; however, cultural capital can also play a role in these fields. And cultural field does not necessarily reside in the powerful positions, as Bourdieu must think (1993, p.38). Cultural capital can also be formed in no-cultural fields and it may be transferable to other fields. For example, some skills (cultural capital) learned from the military can be applied to domestic organizations, as in business, either technical skills or organization managerial skills. The process of how cultural capital/power is transferred into economic power/capital and political power/capital is often illustrated by the explicit finding that one's education promotes his or her income and social status. However, different fields can influence each other and complicate the relationship between education and power. For example, Bourdieu studied how elite schools in France actually become a mechanism for the reproduction of elites—the powerful can even influence the process of education so that education becomes a mechanism of inequality, rather than equality as many of us might believe. Thus education, especially, elite school education, can also become a field of power. As Bourdieu noticed:

The field of power is a field of forces structurally determined by the state of the relations of power among forms of power, or different forms of

capital. It is also, inseparably, a field of power struggles among the holders of different forms of power, a gaming space in which those agents and institutions possessing enough specific capital to be able to occupy the dominant positions within their respective fields confront each other using strategies aimed at preserving or transforming these relations of power (Bourdieu, 1996, pp.264-5).

Bourdieu takes a relational view of power. He thinks that power itself cannot exist just as a power, but must use other methods to gain its legitimacy. The secret, according to Bourdieu, is in the reproduction of power using culture, specifically, through elite educations (Bourdieu, 1996; 2000). By doing so, it not only gives some power to cultural field, but also gains some cultural capital from cultural field and produced within its field.

Overall, Bourdieu recognized that there are different fields in a society. Each field has a central logic, the logic of fields is reflected in forms of capitals, and the access of these capitals of positions is not balanced for positions in field. Thus, forms of capitals are also forms of power. Figure 1.2 is a chart adopted from Bourdieu's study of cultural field (1993, p.38), but it applies to other fields too. I will talk about why capitals are not equally distributed in fields later in this chapter.

Institutional Theory

According to DiMaggio and Powell (1991, p. 1), institutional theory in sociology can go back as early as Durkheim, since his idea of social fact resembles an institution. I do not want to include every important theorist whose thought has contributed to

institutional theory; if I did so, I believe most of the classical theorists, if not all, would be included in the list. I selected a few theorists here that are important in institutional theory of organizations, especially in developing an institutional theory of leadership in organizations. These include Philip Selznick, James Thompson, Friedland and Alford.

Dennis Wrong (1961) revealed that modern sociology created an image of oversocialized man. According to Philip Selznick (1956), Herbert Simon's social psychology of leadership (1945) also created an image of a leadership without creativity. Like many institutional theorists, Selznick doubted that efficiency plays a big role in decision making of the echelons of administration. He thinks that

The logic of efficiency applies most clearly to subordinates units, usually having rather clearly defined operating responsibilities, limited discretion, set communication channels, and a sure position in the command structure....The logic of efficiency loses force, however, as we approach the top of the pyramid. Problems at this level are more resistant to the ordinary approach of management experts (Selznick, 1956).

By ordinary approach of management, Selznick refers to not only scientific management that dominated American industry, but also human relations theory that studied small groups. Selznick proposed his main idea of leadership: "The executive becomes a statesman as he makes the transition from administrative management to institutional leadership" (p.4). Here Selznick advocates that leadership should focus on institutions, rather than organizations. Focusing on institutions makes an executive an institutional leader; focusing on organizations, however, only makes him or her an

administrator without much imagination. The definition of organization by Selznick was taken from C. I. Barnard, who regards organizations as system of consciously coordinated activities. However, Selznick thinks the definition “bare and lean” (p.5). “An ‘institution,’ on the other hand, is more nearly a natural product of social needs and pressures—a responsive, adaptive organism.” As a social institution, an enterprise should be aware that “social setting of administrative activity goes beyond ‘public relations.’” Furthermore, “The relation of an organization to the external environment is, however, only one source of institutional experience. There is also an internal social world to be considered” (p.7). The internal social world is characterized by informal structures, which are the relations of people, and formal structures, which define the relations of activities. Selznick emphasized adaptive changes of organizations. A good organizational leader according to him should always have values and institutions in mind; thus he or she becomes an institutional leader. Institutional leaders should inhibit “their tendency to become sealed off and to be more concerned with their own fate than with that of the enterprise as a whole” (p.14). Selznick suggested that organizations should be institutionalized; “to institutionalize” is to infuse with value by leaders and it is a process. Expanding Barnard’s definition of functions of executives (Barnard, 1938), Selznick regards functions of institutional leaders as: 1. The definition of institutional mission and role; 2. The institutional embodiment of purpose. The decision making should be built into an organization’s internal structure and external environment; 3. The defense of institutional integrity. It too emphasizes something logical and practical, and something of value concern, rather than sheer efficiency; 4. The ordering of internal conflict.

Leadership should maximize voluntary co-operation, and permit emergent interest blocs (Selznick, pp.61-65).

Selznick's contributions, though he himself did not state explicitly, can be summarized as follows: He criticized scientific management for focusing mainly on efficiency; he criticized C. I. Barnard's idea of organization as co-operative organizations; he also criticized Herbert Simon for providing an image of a passive organizational leader that is locked into his limitations. The ideal leadership to Selznick is an active, responsible, and creative leadership. To order to be an institutional leader, one must take values from the community and from society, and one must have institutions rather than organizations in mind in decision making. Overall, Selznick was not satisfied with the images of business executives drawn by Taylor and by Barnard. He saw the values of statesmanlike leaders of a democratic society. In short, a leader should not just think about making money, but should think about what the society is made for.

Selznick emphasized the importance of institutions and values that go beyond the traditional boundary of organizations. However, he did not pay enough attention to the internal structure of organizations. There are different ways of viewing organizations in sociology. Among them, James Thompson's perspective is comprehensive and one of the most influential. Thompson started with Parsons's (1960) suggestion that organizations have three different levels: technical, managerial, and institutional. Each level corresponds to different organizational analysis: close, natural, and open systems. According to Thompson, every formal organization has a suborganization that deals with effective performance of the technical function, and it is sufficient to study this part of

organizations by a close system approach; the managerial level of organizations serves technical suborganizations and other suborganizations. In most time, it is dealing with informal structures of purposeful individuals. The natural system approach is the most suitable approach for analysis on this level; finally, institutional level,

Here the organization deals largely with elements of the environment over which it has no formal authority or control. Instead, it is subjected to generalized norms, ranging from formally codified law to informal standards of good practice, to public authority, or to elements expressing the public interest (Thompson, p.12).

At the institutional level, the open system approach seems most appropriate in a reasonable analysis.

Thompson's analysis makes clear the different levels of organizations, and his perspective is still used by organizational texts like that of Richard Scott (Scott, 2004; Scott and Davis, 2006). From both Thompson and Selznick, it seems that an institutional theory of leadership would focus on environment—be it cultural, legal, or technical. But what is the environment?

Environment of organizations in its broad sense involves the whole society. Society is viewed differently by various researchers. Sociologists Roger Friedland and Robert Alford offer a comprehensive sociological perspective of viewing society (1991). They criticized two approaches that were retreating from societal analysis. One is utilitarianism that focuses on an individual's rational action. When it does concern society, it views society as a marketplace-like thing; the other is a state-centered approach

which emphasizes the importance of power organizations. To Friedland and Alford, these two approaches, one from economics and the other from political sciences, lead to one-sided explanations of social phenomena. They viewed society as an “interinstitutional system” and the central institutions of the contemporary capitalist West as “capitalist market, bureaucratic state, democracy, nuclear family, and Christian religion” (p.232).

Each of these central institutions has a central logic, which is

a set of material practices and symbolic constructions—which constitutes its organizing principles and which is available to organizations and individuals to elaborate....These institutional logics are symbolically grounded, organizationally structured, politically defended, and technically and materially constrained, and hence have specific historical limits (Friedland and Alford, p.248-9).

Friedland and Alford also summarized the central logics of central capitalist institutions, saying

That of the state is rationalization and the regulation of human activity by legal and bureaucratic hierarchies. That of democracy is participation and the extension of popular control over human activity. That of the family is community and the motivation of human activity by unconditional loyalty its members and their reproductive needs. That of religion, or science for that matter, is truth, whether mundane or transcendental (p.248).

These institutional logics are potentially contradictory to each other, and it is a good thing according to the researchers. First, it shows that multiple logics are available

for individuals and organizations. Religious society, for example, puts religious logics upon and above others and makes human behaviors less flexible; second, individuals and organizations can take advantage of these contradictions and make transformation of institutional relations of society (Friedland and Alford, p.232).

As suggested by DiMaggio and Powell, there are differences between the old institutionalism and the new (DiMaggio and Powell, 1991, p.13). By their dichotomy classification of institutional theory, Selznick's research is in the tradition of old institutionalism while Friedland and Alford's are new. Selznick defended the integrity of institutional theory (1996). I follow Selznick's advice and do not intend to draw a line between "old" and "new" institutionalism. The development of institutional theory within sociology contributes to a unique understanding of leadership, either by Selznick's institutional leadership, Thompson's institutional level administration, or Friedland and Alford's overlapping of contradictory institutional logics in organizations and in organizational leaders.

The Importance of Social Background

The above three theories are different. Not only do they have different theoretical backgrounds and developmental paths, they also have different theoretical emphases: system theory focuses on temporal process, field theory on spatial arrangement, institutional theory on rules and rule-like social categories. Position matters in field theory, not in institutional theory.

Yet they are all rooted in sociology and they have specific arguments on leadership: Katz and Kahn developed system theory of leadership; Bourdieu expanded the understanding of power elites; Selznick introduced institutional leadership. These theories share similarities: they all start from social structures in understanding leadership; thus they differ from psychological orientation, especially that of trait theory. They all recognize that social structure is not homogenous and thus has different effects on individuals in different social locations; they all take relational perspective rather than positive or reductional perspectives. They are aware of importance of relations between organizations, between organizations and broader social structure, and between organizations and leaders; they are not deterministic. They also share one more similarity, for good and for bad, that it is hard to define the boundaries for systems, fields, and institutions, partially because they are embedded in open environment, and partly because these terms are from social constructions. But people apply these ideas from these theories in both the academic world and non-academic world. For example, Lewis Coser, when he introduces each classical sociological thinker, always introduces intellectual and social contexts of the thinker. The context here is a structure-like concept too. For another example, suppose in everyday life, when strangers socially interact and they introduce themselves to each other, what would they say? We often hear that the introducer lists some social backgrounds of the person being introduced, such as, where from, where graduated, which organization, etc.. People start to know each other by knowing their social background.

Social background is a commonly used concept, not only in everyday life. People talk about social background even in official documents, and individuals of interest are classified into different social backgrounds. The concept of social background shares similarities with theoretical concepts as above. When analyzing individuals, social background has the same effects like that of system, field, and institutions. By referring to social background, we assume that each social background has some kind of central logic, and that logic could govern individuals and help to shape that person's character and even, personality.

One of the most famous sociological studies on the effect of social background is Weber's essay on the Protestant ethic and the spirit of capitalism. Being Protestant is the social background of a group of people; in a certain location and in a historical time, it influenced the development of capitalism. As mentioned above, Friedland and Alford summarized Christian religion in modern society as a search for transcendental truth. However, one should not stop at Friedland and Alford's work. I believe that there are still profound meanings of central logics of institutions to be articulated. Protestant, for example, when Weber wrote his famous essay, emphasized values of hard work, justified profit, praised saving and accumulation of capital, and legitimized serving both worlds—these are central logics of Protestantism. These logics, or religious rationality, found its counterpart in capitalist business at Weber's time or earlier. Two institutions, which no one would think about the possibility that they can be related to each other, were finally linked together by the similar institutional logics and rationality, according to Weber (1905).

The institutions can be people's social background, and there are more institutions than Friedland and Alford counted. For example, the military is a big institution in both modern and traditional society. A military background is also a social background. On a large scale, e.g. on the national level, "The shifting scene of man's occupational interests varies from age to age" (Merton, 1970). Coding from *The Dictionary of National Biography* of England, Merton studied the change of social background of 17th century English elites, and its consequences on the development of science and technology in England. The social backgrounds he studied included army and navy, painting, sculpture, music, drama, poetry, prose, education, historiography, medicine and surgery, religion, science, scholarship, law, politics, and so on. He found that in the 17th century, roughly from the middle of it, there were more English interested in science and technology.

Since these shifting foci of interest are all part of the same social and cultural complex, changes in some generally entail changes in their correlates. New activities, with their associated cluster of attitudes and values, may spread and prosper at the expense of other vocations by diverting attention from closely related and apparently in compatible pursuits (Merton, 1970, p.8).

Merton also noticed that cultural values in other social fields or social backgrounds could help nurture the ethos of science and technology. Like Weber, Merton found that the Protestant ethic, for example, the "to-the-greater-glory-of-God principle" (p.73) helped the growth of physics, because "the study of natural phenomena is an effective means for promoting the glory of God" (p.71).

Janowitz (1960) also used social background as an analysis tool in studying a specific institution: the military. In his study of military leadership, he traced the social origins of those leaders. He found that

These data, and their comparison with European military elites, describe a growing social representativeness and make it clear that, on the basis of social origins alone, the military elite has had a distinctive character beyond the impact of professional training. The military elite has been drawn from an old-family, Anglo-Saxon, Protestant, rural, upper middle-class professional background. This social setting has operated as the equivalent of the European aristocracy in supplying the cadre of military leaders (Janowitz, 1960, pp.100).

Note that he thinks that besides the professional training, social origins or social background also plays a role in shaping the character of professional leadership. A new professional leader is never so new as long as he or she lives in an open society.

Contemporary sociologist Neil Fligstein also studied the effects of social origins, particularly of those presidents of large business organizations. His findings supported his statement on the transformation of corporation control in the 20th century United States. I will discuss more about his research in chapter 3.

A Sociology of Leadership

I have introduced several sociological theories of leadership. Before I make an effort to unite them together for a general sociology of leadership, I would like to

elaborate how a sociology of leadership exists with the leadership theories from a few other disciplines. In saying so, my standpoint is that, while I intend to discover the value of sociological theory, I acknowledge the achievements of other disciplines too. The theories of the same subject have different values. But, if we think of disciplines as fields, or systems, these fields and systems are overlapping with each other and bring mutual benefits for each other. For those who truly work in interdisciplinary areas, they may suffer for being marginal, but more likely, they can have many advantages.

Bourdieu admitted the existence of both social structure and mental structure, and they are related to each other, but the relationship is not symmetrical, linear, or perfectly-correspondent (Bourdieu and Wacquant, 1992). If the above statement is true and if sociology focuses more on social structure and psychology more on mental structure, there should be a relationship between sociology and psychology. They could reinforce each other but they do not replace each other. In Bourdieu's theory, habitus might be the closest thing to psychology, especially social psychology, but not field. Similarly, by studying mental structure, psychologists realize there is also a structuring social structure, and they moved more towards sociological theory (Katz and Kahn, for example).

Economic theorists of leadership focus on rational actors; however, when it gets to innovation and leadership succession, they encounter problems. Similarly, political theorists focus on power analysis and state centrality, but there are also much phenomena they cannot explain. For example, why there are so many kinds of leadership? Compared with business economists and political scientists, sociologists take a comprehensive approach: there are different systems, fields, and institutions, there are different capitals,

different institutional logics, and they interact, thus producing more types of leadership than these general social categories.

A non-deterministic structural approach seems promising. But a question remains, that is, who becomes a leader? Michels proposed the iron law of oligarchy. He thought that modern society is dominated by bureaucratic organizations, and in bureaucratic organizations, the leadership by a few is inevitable. Merton (1968) discovered Matthew effect in science. The Christian's bible says "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 describes eminent scientists will often get more capitals than less known scientists even if their work is similar; "the famous gets more famous" in science. Podolny (2005) also discovered that in the market place, the Matthew effect works too. Both Merton and Podolny stated that inequality at the beginning could have lasting effects, and they reveal that initial positions can influence the later trajectory of an individual. But the Matthew effect is not the only fact told by sociological theories of leadership. Selznick, for example, suggested how institutional leaders can come into being by taking institutions, rather than organizations, into consideration. There are many forms of capitals and many types of institutions and individuals can take advantages of them. Who takes advantage of them depends on many factors: time, initial position, social origin, etc. But for those who inherited institutional values and logics and those who can apply them to the fields where these values and logics are needed, opportunities are more likely to favor them. The central logics of institutions, as suggested by Friedland and Alford, are the same for all of the members of institutions.

It is rare to find an ideal type of total institution in a normal everyday life. So an individual can be characterized by partial memberships of different institutions. Institutions in an open society, on the other hand, can be thought of as patterns of activities of individuals of various social background. Thus I suggest take perspective of duality of persons and groups (Breiger, 1974) in studying sociology of leadership, and the interest is still in social structures. An individual can be a member of different groups at the same time, but there is another way of looking partial membership: an individual can be a member of different groups at different times. Either way this individual takes values and logics from different groups, and these values and logics shape his or her behavior pattern. Furthermore, the values and logics taken by this individual, as long as he or she is an institutional-leadership-type, can be used to influence groups he or she is mostly devoted to, like family and/or company. Social structures are formed by individuals, while individuals, on the other hand, are characterized by various social structures at the same time.

Previous theories have called these social structures systems, fields, and institutions. Bourdieu's different forms of capitals can work in the same fields, and institutions, but when I borrow the idea of institutional logic, I mainly use it to refer to cultural capital, since culture is often seen as a legitimate medium of transferring capitals from one field to another. This is not to say that social capital and other forms of capitals become less important in institutional analysis, compared with cultural capital. As Bourdieu and other researchers revealed, cultural capital is influenced by other forms of

capitals, and it can influence gains and losses of other capitals too, often across groups and institutions.

I mentioned similarities and differences of system theory, field theory, and institutionalism. I also mentioned that social background has the merits of these theories. It serves as an umbrella concept in people's everyday life to refer to experiences from different social groups. It can serve as an umbrella concept too, to include all the perspectives developed in the above sociological theories. An institution such as religion can be a social background to someone; a field can be a social background, like working in academic field; a system can be too, e.g. served in an economic system or legal system.

The effects of a social background can be measured by an individual's performance in another social background, and by an individual's influence on other groups. At the group level social background of many members can cause societal changes, or changes in other social fields. Yet the effects of social background can be historical contingent; for example, not so long ago in human history, in an open society like the United States, prestigious birth brought prestige in other social spheres too. The effect of family may not be as important as before. Social background's effect on individuals is not deterministic; however, it is not mysterious either. Institutional logics, through a person's solid social background, instill values that can govern his or her decision making.

Since an individual can have various social backgrounds, the effects of social backgrounds work collectively, but each social background weighs differently in personal or organizational performances. See Figure 1.3 for an illustration.

Summary of Chapter One

Leadership is a relational concept. A sociological theory of leadership has to be relational to make sense too. In this chapter, I reviewed psychological and economic theories of leadership, like trait theory in psychology and Schumpeter's entrepreneurship theory in economics. By pointing out their merits and also their limits, I brought together important sociological theories in the area of leadership studies. I also tried to apply Bourdieu's idea of open concept and lead sociological theories of leadership to social background analysis. We know that social backgrounds do have effects on individuals and on organizations, but I urge not to view social background's effect as deterministic. Follow Bourdieu, I reject dualism (mentality and society, subjectivity and objectivity, micro and macro, etc.); with Breiger, I suggest the duality perspective in the sociology of leadership. The study of leadership inevitably involves both individuals and their groups. Information on both individuals and groups is needed in order to get a comprehensive understanding of leadership. With the premise that leadership is influenced by social background and that leadership affects both individual and organizational-level performance, one can measure leadership effects.

Figure 1.1 A System Model of Organization

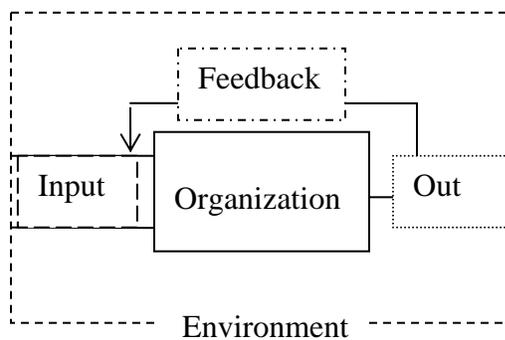


Figure 1.2 Overlapping Fields of Capitals (Adopted from Bourdieu, 1993, p.83)

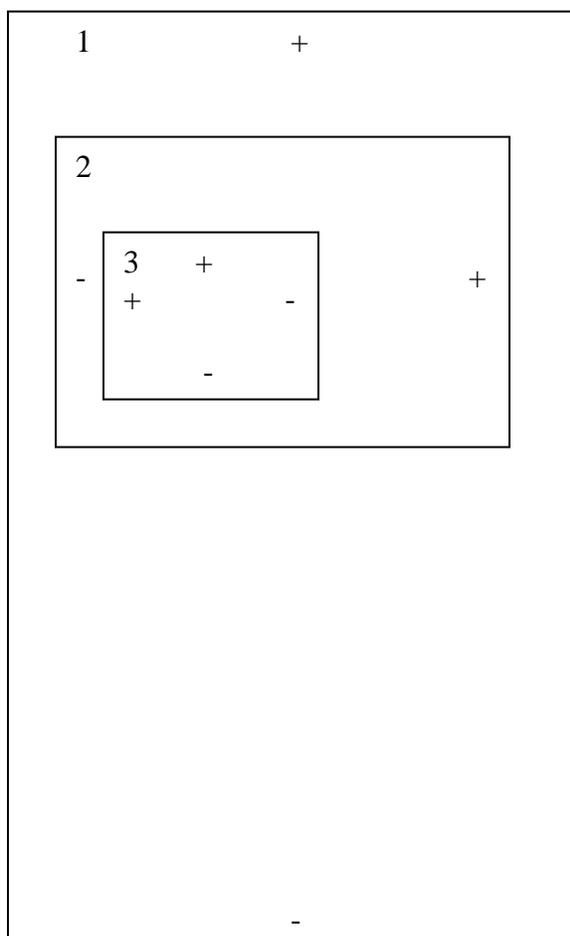
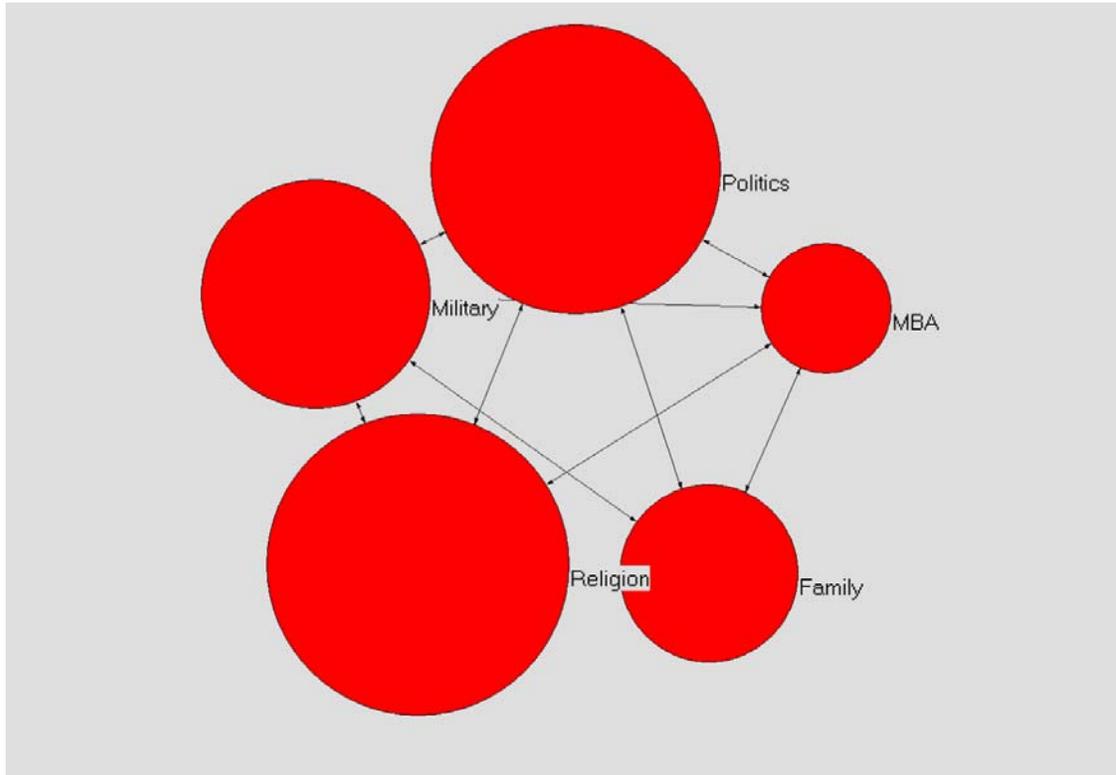


Figure 1.3 Relations of Institutions as Sources for Leadership*



*Drawn with Netdraw function comes with UCINet 6 (Borgatti et al., 2002); data for drawing are from 20 Century Great American Business Leaders Database (Mayo et al., 2007).

CHAPTER 2: BUSINESS AND THE MILITARY

For the efficiency of an army consists partly in the order and partly in the general; but chiefly in the latter, because he does not depend upon the order, but the order depends upon him.

Aristotle, *Metaphysics*

In an open society, institutions are interrelated. This chapter studies the relationship between two specific institutions: military and business. The relation, of course, can go both ways. Military can learn management skills and be funded by business directly, and business can learn strategies from military and get personnel and contracts from military. However, I do not intend to be exhaustive. My focus is on how the military influences business, as many have observed that military has a big impact on society and business and that the extant theories on the relationship between the military and business are often controversial.

I start with a general discussion of relationship between different institutions to show that the relationship between military and business is just one of many relationships among institutions. In reality, two processes are happening between the institutions and organizations. One is a homogeneity process, which is also called institutional isomorphism by DiMaggio and Powell (1983) or interorganization contagion by Galaskiewicz and Burt (1991); another is a heterogeneity process, in which institutions accept division of labor, and polarize their functions and central logics (e.g. Lounsbury, 2007). To understand the impact of military on business and society, I examine the

extant sociological research on military and how the research links to general organizational theory. There are basically two kinds of arguments about the military's impact on business. One is the power elite thesis first proposed in sociology by C. W. Mills (1956), which reveals the social network of powerful elites and their organizations; another can be called the transferable cultural capital explanation, which focuses on the interinstitutional transferring of cultural capital or transferring of institutional logics (e.g. Thornton, 2004). Both types of relations exist between the military and business, and it is difficult to separate one relation from another in some special cases despite their differences.

Because of the duality of persons and groups, the relationship between military and business can also be viewed at the same level as personal relationship. Macro phenomena have micro processes; institutions influence each other through the media of individual humans. An institution can be viewed as a person's social background, and such social background, as I discussed in the previous chapter, can have an influence on business. It is possible that experience in military charges individuals with military institutional logic. Military logic influences its members' career trajectories; furthermore, it influences other institutions through discharging its members to organizations within those institutions—in the same manner that the Protestant ethic shaped the spirit of capitalism (Weber, 1905).

Two competing theories that aim to explain the influence of military on business are the power elite theory (in its broadest sense including research on MIC—military industrial complex) and institutional logics theory. Both theories contain some truth. As

Morris Janowitz pointed out: “To believe that the military have become integrated with other leadership groups into a monolithic national political establishment is to commit a sophisticated error. But to believe that the military are not an effective pressure group on the organs of government is to commit a political error” (Janowitz, 1960). Many other researchers have acknowledged that there are power elite networks and MICs, and they do impact personal and organizational performance. To highlight the purpose of this research, I argue that military can also influence business through culture, i.e. institutional logics.

Institutions and Environment

Scott (2004) reflected on the development of organizational sociology and pointed out that, be it population ecology, new institutional theory of organizational analysis, or resources dependent theory of organizations, sociological theories of organizations have one thing in common, which is an emphasis on the importance of environment.

Environment for institutions, in its broadest sense, is the society we all live in. But in specific analysis, environment for an institution refers to the part of society that has the closest relation to that institution. *The part of society* is also a group of institutions, because the whole society is a system of inter-institutions (Friedland and Alford, 1991). At the group level, the relationship between an institution and its environment is the relationship between the institution and other institutions.

Institutions and organizations are related concepts. Selznick regards organization as designed human activities while institution is an organism responsive to social needs

(Selznick, 1957, p.5-22). Scott defines institutions as “multifaceted, durable social structures, made up of symbolic elements, social activities, and material resources” (Scott, 2001, p.49). A lot of sociologists have been thinking about institutions. Durkheim’s concept of social facts, for example, focuses on the constraint factors of social life; social facts can be considered as an equivalent term for institutions (Durkheim, 1982). Scott cited other theorists who elaborated that

Institutions exhibit distinctive properties: They are relatively resistant to change (Jepperson, 1991). They tend to be transmitted across generations, to be maintained and reproduced (Zucker, 1977). As Giddens (1984) states, “Institutions by definition are the more enduring features of social life...giving ‘solidity’ [to social systems] across time and space” (Scott, 2001, p.49).

Scott identifies “three pillars of institutions”: regulative system, normative, and cultural-cognitive systems. Each corresponds to DiMaggio and Powell (1991)’s three processes of institutional isomorphism: coercive, normative, and mimetic. According to Scott, different scholars underscored different pillars of institutions; economists “are particularly likely to view institutions as resting primarily on the regulatory pillar” (p.52), e.g. Douglass North (1990). Early sociologists including Durkheim, Parsons, and Selznick embraced normative concept of institutions because “sociologists tended to focus attention on those types of institutions, such as kinship groups, social classes, religious systems, and voluntary associations, where common beliefs and values are more likely to exist” (Scott, p.55). So-called and self-identified new-institutionalists in

sociology stressed cultural-cognitive perspective of institutions, e.g. Berger and Luckmann (1966), Meyer and Rowan (1977), Zucker (1977), DiMaggio and Powell (1983). For a closely related concept, Scott defines organizations elsewhere (2004), arguing that

Organizations are collectivities oriented to the pursuit of relatively specific goals and exhibiting relatively highly formalized social structures (p.27).

Organizations are collectivities whose participants are pursuing multiple interests, both disparate and common, but who recognize the values of perpetuating the organization as an important resource (p.28).

Organizations are congeries of interdependent flows and activities linking shifting coalitions of participants embedded in wider material-resource and institutional environment (p.29).

These three definitions of organizations belong to rational, natural, and open-system perspectives of organizations, respectively. According to Scott, these three perspectives of organizations developed in a sequence in the last century in organizational studies (p.108). However, while they compensate for each other, they do not necessarily replace each other. It is true that all organizations are open at some level, but they do not exhibit openness at the same level; for example, military organizations are often more closed than business organizations, although they both are embedded in the material-resource and institutional environments and they both consist of participants and members of different interests. The level at which their members are contained is different too; most members of military organizations are in so-called total institution

(Goffman, 1961) while as in business, partial membership is more common. Saying that organizations are externally controlled (Pfeffer and Salancik, 1978) is committing an ecological fallacy.

Both in theory building and in daily usage, institutions and organizations are closely related to each other. An institution can have a number of organizations which are related to each other; an institution may be in process if it lacks the necessary organizations to fulfill its function. An organization can be seen as reaching to structuration (Giddens, 1984) if it has setup rules and becomes institutionalized into a field of related organizations. Organizations are themselves structure, but they can serve as agency of institutions (similar thoughts are found in Sewell, 1992). The relative autonomy of institutions and organizations can be illustrated by Drori et al. (2003)'s idea of 'styles of science': science and science education is an institution in many nations in the contemporary world, like the university systems in many nations; but the ways of doing science are differently among nations, with some nations focusing more on so-called soft sciences while others on hard sciences. Thus science, at the institutional level, is almost universal; at the organizational level, it varies from nation to nation. If we think of all the core organizations set up for the logic and goal of an institution as one big organization, then the institution and the organization are the same. For example, the military, can be referred to an organization or to an institution.

Another relevant concept is organizational field. DiMaggio and Powell define organizational field as "organizations that, in the aggregate, constitute a recognized area of institutional life: key supplier, resources and product consumers, regulatory agencies,

and other organizations that produce similar services or products” (DiMaggio and Powell, 1983). Organizational field often consists of many related organizations. Like Weber (1946), DiMaggio and Powell were thinking of a homogeneous social process, that is, the bureaucratization and rationalization of society, although they found different causes for this process: legitimacy versus Weber’s idea of pursuit of efficiency.

Most recently, researchers (e.g. Thornton, 2004; Lounsbury, 2007) have started to think of a heterogeneous process of organizations, still in new institutional tradition but especially in that of Friedland and Alford’s (1991). Friedland and Alford’s research can be seen as a manifesto in institutional sociology; it is inspiring, however incomplete. For example, they view society as an interinstitutional field, which is true for a modern open society, but the institutions they listed—capitalist market, bureaucratic state, democracy, nuclear family, and Christian religion—are in no way exhaustive in contemporary capitalist society. There is a military institution, for example, which cannot be neglected because of its scale and its impact upon modern society. Military, too, has its own institutional logic, although it is in constant change. Friedland and Alford listed the central logics of certain institutions. Just for analysis purpose, let’s say that the central logic of military is discipline and sacrifice. Friedland and Alford’s five institutions and the military institution together can form various relations. When researchers talk about the relationship between an institution and environment, to demystify the concept environment, they often refer to all the institutions related, including the institution itself.

See Figure 2.1 for illustrating the relations between institutions and between institutions and environments. The words in diagonal cells are institutional logics of each

institution. Again, they are not necessarily accurate but are temporarily sufficient for this analysis. Cells rather than diagonal ones are simply combinations of two institutional logics (I left them blank, but it is easy to fill each blanks with institutional logics from two institutions that meet). Any two of six institutions can be combined together when we see they are linked or have a relationship. Any one of six institutions can be combined with the remaining institutions if we take all the institutions as the environment for one particular institution of interest. For example, suppose we are interested in studying the relationship between religion and market; we can combine the institutional logics of market and of religion and have {accumulation, commodification, transcendental truth}. To look for a relationship between market and its institutional environment, we need to combine all the institutional logics together (including that of market institution). Of course, one can combine any number of institutions and study their relationship. e.g. combining institutional logics of state, military, and market to study power elites.

The extant research almost covers relationships of any of two institutions, e.g. family business, religion and market, state and market. But the study of any relationship between military and market has looked primarily on military and business linkage or MIC (Military Industry Complex). The possible combination of institutional logics of military and of market receives little attention.

Military Profession and the Organization of Military

To reveal the institutional relationship between military and business, it is helpful to know military better. Because of the nature of military organizations, it is not possible

to know every aspect of their organizational behaviors and strategies. Fortunately, there is excellent sociological research on military that can broaden our understanding. Some of the most famous include Samuel Stouffer et al.'s study on World War II military (1949), Samuel Huntington's study on military and society (1957) and Morris Janowitz's study on transition of the military (1960). The latter two were written during the Cold War. There is also Charles Moskos's study on the transition of the military after the Vietnam War (1977, 2000). Biggart and Guillen (1999) think that institutional logics are historically developed and socially constructed. From the sociological study of military, we may find that, 1. Military has been in constant change; 2. Changes in military brought about changes in society.

Stouffer et al.'s multiple-volume research book covers many aspects of the American military during WWII, when it developed into a world force. The book focuses on soldiers' adjustment during army life, combat and aftermath, mass communication, and other issues. It applies sociological and social psychological approaches and treats military as an open system, rather than a closed total institution or rational bureaucracy. It takes into account soldiers' background characteristics like education, age, and marital status to see how these characteristics help to shape their attitudes and behaviors. The soldiers' experiences in the military, like the unit they were in and years in the army, also shape their personal attitudes and behaviors. These social backgrounds and experiences influence soldiers' mobility and attitudes towards leadership. War and combat are also a part of soldiers' experiences in the military and they too influence soldiers and retirees. Most soldiers "were eager to get out of the army" and "promote a higher standard of

living for themselves as well as other” (VII, p.596-7). Stouffer et al’s work, of course, was primarily written for the US military, but its importance is far reaching. It is one of the first examples, if not the first, of social scientists’ involvement with military. What they found, among other things, is that military is not an outlier of society, but is embedded into the society, even in war time.

Huntington’s research assumes that “the civil-military relations in any society should be studied as a system composed of interdependent elements” (viii). Huntington asserted “The modern officer corps is a professional body and the modern military officer is a professional man.” As a profession, military officership is highly specialized; business profession may command more income, politician profession more power, military profession “commands more respect” (p.7). Military as a profession relies on expertise, responsibility, and corporateness (p.8). The central skill of a military officer is “the management of violence”(p.11), but it is still a management skill, with organizing, equipping, training, planning, and directing, as specifics of such management skill. There is something constant about military professional skills: “The peculiar skill of the military officer is universal in the sense that its essence is not affected by changes in time or location...the same standards of professional military competence apply in Russia as in America and in the nineteenth century as in the twentieth” (Huntington, 1957, p.13).

Huntington further thinks that

People who act in the same way over a long period of time tend to develop distinctive and persistent habits of thought. Their unique relation to the world gives them a unique perspective on the world and leads them to

rationalize their behavior and role. This is particularly true where the role is a professional one....The military mind, ...consists of the values, attitudes, and perspectives which inhere in the performance of the professional military function and which are deducible from the nature of that function (Huntington, 1957, p.61).

The military mind, is often considered as “disciplined, rigid, logical, scientific; it is not flexible, tolerant, intuitive, emotional.” It is also considered as lower caliber than the lawyer, businessman, and politician (pp.59-60). However, Huntington urges that we must look more into military mind and find a Weberian ideal type (p.61) rather than rely on stereotypes. Military mind develops into the professional ethic,

It stresses the supremacy of society over the individual and the importance of order, hierarchy, and division of function. It stresses the continuity and value of history....It exalts obedience as the highest virtue of military men. The military ethic is thus pessimistic, collectivist, historically inclined, power-oriented, nationalistic, militaristic, pacifists, and instrumentalist in its view of the military profession. It is, in brief, realistic and conservative (p.79).

The American professional military ethic was developed during the Civil War and WWI, based on Huntington’s comprehensive study of military professional journals and selected memoirs and military texts by officers. It is in sharp contrast with the broader society, which was seen as “Jingoism, Individualism, Commercialism” (p.266). The value conflict between the military profession and the broader society, makes military

retirees want to change the society, given a chance. Army and Navy differ in many ways, but they share the military ethic, supported by military schools, journals, and the Federal. Huntington ended his book with a description of West Point: structured purpose, governed by a code developed over generations, little room for presumption and individualism, order, discipline, fulfillment, community, security, loyalty, duty, restraint, dedication, ... and unity with other pillars of American society: government, college, and church (p.464-6).

Huntington views the military officer corps as “both a bureaucratic profession and a bureaucratic organization” (p.16). It might not always be the case, as Janowitz observed: “The combat soldier—regardless of military arm—when committed to battle is hardly the model of Max Weber's ideal bureaucrat following rigid rules and regulations” (Janowitz, 1959). Janowitz also talks about the profession of military, but he focuses on the entire military while Huntington focused mostly on the officer corps. Military is always quick to adopt advanced techniques; with the techniques, it demands more technical expertise, either by training or by recruiting. Thus it made a change from bureaucratic authority to a kind of hybrid authority, which is less direct, arbitrary, and authoritarian. The same process happened in the whole society, according to Janowitz, with the movement from domination to manipulation. Not only technical but also administrative skills can now be more transferable to civilian society (Janowitz, 1960, p.64-5). Like Huntington, Janowitz thinks the professionalization of the military brought social expectation of soldiers: “a responsible and socially proper one. The availability of the professional soldier for leadership both inside and outside the military establishment centers on the concept of the

soldiers as a dedicated public servant, free from personal corruption” (p.194).

Furthermore, not only does the military become less bureaucratic, but it also incorporates many professional groups like the Navy League, the Air Force Association, and the Army Association. These associations, along with post-retirement employment activities, have added new meaning to the traditional formula of civil-military relations (p.373-4). The most important factor that drives the professionalization of military elites as well as of soldiers is, of course, war. War makes it urgent to apply the most advanced technology for weapons and for communications; the technologies have changed the authority type in the military, and the skill differential between military and civilian elites has been narrowed (Janowitz, 1991, pp.99-109). There is something universal about military ethic, military skills, and the patterns of civil-military relations, but Janowitz warned us that there are regional variations, especially national differences (Janowitz, 1981). Region and nation are underappreciated variables in the study of military evolution. Janowitz urges sociological study of military (1960, 1965, 1975); he views military as an evolving system, and an important institution; its skill and rank structures seems irrelevant to society, but actually it matters in a great scale. Of course, Janowitz realized the danger of militarism and militarizing society (Martin and McCrate, 1984), and he advocated the civilian control of military, which could further make military as an open system organization and responsible institution.

Charles Moskos thinks that American military began a trend of moving from institutional model to occupational or organizational model. “An institution is legitimated in terms of values and norms” while as “An occupation is legitimated in terms of the

marketplace” (Moskos, 1977). Military was seen more as an institution rather than an organization, because it must serve goals of nation and state, and was not expected to have goals of self interest. “One thinks of the extended tours abroad, the fixed terms of enlistment, liability for 24-hour service availability, frequent movements of self and family, subjection to military discipline and law, and inability to resign, strike, or negotiate over working conditions” (1977). Based on occupational model, however, military personnel enjoy some voice in the determination of appropriate salary and work conditions. They are even allowed to bring in union-like structure in the military; military itself also relies more and more on civilian technicians to accomplish some of its technical establishments. Termination of the draft and the rise in military pay were two of the most visible changes in the post Vietnam War military system. And there are many other policies after the Vietnam War to serve the interest and welfare of military personnel and their families. The military can now be understood as “a social organization which maintains levels of autonomy while refracting broader societal trends” (1977). According to Moskos, military reacts to postmodern society and becomes postmodern military. The military professionals changed from combat leader (as studied by Stouffer and by Huntington), to managerial technician (studied by Janowitz), and finally to statesman (studied by Moskos and his colleagues). The last model stresses the diplomatic and communication skills of military personnel—there are still soldiers who are dealing with enemies and terrorists but they are the ones that are less likely to be promoted. Those who did get promotion are ones that are good at dealing with international public media and diplomats.

The above sociological studies of military cover research done over half a century. Society has changed dramatically in that time, and the US military changed dramatically too. But one need to know that the historical development of military does not necessarily mean the later model replaced the previous model. On the contrary, new models always build on old models. For example, the organizational model did not replace the institutional model of military, it simply added something new to the military. Similarly, the military profession evolved from combat men, managerial technicians, to diplomatic statesmen; this does not mean that combat men and managerial technicians are no longer there in the military. All these profession models coexist in the military and make military more dynamic. And yet there is something constant about military ethic, or institutional logic: devotion, skillfulness in both management and technology, intra and inter-institutional communication abilities have been always important in the military. No matter how these things influence the mobility of personnel within the military, they work on personnel's mentality and behaviors collectively. When personnel are discharged from the military, they become men of professional ethic, and they have skills that are transferable to the civilian world. Another constant theme of military is its openness; it relies on civil society to recruit its members from all sorts of social backgrounds. It also discharges its retirees to the civilian world, and both processes have tremendous impact on the broader society.

For the relationship between military and society and, more specifically, between military and business, Janowitz and other sociologists focused on its positive side. But their concern was primarily within the organization of military, not quite the

interrelations. The theories that focused primarily on the relationship between military and other social spheres are the power elite theory at the personal relation level and social sciences research on military-industrial complex at the inter-organizational level.

Personal Network: Elites and Power

Moskos thinks that, in sociology, “The power elite soldier thesis was one impetus to move the sociology of the military away from a too exclusive concern with intramilitary variables” (1976). The power elite soldier thesis he talked about refers to C. Wright Mills’s research on the power elite (1959). Elites are a few members in society who enjoy a large proportion of capitals, either political, economic, or symbolic capital. Mills’s power elite thesis focuses primarily on political, economic, and military elites and their interlocked relationships. How did the military ascend to the power elite group and gain control over the society? After all, the United States has a long tradition of belief that military should be controlled by civilians. Mills shares the view with other researchers that the ascendancy of military in American civil society has to do with large scale wars. In wartime, civilian elites had to work closely with military commanders to make sure the cooperation between military, policy, and material support would be properly executed. Historically, in the United States, this kind of alliance between military and civilians was always temporary. Since WWII, the alliance has been formalized and deepened, even in peacetime.

Military training of elites who entered civilian spheres is not easily noticed. Mills says that “Examining them closely today, one comes to see that some are not so different

from corporation executives...others seem more like politicians of a curious sort than like traditional images of the military.” But the self confidence and competence they gained from military training can be carried over into economic and political fields (Mills, 1959, p.199). Also, the military background seems an “excellent legitimator” (p.200) of policies and other decision makings, because it reveals less self interest of the elites. The ascendance of military was also a result of the acceptance of “the military definition of world reality” (p.202). The world polity and international trade after WWII, of course, reinforced this world view from the military. The military definition of reality, along with the demands from military, shaped the corporate economy. At the time Mills wrote his book on power elite, it was “not surprising” to see that “many generals and admirals, instead of merely retiring, have become members of boards of directors” (p.213-4). Technology and education, two driving forces of U.S. economy, have also been shaped by military logic. Radio technology of communication, for example, received fastest development and vast application within the military during the second war. Much technological research, rather than pure scientific research, was funded by military after the war, and many students and scientists working on the research take a “value free” attitudes about the military influence on technology and education (see Mills 1959, p.216-9). Mills examined political, economic, and military elites individually; he also urged that, more importantly, one should look the interlocks of these elites, because of interlocks of directorates, military directly influences business and politics.

Mills’s list of powerful elites is not complete. The types of powerful elites in modern times can be as many as the number of institutions. Mass media and higher

education, for example, are two examples for generating elites. Within organizations, the power and the resources are always controlled by the minority few, i.e. elites, based on Robert Michels's iron law of oligarchy (1999). More sociologists and political scientists are now interested in studying the interlock of elites because they have realized that the interlock of elites exerts power on society, not just to organizations it belongs to. Similar to Michels's iron law of oligarchy, Thomas Dye also thinks that elitism is inevitable even in a democratic society (1995). Dye found that corporate directors, governing circles, new makers, and some civic establishment like law firms and universities, are all the examples of institutions that generate powerful elites. There are specialized elites who work only in one position, and there are interlocked elites who work in different positions. Not satisfied with Mills's statement on "a handful of men" who are interlocked power elites, Dye defined elites in different institutions and produced a size of 7,314 positions occupied by 5,778 individuals, which expanded Mills's power elite literature. But Dye downplayed the importance of military in his writing. He found only 48 military positions from 7,314 important positions in American society. He stated that

It seems clear in retrospect that C. Wright Mills placed too much importance on the military in his work, *The Power Elite*. Mills was writing in the early 1950s when military prestige was high following victory in the World War II. After the war, a few high-level military men were recruited to top corporate positions to add prestige to corporate boards. But this practice ended in the 1960s (Dye, 1995, p.105).

The above statement is not so accurate; although Dye expanded Mills's scope of the powerful elites who run America, he did not test the effects of military personnel. The minority in number does not mean minority in influence in the business world. Also, taking a different sample, the number of ex-military personnel in business may not be just "a few." For example, from a database of 20th century great American business leaders (Mayo et al, 2008), in the 1960s, there are about 38% of those 'great' business leaders had military experience. Obviously, the practice did not end in the 1960s.

After Mills, there are still sociologists studying the interlocking relationships of elites in American society (Schwartz, 1987; Galaskiewicz, 1991; Mizruchi, 1992; Domhoff, 1998), but their focuses are more on social spheres than on military. The interlocking business relationships are important even for study on military and military-industry complex based on Lieberman's idea, because the relation network can react to societal needs (including military contracts) faster than single doing-alone business. After 1960, because of anti-war movements and emphases on technology and business education and profession, the attentions of researchers were shifted away from the relationship between military and business society. If they did research on military after 1960, it was either focused on within military-organization or on the negative sides of the alliance. Mills focused on the negative sides of military-civilian alliance too, but he paid attention to personal network, e.g. how military personnel, business men, and politicians rose to power and formed the network, and how they moved from the top positions in one institution to top positions in another field. Based on duality of person and groups (Breiger, 1974), the personal network is related to the organizational network in which

those individuals have memberships. And that organizational network is studied in the research on the military-industry complex.

Organizational Network: Military Industrial Complex

The creation of military-industrial complex is a historical development. The change of role of military personnel in society helped to build various types of military establishments, from communal army, professional army, to breakdown of clear distinction between military and civilian, combat and diplomat (Lowry, 1970). The U.S. society has not been militarized by members of the military in power elite or by military view of reality, but it developed a new type of social structure called the military-industrial complex. Moskos (1974) traced the development of the concept of military-industrial complex to C. Wright Mills's *The Power Elite* (1956/9) and beyond to Harold Lasswell's "garrison state" (1942) and James Burnham's *The Managerial Revolution* (1941). However, the person who made the term popular to a general audience is former U.S. President Dwight D. Eisenhower (1961). Eisenhower did not overturn the military-industrial complex, but he set a tone for policy and military researchers to be aware of the negative outcomes of the parasite-like social structure. Stanley Lieberon (1971) was among the first to empirically study the effect of military-industrial complex/linkages. The effects of the complex can be analyzed at different levels; e.g. national, institutional, and organizational levels. Previous research focused exclusively on national level and they could block other views of the relationship between military and business; e.g. non-elite perspective and positive influence of military to business and to society.

As I mentioned in the previous section, Mills's interest was in the personal network among political, economic, and military elites. Based on Breiger's formula of duality of persons and groups (Breiger, 1974), it is possible to derive the relationship between organizations and institutions from the known power-elite relationship. This relationship of organizations and institutions based on the power-elite personal network is the so-called military-industry complex (MIC). Narrowly speaking, it refers to "the relationship between military expenditures and large corporations in the United States" (Lieberson, 1971). Economist John Kenneth Galbraith offered some reasons which can be categorized roughly into two perspectives: Weberian and Marxian. First, MIC is a part of the specialization and bureaucratization process of American society, in which business, industry, government, all got rationalized; second, Marxists were weak in America in the 1950s, and the fear of communism and communist aggression was very strong. So at the early stage of its rapid development, it received almost no resistance and criticism. Moskos too suggest that power elite model and MIC related to it were derived from a Weberian perspective on bureaucracy and efficiency (1974, p.500-1) and Americans embraced a neo-Machiavellian idea at the first half of the 20th century. However, to say that MIC was derived from Weber's or Machiavelli's ideas does not solve the problem. Moskos also suggest that three determinants for MIC are: military hierarchy, administrative bureaucracy, and corporate wealth. They correspond to the power elites revealed by Mills.

The first person explicitly warning of the danger of American MIC was not a

communist but the former U.S. president Eisenhower. Here are some statements of his in his farewell address to the nation on January 17, 1961:

This conjunction of an immense Military Establishment and a large arms industry is new in the American experience....We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications....In the councils of government we must guard against the acquisition of unwarranted influence where sought or unsought, by the military-industry complex. The potential for the disastrous rise of misplaced power exists and will persist.

Eisenhower's address to the nation stimulated academic research on MIC from various disciplines (e.g. Melman, 1971; Cooling, 1977; Walker et al., 1992). Following Mills in the academic line and Eisenhower in the policy line, a number of researchers dealt with containing the military-industry complex. To many, MIC is troublesome and it must be contained. At the first place, MIC was not supposed to be given birth; when it became a matter of fact, some people tried to minimize its impact on society and to avoid its damage to security and liberty. MIC was not supposed to be given birth because it violated the principles of free market society, where power intervention of civil lives and business activities should be minimal. Also, modern society seems to regard military as an outdated form of human activities. If humans still need military, it is better to be hidden in some corners of national territory. And there are managerial and moral concerns: the principal-agent problem, for example, could be common because MIC does not often share sensitive information (Alchian and Demsetz, 1972). The products and

services from MIC are also doubtful: it could even be counter-productive to the whole society, and in the long run, anti-civilization. At the time when Eisenhower addressed the nation, he said “3.5 million men and women are directly engaged in the Defense Establishment” and U.S. “annually spend on military security more than the net income of all United States corporations” (Eisenhower, 1961). Three decades later after Eisenhower’s address, some scholars still find his warning was valid (Walkers et al., 1992); forty years later after the address, the warning still echoes (Hartung, 2001). MIC might be traced back to earlier history, when mercenaries brought their own weapons to the military. The products and services of MIC are not greatly expanded. Not only military engineering and logistics, but also weapon operations and destructions, intelligence analysis and military consulting, personal protection and security, are now available to the military from MIC network. As stated on a website of a military contractor’s company:

(COMPANY NAME) efficiently and effectively integrates a wide range of resources and core competencies to provide unique and timely solutions that exceed our customers’ stated needs and expectations.

We are guided by integrity, innovation, and a desire for a safer world.

(COMPANY NAME) professionals leverage state-of-the-art training facilities, professional program management teams, and innovative manufacturing and production capabilities to deliver world-class, customer-driven solutions (www.blackwaterusa.com).

There is a power elitist perspective on power and MIC; there is also a pluralist perspective, which also recognizes the existence of MIC, but denies that MIC makes a difference for the national economy. Lieberman (1971) thinks that some features of MIC, recognized by both elitists and pluralists, are “the interchange of personnel between the military and their corporate suppliers, the network that exists within the business sector, and the role of large corporation as suppliers to the military” (p.564). In the 1950’s, the top largest primary military contractors hired many former generals and admirals (Janowitz, 1960, p.376). Lieberman thinks that “The increasing interlock between suppliers and the military during the decade suggests the possibility of a growing community of interest between the two sectors of the society” (p.564). Not only there are interlocks of personnel between military and business (almost one-way relationship—retired from military to work in the industry), there are interlocking directorships among large corporations. Because of interlocks among business organizations, these companies can coordinated with each other in responding to societal needs, like that large contracts from military. Military contractors are mostly large corporations; at the time when Lieberman did his research, forty of the one hundred biggest contractors were among the 100 largest industrial corporations in the United States (p.567). Among those 100 largest industrial corporations, about half had ratios of military contracts to total sales 0.05 or less. Lieberman also did regression analysis for corporate income on federal government expenditures for national security and expenditures not for national security for a period of 50 years, from 1916 to 1965. He found that corporate income is more closely linked to nonmilitary expenditures than to military spending. The regression and correlation of

corporate income and military spending is almost nil or negative, controlling for nonmilitary spending. But given the complicated relationship among state, military, industry, Lieberson reminds us that the analysis is not conclusive: “No single empirical study can determine the nature of military-industrial relations” (p.581). Both power-elite theory and pluralist theory can find support from empirical evidence. On the national level, the effects of military spending on corporate income is nothing; we cannot rule out power elite explanation because military spending could have a positive influence on nonmilitary spending. Also, if we look in the organizational and institutional levels, there were sixteen of one hundred largest corporations that have military contracts and that accounted for at least 25% of their total sales. Furthermore, the total amount of the military expenditures can be huge enough to change the landscape of the regional economy (e.g. San Diego, see Davis, Mayhew, and Miller, 2003, p.13). Twenty-five percent of total sales to the largest business companies is not a small amount. A lot of things, e.g. employment and unemployment of thousands of workers, can be influenced.

Janowitz offered a comprehensive view of military effects, and an alternative view to Mills’s power-elite explanation, though it did not fall into the camp of pluralist explanation of military effects (in Lieberson, 1971). His idea of a professional soldier views military as a cultural and educational field. It is not necessarily high culture, but the soldiers can obtain skills and use them later in civilian society. Again, because of duality of persons and groups (Breiger, 1974), it is possible get organizational and institutional relations of military and civilian society based on Janowitz’s thesis on professional soldiers and civil services professionals. The organizational relation derived

from professional individuals (other than Mills's power elites) is not MIC like a social structure; it can be called a Military-Industrial Logic Linkage (MILL). To empirically test the significance of the magnitude of military profession, one must exclude the effect of military contracts. Janowitz's view favors cultural influence of military to business industry (and to society in general), not the direct contractual influence based on shared interests (Mills, 1959, p. 276).

The research discussed above, the sociology and social psychology of military concern with phenomena within organizations, although including many insightful statements about relationships between military and society and, in particular, between military and business/industry, lacks empirical research on how military retirees influence society (or industry). Janowitz (1960) pointed out overlaps between military skill structure and industrial profession; however there is not enough empirical research on this, partly because military does not keep a good track of its retirees unless they retired from high positions, or they came back to the state for mental and/or material aid. Other important concepts, like military ethic, are left with no empirical research on their effects. Power elite thesis is a powerful sociological discovery, especially when combined with research on the military-industry complex. But it focuses on too few types of elites, also too few elites, and the effects of power elites are yet to be empirically tested. The military-industrial complex is an unexpected social network development to many, but it is still worthy of investigation either in the Weberian tradition or Marxian tradition. Pluralists, according to Lieberman, denied the magnitude of outcomes of this complex while power-elite theorists acknowledged the negative effects of it. But there is

still a room for a cultural explanation of the military's impact on society in general and on business in particular.

Military Cultural Logics and Business

In this section, I combine research on military mentioned above in and the sociology of leadership developed in chapter one, to provide a cultural explanation of the relationship between military and business.

The basic formula of such cultural explanation is from Weber's original study on the relationship between religion and business. The key to this research is to answer: what is military ethic? Does business need it? Who are the agents of transferring military ethic to business? And what are the effects of military ethic to business, in societal, organizational, and individual levels?

I start with study of Weber's basic approach on inter-institutional relationship: i.e. Protestant ethic as a cultural system transformed an economic system. I examine a few modern military publications and sociologists' study on military to get some basic ideas about military ethic. The element of military ethic can also be found in contemporary organizational leadership theory like that of Warren Bennis's. On the other hand, Bennis's search for great leaders and the requests from institutional rationalities of social background can be explained by S. N. Eisenstadt's reconciliation of Weber's theory on charisma and on institution building. I proposed a multilevel explanation of institutional relationship. The effects of military ethic are hypothesized in various levels so as to test them when empirical evidences are given. The military ethic needs agents to take effects;

one importance source of such agents is the retired military personnel. The business leaders with military social background influence organizations with their strategies for decision-makings that are different from business leaders without military experiences. The rank ex-military personnel held in the military may make a difference on the effects too; as Bourdieu found that position matters in a field, either cultural or military field. Examples of empirical evidences can be found in organizational and individual levels of personal biographies, also in national level in economic development of modern countries.

Weber thought it remarkable to see “how large is the number of representatives of the most spiritual forms of Christian piety who have sprung from commercial circle” (Weber, 1905, p.42). Of course, it can also be put as *how large is the number of representatives of the most successful commercial circle who have sprung from the most spiritual forms of Christian piety*. The most spiritual forms of Christianity Weber talked about are Calvinism, Pietism, Methodism, and the Baptist sects. Weber discussed more of Calvinism, saying “the spirit of hard work, of progress, or whatever else it may be called, the awakening of which one is inclined to ascribe to Protestantism,” are a few of qualities one may find from those religious people. Most modern religions share some common elements with “the negative cult” (Durkheim, 1965), and they tend to be less materialistic and ascetic. But there is something different about Protestants. Weber cited Montesquieu on English Protestants and asked “Is it not possible that their commercial superiority and their adaptation to free political institutions are connected in some way with that record of piety with Montesquieu ascribes to them?” (Weber, p.45). The special characteristics of Protestants seem to be derived from the Reformation, which begot more individual

freedom and yet more responsibility. Thus, piety, and “The ability of mental concentration, as well as the absolutely essential feeling of obligation to one’s job, are here most often combined with a strict economy which calculates the possibility of high earning, and a cool of self-control and frugality which enormously increase performance” (p.63). This is the Protestant ethic that helped the development of modern western capitalism. Weber also cited American writer Benjamin Franklin’s famous sermon on work ethic: “Truly what is here preached is not simply a means of making one’s way in the world, but a peculiar ethic” (p.51). The elements of capitalism existed in China and other ancient nations, but they lacked this peculiar ethic, according to Weber.

Traditional capitalism and modernism are almost antitheses to each other: traditional capitalists made money for money’s sake while modern capitalists have a moral sense in work ethic and business activities; let’s say that they make money for God’s sake. The earlier Christian ethic and modern capitalism are antitheses to each other too; Christians were anti-material and ascetic while modern capitalism encouraged materialism and accumulation. Weber thinks that Luther and Calvin paved the way for Christians because they provided reasons for material and monetary accumulation, and the reasons were from their readings of the Bible. Luther’s conception of the word Calling also contributed to the almost mystical Protestant ethic:

the valuation of the fulfillment of duty in worldly affairs as the highest form which the moral activity of the individual could assume...The conception of the calling thus brings out that central dogma of all Protestant denominations...The only way of living acceptably to God was

not to surpass worldly morality in monastic asceticism, but solely through the fulfillment of the obligations imposed upon the individual by his position in the world. That was his calling. (Weber, 1905, p.80).

In particular historical time, in particular regions, the Protestant ethic and the spirit of capitalism found similarities and they merged into “as part of the development of rationalism as a whole, and could be deduced from the fundamental position of rationalism on the basic problems of life” (p.76). This development is historically contingent, as Weber fully realized and many later researchers pointed out (Jameson, 1991; Bell, 1996).

The sense of duty and calling can also be found in places other than religious and capitalist institutions, and in other cultures. Military, for example, is a place one expects to find that duty really matters; actually, the highest sense of it is often preached like a calling in military. The authority is a secular one, of course, be that the state or a charismatic general, but it is presented to be as holy and noble as the spiritual one. The highest sense of duty creates reliable human teams, which are acclaimed by organizations that often face uncertainty from a competitive environment: almost every organization faces some degree of uncertainty, but military and business are two extreme examples.

If we trace the origins of military organization, it might stand out as one of the earliest organizations and institutions in human history, and one of the largest. It is one of major forces that direct human history and impact other major institutions. Humanists and civilized people are aware of the danger of militarization and militarism that embrace the social influence of the military, and they often emphasize the negative sides of the

military. But if we just look at the ways the military organizes individuals and the logic it has developed (of course, it varies from time to time and from nation to nation), we may see the cultural links between the military and other institutions. Just as some would think of religion as an outdated form of human organization in the scientific age, some would think military as an outdated form of human institution. However, Weber pointed out the linkage between religion and economy³; the strong linkage between military and business cannot be neglected either, due to its historical and contemporary significances. Business leaders realize the linkage (not in the sense of military-industrial complex) well, as Jean-Claude Thoenig, a business professor at INSEAD, wrote in the Foreword for James March and Thierry Weil's book (2005):

I have repeatedly found that company bosses cultivate a secret garden: the study of famous works and classical authors focusing on the art of warfare and leadership in battles. Clausewitz, Sun Tsu, Epaminondas, and Napoleon get them thinking, spurring them on to confront competitors, dream up strategies, formulate tactics, and rally their troops on the battlefield. The ideas propounded by management studies strike them as extremely simplistic by comparison, as well as being remote from the realities of the business world (Jean-Claude Thoenig, from foreword of March and Weil's *On Leadership*. 2005).

³ In Weber's later works, he expanded his interest on Protestant ethic and spirit of capitalism, and contributed to the sociology of religion and economics further, e.g. Weber, 1951, 1978, 1981, and American interpretations like Gerth and Mills, 1946; Bendix, 1977; Collins, 1986. And Eisenstadt's introduction, 1968.

The military strategies are more thoughtfully worked out because the competition in war and among the opposite military troops was often a matter of life and death; generals and strategists must be very cautious about things and actions. Business competition can also be harsh, but it is less competitive compared to military competition on the battlefields. Military texts written two thousands years ago can still be a good guide to business leaders nowadays. Sun Tsu's *The Art of War*, written 600 BC, is a good example. It contains many things that could be useful to both military and business: structure, strategy, tactic, plan, and action..., from deploying troops to engaging in war. The thirteen chapters of this book might confuse a person who is trained in academics with clearer logic and analysis skills. It was said that Sun Tzu, a master of strategy, wrote the book purposely in a manner such that it would not fall into a specific analytic schema and that the strategy for war is a matter of art built on material and intelligent logics. A western military text, Clausewitz's *On War*, shares some similarities with Sun Tsu's *The Art of War*. They are the cultural toolkit for unsettled times (Swidler, 1986).

That the military training brings unique skills and leadership disposition and that unsettled times like wars provide opportunities is recognized by some contemporary writers too (Bush, 1916; Bennis and Thomas, 2002; Loss, 2005). Warren Bennis and Robert Thomas, for example, use WWII as an example for new leadership:

Through its history, the United States has seen wartime as an opportunity as well as a crisis. For more than six decades, American advances in science and technology have been facilitated by the vast scientific infrastructure created in preparation for World War II by Vannevar Bush

and other visionaries. The computer and the Internet are just two examples, albeit world-changing ones. World War II was also a powerful engine for economic growth and social change for a half-century or more (Bennis and Thomas, 2002, p.166).

They also provide a comprehensive leadership development model that includes time (era), personal characteristics (individual factors), social background and institutionalized organizations (experience and organization of meaning) as crucibles of leadership (p.123). The U.S. military, according to them, is a built-crucible for leadership; their interview with John Gardner, founder of Common Cause and cofounder of Independent Sector and a professor at Stanford University, revealed the profound effect of the military imprint:

I was a very reserved, aloof young man. I was an observer... I didn't think of myself as in the mix of things. And I had to come out of that. And the Marine Corps helped me a lot. Just simple fundamentals of leadership. If you're not acting like a leader with Marine Corps enlisted men, they let you know. And they brought me out (John Gardner, from Bennis and Thomas, 2002, p. 35).

There are many examples of military imprints on business leaders. Take as an example, Donald Regan, a former CEO of Merrill-Lynch and former U.S. Treasury Secretary:

he enlisted in the Marine Corps and during World War II he served in five major campaigns, including Guadalcanal and Okinawa. After rising to the

rank of lieutenant colonel, Regan left the corps in 1946; he subsequently credited his experience in the Marines for teaching him a sense of organization (*Encyclopedia of World Biography*)

And about Roger Enrico, former CEO of Pepsi, launched “Cola War”⁴:

Enrico's second lesson came in the late 1960s when he was a navy supply officer in Vietnam during the war. Enrico marveled at his commanding officer's ability to combine resourcefulness and a penchant for not ‘going by the book.’ Throughout his subsequent career, Enrico would incorporate both traits into his management philosophy, sometimes raising the ire of his superiors but ultimately winning them over as he championed new ideas and products (*International Directory of Business Biographies*).

Not everyone’s experience in the military appears enjoyable. Nevertheless, one may still learn some skills from the gigantic organization, including technical skills that transformed business world. Jim Clark, is co-founder of Silicon Graphics and Netscape Communications:

When he joined the navy, Clark again found himself at odds with authority: he marked every question ‘yes’ on a multiple-choice exam, since each one seemed at least partly correct. The navy accused him of trying to fool the computer that graded the tests. Clark had never heard of a computer before (*Business Leader Profiles for Students*).

⁴ The Cola War refers to the competitions between The Coca-Cola Company and PepsiCo. They launched mutually-targeted television advertisements and marketing campaigns from 19980s and on.

The military, including U.S. military, is a unique institution, a total institution, and also a social organization. It may infuse its members with some of unique skills and qualities. According to some researchers (Druckman et al., 1997), the U.S. military has some unique characteristics worth noticing, because the general organizational theory takes business organizations as default organizations, and it faces difficulty when generalizing its findings. On the other hand, military organization can contribute something new to organizational studies if one abandons the conclusions from the default organizations. Druckman et al. give a long list of characteristics of U.S. military organization, to name a few:

it has mission of killing and destroying so-called enemies; it has different but fixed units, branches, and ranks; its members cannot bargain for benefits; its rules of conduct have the force of law; the relationship between the internal and external control of the organization is fixed by law; it often engages in sudden and unexpected transitions; it has an organizational culture that lends support to its personnel...(Druckman et al, 1997, pp.255-65).

The military has its own ethos or ethic too. Taking and giving orders, division and cooperation, obedience, and being collectivist, power-oriented, realistic, and conservative are some of components of military ethic Huntington could think of (Huntington, 1957, p.79). Though military officers tend to keep their personnel a distance from most of other organizations, their ethic can be shared by business organizations too, especially when we view business organizations as hierarchies. Since military became a profession, the

technical skills obtained in it can also be used in business organizations. Janowitz (1960) already said much about technical skills and management skills. But they may be considered as *hard skills*; recent study shows there are *soft skills* from the military too: “they tend to be linked to certain personal characteristics (energetic, intelligent, likable) and the ability to deal with processes (communicate, solve problems, motivate) rather than do things (program a computer, build a house, repair air-conditioners)” (Savino and Krannich, 1995, pp.93-103). To provide a short list of skills that can be transferable from military to business and industry, Savino and Krannich identify: leadership, discipline, self-confidence, interpersonal skills, perseverance, general knowledge, insight, multicultural perspective, critical thinking, and so on (p.98). What military personnel went through in the military may not easily be articulated. Other than the major military organizational characteristics, there are informal organizations within the military, just like those within other organizations, and military informal organizations are unique too in socializing and in educating (Burke, 1999). Military skills, combined with authorities, reinforce the military ethic.

The managerial superiority of military was well understood by organizational theorists. One of the founders of modern organizational theory and administrative theory, Henri Fayol, used the French Army as a case for better administration: “authority, discipline, unity of management, unity of command, and subordination of individual interests to the common good” (Fayol, 1937, p.110). Fayol showed that French military were the first ones to embrace administrative theory, and other institutions, including the state, should model after the military. Fayol and earlier military organizational theorists,

although recognizing the value of the whole military institution to the business society, paid more attention to military officers. Their research shows rank structure could matter, as rank represents position and amount of authority in the military field. Different position in the military leads to the different amount of capital that can be utilized. Years in the military can be another indicator of military logics internalized, as socialization within the military is a process and the longer one stays the more he or she becomes socialized.

Previous research reveals that military organizations have been changing their structures and strategies. Military personnel changed from privates to professional soldiers. Business organizations changed many times too, in the 20th century. According to Alfred Chandler's research, American business get larger, multi-divisional, and they engage in mergers and acquisitions, separation of ownership and control. In short, they moved from personal capitalism to managerial capitalism (Chandler, 1984) as military moved from private to professional soldier (Janowitz, 1960). Both military and business organizations face competition (either in imagination or in reality) and uncertainty. All these similarities between military and business are the base for a meaningful exchange between the two. As a matter of fact, many military retirees later find their new careers in business. They might make businesses more like military organizations, not simply in structure, but in strategy and organizational ethic. But not many signs show that American businesses are militarized; because business has its own logic, it accepts influences from other institutions. Homogeneity or isomorphism process is only one of many processes business organizations go through.

The model illustrated in Figure 2.1 shows institutional isomorphism is only an observed phenomenon at the organizational level. Social mobility from the military to business, among other individual level forces, is the true mechanism of the process of homogenization.

Summary of Chapter Two

In chapter one, I explained how social background matters in the development of leadership. In this chapter, I get more specific and explain how military background matters for the development of business leadership. If there were only two institutions in the society, and both of them were influenced by the same process of rationalization, one may expect two institutions to become isomorphic towards each other and they would become similar, both in structure and in organizational behavior. However, there are many institutions, and there are many types of relations among these institutions. But we can take two from the institutional environment and analyze a dyad relationship, such as Weber's study of religion and economy.

To state that military and business are culturally related, one must eliminate the direct involvement of military in business. Unfortunately, it is almost impossible to ignore the power influence of military on business; the existence of the power-elite circle and the military-industry complex has demonstrated that. This study builds a cultural explanation of the relationship between military and business while recognizing the reality of power influence. As extant research and case studies in the chapter have shown, military ethic and modern capitalism share some things in common. If we say that

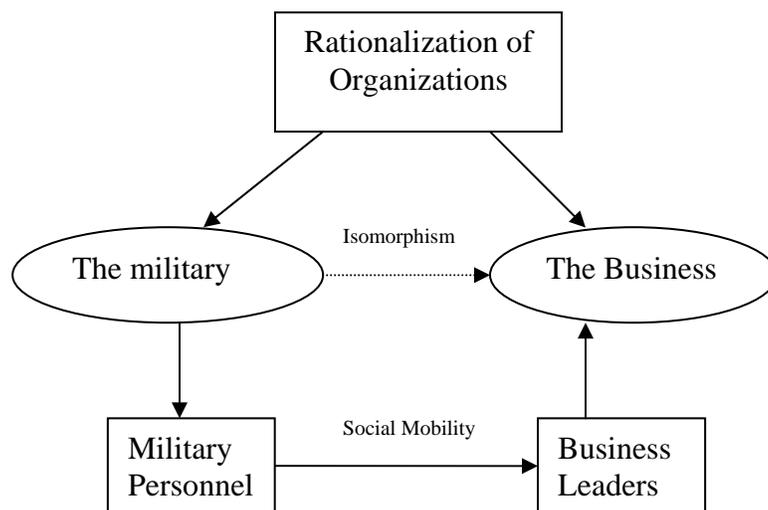
military influences business, there must be agents for this process. The social mobility of retired and discharged military personnel to business leadership positions would bring changes in business and make it more similar to the military, in structure and or in strategy.

Military influences exist in business. In the next two chapters, I will take a sample of individual leaders and their organizations, and empirically test the magnitude of military effects, both in individual and organizational levels.

Table 2.1 Institutional Logics of Capitalist Society and their Relations

	Democracy	Family	Market	Military	Religion	State
Democracy	participation, popular control					
Family		community, loyalty				
Market			accumulation, commodifi- cation			
Military				discipline, sacrifice		
Religion					transcend- ental truth	
State						bureaucrati- zation, regulation

Figure 2.1 A Model for Relationship between Military and Business



CHAPTER 3: THE COMPETITION of INSTITUTIONAL LOGICS: RISE OF MILITARY PERSONNEL TO GREAT BUSINESS LEADERSHIP

Introduction

Every institution has its own central logic, as suggested by Friedland and Alford (1991). The central logics are always contradictory to each other, but they also influence each other. Talking of the relationship of business institution and other institutions, the classical example is Weber's statements on religion and business, and among them the most famous one is that of the Protestant ethic and the spirit of capitalism. More recently, sociologists have tried to reveal the pattern of relationship between the East Asian family and business, applying the theory of institutional logic (Hamilton and Biggart, 1988; Orru, Biggart, and Hamilton, 1997; Biggart and Guillen, 1999). Sociologists are not the only ones realizing that business institutions cannot stand alone and they must be supported, challenged, and compromised by other institutions. As I introduced in chapter two, there are business scholars who saw the cultural link between military and business (Bennis and Thomas, 2002; Jean-Claude Thoenig, 2005). Of course, the relation is not always dyadic; for example, a business institution can share relationships with religion, family, military, and state all together. Oftentimes these relationships are so many that researchers refer to the relation of relations as environment. The relationship between one institution and others can be of material, power, and culture. When different central logics meet with each other, however, it is cultural relationships that matter.

One place to observe the dialogue among cultural logics is in modern leadership succession, focusing on business leadership transition, in managerial succession. Managerial succession is not likely a process of rational (narrowly defined) decision making. Business managerial leadership do not have fixed tenures like political and military leadership usually do. When it comes to leadership transition in business, the transition occurs often because of personal reasons or the needs for organizational development. In either case it causes an atmosphere of uncertainty and unsettlement. Different cultural logics compete with each other, and which one prevails depends on structural opportunities of the new strategy (Swidler, 1986). In recent years, in the time of managerial succession, large American business corporations often look for charismatic leaders from external organizations, and the new candidates “are valued for their social attributes rather than for their possession of relevant skills and experience” (Khurana, 2002, p.x). Again, sociologists are not the only ones to realize that social attributes, often articulated in the terms of institutions, can offer values and logics inherited by those candidates and provide strategies and solutions for the problems and issues of the organization. Khurana shows that it is a common practice for business personnel to mediate on the social attributes and come to critical conclusions.

Which social attributes receive the most favorable consideration, then, is a critical question. Weber studied the macro level phenomena of societal transformation, but he also paid attention to micro level one—e.g. he cited paragraphs of Benjamin Franklin’s writing to illustrate the importance of personal devotion (Weber, 1905). Based on Weber’s research, one would favor a dedicated Protestant from New England or from

England in choosing a top manager for a corporation. The research of Biggart and her collaborators shows, however, that at least in East Asia, being a member of a big family that extends its ties would bring corporation benefits. The advancement in higher education seems to make education the most important predictor of personal success in contemporary society (Collins, 1979). However, it is rare in leadership succession to use a single social attribute to select a new leader, especially when higher education becomes more common than before—if most of the candidates possess a similar education background, then other social attributes would be added for consideration. Friedland and Alford analyzed central logics of five institutions: state, market, democracy, family, and religion. Any one of these institutions can become a social attribute of a socialized member and leave an imprint on the person's career trajectory even if he or she leaves the original institution for other ones. But Friedland and Alford failed to remind readers of an institution that has a long history in human society and is often characterized by its large organizational scale: the military.

As discussed in chapter two, previous study on military concentrated either on military organizations alone or treated military as a source of problems for the military-industrial complex. In this chapter, I show the acceptance of business leaders with military background and assert that the acceptance suggests there be something for business people to learn from the military. Research in this chapter takes American business leaders as an example to unpack the rise of business leaders with military background in the 20th century. It also tests the effects of military experience on individual business leaders.

The number of American business leaders who have served in the military has fluctuated over time. Overall, twenty-eight percent of the 20th century great American business leaders have had military experience, as identified in a database of the Leadership Initiative (LI) program at Harvard Business School (HBS). How does military experience change a person's life course? It seems that those business leaders turned their military experience into something positive for themselves and for their organizations. What features of the military make it suitable as a model for business organizations? Highly rationalized economic institutions and the military share some characteristics, such as their bureaucratic structures and strategies for actions. Military and business institutions can influence each other through other social systems, like education and the state. They may also influence each other more directly through social mobility of personnel. In this research, I analyzed the social contexts of the rise of military-trained personnel in American business companies and answer questions such as: how religion, education, family background, and military experience worked together or alone to help create business leaders, whether military experience made business leaders perform better than those who do not have such experience, and whether they perform better in some industries than in others.

Using managerial succession as an example, my theoretical goal is to show that choosing a leader in an organization is not only an intra-organizational power struggle as suggested by Neil Fligstein (1987), but is also an inter-institutional cultural-logic competition. According to Fligstein, subunits of business institution matter in shaping the structure of a powerful position; institution, too, can shape leadership by serving as a

social attribute. I intend to separate the effect of culture out from Fligstein's political-cultural model, reinstating the position of culture with the theory of institutional logics.

Research Background

The Political-Cultural Approach

Neil Fligstein wants to develop a political-cultural approach to understand institutions in modern society (2001). "The key insight of the approach is to consider that social action takes places in arenas, what may be called *fields, domains, sectors, or organizational social spaces*"(p.15). This insight is in accordance with those of field and institution theorists I discussed in chapter one. But Fligstein's emphasis is on the production of *local cultures*, which are cultures of subunits of a field, institution, or arena. Not satisfied with new institutionalism in organizational studies, Fligstein brought what he calls *collective actors* into the scope of consideration. The collective actors in Fligstein's research are people in top positions within a field or subfield. Local cultures are produced by collective actors to define the relationship between actors and to serve other purposes:

These local cultures contain cognitive elements (i.e. they are interpretive frameworks for actors), define social relationships, and help people interpret their own position in a set of social relationships. Interpretive frameworks allow actors to render meaningful the actions of others with whom they have a social relationship on a period-to-period basis.

Collective actors who benefit the most from current arrangements can be

called incumbents and those who benefit less, challengers. Once in place, the interactions in fields becomes “games” where groups in the fields who have more power use the acceptable cultural rules to reproduce their power. This process makes action in fields continuously conflictual and inherently political (Fligstein, 2001, p.15).

Fligstein puts state in the center of institution world. His other key insight in political-cultural approach is *state building*, which “can be viewed as the historical process by which groups outside of the state are able to get domains organized by the state to make rules for some set of societal life” (2001, p.16). He views “the formation of markets as part of state-building” (Fligstein, 1996). To highlight the “political” in his political-cultural approach, Fligstein uses the metaphor of markets as politics: “processes within a market reflect two types of political projects: the internal firm power struggle and the power struggle across firms to control markets” (unpublished). Like other economic sociologists, Fligstein is not satisfied by rational action assumption of neoclassical economics; he wants to “replace profit-maximizing actors with people who are trying to promote the survival of their firm” (2001, p.17).

Large American corporations underwent a lot of changes. Alfred Chandler, Jr. (1962) case-studied how the large corporations changed their structure from unitary structure to multidivisional structure, but the changes happened differently among the different industries, with more technology-related industry accepting the new structure earlier but more labor-intensive industry later. The major strategy also changed from single or a few products per organization to multiple products in one organization—the

product line was diversified. Accompanied with changes in structure and structure, leadership of American large corporations also underwent dramatic changes. Chandler pointed out that managerial capitalism had replaced personal capitalism before and during WWI, and Professional managers/agents “had become firmly entrenched in the major sectors of the American economy” (1984). After this first wave of changes before the first war, leadership still changed within the frame of managerial capitalism. Fligstein built his research on Chandler and provided a clearer story of what was occurring in the change in leadership.

Fligstein applied his political-cultural approach to study managerial succession in American large business organizations. He perceives that

Choosing a president in an organization is an important political decision.... Early in this century (20th), manufacturing personnel and entrepreneurs dominated large firms. From the late 1930s to the late 1950s, sales and marketing personnel came to dominate large firms. In the past 25 years, finance personnel came to dominate large firms....key actors gain power both as a result of events outside their organizations and by their definition of key problems within them (1987, p.44).

The definition of key problems within organizations is reflected in new structures and strategies taken. The events outside of the large organizations, based on Fligstein’s description, include the observation of adoption of new structures and strategies by other organizations in the fields, monopoly, merger and acquisitions, and antitrust laws.

Fligstein's political-cultural argument not only finds its historical roots in the development of American corporations as documented by Alfred Chandler and Chester Barnard (1938), but also builds on the idea of external control of organizations by Jeffery Pfeffer and Gerald Salancik (1978). The idea of Pfeffer and Salancik, in turn, was built on the open-system perspective of organizations by Katz and Kahn (1966) and on the theory of power-dependence by Richard Emerson (1962). The idea of external control of organizations focuses on the power structure of organizations. Because organizations are in open systems, they also intrude to the organizing process of each other and influence the internal power structure of organizations (see also, Pfeffer, 1981). Some criticized the theory of external control of organizations for overemphasizing power, especially the power outside of organizations (Donaldson, 1995); some criticized it for overemphasizing material resources and overlooking cultural dimensions of organizations and organizational fields (DiMaggio and Powell, 1983). Fligstein's political-cultural approach seems to have avoided the problems of external control theory and to have taken the idea of open system; it also pays attention to the agents of changes: the collective actors of local culture (Fligstein, 1990).

The Institutional Logic Approach

DiMaggio and Powell compared old institutionalism and the new in sociological tradition (Powell and DiMaggio, 1991, p.13). Although some researchers do not agree with their distinction (Selznick, 1996; Stinchcombe, 1997), there have been many works that claimed to be done in the new institutional tradition. These works focus diffusion of

policy and practice, as results of coercive, mimetic, or normative isomorphism⁵.

However, recent years have seen some departures from DiMaggio and Powell's theory of institutional isomorphism. These new neo-institutionalisms traced their theoretical roots back to Friedland and Alford (1991) rather than to Powell and DiMaggio (1991), e.g. Thornton (2004), Scott et al (2000), and Lounsbury (2007). They also studied the heterogeneous process of organizations rather than the homogeneous or isomorphism process. Like Hannan and Freeman (1977), they ask the question: "Why are there so many kinds of organizations?"; Unlike Hannan and Freeman, they develop institutionalism rather than organizational ecology.

Friedland and Alford's institutional analysis focuses on central logic of an institution, or institutional logic, which is "a set of material practice and symbolic constructions—which constitutes its organizing principles and which is available to organizations and individuals to elaborate" (1991, p.248). "They provide individuals with vocabularies of motives and with a sense of self" (p.251). Institutional logics define not only the ends of social actors but also the means to achieve the ends; they give social actors not only advantages but also constraints. On the positive side, "The contradictions inherent in the differentiated set of institutional logics provide individuals, groups, and organizations with cultural resources for transforming individual identities, organizations, and society" (Thornton and Ocasio, 2008, unpublished manuscript). Building on the concept by Friedland and Alford, Thornton and Ocasio define institutional logics as "the

⁵ Other than three types of Institutional Isomorphism, DiMaggio and Powell (1983) also gave a hint of the idea of Collective Rationality, which has not received enough study. I will discuss collective rationality in the last chapter of this research.

socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their materials subsistence, organize time and space, and provide meaning to their social reality” (1999, p.804).⁶

The theory of institutional logics has been applied to study unique or diverse social phenomena of different levels. e.g. world-systems, societal, industry, organizational, and field (Thornton and Ocasio, 2008). However, although each group level can produce some strategies for action and there exist inter-level interactions of action strategies, it is advised that institutional logics are generated from institutions but from nowhere else. Researchers focused on competing institutional logics often study the unique development of a field (Thornton, 2004) or variations of forms of organizations within a field, contrary to isomorphic processes (Lounsbury, 2007); they share ideas that institutional logics shape behaviors of social actors through the mechanisms of collective identification (e.g. Lamont and Molnar, 2002; Rao et al., 2005), contests for status and power (Fligstein, 1987; 1990), classification and categorization (Breiger and Mohr, 2004), and attention of organizational decision makers (Ocasio, 1997) (Thornton and Ocasio, 2008).

The theory of institutional logics not only aims to solve the problem of the limitations of rational actor, but also tries to solve the problem of over-socialized man (Wrong, 1961; Granovetter, 1985), because over-socialized man does not bring changes

⁶ The world-system analysis (Meyer et al., 1997) and comparative research (Biggart and Gullien, 1999) of institutions and organizations also found that institutional logics are contingent with ideological and national boundaries. In fact, they are not only space-contingent but also time-contingent, e.g. Weber (1905) found that the Protestant ethic developed from Christian religion was different from the previous Christian ethics. Even the Protestant ethic itself has developed into a few variations. This study focuses on the institutional logics developed within 20th century United States.

to institutions. According to Thornton and Ocasio (2008), there are four mechanisms of changes in logics: first, institutional entrepreneurs, or more generally, institutional leaders. In Selznick's definition (1957), these are leaders who inherit values and logics of institutions and who are in positions to lead changes; second, structural overlap. Merger and acquisitions, bringing leaders in outside from organizations are examples of structural overlap. It should include both social structures of organizations and mental structures of institutional leaders; third, event sequencing. Each unique event is characterized by heightened emotion, collective creativity, and ritual (Sewell, 1996), it is also characterized by its unique central logic; fourth, competing institutional logics. All four mechanisms are closely related and they can appear in any single study of institutional change. Structures and events are the dimension of space and time for institutional logics to meet, to dialogue, and to compete; institutional leaders are the agents of the dynamics of competing logics.

Institutional logics are part of broader culture. According to Ann Swidler (1986), "Culture influences action not by providing the ultimate values toward which action is oriented, but by shaping a repertoire or 'tool kit' of habits, skills, and styles from which people construct 'strategies of action.'" However, culture may not directly influence specific action with ultimate values; culture does have these ultimate values. Swidler's research just shows that the means and the ends can be separated and they are often displaced in human actions. Furthermore, in the light of theory of institutional logics, her distinction of settled culture and unsettled culture seems unnecessary: for institutional leaders who experience structural overlaps and event sequences, culture and time are

always unsettled; for those who are not in a leadership position and experience fewer structural overlaps and event sequences, culture and time are relatively settled. In a modern industrial society that values competition for efficiency and survival, time and culture are always unsettled. Most individuals are partial members of institutions and organizations, and they carry different institutional logics within themselves. The contradictory logics are the toolkits or strategies for their actions. Those who can successfully take advantage of conflicts of institutional logics have a better chance of becoming leaders.

Previous study using the theory of institutional logics focused more on the dynamics of organizations and institutions. Because means and ends can be separated and because membership of social actors is partial, one can use the theory of institutional logics to study the dynamics of individuals, specifically, leaders of organizations. Due to the duality of persons and groups (Breiger, 1974), underlying competing institutional logics are competing institutional leaders, and vice versa. For example, a military retiree who works for business did not come to business like a blank slate; rather, he or she carried institutional logic of military institutions with him or her. The ends defined by such logic may no longer be valid in the business world, but the means—skills, dispositions, strategies, and on—may still be helpful. The unsuccessful story for not separating military means and ends in society may be illustrated by a Rambo movie, *First Blood* (1982). The successful stories of using military logic in business world can be illustrated by the continuing publications of military classics, like Sun Tzu's *The Art of War*.

Although Fligstein is considered as a new institutionalist (Powell and DiMaggio, 1991), his political-cultural approach can be criticized by ideas of new institutionalism:

First, it is fine to separate political and cultural elements in Fligstein's analysis. As I discussed in previous chapters, there are different capitals in a field, according to Bourdieu. Even for a business institution, there is economic capital, and there are social, political, and cultural capitals too. Similarly, one may find all forms of capitals in military institution. Neoclassical economists not only fail to incorporate a field theory, they also believe that other capitals can be converted to economic capital and thus economics imperialism can be built. Fligstein wants to fight with profit-maximizing actor-ship of neo-classical economics. He picked up two other dimensions forgotten by those economists: power and culture. However power and culture are different. Fligstein's approach might be helpful in analyzing phenomena like the military-industry complex. But again, taking power and culture as a united entirety could make culture lose its autonomy. On the other hand, the competing cultural logics can be viewed as political, although they can also be collaborative. In modern society, institutional logic does not have to overrule other logics; they always jointly shape the decision makings and social actions. But Fligstein suggested that state still has a central position among institutions, so his political-cultural approach sounds more political than cultural. In his research, though, Fligstein always took cultural logics into consideration (Fligstein, 1987, 1990, 2001).

Second, Fligstein paid attention to the subunits of industries like manufacturing, sales, finance, entrepreneur, business lawyers, and on (Fligstein, 1987, 1990) and put

state in the center of power relationship. But he failed to discuss the roles of institutions in managerial succession. As we know, those business leaders were not born into industries. It is true that they came from manufacturing, sales and marketing, or finance departments, but they did not live in industry's independent kingdoms. Each of them has experiences in other institutions too, like family, religion, politics, and military. Looking at the life sequences of these leaders, if they had been in different institutions, we can say that they have partial memberships in more than a few institutions. The institutions they were in serve as their social backgrounds in official and unofficial information. An open-system perspective would suggest these social backgrounds should be considered in the analysis of transformation of organizational control.

Contingency of Social Background

Friedland and Alford suggest that we view society as an inter-institutional sphere. However, in the structure of inter-institutions, institutions are not equal in their structural positions. For example, there are state-centered approach and market imperialism approach; they reflect the inescapable influences of the state and the market. Other institutions, e.g. family, religion, and education, may not appear powerful in modern society, but they influence lives and actions of social actors, and their influence can be more profound (Ogburn, 1964). Which institution is more important than another in shaping social development is a historical contingent, and it is contingent to national boundary too. Since I am dealing with American cases, I focus on the historical contingency and leave the discussion of national contingency to future research. The

different importance of institutions also reflects in the historical contingency of institutional logics (Thornton and Ocasio, 2008). Because of rationalization of western society, market may be more and more important while family and religion may be less and less important. However, according to Thornton and Ocasio, “institutional logics, . . . , are not simply an evolutionary or linear model of development driven by scientific progress or market rationalization” (2008, p.108). Other models of historical contingency exist, like that of cyclical or punctuated-equilibrium-functional (Thornton, Jones, and Kury, 2005).

As I mentioned in chapter one, sociologists like Weber, Merton, and Janowitz all studied social background, whether religion, science, and military. They also contributed to knowledge of the links between institutional backgrounds. Two or more institutions that have seemingly opposite cultural logics can actually positively influence each other. This discovery of Weber and other sociologists contains a hint for solving the problem of rationalization—rationalization process has its boundary, and in order to pass over the boundary, rationality developed in one field has to make some transformation. This transformation is actually more irrational than rational, and more charismatic than routine; and the transformation can only be understood in the context of cultural logics or local cultures (Fligstein, 1990). Eisenstadt (1968) points out that charisma is a main theme of Weber’s thoughts too, in addition of rationality, and it links closely to institution-building, a term also picked up in research by American sociologists Selznick and Janowitz. I will discuss their idea of it in the last chapter. In the western rational world, people still look for charismatic leaders, as portrayed by the great man model of leadership (discussed in

chapter one) and the managerial succession practice in American corporations (Khurana, 2002).

I call the institutional logic approach in this study social background analysis. Basically it analyzes the relationship between institutions through weighing the relationship between social background categories—they are also the names of institutions in this study. I am also aware that the term social background can have meanings of different levels. On one hand, it can refer to institutions that social actors (in this study, leadership) are partial members of; on the other hand, it can definitely refer to subunit of industry, like manufacturing, sales and marketing, and finance. One purpose of using social background analysis rather than institutional analysis is to combine the merits of Fligstein's idea on local cultures with the idea of institutional logics together. In this study, I consider several different institutions like religion, education, and military. I also weigh the effects of what Fligstein called local cultures, like computer industry, finance, and labor intensive industries.

Overall, modern society replaced traditional society and drew somewhat clear boundaries between religious and secular domains. Accompanied by personal freedom in social mobility, the boundaries between secular domains are not clear. Not only do institutions influence each other, they also extend to, overlap, and compete with others. In the intersections of institutions, it is useful to observe the logics in competition.

Data

20th Century Great American Business Leaders database

The database I am using for analysis was obtained from Leadership Initiative program of Harvard Business School (Mayo, Anthony, et al, 2007): *The 20th Century Great American Business Leaders database*. It has information on name, gender, ethnicity, birthplace, religion, father's occupation, marital status, number of children, the industry these leaders were/are in, as well as the age, tenure, and time taken to be business leaders. It contains information on military service of the leaders too, like the units they were in the military: either Navy, Marines, Army, or Air Force. There are 1,000 business leaders included in this database. This database is about great American business leaders in the 20th century and in the decade of 1890s. The *greatness* is measured by Mayo et al.'s research team with several different means. About one quarter of these leaders were selected by financial criteria, i.e. Tobin's q, return-on-assets ratios, and market-value appreciation. CEOs were included in the database if they produced at least four consecutive years of top-level performance on at least one of these metrics. Other CEOs were selected from historical ranking lists appearing in *Fortune*, *Forbes*, *Time*, *the Wall Street Journal*, *the New York Times*, business encyclopedias, and other sources. These CEOs were selected not only by their company sizes; heads of some small enterprises were also included. Mayo et al. also asked the opinions of business professionals about the list of the great business leaders, and it reached a relatively high level of agreement (Mayo et al., 2007).

This study is to compare the outcomes for business leaders with military experiences and those without. To be clear, the subjects included in the database are all successful persons, either in their financial performance, innovation, or several other

indicators. My research compares variations within the most successful group. Ideally, a research design for studying the effect of military social background would either generate a random sample of leaders or focus on a particular industry in a certain period of time. But random sampling method is not applicable for some obvious reasons. First, a large amount of work and limited resources can make it impossible for a normal research team; second, this kind of research always requires data from different sources, missing data are always the cases and they make random samples not so random; third, random sampling would yield too few subjects of comparison purpose. The above reasons also influenced previous researchers in choosing their samples. For example, Lieberman and O'Connor (1972) studied leadership and organizational performance with a sample of 167 large corporations. Fligstein (1987) studied the rise of finance personnel to top leadership in the 100 largest U.S. firms. Mintzberg (1973) found that the empirical studies of managerial work activities after the 1950's usually involving samples of 3 to 160 subjects (managers). In Ragin's sense (1994), the comparative method is to find differences while quantitative method is to study covariation. My research is to find differences among a successful or visible group. Although this is not a random sample, it fits my research purpose. Furthermore, I did not use a dataset for a particular industry at a particular time period, because I intended to get information on the contingency of social background too—either it is contingent upon industry or time era.

Rational and Normative Ideologies of Control in Managerial Discourse

Stephen Barley and Gideon Kunda's article, "Design and Devotion: Surges of Rational and Normative Ideologies of Control in Managerial Discourse," published in

Administrative Science Quarterly in 1992, challenged the textbook notion that American management ideology developed linearly from scientific management, rational approach to normative perspective that emphasizes industry betterment, welfare and human relations, and organizational culture. Rather, from historical data, they found that it developed towards normative and rational rhetoric alternatively, with normative perspective linked to American economic contraction and rational perspective to economic expansion. They summarized in a table that categorizes eras in the 20th century in normative or rational times. I merge this information with *20th Century Great American Business Leaders database* distinguish normative from rational era in order to test whether business leaders with military social background turned more to be normative or rational.

Hypotheses

My research hypotheses can be divided into two sets: one set states the contingency of social background of business leaders, with special attention to the underappreciated military social background, in response to Fligstein's study on the contingency of subunit origins of managers; another set states the relationship between social background and performance. This chapter focuses on the personal performance of business leaders. I will deal with the relationship between social background and organizational performance in the next chapter.

Partial membership and social experience in different institutions make it possible for institutional leaders to have multiple logics for their motivations and behaviors. The

individuals either use one institutional logic or mix several different logics for a specific action. For an opportunistic actor, the importance of the logic could vary with different action; it is also true at the national level, e.g. Merton's study on seventeenth century England, how social background of the population shifted the foci from decade to decade, reflecting the social trends from time to time (Merton, 1970). The value of rationality by the general public may cause traditional institutions like family and religion to become less important and for education, especially business education to be more important for business sector. Large organizations became a dominant power in 20th century America (Domhoff, 1998). The early leaders of large organizations were characterized by self-made men with dramatic life stories and unique personal traits. Later, education, especially higher education, would be more important in obtaining the skills for running companies. Growing up in a rich family may be an advantage for a person to be in position of leading a large organization, but poor family background may also give a person a strong will to change the situation, and thus also lead to the success. One may expect the general declining importance of religions. In small local community businesses, religion might be an important force to link people together. In large, global scale business, however, religion may retreat and become less important. My first hypothesis is about the historical contingency of social background measured at the institutional level:

H1: The importance of social background of business leaders changed

over decades in the 20th century. Some social backgrounds became more important while others became less important—the processes can be either linear or nonlinear.

As I mentioned in chapter two, military background has been appreciated in business practice but has been underappreciated in organizational research. It can offer members the military institutional logic and some life chances too, like the familiarity with technology and experience managing huge organizations. I also believe military experience would give people some advantage in their careers. More specifically, Stephen R. Barley and Gideon Kunda (1992) found that the managerial idea did not develop linearly from control, rational to more humanistic and normative ideologies; rather, there is an alternative domination of rational and normative ideologies in management practice in 20th century United States, with rational ideology linked to economic expansion and normative to contraction. Military organizations are often viewed as a bureaucracy, and military-type management would be more like rational ideology. Thus I hypothesize:

H2: Generally, the importance of military social background of business leaders increased in the 20th century.

H3: In economic expansion, dominated by rational approach of management, one sees more leaders with military background than in economic contraction time. In other words, military leadership may be related to rational administration rather than to normative administration.

Historical events matter too. A historical event is also a place to see the change in institutional logic (Thornton and Ocasio, 2008). For example, major wars could legitimize the military profession and create a social climate that is ready to accept military personnel. On the other hand, on the supply side, the massive discharge of military personnel after the wars can also contribute to the rise of business leaders with military background.

H4: After each major war in 20th century, one sees more business leaders with military background.

Not only is social background historically contingent, it is also contingent to space. Social space represents a position in a big social field. Positions, as I proposed in chapter one, along with institutions, are helpful in shaping the leadership. I will not test the effect of geographical space, but it could also matter in shaping institutional logics (Lounsbury, 2007). It may help to shape the characteristics of leadership too.

H5: Ex-military leadership is distributed unevenly among different industry sectors. Some industries, especially those of multiple products and labor intensive, may see more leaders with military experience.

Organizational sociologists of open-system perspective (Fligstein's political-cultural approach, new institutionalism, and organizational ecology) all talk about the importance of environment and the importance of legitimacy for organizations to exist in the environment. Corroll and Hannan (2000) studied how the density of an organizational form is positively related to its legitimacy in the environment, and the density of

successful organizational form has a mimetic effect. Having leadership with a military background can be viewed as an organizational form too. In order to capture the mimetic effect and legitimatizing process, I use the percentage of CEOs with military social background in industries as an independent variable:

H6: Ex-military leadership is positively related to the density of ex-military leadership.

Social backgrounds are contingent. But they do provide individuals with some toolkits—logics and strategies for motivations and behaviors. MBA education, for example, provides some professional skills for individuals to achieve success in their personal careers, like their personnel salary levels and other monetary benefits. It can give individuals some advantages in gaining powerful positions too, like time to become a CEO, to achieve CEO tenure, etc. Military experience does not usually aim at achievements in business, but because the separation of the ends of the means of military institutional logic, I expect it give people some advantages in their careers too.

H7: Ex-military people tend to stay in CEO position longer as they might have knowledge of how to stay in power. The MBA educated also tend to stay in CEO position longer because of their professional skills.

H8: It takes less time for ex-military personnel to become a leader of an organization as they have some skills towards success and power in bureaucratic structure. The MBA educated also take less time due to their professional skills.

These statements and hypotheses seem to praise the merits of having a diverse social background. However, there are also disadvantages of social background. One big concern is time constraint. Having a social experience or social background can take a large part of a lifetime; for example, education usually takes a fixed amount of time to obtain degrees and certificates; but education is considered as necessary and it is always planned ahead in each individual's early life. Military experience would also take a large amount of time in an individual's life; although it can be helpful to gain some military logics, it is often considered as unnecessary. Time constraint might be the biggest reason for people to tend to stay in fewer institutions, although personal knowledge of these institutions can be helpful to their lives and careers.

H9. Business leaders with military social background were older than those without by the time they became CEOs because military took a large part of their time out from their lives.

Methods

Measurement of Variables

Table 3.1 contains a list of variables used in the analysis and some basic statistics of the variables. I put these variables in different categories.

Outcome variables, *yearstoceo* (years taken from first job to a CEO position), *ceotenure* (Years stayed in CEO position), and *ageatceo* (Age when first became a CEO), were obtained directly from *20th Century Great American Business Leaders database*. These three variables capture how quickly a person can become a CEO, how long he

(most of individual subjects in the database are men) stays in the CEO position, and how old he was when the first time he became a CEO. Of course there are numerous indicators for measuring personal performance. I am using only these three variables to test if Fligstein's political argument in his political-cultural approach still holds in the current research, and whether a social background also brings disadvantage for an individual.

Industry variables are coded from *20th Century Great American Business Leaders database*. The database includes 21 industry sectors. I created a dummy variable for each of these sectors. To simplify the analysis process, I also grouped some of sectors together and reduced the number of industry dummies. For example, variable land was coded from grouping three sectors from the database: Agriculture, mining, and forrest, because they are all related to the use of land; variable technology was coded from computer, chemical, and machine sectors, because they all require higher technological skills and are characterized by multiple products production. In my analysis, I used both 21 dummy industry variables and 7 dummy variables reported in the table. When I find no controversies, I report only effects of grouped variables.

Social background variables include variables describing military experience, education background, family status, and religious affiliation. Military experience includes the subunit in the military these leaders served: Navy, Army, Marines, and Air Force. I create *military* as a dummy variable for military social background. It is used as an independent variable to compare with other social and industry categories in predicting three outcome variables mentioned above. It is also used as a *dependent*

variable in the analysis to test the contingent effects of time and social space. But I have in mind that ex-military leadership is not dependent upon many explanatory variables. Similarly, Fligstein used dummy variables like finance leadership in industry as dependent variable in his analysis, and I believe he was referring in the possible relationship of variables rather than to the true causal mechanism (Fligstein, 1987). Other social background variables are to be compared with military experience and are treated as independent variables. Again, the emphasis here is statistical relationship and some possible causal mechanisms.

Environment variables include percentage of CEOs with military experience in an industry and a dummy variable that denotes whether an era is of rational or normative dominated management ideology. I created a percentage variable to capture the effect of density of an organizational form, as I introduced above, the density of an organizational form can have positive effect on its legitimacy in the field, and it can lead the process of organizational isomorphism. The rational management dummy variable is to be used in understanding the style of ex-military business leadership.

Time variables include 10 dummy variables for each decade studied (decade 1890s is an omitted reference variable). I also treat era as a continuous time variable to capture the general trends of development.

Statistical Models

The logistic model is used to predict the odds of a business leader with military background:

$$\text{Log}\left[\frac{P_i}{1-P_i}\right] = \alpha + \beta_{i1}x_{i1} + \beta_{i2}x_{i2} + \dots + \beta_{ik}x_{ik} + \varepsilon_{ik}$$

I test four models using logistic regression. First, I include time variable, industry dummy, and cultural environment variables. This model is similar to Fligstein's model used in his 1987 article on *American Sociological Review* (p.54). I use dummy variables for decade to capture the time contingency effects. On the other hand, using time variable era will only capture the general trend without observing the dynamics of contingency. In the second model, I replace industry dummies with social background dummies to test their effects. Model three is a saturated model, in which I include every possible independent variables to test the contextuality of effects. Rational management variable is omitted in this model because of its collinearity with time dummies. Model four is a reduced model. I included it after I tested the first three models to illustrate the main factors in shaping a form of business leadership. I also applied logistic regression model to predict the odds of being associated with rational ideology of management, using industrial and social background predictors.

The Ordinary Least Square models are built for testing effects on three outcome variables in Table 3.1:

$$Y_i = \alpha + \beta_{i1}x_{i1} + \beta_{i2}x_{i2} + \dots + \beta_{ik}x_{ik} + \varepsilon_{ik}$$

I used saturated models for each outcome variable. I broke down the time into two periods: before year 1950 and 1950 and after. WWII is a historical event that transformed American industry too. It ended in 1946, but I treat 1950 rather than 1946 as a turning point in the analysis, as it might to several years for the military social background of

WWII veterans to take effects. I used the OLS statistical model because I treat categorical group variables as a dummy variable; not only will the group level effects be captured, but the model can also specify the category effects. Years towards CEO position and years in CEO position are to test the ability of ex-military personnel in seizing power; age at CEO position is to test if military and other social backgrounds have negative effects on an individual's life.

Correspondence Analysis

In order to test if ex-military leadership is contingent on industry sectors, I use logistic regression models as described above. The dataset from Leadership Initiative program at Harvard Business School also contains information on military subunits these individuals served. Cross-tabulation of military units and industry sectors can provide some information on the relationship of the two. We can also take the numbers in the cells of cross-tabulation as elements of a matrix. Basically, a cross-tabulation data matrix tells us information of multiple dimensions. To visualize the relationship, one needs to find a way to summarize the information in two (plain) or three (cubic) dimensions. Correspondence analysis provides a way to summarize multiple-dimensional information by breaking the matrix down into dimension-specific components (which are also matrixes), and making it possible to visualize aggregations of social categories like military unit and industry sector.

Results

The results of both descriptive and inferential statistics are summarized the figures and tables. Table 3.1 contains basic statistics of all the variables used in the models. Industry sectors, social backgrounds, and decades are coded into dummy variables. For example, military is a social background variable and has a mean of 0.28, the total number of individual leaders in this study is 1000, which shows that 280 of 1000 business leaders have military social background. Percentage of ex-military CEO in industry sectors varies from 12% to 43%. The dummy variable for rational management time has a mean of 0.506, which shows the time period I studied is evenly distributed in either rational or normative management ethos.

From Figure 3.1, it is easy to tell that, generally speaking, the importance of religion, especially Protestant, declined in the 20th century; the importance of higher education, including professional education in business, increased continuously in the 20th century. The trend of military background in business has ups and downs in the 20th century, but the general pattern is still upwards, especially before year 1980. The trend for family status is more complicated; the rocky curves show that family is a decade-specific social background, and family status is more important in some years than others. Being rich or poor really has a different influence on the personal achievement. At the turn of the 19th century, the chance for poor family members started to decline, until several years after WWI, then it kept relatively stable in the 20th century. Being born rich became more important from about 1910s to 1980. The status of middle class increased from 1900s to some years after WWI, a time period roughly corresponding to the rising of scientific management (Taylor, 1911/1998), which suggests that the middle class

might be more affiliated with political-ideology-free management thought. The importance of father being a head of the same company was increasing before 1940, although afterwards it was declining continuously. This suggests that the family business might be very important before WWII and it became relatively less important afterwards. The number and proportion of some important social origin are documented in Table 3.2. Social backgrounds are time contingent. The importance of some social backgrounds declined over time in the 20th century while others increased or had ups and downs. Hypothesis 1 is supported by the evidence.

Table 3.3 contains some results of logistic regression models predicting the odds of having a business leader with military background. Taking all the models together, one may conclude that the general trend is that the importance of military social background increased in the 20th century. The coefficients of dummy variables for decades provide more detailed information on how the importance of military social background changed; seven out of ten decades in the 20th century saw the favor of military social background of business leaders. Hypothesis 2 is supported. In model 4, the coefficient of rational era of management is significant, which tells us that business leaders with military experience tended to rise in rational time of management, which further suggests that ex-military leaders might favor rational way of management rather than normative way of management. From Barley and Kunda's article (1992), rational management is linked towards economic expansion era while normative linked with an economic contraction. Hypothesis 3 is supported. In economic expansion, one saw more business leaders with military background than in economic contraction time. Hypothesis 3 is also supported

by results of logistic models in Table 3.5, which shows that military leadership is linked to rational management eras, but it might be just one kind of rational management. Other social backgrounds, like religion and family status, are neither rational nor normative. MBA education is negatively linked to rational eras, which suggests that MBA trainings makes individuals oriented more towards normative management, but of course, there is no evidence of direct-link here. Undergraduate training, like military background, is positively linked to rational way of management. Industry sectors may be opportunistic in taking rational or normative strategies, because none of their coefficients in model 6 are significant.

Another aspect of the time contingency of military social background is that it is influenced by great social events like wars. From Figure 3.1 and also from Table 3.3, after WWI, in the 1920s, one saw more ex-military business leaders; after WWII, in the 1950s, one also saw more ex-military business leaders. Although there might be some time lag, it is evident that war and later ex-military leadership are positively related. War provided more opportunities for military experience, and military experience offered some opportunities to the individuals too. Hypothesis 4 is supported.

Model 1 and 3 in Table 3.3 test social space contingency of ex-military leadership in industry sectors. None of the coefficients is significant. I expected more ex-military leaders in labor intensive industry like land and logistics, but this is not the case. I also expected more ex-military leaders in industries that are characterized by multiple products, like food and computer, and chemical technologies. Again, this is not the case. I also did an analysis that included all industry sectors in the *20th Century Great American*

Business Leaders database; the results show that only in the transportation industry, does one more ex-military leaders. The transportation industry is characterized by higher mobile activities, which may be an area where ex-military personnel are proficient. After all, most non-military people are trained to work in a fixed location, but military personnel have to be highly mobile and accustomed to different geographical locations. Furthermore, to test the industry-contingency of ex-military leadership, I did a cross-tabulation of industry sectors and military subunits, as shown in Table 3.5. Chi-square test of the table shows the difference among the subunit origins of the military on choosing an industry is not significant. Correspondent analysis, however, suggests that there might be some slight differences in advance in an industry (see Figure 3.2). Marines personnel gained success in the restaurant business, but there are too few cases to solidify this argument Air Force personnel later succeeded in utilities and services industries; ex-Army personnel became more successful in construction, fabricated goods, transportation, and even the finance industry; more Navy personnel became leaders in chemicals, computers, and auto industry. But again, statistical tests show that such differences are relatively small. It must be some other things rather than concrete skills that made ex-military personnel more successful. Perhaps some soft skills like discipline and devotion made them more successful, and in a sense, we can call those soft skills the ethic of the military. Hypothesis 5 regarding uneven distribution of ex-military personnel among the industries is not supported.

All four models in Table 3.3 show that the percentage of ex-military CEOs in an industry is positively related to the odds of having a CEO with a military background. It

might help to prove Carroll and Hannan's argument on density and legitimacy (2000), and hypothesis 6 is supported.

The test of contingency of military social background in the above shows that military background of business leaders is more time-contingent than space-contingent, according to hypothesis 6, it is also influenced by the density of such background. These results further show that military has its own logic in training its personnel. And the logic can have some effect on individuals' performance.

There are a many ways of measuring a person's performance within business organizations, including some basic measure like absence days per year, productivity, and salary level or bonus received, but these are not of interest in this research. CEO is a power position. If CEO succession is a power struggle based on Fligstein's approach (1987, 1990), there should be some measurement of power itself for CEO personal performance. How much time is needed for a person to become a CEO is a quite objective measurement. How long he stayed in the position is also an indicator of how well he managed and the popular support he received. For someone retired from military, where he was indoctrinated with military ethic and logic, and maybe with some useful skills for the civilian society, he might tend to pay more attention to the non-monetary measurement of personal achievement. I hypothesized that there is a positive relationship between military experience and the ability to seize and to stay in power. Table 3.6 lists the results of regression analysis for some factors influencing such power ability. The predictors are industrial sectors and social background, single measurement of cultural environment, and the density of ex-military CEOs per industry is also included. I broke

down time period into two halves: before and after 1950, as I perceive that WWII is a threshold for America in world power structure, but also a break line of cultural logics. For example, by the time Weber's book on the Protestant ethic and the spirit of capitalism was first published in the English speaking world (1905), a large part of the United States was still dominated by Protestant ethic and logic, but when Fredric Jameson published his book on the cultural logic of late capitalism (1991), this country was more than ready to accept some contradictory values rather than the Protestant ethic.

Models in Table 3.6 show that military experience does not guarantee that it will be quicker for someone to become a CEO or to stay as CEO longer. An MBA education does not guarantee that it will be quicker either, but it shows that an MBA educated CEO actually stayed in positions shorter than others, maybe because they were trained to adapt to a fast-changing environment after 1950. Hypotheses 7 and 8 are not supported.

Regression Table 3.7 shows that hypothesis 9 is partially supported—ex-military business leaders tend to be older the first time they became a CEO, probably because military service took a part of their valuable time out from their lives. The density of ex-military leadership has a negative effect on the age when one becomes a CEO. It might be that, again based on Carroll and Hannan (2000), density builds legitimacy, and legitimacy makes it easier for someone to become a CEO. But the results hold only for the latter half of the 20th century; in the first half of the century, CEOs who had military background actually were younger than others when they became CEOs for the first time.

Discussion

The best predictors for the rise of business leaders with military background are density of this kind of leadership, decades in 20th century, and undergraduate education. Industry sectors and most other social backgrounds had non-significant influences on ex-military personnel becoming CEOs. Neither military background nor an MBA degree helped individuals to seize and retain power. Actually, for those with military experience, they did have a disadvantage in their career—that is, by the time they got the CEO positions, they were older than those without military experience.

In this research, I studied a form of business leadership and its relationship with environment, including industries, institutions, and cultural environment. I did not get into historical details, like social events and policies, but the research suggests that the relationship should be studied historically because of decade-specific effects. I used ideas derived from previous chapters to study the factors that explain ex-military business leadership. The main point here is the importance of social background. I tried to use social background to synthesize the ideas of open-system theory, field theory, and institutional theory, all of which emphasize the importance of broader social structure in shaping organizational behavior and structure, including leadership form. I also tried to use social background analysis to synthesize Fligstein's approach. Fligstein studied subunits of industrial organizations and industrial sectors to explain the rise of financial personnel from 1919 to 1979 (1987). His research on transformation of corporate control is considered as a contribution to new institutionalism in organizational studies (Powell and DiMaggio, 1991). The social background analysis I advocate here also aims at contributing to institutional theory. Institutional theorists studied politics, culture,

economics, and other sub-systems or subfields of society. The political-cultural approach of Fligstein can be developed by separating political argumentation out from cultural, and by including institutional variables. Social background analysis aims to synthesize social structure theory including some of Fligstein's research on subunits of organizations. I also want to use social background analysis to synthesize the theory of institutional logics and Fligstein's idea of local cultures (Fligstein, 1990). Social background can include institutions, field sectors, organizations, and organizational units a person is or was affiliated with. And social background is always background of individuals; it can link to both agency and structure of action theory or social change theory.

Social background can provide researchers some information, just like institutions can be used to suggest some logic for motivations or actions (Friedland and Alford, 1991), or like subunits of organizations producing local cultures. But people are living in open societies and they can combine different strategies for motivation and action at different times (Swidler, 1986). There is room for the freedom of subjectivities. The contingency of military and other social backgrounds suggests that social background analysis is not deterministic. But the changing picture of social background of business leaders can tell us some story of transformation of organizational control. Fligstein focused on the political side of such transformation. I add institutional theory to Fligstein's political-cultural approach (which is also considered by Power and DiMaggio as new institutional theory; see Power and DiMaggio, 1991). Fligstein focused on subunits of industry, not on institutions. My research found that military social background did not give these business leaders advantages in seizing and staying in power positions, which may also

suggest that managerial transition is not simply a political struggle; it is also a process of cultural change. My research shows that the business world more easily accepts a business leader with military experience in an era dominated by rational management rather than by normative management. The level of presence or the density of leaders with military background also helps to legitimize this form of leadership. The lack of relationship between military background and industry sectors may simply mean that military personnel are not good at any field in industry, or the opposite, they are good in any sectors. So maybe it was not the specific knowledge of industry that made them outstanding, but just the culture, institutional logic, and or ethic of military that helped them.

One should not draw conclusions from a single social background, either. The rise of ex-military personnel in business shows that two institutional logics can work together well: military logic and business logic. But I also want to point out that, from my regression analysis, undergraduate education and ex-military leadership are also related, which further suggests that ex-military personnel might not succeed in business single-handedly. Military logic can be more appealing to the business world if it is combined with a higher education.

The main implication of this research is that leadership is not only the political struggle of subunits of organizations coupled with environment of policies and regulations as Fligstein has demonstrated; it is also the institutional or cultural phenomenon as Weber implied and as the current research shows. The previous

institutional membership or the social background of managerial leaders can also be helpful in understanding the transformation of corporate control and corporate culture.

But there are several limitations of this study. One is the lack of structure and strategy variables. Fligstein included a few of such variables in his research (1987, 1990), but I was not able to find such variables for each of companies in the whole 20th century. So there is no information on which organizational structure is more or less friendly towards ex-military leadership. I also did not include the information of ranks of these leaders when they retired or were discharged from the military. Leadership, as I discussed in chapter one, is influenced by institutions and the positions individuals occupied in the fields, because different positions in a field can charge individuals with different amount of institutional logic or local culture. The duration within an institution is important too. One may expect that the longer an individual stays within an institution, the more he is socialized and the more he grasps the logic of the institution. By focusing on the latter half of the 20th century and a smaller sample of leaders, I hope to overcome some of limitations of this research in the next chapter, where I focus on organizational-level performance.

Figure 3.1 Proportion of Social Background of Business Leaders over Decades

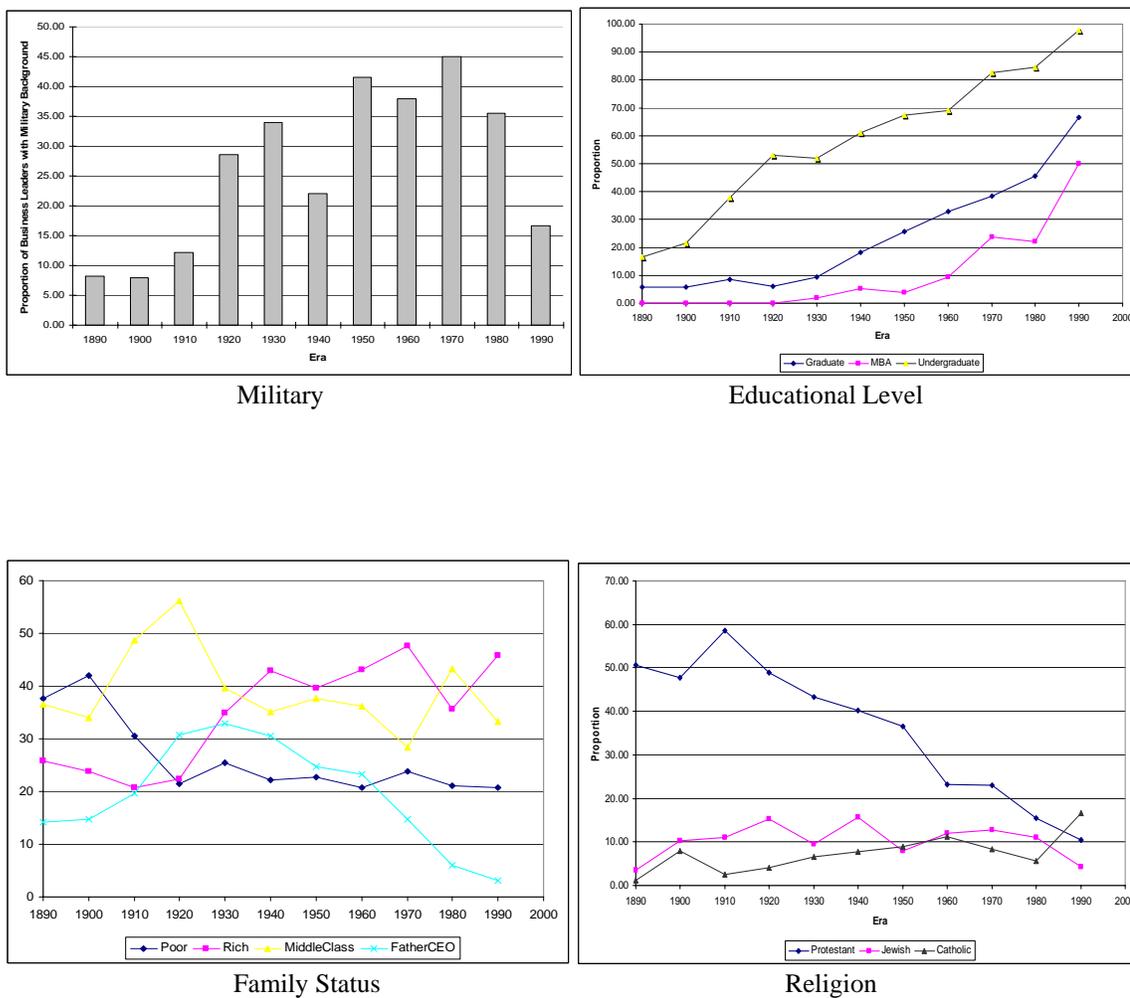


Figure 3.2 Correspondence Analysis Chart for Military and Industry

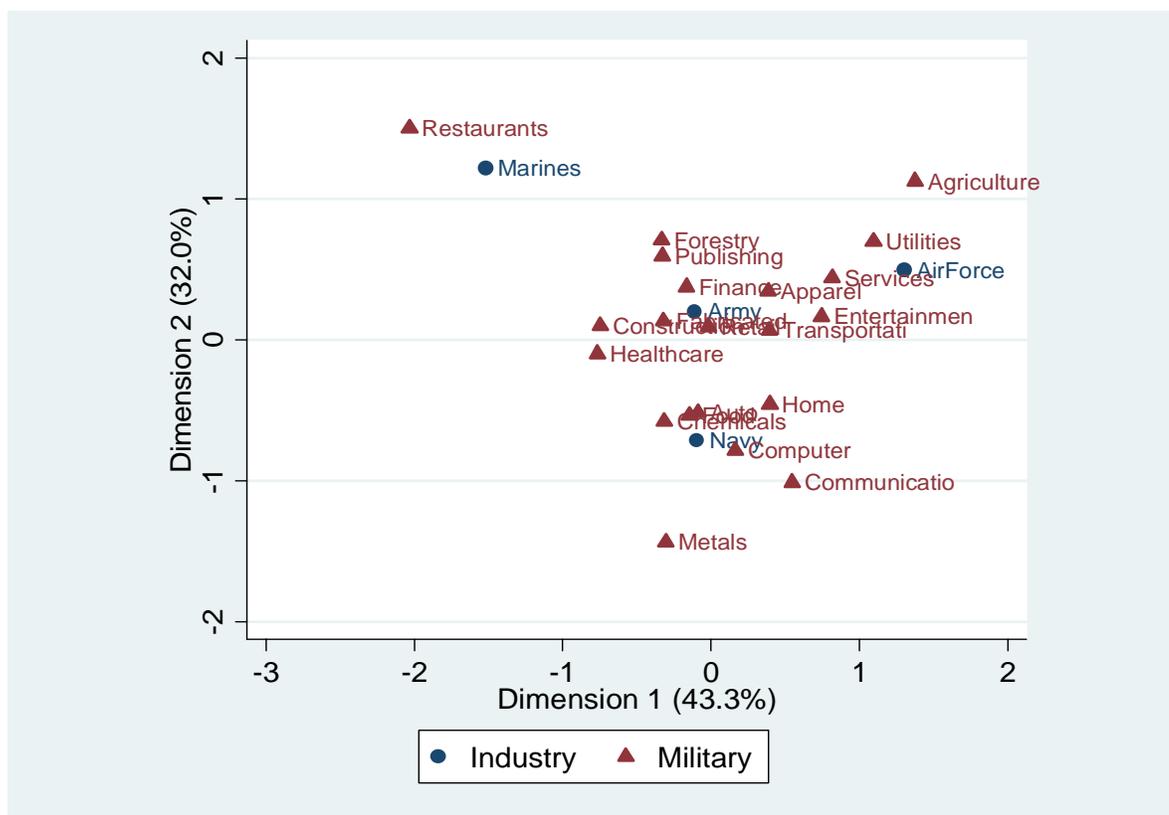


Table 3.1 Descriptive Statistics of Variables

Variable	Mean	Std. Dev.	Min	Max	Description
Outcomes					
yearstoceo	10.106	11.612	0	52	Years from first job to CEO
ceotenure	23.518	12.928	5	73	Years in CEO tenure
ageatceo	42.53	10.185	17	72	Age when first became CEO
Industry					
land	0.043	0.203	0	1	Agriculture, mining, forrest
technology	0.146	0.353	0	1	Computer, chemical, machine
media	0.107	0.309	0	1	Communication, media
logistics	0.303	0.46	0	1	Transportation, retailing, metal
finance	0.091	0.288	0	1	Finance
food	0.119	0.324	0	1	Food related business
health	0.143	0.35	0	1	Health related business
Social Background					
military	0.28	0.449	0	1	Binary variable, military service
undgredu	0.579	0.494	0	1	Binary, undergraduate
mbabi	0.091	0.288	0	1	Binary, MBA
gredu	0.226	0.418	0	1	Binary, graduate
midclass	0.391	0.488	0	1	Binary, middle-class family status
rich	0.348	0.477	0	1	Binary, rich family
poor	0.261	0.439	0	1	Binary, poor family
fatherceo	0.207	0.405	0	1	Binary, father was ceo in same com.
protestant	0.366	0.482	0	1	Binary, Protestant
jewish	0.106	0.308	0	1	Binary, Jewish
catholic	0.071	0.257	0	1	Binary, Catholic
Environment					
mpi	0.281	0.069	0.12	0.43	% of military CEO in industry
rationera	0.506	0.5	0	1	Binary, rational era of mgmt
Time					
era	1939.35	29.933	1890	1990	Decades from 1890s to 1990s
d1900	0.088	0.283	0	1	Binary variable for decade
d1910	0.082	0.275	0	1	Binary variable for decade
d1920	0.098	0.297	0	1	Binary variable for decade
d1930	0.106	0.308	0	1	Binary variable for decade
d1940	0.077	0.267	0	1	Binary variable for decade
d1950	0.101	0.301	0	1	Binary variable for decade
d1960	0.116	0.32	0	1	Binary variable for decade
d1970	0.109	0.312	0	1	Binary variable for decade
d1980	0.09	0.286	0	1	Binary variable for decade
d1990	0.048	0.214	0	1	Binary variable for decade

N=1000

Table 3.2 Social Background Origin of CEOs at Each Decade

	1890	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990
Military	7 (8.24)	7 (7.95)	10 (12.2)	28 (28.6)	36 (34)	17 (22.1)	42 (41.6)	44 (37.9)	49 (45)	32 (35.6)	8 (16.7)
MBA	0 (0)	0 (0)	0 (0)	0 (0)	2 (1.89)	4 (5.19)	4 (3.96)	11 (9.48)	26 (23.9)	20 (22.2)	24 (50)
Poor	32 (37.6)	37 (42)	25 (30.5)	21 (21.4)	27 (25.5)	17 (22.1)	23 (22.8)	24 (20.7)	26 (23.9)	19 (21.1)	10 (20.8)
Rich	22 (25.9)	21 (23.9)	17 (20.7)	22 (22.4)	37 (34.9)	33 (42.9)	40 (39.6)	50 (43.1)	52 (47.7)	32 (35.6)	22 (45.8)
FatherCEO	10 (14.1)	12 (14.8)	15 (19.7)	27 (30.7)	26 (32.9)	19 (30.6)	18 (24.7)	20 (23.3)	10 (14.7)	4 (5.97)	1 (3.03)
Protestant	43 (50.6)	42 (47.7)	48 (58.5)	48 (49)	46 (43.4)	31 (40.3)	37 (36.6)	27 (23.3)	25 (22.9)	14 (15.6)	5 (10.4)

N=1000.

Percentage in parentheses, calculated with formula:

SocialBackground# / (SocialBackground# + NonSocialBackground#)

Table 3.3 Results of Logit Models Predicting a CEO with military Social Background

	<u>Model1</u>	<u>Std.</u>	<u>Model2</u>	<u>Std.</u>	<u>Model3</u>	<u>Std.</u>	<u>Model4</u>	<u>Std.</u>
Independent	Coef.	Err.	Coef.	Err.	Coef.	Err.	Coef.	Err.
Time:								
era							0.014***	0.003
1900	-0.089	0.561	-0.111	0.562	-0.108	0.563		
1910	0.406	0.523	0.287	0.525	0.296	0.527		
1920	1.430***	0.456	1.266**	0.464	1.267**	0.465		
1930	1.655***	0.449	1.494***	0.455	1.508***	0.456		
1940	1.096**	0.484	0.898*	0.494	0.905*	0.495		
1950	1.990***	0.447	1.797***	0.456	1.805***	0.458		
1960	1.837***	0.443	1.636***	0.455	1.650***	0.457		
1970	2.099***	0.444	1.765***	0.464	1.788***	0.466		
1980	1.753***	0.456	1.443**	0.479	1.460**	0.481		
1990	0.661	0.559	0.191	0.594	0.217	0.597		
Industry:								
land	0.000	0.546			-0.119	0.552		
technology	-0.120	0.421			-0.137	0.427		
media	-0.062	0.431			-0.014	0.438		
logistics	-0.028	0.388			-0.007	0.394		
finance	-0.038	0.442			-0.040	0.447		
food	-0.011	0.426			0.064	0.432		
health	-0.203	0.423			-0.222	0.429		
Cultural Environment:								
%militaryCEO in industry	4.584***	1.254	4.567***	1.131	4.846***	1.273	4.310***	1.100
rational era of mgmt							0.532***	0.148
Social Background:								
undgredu			0.430**	0.185	0.445**	0.186		
mbabi			0.501	0.312	0.503	0.313		
gredu			-0.290	0.231	-0.280	0.232		
poor			-0.218	0.207	-0.231	0.209		
middle class			0.049	0.173	0.057	0.174		
protestant			0.184	0.166	0.182	0.167		
fatherceo			-0.197	0.216	-0.217	0.218		
Constant:	-3.584***	0.600	-3.695***	0.528	-3.737***	0.628	-	30.25*** 5.064
Number of obs	1000		1000		1000		1000	
Goodness of fit (Chi2)	107.58***		119.56***		120.92***		73.16***	
Pseudo R2	0.091		0.101		0.102		0.062	

*p<.1, **p<.05, ***p<.01

Table 3.4 Results of Logit Models Predicting Being Associated with Rational Years

<u>Model5</u>			<u>Model6</u>		
Independent	Coef.	Std. Err.	Independent	Coef.	Std. Err.
militarybi	0.594***	0.147	land	-0.383	0.423
protestant	0.068	0.145	tech	-0.529	0.337
jewish	0.387	0.224	media	-0.054	0.352
catholic	0.083	0.261	logistics	-0.449	0.315
rich	0.138	0.173	finance	-0.271	0.360
midclass	0.194	0.166	food	-0.353	0.345
gredu	0.078	0.206	health	-0.069	0.338
mbabi	-0.562**	0.278	Constant	0.336	0.293
undgredu	0.420**	0.150	Number of obs	1000	
Constant	-0.545***	0.162	Prob > chi2	0.3097	
Number of obs	1000		Pseudo R2	0.006	
Prob > chi2	0		*p<.1, **p<.05, ***p<.001		
Pseudo R2	0.0273				

Table 3.5 Cross-tabulation of Militaries by Industries

Industry	AirForce	Army	Marines	Navy
Agriculture and Mining	2	4	0	0
Automotive and Aerospace	3	7	1	9
Chemicals - Industrial	0	3	0	2
Communications	1	1	0	3
Computers & Electronics	2	7	0	9
Construction & Real Estate	0	6	1	3
Fabric & Apparel	1	5	0	1
Fabricated Goods	2	13	2	8
Finance	3	18	2	6
Food & Tobacco	1	15	0	10
Healthcare	0	10	2	7
Metals	0	1	0	2
Retail	1	10	0	3
Services	5	5	1	4
Transportation	4	7	1	6
Utilities & Energy	3	6	0	1
Wood, Paper & Forestry	0	1	0	0
Restaurants & Lodging	0	3	2	1
Personal Care/Home Products	2	5	0	5
Publishing/Print Media	1	12	1	2
Entertainment/Broadcast Media	3	6	0	3

n=277*

*Three cases were dropped because of non-us military origins

** Pearson $\chi^2(60) = 67.19$, Prob = 0.2444

Table 3.6 Results of OLS Models Predicting Years towards CEO and Years in CEO

	YearstoCEO				CEOTenure			
	<u>Model7</u>	<u>1890- 1949</u> Std. Err.	<u>Model8</u>	<u>1950- 2000</u> Std. Err.	<u>Model9</u>	<u>1890- 1949</u> Std. Err.	<u>Model10</u>	<u>1950- 2000</u> Std. Err.
Independent	Coef.		Coef.		Coef.		Coef.	
Industry:								
land	-3.62	2.51	0.21	4.42	4.71	3.39	0.23	3.61
technology	-2.03	2.14	1.69	3.11	1.34	2.91	-5.69*	2.54
media	-1.63	2.29	-4.88	3.16	10.85***	3.12	2.50	2.58
logistics	-1.97	1.93	-1.57	2.86	5.12*	2.62	-1.59	2.34
finance	-1.73	2.29	2.32	3.27	4.51	3.12	0.03	2.67
food	-2.91	2.16	-0.03	3.18	5.38*	2.94	-2.96	2.59
health	-2.78	2.33	2.67	3.07	8.53**	3.17	-3.80	2.50
Background:								
undgredu	0.43	0.97	1.17	1.43	-1.12	1.32	-2.93**	1.17
mbabi	-1.47	4.16	1.89	1.77	-0.19	5.67	-2.60**	1.44
gredu	-1.07	1.67	-3.44**	1.50	1.75	2.27	0.58	1.22
poor	-1.10	1.16	-6.45***	1.46	5.56***	1.58	4.20***	1.19
midclass	0.50	1.01	-6.43***	1.28	1.48	1.38	5.30***	1.04
protestant	1.93**	0.83	3.64**	1.32	-1.85*	1.13	-0.65	1.08
militarybi	-1.60	1.07	1.84	1.14	1.76	1.45	0.01	0.93
fatherceo	8.65***	1.09	4.56**	1.80	1.04	1.47	3.39**	1.46
Environment:								
mipi	-12.17*	6.38	-34.17***	10.54	-6.55	8.68	-0.70	8.54
Constant:	11.25***	2.46	24.03***	3.85	23.13***	3.35	19.96***	3.14
Number of								
obs	534.00		463.00		536.00		464.00	
Prob > F	0.00		0.00		0.00		0.00	
R-squared	0.17		0.18		0.09		0.17	

*p<.1, **p<.05, ***p<.001

Table 3.7 Results of OLS Models Predicting Age at First CEO Position

Independent	AgeCEO			
	<u>Model11</u>	<u>1890-1949</u>	<u>Model12</u>	<u>1950-2000</u>
	Coef.	Std. Err.	Coef.	Std. Err.
Industry:				
land	-1.654	2.493	-2.128	3.540
technology	-1.565	2.145	-0.724	2.492
media	-4.429*	2.299	-5.913**	2.530
logistics	-2.314	1.933	-3.407	2.292
finance	0.141	2.295	-0.641	2.620
food	-1.743	2.163	-1.554	2.544
health	-5.439**	2.337	0.047	2.456
Background:				
undgredu	-0.076	0.971	3.316**	1.146
mbabi	-5.336	4.173	0.641	1.418
gredu	0.739	1.675	0.138	1.196
poor	-2.684**	1.170	-2.972**	1.169
midclass	-0.018	1.017	-5.660***	1.022
protestant	1.286	0.834	3.144**	1.058
militarybi	-1.993*	1.070	1.905**	0.910
fatherceo	-2.029*	1.083	-2.899**	1.438
Environment:				
mipi	-0.576	6.392	-17.542**	8.384
Constant:	43.620***	2.467	51.062***	3.078
Number of obs	535		464	
Prob > F	0.009		0.000	
R-squared	0.060		0.186	

*p<.1, **p<.05, ***p<.001

CHAPTER 4: THE EFFECTS OF MILITARY BACKGROUND ON BUSINESS

Introduction

In Chapter Three, I unpacked the rise (and fall) of business leaders with military background in the 20th century America. I tried to provide some reasons for the rise, and the effects of military background on personal career trajectory. I found that the rise of ex-military leadership was driven by its own logics—proved by its link to the density of ex-military leadership within industries, by historical events like wars, and by rational ideology of management. In addition, ex-military leadership and undergraduate education went hand in hand, which suggests that military personnel need at least a higher education in order to look more legitimate in a credential society (Collins, 1979). The rise of ex-military personnel in business field is not a result of their specific skills, as indicated by the lack of relationship between ex-military leadership and industry sectors, but of a social trend and cultural logic. Except for the general trend of rising ex-military leadership, I found no statistically significant evidence to suggest that having a military background gives individuals advantages in competition for power. But individuals, especially leaders of organizations, are not only judged by their personal performance, they are judged by organizational performance too. In this chapter, I want to study whether the military background of business leaders has an effect on the performance of their corporations.

There have been debates about the relationship between leadership and organizational performance. While some think leaders bring changes at the organizational

level (Barnard, 1938; Drucker, 1954; Child, 1972; Jensen and Mecking, 1977), others think that they are so constrained by environmental and historical conditions that their effects are not important (Cyert and March, 1963; Pfeffer, 1977a and 1977b; Pfeffer and Salancik, 1978; Hannan and Freeman, 1989, p.43). Empirical research has shown that leadership accounts for some variance in organizational performance. And there are extreme cases in which legendary leaders saved organizations (Sloan, 1990; Collins and Porras, 1994) or unlawful behaviors of leaders destroyed entire companies (Vaughan, 1985). No matter how small the effects of leadership on organizations, and how some leaders are constrained by environmental and historical conditions, the relationship between leadership and organizational performance is worth empirical study. Lieberman and O'Connor did an empirical investigation of leadership (1972). This study follows their model but goes one step further. That is, it includes personal level variables to answer the question: does the social background of leaders matter for their organizations, like a military background?

My research is also motivated by institutional theory in sociology, and other sociological theories that stress the importance of social arrangements in shaping organizational and individual behaviors. I traced the development back to Selznick (1957) and Thompson (1967). Both of them view organizations as open-systems in open-system environments and emphasize the importance of institutional leaders over administrative man. Friedland and Alford (1991) developed institutional theory by recognizing the diversity of institutions and by bringing institutional logics into consideration. Fligstein focused on state and business institutions and also looked at the effects of subunits of

industry sectors and professionals, and he proposed the idea of local culture, which is similar to the institutional logics of Friedland and Alford but is at a lower level of analysis. All those developments are the starting points for me to study the transformation of leadership of organizations.

There are other important theories that helped me to study leadership. Pfeffer and Salancik's resource dependence theory, for example, combines the idea of open-systems with the idea of external-control from Richard Emerson (1962). They generalized Emerson's idea from the social psychological level to the organizational level. I want to continue to generalize it to the institutional level and to hypothesize that organizations are not only controlled by other related organizations, they are controlled by institutions too, through the processes stated by DiMaggio and Powell (1983), coercive, mimetic, and normative isomorphism. There is always more than one isomorphic process going on in shaping the structure, strategy, and behaviors of organizations. Those processes combined together actually also help the process of heterogeneity of organizations. In the mimetic and normative processes, power may not be as important as Fligstein might think (2001). Institutions control organizations not only through power, policy, and laws, they also control organizations by instilling cultural logics. This kind of influence can happen from internalizing the external control through the mobility of members of institutions to other institutional units and subunits.

I want to build my research on Lieberman and O'Connor's empirical study with institutional theory. I also use institutional theory to think about the issue of external control of organizations, rather than resource-dependence theory. Institutional theory was

accused of not having agents of change. Joseph Galaskiewicz solved the problem by introducing the inter-institutional network, or institution-building network (1991). I want to take an approach that is similar to Bourdieu's concepts of habitus and fields, that is, using the concept of institutional leader as agents of institutional changes. Institutional leaders and institutions form a duality, just like habitus and field do. In this research, although I use statistical hierarchical linear models to test leadership effects at different levels, the lowest level, the social background of leaders, links to institutions too.

I take business organizations as examples to study the effect of business leaders' social background. The databases of companies and on business leaders are not from different sources. I combine two databases to link leadership and organizational performance: the Great American Business Leaders database of the 20th Century collected by Leadership Initiative program of Harvard Business School, and the Compustat North America database currently maintained by Wharton School of Business. I also used Marquis Who's Who in America online database to check the information on business leaders' social backgrounds, like their education and military service, and more detailed information like years served in the military and military ranks. I used statistical Hierarchical Linear Models (HLM) to test the effects of social background, especially of military and business professional education, on the performance of organizations. With controlled conditions, I found that military background of business leaders has a positive influence on business performance measured by profitability; the leaders' years in the military and their retired ranks also have positive influences on profitability. Compared with those leaders without military background, the ex-military leaders also tend to have

different strategies on organizational growth. For example, they are more likely to expand the numbers of employees and of total assets. I briefly discuss the empirical and theoretical meanings of these findings in last part of this article.

Research Background

Quantitative Study of Leadership

Trait theory is from psychological research although some sociologists also have taken its ideas. Structural constraint theory is mostly from sociological research; for example, William Ogburn and Dorothy Thomas thought that leadership in culture and technology reflects ideas of existing culture, supported by evidence that some important discoveries were made by two or more people independently (1922). Studies of leadership within formal organizations tended to emphasize the constraints from internal structures of bureaucracy (e.g. Blau and Scott, 1962). Although occasionally there are some exceptions, “one looks harder to find studies of the impact of exogenous forces on leadership effects within organizations” (Lieberson and O’Connor, 1972, p.118).

Sociologists Stanley Lieberson and James O’Connor tried to strike a balance between trait theory and structural constraint theory. They conducted one of the original quantitative studies of leadership (1972). They focused on top management (presidents or board chairmen); based on Thompson’s statement (1967), top management work more at the institutional level than at the administrative or technical levels. they face both advantages of taking control of institutional resources and disadvantages of being constrained by environmental conditions. In order to control for size effects, Lieberson

and O'Connor selected 167 large organizations. The corporations are in 13 different industry sectors. They collected information from Moody's Industrial Manuals and Moody's Transportation Manual, on corporations' sales, net earnings, and profit margins across a period of 20 years. These performance variables are related but they measure different aspects of organizations' success or failure. According to Lieberman and O'Connor, "Sales figures tap the company's market position, earnings deal with the operations' profit (and ultimately corporate survival), and profit margin describes the net return on sales" (p.119-120). They calculated the variance in these performance variables and asked which factors accounted for the variance. They found that time, industry, company, and leadership together explained the majority of the variance in performance. Leadership accounted for a small fraction of the variance in sales and in net income, but it accounted for 14.5 percent of the variance in profit margin. Taking lag effects of leadership into consideration, leadership accounted for almost one-third of the variance in the third and fourth years of administration. They also did the same variance decomposition analysis for each industry to find out which industries are more sensitive to leadership than others. Furthermore, they calculated correlations between organizational characteristics and leadership effects to find the internal structural factors that might influence organizational performance. These characteristics include number of employees, vice-presidents, concentration ratio, assets, investment in R&D, spending on advertisement, and others. Lieberman and O'Connor studied both the effects of leadership on performance and the effects of industrial and organizational characteristics on leadership.

Salancik and Pfeffer (1977) used Lieberman and O'Connor's variance decomposition method to study the role of city mayors in the United States. They found that the role of mayors only explained a small fraction of variance of city budget, and they concluded that the role of leadership is not important (they even drew the same conclusion as Lieberman and O'Connor based on the findings). According to them, when there are problems and when there are needs for change, change in leadership may not bring organizational reformation and change. Day and Lord (1988) showed that Salancik and Pfeffer misinterpreted their own results and those of Lieberman and O'Connor. Most important of all, ten percent of the explained variance in organizational performance by leadership is not a small fraction, especially for large organizations. They also improved Salancik and Pfeffer's model by controlling for city size, and the variance explained by mayors jumped from 9.9% to 19.1%. Day and Lord pointed out that misinterpretation of succession studies resulted from methodological problems, such as failing to control for size and other variables; it also resulted from a lack of theory in studying top-level leadership. Although Barnard (1938) and Chandler (1962) talked about the importance of top-level leadership, most other studies focused on lower-level leadership, and researchers were more interested in topics like turnovers of managers. Day and Lord urged researchers to look Katz and Kahn (1978) for a theory of leadership. Katz and Kahn, as I introduced in Chapter One, proposed an open-systems theory of leadership; they pointed out that there is a qualitative difference between low-level and top-level leadership.

Because open systems must interact with their environment, it follows that

leaders can affect organizational performance by actions that operate on the external environment, such as exerting influence on government to change taxation or regulation policy, or they can operate on the internal environment to influence factors such as operating costs or product quality (Day and Lord, 1988, p.461).

Other researchers (Weiner, 1978; Weiner and Mahoney, 1981; Thomas, 1988) also applied the empirical approach proposed by Lieberman and O'Connor; they found that the effects of leadership on organizational performance are always significant controlling for other factors, although the variance explained varies. Their development of Lieberman and O'Connor's original idea, of course, is mostly methodological. Lieberman and O'Connor said that "leadership's impact is not simply a philosophical question, but an empirical problem involving an organization's environmental constraints" (p.129). Pfeffer, however, downplayed the role of leadership in organizational performance. He nevertheless advocated more theoretical development in leadership studies (1977a). Current theorists may keep looking for the qualities of leadership and its contingencies. I propose a sociological understanding of leadership to solve some of the ambiguities of the issue.

Institutional Theory

I take a position similar to Selnick's and also Stinchcombe's in thinking about institutional theory in sociology, that is, not to draw a line between old and new institutional theories (Selnick, 1996; Stinchcombe, 1997). I discussed in Chapter One

Selznick's idea of the institutional leader, as well as Thompson's idea of the institutional level of organizations. Their ideas are directly linked to an institutional theory of leadership. Of course, they did not think in efficiency-rational terms, rather, they talked about the importance of values and creativity in leadership. Their theories are helpful for organizations like state and voluntary associations; they can also be of great help to business organizations. For example, in dealing with issues that puzzled economic theorists (Alchian and Demsetz, 1972; Jensen and Meckling, 1976), like the corruption of top business leaders, the technical monitoring of leadership behaviors may simply not be enough. Ethics classes entered business schools after the public heard the scandals of some top-level executives and boards of directors. Religion, especially Protestantism, provided ethical prescriptions for business, like the sense of a calling in secular work; military, too, can provide business with its ethics, like discipline and personal sacrifice for the public good. Organizations can get ethical prescriptions and basic ways of doing things from traditional institutions like the state, religion, and military, in addition to professional training, like business school education. And the influence from traditional institutions can be long lasting because they have the ability to internalize the ethic and logics in their members. Both Selznick and Thompson believed that institutional leaders bring values and visions to organizations. For business organizations, these values and visions can have positive influences on one of their organizational goals: financial success.

Later institutional theorists continue to have an interest in values and cultural logics. But people may draw different conclusions about leadership from *new*

institutionalism in sociology. Meyer and Rowan's theory (1977) may lead to the conclusion that leadership is nothing but a ceremony, whose effects are so entangled with others that they look like myths. Meyer and Rowan think that

(F)ormal organizational structures arise in highly institutionalized contexts....organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures (1977, p.340).

Leadership is a part of formal structure too. If we take the approach of Meyer and Rowan and think of business organizational structure and leadership as ceremony, then the relationship between leadership and organizational performance is superficial. People do adopt ceremonial structures and ritual practices in exchange for legitimacy. For example, Frank Dobbin and John Sutton (1998) studied how U.S. federal policies actually *governed* businesses and made them create new offices that were more like symbols of legitimacy, although they were articulated in terms of rationality and efficiency. Barry Staw and Lisa Epstein (2000) examined how popular management techniques like TQM (Total Quality Management) were implemented in business; they found that companies associated with these popular management techniques did not have higher economic performance, but these companies were regarded as more innovative and their CEOs received higher payments. Their research, along with a lot of others in institutional studies, confirmed Meyer and Rowan's statement about formal structure.

Leadership, as a part of formal organizations, is also possible to perform as mere ceremony. Especially in recent years, more publicly traded companies are looking for charismatic CEOs rather than rational decision-makers.

DiMaggio and Powell's theory of institutional isomorphism can be used to argue both for the relationship between leadership and organizational performance and against it. On one hand, they were talking about organizational changes at the organization-field level and the organizational level. Leadership behaviors are not their concern. On the other hand, the sequential changes of organizations are not led by an organization; individuals are always the forces in the process of change. The mobility of personnel from one organization to another, and maybe at the same time from one institution to another, may be one mechanism of isomorphic change (e.g. see Figure 2.1). Furthermore, if we follow the idea of the duality of persons and groups, organization performance may reflect both the effect of leadership and the leadership network. And the leadership network may involve non-leaders, including low-level management and employees. In this sense, leadership is also an umbrella concept that includes the effects of many, not of a few; in addition to the definition of leadership I introduced in Chapter One. Meyer and Rowan's statement may seem radical if generalized, but there is also some truth if we think of leadership as an umbrella concept. However, in reality, business leaders and other leaders of organizations usually know their job descriptions. The ideas of agency theory (Jensen and Meckling, 1976) are well received in the business world; many top-level managers are paid according to their performance, i.e. measurable organizational performance. A leader may rely on others' behaviors to achieve organizational success,

and it is still a part of his or her leadership ability. In the case of military organizations, a general must rely on his staff and soldiers to achieve success. He can use the wisdom and performance of others, but he must know how to use them, and that is a reflection of his leadership ability. We can see that organizational performance is not a result of one leader, but many members as well. The ability of the leader is often critical in achieving success.

Although there is no fine line between old and new institutional theory in sociology, the development of institutional theory has had different stages. After WWII in the United States, Selnick and Thompson emphasized the importance of institutional leaders. Then, Meyer and Rowan, as well as DiMaggio and Powell, focused on structural changes. In recent years, researchers have tried to revitalize Friedland and Alford's ideas of an inter-institutional society and of institutional logics. These researchers are working in a new stage of institutional theory that emphasizes cultural logics; they also shift from studying homogeneity to studying heterogeneity of organizational phenomena (Thornton and Ocasio, 2008). Thornton and Ocasio list some recent research on institutional logics. A missing topic of contemporary institutional theory, however, is the issue of leadership.

Day and Lord (1988) pointed out that the study of leadership and organizational performance needs a theory. They also suggested that Katz and Kahn's (1966) social psychological system theory of organizations could be a candidate for such a theory. I discussed Katz and Kahn's theory along with institutional theory and field theory in Chapter One. I suggest that these theories be united in a social background analysis approach. In Chapter Three, I also suggested that social background analysis should

incorporate Fligstein's political-cultural approach too (Fligstein, 1987, 1990, 2001). I propose to combine social background analysis with the empirical study of leadership effects in this chapter. Lieberman and O'Connor did the original empirical study of leadership; they found that leadership explained a significant part of the variance in organizational performance among large U.S. corporations. Subsequent researchers, mostly in management schools, continued their research tradition and used variance decomposition analysis to study the leadership effects on organizations. The variance explained by leadership varies from study to study. The important thing, however, is that leadership does have an effect on organizations, especially business organizations.

Data

I used different resources to collect information on business CEOs and on their company performance. I combined all the information together in a single database for comparative and statistical analysis.

20th Century Great American Business Leaders database

This database contains information about leaders and their social background. I used this database in Chapter Three to analyze the rise (and fall) of business leaders with military social background. In this chapter, I choose leaders that were in charge of business organizations after the year 1950. First, American business organizations changed greatly after WWII as they became more globally oriented and characterized by multiple divisions and multiple products (referring to writings by Chandler, Fligstein etc). Second, it is from a realistic concern of this research: the business performance data

available in electronic format are available for most publicly traded companies since 1950. There are about 400 leaders in the dataset since 1950. I also excluded about 200 leaders that were selected only because of their extraordinary financial performance. Furthermore, some leaders do not have information on their companies recorded in Compustat database. So the final list I selected for this research consists of 169 companies and also 169 leaders.

Who's Who in America and other online electronic databases

I use this database to check information on the leaders' years of education, their final educational degrees, military service, and their retired ranks in military. *20th Century Great American Business Leaders database* contains information on military service, but it is not complete; it does not have information on years of military service and the retired ranks of these leaders. I check Who's Who in America online electronic database linked from the University of Arizona library to complete the information on education and military background of business leaders. In addition, I also use online versions of *Business Leader Profiles for Students*, *International Directory of Business Biographies*, *Encyclopedia of World Biography*, all linked from the University of Arizona library.

Standard and Poor's Compustat

This is one of the largest databases in North America for financial data and reports. The online electronic database has information on over 24,000 publicly traded companies since 1950. I got information on three organizational performance variables: net sales, operating income, and profitability. I followed Lieberman and Connor's research

(1972) and decided to use these three variables as dependent variables. According to them, sales figures measure the positions of companies in the market, operating income measures abilities of making profit and ultimately corporate survival. Since sales and income vary greatly across industry and companies and thus they become meaningless in comparative study. Lieberman and O'Connor partly solved the problem by focusing only on large corporations and they used sales and net income as their dependent variables. However, since there are small companies in my database too, I cannot simply use sales and income as indicators of performance. In order to compare the performance among different industries in different decades, I must find an equalizer for organizational performance, i.e. profitability. Profitability is defined as a company's operating income divided by its net sales value. This indicator is related to net sales and operating income but it measures different aspects of well-being of a company. There are many other performance indicators, like ROA (Return on Assets), measured by ratio of accounting and financial data; and Tobin's q, which also takes into account both accounting and financial data. For this research, I am more interested in the sociological meaning of leadership rather than financial indicators, so I stick to sales, income, and profitability for performance measurement, just as Lieberman and O'Connor did in their research.

Hypotheses

Just like the Protestant ethic helped the development of capitalism at the societal level, I hypothesize that military-trained personnel can also help such development. Katz and Kahn think that "The effectiveness of any act of leadership must be assessed in terms

of some specific criterion of organizational functioning; for example, growth rate, ability to attract members, efficiency in use of resources, gross productivity, and the like” (1966, p.310). A business leader can be considered as great in many aspects, in advancement of research and development, responsibility to society and environment, and/or starting a new economy.

In the previous chapters, I proposed that the formation of leadership is not a process governed by a single logic or one kind of rationality, even for business leaders. But the effects of leadership can be rational, especially in the business world. Given the numerous similarities between military and business organizations (e.g. Ramsey, 1987), military-trained personnel may be well suited to the position of business leadership. Lieberman and O’Connor state that “A great advantage in using business organizations is that the dependent variables can all be quantified” (1972, p.119). The dependent variables they examined are sales, income, and profitability of companies. Such a realistic concern is not the main reason for me to concentrate on the effects on financial indicators of organizational performance. Other measurements of organization-level behaviors, such as expenditures on R&D, advertisement, corporate giving, and the information like such can be collected in some resources for the companies studied. In addition, although Lieberman and O’Connor thought that it is hard to determine leadership’s role in the state due to the difficulty of measurement, it is measurable to a certain degree and we can use the same research approach of Lieberman and O’Connor’s to study the effects of leadership in other institutions (Salancik and Pfeffer, 1977; Dobbin and Sutton, 1998). My purpose is to determine if there are differences between military-trained personnel and non-military-

experience personnel in their business performance. Sales, income, and profitability tap some of the aspects of performance according to Lieberman and O'Connor. I am too using these variables as examples for comparison purpose. In the previous chapter, I showed that military-trained personnel have been rising in the business leadership world. I hypothesize the military experience of business leadership can bring positive outcomes to the companies:

H1: Business leaders with a military background bring higher organizational performance, as measured by net sales, operating income, and profitability of the companies.

It seems that the military institutional logic they acquired, rather than military technical skills, was helpful for them when they entered into business world. Competition in business is like competition on the battlefield, and strategies developed from battlefield fights can be applied to business world too. In Chapter Two, I gave some examples of business leaders with a military background who expressed how the military helped them to succeed. The socialization or adaptation to military, like other socialization and adaptation, is a process that requires time to internalize the values and culture of military. I hypothesize that

H2: The longer someone stays in the military, the greater the benefits he can bring to the performance of a business.

Drawn from Bourdieu's field theory, as I discussed in Chapter One, initial position also matters in determining the trajectory of leadership, especially when capital is not evenly distributed in the field. Higher military ranks may also be an indicator of

socialization within the military and of the degree to which one has acquired a military logic. Thus,

H3: The higher the retired rank from the military, the greater the benefits a leader can bring to the performance of business.

Business leaders increase business performance with different strategies. Downsizing, for example, is a common practice of American business leaders during periods of economic stagnation. Military organization is characterized by its large size, measured by number of members. And its no-one-left-behind culture may make military personnel less likely to downsize their units. The size of organizations may also lead ex-military leaders to be interested in expanding their non-human-resource assets:

H4: Business leaders with military background tend to expand the size of organizations, as measured by number of employees and total assets.

I also hypothesize that military background does not work alone to contribute to business performance; it must be combined with other background characteristics. For example, one must at least have an average level of literacy. In the previous chapter, I found that undergraduate education has a close relationship with military background.

H5: Military background should be combined with higher education to contribute to organizational profitability.

Methods

Measurement of Variables

Table 4.1 contains a list of variables used in the analysis and some basic statistics of the variables. Outcome variables measuring organizational performances are net sales, operating income, and profitability.⁷ Again, the choice of these rational indicators is to follow Lieberman and O'Connor's original study on leadership and organizational performance and is also for comparison purposes. Other indicators, both financial and non-financial, can yield meaningful results too. Number of employees and total assets serve both as independent and dependent variables: first, in predicting organizational performance, they are used as independent control variables, along with other independent variables of interest; second, they are dependent variables when I try to find out if military-trained and non-military-trained leaders use different strategies for organizational growth.

Time variables are independent variables and include year (running from 1950 to 2000 continuously) and five dummy variables for each decade studied (1950 is the omitted reference variable).

Social background variables include indicators of military experience, business professional education (MBA), and years and ranks in the military. I treat military experience as a dummy variable, coded 1 for those who were in the military, whether in the Navy, Army, Marines, or Air Force, and zero otherwise. These are also independent variables.

⁷ I use this formula to calculate profitability: Profit=Operating Income/Net Sales. Some researchers multiply this number by 100. Fligstein used a slightly different formula (2001): Profit Margin=100*Income before Extraordinary Items/Net Sales. The statistical results of these formulas are the same.

Other variables include industry and company. I use them to test for random effects in the multilevel statistical models.

Statistical Models

Lieberson and O'Connor used variance decomposition analysis to test the leadership effect on business performance. This approach has been followed by some researchers. They found that the variance of the performance variable (profit) that can be explained by leadership varies from less than 10% up to 45% (Day and Lord, 1988). The choice of sample, the years studied, and selection of the performance variable can all affect the amount of variance explained. I could use the same method to check the variance explained by leadership, and by the social background of the leaders. My intention, however, is not to check how much variance is explained by leadership and a leader's background compared with how much is explained by industries and companies. My interest is to check if the effect on leadership by military social background is significantly different (higher) than that without military background. I have decided to focus on both variances and means of performance variables that are explained by independent variables. In this analysis I use hierarchical linear models (HLM).

Sine the dataset I created has a hierarchical structure, with leaders affiliated with companies and companies nested within industries, I use HLM to predict the rate of change of net sales, operating income, and profitability. The general model format I use can be specified as:

$$\text{Ln}(Y) = X\beta + Zu + e$$

Y is an $N \times 1$ vector of dependent variables; N is the number of cases. $X\beta$ defines both intercept and slopes of regression lines. $X\beta$ is the fixed-effect, Zu is the random-effect, and e is the error term of the model. I assume that the intercept of the regression lines varies randomly both with industry and company. There are three levels in my analysis: individual level, company level, and industry level. I use social background characteristics like military experience (a binary military variable, years in the military, and retired military ranks) and business professional education (MBA) to predict organizational performance, controlling for time, number of employees and total assets. In order to test the contingent effects of military over time, I also interact the military and decade variables. The general model above can be specified in this study as

$$\ln(Y_{ij}) = \alpha_{0j} + \beta_{i1}x_{i1} + \beta_{i2}x_{i2} + \dots + \beta_{ik}x_{ik} + r_{ij} \quad (\text{individual level})$$

$$\alpha_{0j} = \beta_{0j} + \mu_{0j} \quad (\text{company level})$$

$$\beta_{0j} = \gamma_{00} + \mu_{1j} \quad (\text{industry level})$$

or, combining the above three equations:

$$\ln(Y_{ij}) = \gamma_{00} + \beta_{i1}x_{i1} + \beta_{i2}x_{i2} + \dots + \beta_{ik}x_{ik} + \mu_{0j} + \mu_{1j} + r_{ij}$$

I use the same HLM models to regress the rate of change in the number of employees and total assets on the presence or absence of military experience and possession of an MBA degree, controlling for time. These models, as I mentioned above, test whether military trained and non-military trained leaders use different strategies for organizational growth.

Fuzzy-Set Qualitative Comparative Analysis (fsQCA)

Qualitative Comparative Analysis, developed by Charles Ragin (1987, 2000, 2008; Rihoux and Ragin, 2008) is a relational method. This method emphasizes on cases of dataset and analyzes the relational configurations of causal conditions that lead to either a positive or negative outcome. Many social science studies are concerned with the directions of relationships between conditions and outcomes, not the exact quantitative levels of effects. I am also concerned more about the direction of effects of social background more than exact numeric effects. I hypothesize that military background does not work on organizations alone; it becomes more powerful when combined with other social background characteristics, like (at least) a college education. The conditions in my analysis are social background characteristics (including industries). The outcome I am interested in this analysis is profitability of companies, which does not have binary values (0s and 1s). I use fsQCA (Fuzzy-Set Qualitative Comparative Analysis) software developed by Ragin and his assistants (2006) to transform (calibrate, using the QCA term) profitability into a binary outcome: I define 0.20 as a threshold for higher profitability, 0.10 for medium level profitability, and 0.02 for lower profitability. I then eliminate the combination of conditions that only appeared once in the dataset. Finally, I consider consistency scores greater than 0.75 as high profitability (designated 1 in the data table), and all others as low profitability (0s in the data table).⁸ The truth table for the QCA analysis is included in the appendix). The model I use is

$$\begin{aligned}
 & \textit{PROFITABILITY} = f(\textit{COMPUTER}, \textit{FINANCE}, \textit{RETAIL}, \textit{UNDGREDU}, \\
 & \textit{GREDU}, \textit{MBA}, \textit{MIDCLASS}, \textit{RICH}, \textit{FATHERCEO}, \textit{MILITARY})
 \end{aligned}$$

⁸ For a discussion of consistency and coverage in QCA analysis, see Ragin (2008).

I assume that military background, MBA education, working in finance, and having a father as a former head of the company, all contribute to higher profitability.

Results

Figure 4.1 describes the trends of profitability of companies without ex-military leaders and with ex-military leaders, without controlling for other covariates. The effects of military social background on other performance variables, net sales and operating income, when controlling for other variables, are not significant (Table 4.2). Actually, military background even has a slightly negative impact on net sales. Having an MBA degree does not have an impact on either sales or income of companies. Investing in human resources (employees) and total assets does help to increase both sales and income. The random effects of industry and company groups are significantly different from zero (although very small in company's effect on sales concerning the military background of leadership), which suggests that industry's and company's effects on sales and income need to be taken into consideration. In other words, period effects, military background, MBA degree, and the size of companies (measured by number of employees and total assets) cannot explain everything in organizational performance. We must consider organizational performance in the context of industry and of company. The use of HLM, rather than OLS models, to predict the rate of change in sales and income is justified.

Table 4.3 focuses solely on profitability. Since sales and income are so contingent on industry and company, profitability might be a better indicator for comparing organizational performance. Model 3 shows that military background is significant in

predicting change in profitability, controlling for other variables. MBA education of these business leaders did not help to increase their companies' profitability. Number of employees has negative impact on profit, but total assets has a positive impact on it. The general trend is that the change rate of profitability has been declining since 1950. Model 4 includes the dummy variables for decades (1950 is the omitted category) to test the time-specific effects on profitability. One may find that the change rate of profitability actually has been declining since 1970. Military background of leaders still has a positive impact on profitability. In the last chapter, I showed that military background of business leaders is contingent on decades in the last century. Model 5 tests whether the military effect on organizations is also time contingent by including interaction terms for military background by decade. One may find that the military effect on organizational performance (profit) has been declining since 1980s.

Combining the results in Table 4.2 and 4.3, Hypothesis 1 is partly supported—military background of business leaders does not bring higher organizational performances, as measured by sales and income. But,; it does have a greater impact on profitability, although the impact is contingent on decade.

Table 4.4 contains the results of the HLM analysis predicting change rate of profitability with years in the military and ranks in the military, controlling for other variables. I exclude extreme values in military years and ranks, for example, one leader stayed in the military for over 35 years and ranked among the highest in the military hierarchy. From the table it is evident that Hypotheses 2 and 3 are supported: The longer someone stays in the military, the more he or she can improve the organization's

performance; the higher the retired rank from the military, the more he can improve the organization's performance. Again, an MBA degree does not help to increase the change rate of profitability. Also, both industry and company are important factors in determining the range of profits.

Table 4.5 contains the HLM models regressing change rates of employees and total assets on military background of business leaders, controlling for other variables. Hypothesis 4 is supported by the results. The military-trained business leaders tend to expand the size of their organizations, as measured by the number of employees and total assets.

The parsimonious solution for configurations of conditions, using fsQCA, returns the following result:

$$\begin{aligned} \text{PROFITABILITY} = & \text{undgredu*midclass*military+} \\ & \text{retail*undgredu*MIDCLASS*MILITARY+} \\ & \text{UNDGREDU*gredu*mba*midclass*MILITARY} \end{aligned}$$

Only the last component in the equation has a consistency score above 0.74. To only consider the positive cases, the above equation can be further simplified as:

$$\text{PROFITABILITY} = \text{UNDGREDU*MILITARY}$$

Military background and undergraduate education combine to increase the profitability of companies. Hypothesis 5 is supported by the QCA analysis.

Discussion

The process of being leaders of business organizations is not necessarily an outcome of rational calculation (e.g. Khurana, 2002). I proposed in Chapter One that leadership is shaped by the social background of individuals; however this process is not deterministic. Leadership can bring some outcomes for organizations, both rational and not-so-rational. For business organizations, it is common and also suitable to measure the leadership effectiveness with rational indicators. These rational indicators, like sales, income, and profit, are some of the principal goals of business organizations. Lieberman and O'Connor and other researchers found that business leadership matters for corporate performances, and that choosing a leader for a corporation is an important decision, although it is more important for some industries than for others. In the above analysis, I found that social background of business leaders matters too for organizational performance. In this sample of leaders and companies, I found that although military background did not bring positive outcomes to sales and operating income, it has a positive impact on a company's profitability. The longer someone stays in the military, the higher the profitability he or she can bring to the company; the higher the retired rank from the military, the higher the profitability the person can contribute once he becomes a top leader of the company. But this linear relationship between military experience and corporate profit must be interpreted with caution. For example, I also tested the effect of military years using dummy variables. What I found is that after 10 years in the military, the time spent in the military no longer matters for organizational performance. So, staying in the military three or more years might be better than staying for one year or two; staying for over 10 years may make people over-socialized and less flexible.

Military-trained business leaders may use different strategies in business and make a difference in organizational performance. For example, I found that they were more likely to expand the sizes of their organizations. They might be different in other strategies for business too, like merger and acquisition activities, which are not studied in this research.

I intend to suggest a theory for the quantitative study of leadership, that is, institutional theory. Broadly defined, institutional theory certainly includes Fligstein's political-cultural approach (2001). Both institutions and subunits of industries can be considered a part of an individual's social background, as long as he or she had been a stable member of these groups. These social background characteristics are not just in the past; most likely, one acquires institutional logics or local cultures from one's social background. The logics, cultures, or ethics (no matter what they are called) help to shape a person's characteristics and motivations; for example, in everyday life, people tend to introduce and know each other by referring to social background (e.g., where they are from, which groups they belong to). The logics, cultures, and ethics can also affect organizational performance; for example, it is a common practice in recruiting new hires to look at resumes for their social background characteristics.

One limitation of this research is that I did not use a randomly selected sample. Rather, my sample is a group of successful business leaders and their companies. Consequently, the conclusion that military background helps business performance may not be generalizable. Also, because of the existing military-industrial complex in the United States, one might challenge the theory of institutional logics: that it is not the

culture and ethics of the military that helps businesses. But, I compared my sample of companies with major military contractors listed on the U.S. Department of Defense website and I found little overlap. Table 4.1, which presents descriptive statistics for the variables used, shows that most of the leaders I studied only stayed in the military for a few years and were discharged with low ranks. It is not likely that these business leaders developed a stable military-business network to help their businesses. Furthermore, these leaders were selected by researchers for their *greatness* in business, for creating opportunities and overcoming challenges for their businesses. It is also not likely that researchers selected leaders whose businesses exchange only with military customers.

Something other than power elites and military-industrial complexes must be working for the businesses, something like institutional logics. The institutional logic, or the ethic, of Protestantism helped capitalist businesses (Weber, 1905). The institutional logic of family networks has also been an important source for sustained support of businesses. Business professional education, MBA programs, can instill in the degree holders logics and strategies. However, in my study, there is no significant effect of an MBA degree on business performance. Some researchers criticized business school education recently (e.g. Pfeffer and Fong, 2002; Mintzberg, 2004). They emphasized the importance of practice. But the practice of business leadership may come from institutions rather than businesses, like state, non-profits, and the military. Military organizations in this country have been regarded as “top-performing organizations” (Hunt et al., 1999). Management studies are regarded as both simplistic and unrealistic compared with strategies and wisdom learned on battlefields (Jean-Claude Thoenig, from

foreword of James March and Weil's *On Leadership*. 2005). Of course, the effects of military institutions and the military background of business leaders, like other social background characteristics, is contingent on time. The key idea is not to militarize business, but to learn something positive from the military.

Figure 4.1 Comparison of Profitability of Companies without Military Leaders and with Military Leaders (1950-2000)

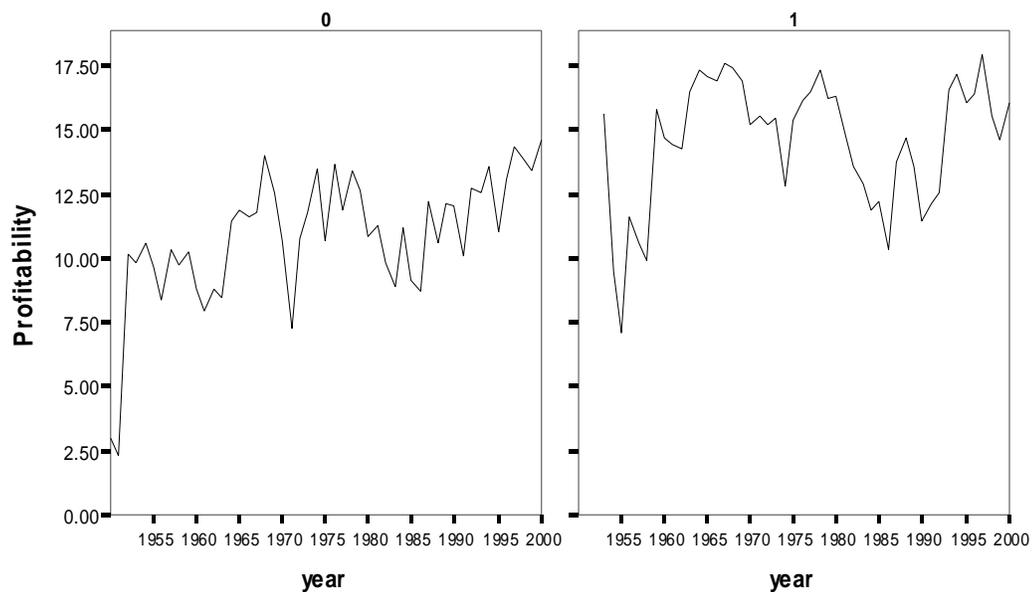


Table 4.1 Descriptive Statistics of Variables Used

Variable	Mean	Std. Dev.	Min	Max	Description
Outcome Variable:					
Net Sales	6259.28	15448.25	1	206083	Net sales of a company, millions of dollars
Operating Income	919.39	2826.82	-2278	58540	Operating income after depreciation, millions of dollars
Profit	0.13	0.12	-1.34	0.8461	Profitability
Employees	38.56	78.07	0	877	Number of employees, thousands
Total Assets	13602.55	49896.95	1	902210	Total Assets, millions of dollars
Time					
Year	1982.46	11.57	1950	2000	Years studied
D1950	0.03	0.17	0	1	
D1960	0.12	0.33	0	1	
D1970	0.23	0.42	0	1	
D1980	0.28	0.45	0	1	
D1990	0.33	0.47	0	1	
Social Background:					
military	0.4	0.49	0	1	Binary variable, military service
myears	1.77	3.07	0	35	Years of military service, 35 not used
mranks	0.69	1.25	0	12	Retired rank in military, the highest 12 not used
mbabi	0.19	0.39	0	1	Binary, MBA
Industry			1	21	Industries
Company			1	170	Companies

N=2692

Table 4.2 Results of HLM Analysis Predicting Net Sales and Operating Income

	<u>Net Sales</u>		<u>Income</u>	
	<u>Model 1:</u>	<u>(log)</u>	<u>Model2:</u>	<u>(log)</u>
	Est.	St. Err.	Est.	St. Err.
Fixed Effects				
Year (centered)	0.025***	0.001	0.010**	0.003
Military	-0.061*	0.033	0.107	0.073
MBA	0.005	0.049	-0.048	0.083
Employees (log)	0.369***	0.013	0.179***	0.028
TotalAssets (log)	0.622***	0.013	0.813***	0.026
Constant	0.958***	0.085	-1.675***	0.112
Random Effects (variance)				
Industry				
Constant	0.093	0.035	0.111	0.045
Company				
Constant	0.141	0.017	0.163	0.026
Residual	0.052	0.002	0.251	0.008
n	2523		2435	
Prob>Chi2	0.000		0.000	

*p<.1, **p<.05, ***p<.001

Table 4.3 Results of HLM Analysis Predicting Profitability (Log)

	<u>Model3</u>		<u>Model4</u>		<u>Mode5</u>	
	Est.	St. Err.	Est.	St. Err.	Est.	St. Err.
Fixed Effects						
Year (centered)	-0.015***	0.003				
D1960			-0.047	0.069		
D1970			-0.247**	0.078		
D1980			-0.528***	0.089		
D1990			-0.619***	0.101		
Military	0.181**	0.077	0.191**	0.077		
MBA	-0.018	0.087	-0.021	0.085	-0.059	0.082
Employees (log)	-0.178***	0.026	-0.211***	0.025	-0.148***	0.023
TotalAssets (log)	0.188***	0.024	0.218***	0.021	0.140***	0.016
Military*D1950					0.654***	0.160
Military*D1960					0.528***	0.095
Military*D1970					0.340***	0.087
Military*D1980					0.141*	0.085
Military*D1990					0.026	0.089
Constant	-2.683***	0.091	-2.870***	0.110	-2.914***	0.099
Random Effects						
Industry						
Constant	0.039	0.022	0.038	0.022	0.039	0.023
Company						
Constant	0.196	0.03	0.195	0.029	0.215	0.032
Residual	0.209	0.006	0.204	0.006	0.205	0.006

n=2435; Prob>Chi2: 0.000; *p<.1, **p<.05, ***p<.001

Table 4.4 Results of HLM Analysis Predicting Profitability with Military Years and

Ranks

	Model4: Est.	Profitability (log) St. Err.	Model5: Est.	Profitability (log) St. Err.
Fixed Effects				
Year (centered)	-0.015***	0.003	-0.015***	0.003
Years in military	0.034**	0.017		
Ranks in military			0.089**	0.038
MBA	-0.018	0.087	-0.019	0.088
Total Assets (log)	0.189***	0.024	0.189***	0.024
Employees (log)	-0.179***	0.026	-0.179***	0.026
Constant	-2.674***	0.091	-2.679***	0.091
Random Effects				
Industry				
Constant	0.040	0.023	0.041	0.023
Company				
Constant	0.196	0.030	0.193	0.029
Residual	0.209	0.006	0.209	0.006

n=2435; Prob>Chi2: 0.000; *p<.1, **p<.05, ***p<.001

Table 4.5 Results of HLM Analysis Predicting Number of Employees and Total Assets.

	Model6: Est.	Employees (log) St. Err.	Model7: Est.	Total Assets (log) St. Err.
Fixed Effects				
Year (centered)	0.068***	0.002	0.163***	0.002
Military	0.573**	0.200	0.690**	0.238
MBA	0.017	0.214	-0.114	0.237
Constant	-0.071	0.194	1.216***	0.302
Random Effects				
Industry				
Constant	0.256***	0.168	1.116	0.474
Company				
Constant	1.932	0.249	2.555	0.328
Residual	0.283	0.008	0.343	0.010
n	2436		2551	
Prob>Chi2	0.000		0.000	

*p<.1, **p<.05, ***p<.001

CHAPTER 5: CONCLUSION: INSTITUTIONAL LEADERS AND EXTENDED RATIONALITY

The art of the creative leader is the art of institution-building, the reworking of human and technological materials to fashion an organism that embodies new and enduring values.

Philip Selznick, *Leadership in Administration*

When I speak of institution building, I mean those conscious efforts to direct societal change and to search for more effective social control which are grounded in rationality and in turn are supported by social-science efforts.

Morris Janowitz, *The Last Half-Century*

Leadership is a frequently used term in everyday life and in academics, but it has slightly different meanings in these two arenas. Sociological study can contribute to the academic understanding of leadership; it can also bridge the gap between the two by bringing in some common-sense wisdom. In the previous chapters, I showed how a sociology of leadership fits in with existing theories. In this chapter, I want to summarize some of the main points I have made and also some findings in my empirical research. I want to imply that future development of a sociological study of leadership will deepen the dialogue between sociology and other social sciences in two or more important ways. I hope sociological study will solve some practical problems too. I end this chapter with

some suggestions for future research to overcome the limits of this study and how scholars might continue to explore the topic with sociological methods and theories.

Summary of Theories and Findings

I proposed a sociology of leadership to compensate for the limits of psychological and economic studies of leadership. I also intended to attenuate prejudices about leadership held by some sociologists. Such prejudices include views of leadership as something bad (e.g. generalized power-elite thesis), rational (e.g., Weber's classification and sequence of social actions and authorities), or ceremonial (e.g., having no effects on organizational performance). I examine the military background of business leaders as an example of how the additive effects of social background characteristics influence individuals in their paths towards top positions within organizations, and how they influence organizational performance. I would like to highlight the following arguments from my research:

First, the social background of individuals matters. Social background is a term that combines social structure and mental structure, macro and micro, and objectivity and subjectivity. There are no perfect correlations between the two ends of the dichotomies, both are important to understand social phenomena. And leadership is a social phenomenon. The earlier macro social theories, according to DiMaggio and Powell (1983), tended to view society as smart and organizations as dumb. Actually, they tended to view most substructures of society as dumb too. Later developments in sociological theories partially corrected such view, e.g. they brought the diversity of social forms into

consideration. Social forms include not only the categories of human groups, but also the substructures of society, e.g. systems of Parsons, fields of Bourdieu, and institutions of Friedland and Alford. These theories are not quite as macro as classical sociological theories, but they are not individual level analyses either. But, they can be applied to study both macro- and micro-level phenomena. Katz and Kahn applied system theory to the study of leadership, Bourdieu's theory of fields can be used to explain the formation and development of habitus, and recent researchers have begun to use institutional theories to study heterogeneity rather than isomorphism of organizational dynamics. I proposed to use social background analysis, because in studying social phenomena like leadership, social background has the advantage of combining the merits of the above theories. Later, I also pointed out that it may incorporate other theories too, e.g. political-cultural theory of Neil Fligstein (2001). Social background analysis is a good compensation for the limits of psychological and economic theories of leadership, but it should not be reduced to psychological or rational approaches. For example, to explain the formation of business leadership, I used military background as an example of how the leaders successfully combine military and business institutional logics and bring benefits to individuals and to organizations. It would be tempting to again use trait theory from psychology to explain the process of leadership: the military background of leaders shapes the character of individuals and these unique characters lead them to success in other social arenas. I argue that a sociological theory of leadership is possible without the involvement of psychological explanation: the military instills its members with its institutional logic, which, when combined with a business environment, influences

decision-making and organizational behavior, and thus the outcomes of their organizations. These business leaders can still have different personal traits and characters (not to impose a General Patton-like stereotype), but they share somewhat similar institutional logics that may provide them with toolkits for organizational strategies and actions. Institutional logics, rather than traits, are the key to understanding how macro institutions affect micro organizational behaviors. Being a member of an institution guarantees the individual a social background too. Social background also occurs at different levels. For examples, the subunits of industry sectors can characterize someone's background too, either manufacturing, sales and marketing, or financial; the local cultures of these subunits can also influence their members' decision-making processes and behaviors.

Second, the starting position in the previous organization also matters. Societies are filled with bureaucratic organizations, among other things. Bureaucratic organizations are characterized by a hierarchy of positions. Different positions are characterized by different amount of capital, including cultural capital. People in different positions may be socialized differently. Usually a higher position within an organization indicates the better socialized within the organization. A top position can also be qualitatively different from lower positions with respect to its responses to the institutional environment, as Selznick (1957) and Thompson (1967) discussed in their writings. Emphasizing starting position is also to make sure individuals doing well in each institutions, rather than being opportunistic and taking advantage of social background only. Janowitz (1960) found that there are gaps between the cognitions of officers and of soldiers. My empirical research

shows that military background matters for business leaders in the 20th century United States. Rank in the military also makes a difference in organizational performance in the later half of the 20th century.

Third, a cultural approach to studying leadership puts institutional logics at the center of explanation. Social background of a position in an institution matters for the individual and the affiliated organization. I also pointed out that the relationship between social background and performance is not deterministic. Who becomes a leader and how well the leader does in the organization cannot be answered solely by referring to the social background one possesses. Focusing on a successful group of business leaders, I proposed that those who actively seek institutional logics (as indicated by their ranks in the military), and those who creatively apply institutional logics (as indicated by their positions in business organizations), have a better chance to be organizational leaders.

Fourth, as many have pointed out, there are some similarities between the marketplace and the battlefield, between the market-mind and the military-mind. The military-trained personnel is not likely to feel alienated by the competitive world of business. My research shows that for most of the 20th century there was an increase number of military trained personnel in top business positions. The positions of military-trained business leaders were helped by the events like major wars. They were also legitimized by the density of them, as organizational ecology theory argues. The positive effects brought by ex-military personnel exceed those brought by trained business professionals, i.e. MBAs, when I measured organizational performance with profitability. Military-trained business leaders also tend to adopt different strategies for

business growth. They are more likely to bring more people into the organizations and invest in organizational assets. The success of ex-military personnel in business is one example of the advantage of combined institutional logics. Although military organizations are considered high performance organizations, the military also learns management from business and industry, for example, the implication of scientific management and other popular management techniques to improve the organizational performance of the military. Other institutional logics can be combined too, for example, family business.

Fifth, there are contingencies of social background and institutional logic. I used Weber's study on the Protestant ethic and the spirit of capitalism as an example to show the contingency of a Protestant background in business. I also used Merton's research on science, technology, and society in seventh-century England, to show how the foci of a nation can shift from time to time. The analysis in this research shows that Protestant backgrounds have been in decline in the 20th century American business world, but the importance of education has kept rising as many would expected. Military background, which I view as an under-appreciated social background characteristic in the study of leadership, brings advantages for the individuals who have it and for the organizations they are affiliated with. But it is not a universal law. While in certain historical era having business leaders is legitimized, others are not. The national economic situation also affects the selection of ex-military personnel. For example, one saw more ex-military business leaders during periods of economic expansion and when a rational ideology dominated management. Although I did not study the geographical contingency of

military background (e.g., differences among units within the military, differences between militaries of different nations), but one would suppose there are differences in the outcomes of different militaries too. The transitional social phenomenon is not to suggest for people when to join the army and when to not join in order to succeed in the business world; it is to suggest that there are different ways of organizational development, and there are things that business people can learn from the military.

Theoretical Implications

A sociology of leadership agrees with the statement that great leaders are made, not born. It also acknowledges the diversity of leadership. The diversity of leadership is also made, not born. There is not more than one institutional isomorphism at the field- and organizational-levels, according to DiMaggio and Powell. The processes of isomorphism, when combined together, actually lead toward heterogeneity of organizational forms. I intend to use a sociology of leadership to combine the merits of different theories, and to bridge the gaps between sociology and other studies of leadership. From what I have discussed in the previous chapters, I consider the following aspects as meaningful directions to extend the sociology of leadership:

External Control of Organizations

The idea of external control of organizations is from Pfeffer and Salancik's resource dependency theory. Pfeffer and Salancik think organizations depend upon each other. The dependency leads both to certainty and uncertainty. In order to manage uncertainty, organizations tend to gain control of resources vital for their survival, and

maybe for the survival of other organizations. Accompanying resource dependency is power dependency. The power relations among organizations are reflected in intra-organizational power struggles, as illustrated by Fligstein's research on the subunit origins of business presidents. In Chapter Three, I suggested that the rise of ex-military personnel is not a result of power struggles; rather, it is from the combined effects of military and business institutional logics. The rise of business leaders with military backgrounds in 20th century America is an inter-organizational phenomenon, as well as an inter-institutional one. The subunit origins of managers matter for organizations; the institutional origins of leaders matter too, and this also reflects the idea of external control of organizations. Organizations may be externally controlled by other organizations (Pfeffer and Salancik, 1978), by interlocking directorates (Breiger, 1974; Galaskiewicz, 1991), and also by searches for leaders in the external market (Khurana, 2002). Khurana's research develops the idea of external control. It not only refers to the control outside of organizations, either by other organizations or powerful persons outside of organizations; it also refers to the control by someone inside the organization. But, this leader may be from another organization and maybe another institution.

The external control of organizations can lead to organizational conflicts of interests; it can lead to convergence of goals and interests too—both between organizations and within organizations. Concerning divergence and conflict of interests within organizations, for example, in an ethnographical study of thirty recent graduates from Harvard MBA program, Badaracco and Webb showed that these new managers found disturbing that they had to do something sleazy, unethical, and even illegal in

financial companies. They all took a business ethics course at Harvard, but the view from the trenches of business ethics is so different that they found the course to be of no help (Badaracco and Webb, 1995). Conflicts between the values learned from higher education and from the *real world* are not uncommon. In the previous chapters, the example drawn from the military and business was to show that the convergence of institutional logics from military and business actually brought positive outcomes to individuals and to organizations. In the statistical analysis, I found that there are no effects of business professional education on business performance. Military background, on the other hand, always has a significant impact on organizational performance, as measured by profitability.

One key concept of resource dependency theory, as well as of institutional and organizational ecology theories, is environment. Leaders who work in different internal environments can know the environment better, because the main components of the environment of an organization are other organizations. But the environment means different things for different persons. According to Mintzberg, for a president of a firm, environment consists of competitors, suppliers, governments, and so on; for a foreman, his or her environment consists of other organizational units and external suppliers (and others) (Mintzberg, 1973, p55). The presidents of firms are candidates for institutional leaders in Selznick's sense (1957). The succession of presidents may still be the outcome of intra-organizational power struggles, as Fligstein would argue. But they can also be the outcome of inter-organizational cultural competition, as this research suggests.

Institutional Leadership and Value-Oriented Authority

The main argument of this research is in line with Selznick's (and also Thompson's) idea of institutional leaders. To be clear, Selznick's institutional leaders can still be organizational leaders, but they think across the boundaries of organizations and institutions; they think beyond efficiency; they are responsible, and creative; most important of all, they are men and women of values rather than bureaucrats. By emphasizing supra-organizational values, Selznick completed Weber's research on authority.

Weber classified social action into four types: traditional, emotional, value-oriented, and goal-oriented actions. He also classified authority (or leadership) into three types: traditional, charismatic, and legal-rational authorities. Each type of action corresponds with a different type of authority; different types of authorities take different strategies of action. So there should be a one-to-one correspondence between social action and authority: with traditional social action related to traditional authority, emotional social action to charismatic authority, and goal-oriented action to rational authority. What is missing from Weber's classification schema is value-oriented authority. It is true that Weber predicted the process of rationalization of society. It seems that social actions tend more and more toward goal-oriented actions and therefore more and more rational authority. But other types of social actions and authorities are still important. For example, psychological and management literatures are still looking for charismatic qualities, and the public is still likely to be inspired by charismatic leaders. Selznick described the idea of an institutional leader. Although he himself may not realize that he actually completed Weber's typology of authority (and leadership), he

nevertheless proposed this idea of value-oriented authority. When he talked about leadership, Selznick had in mind business leaders, military leaders, and statesmen. Fifty years after Selznick's seminal research, when business scandals and failures constantly appear in the public media, one might recognize the importance of values in organizations, i.e. values of institutional leaders and management. It is time again to talk about value-oriented authorities, in addition to technical-rational ones. And institutional leaders are by no means irrational. They are rational too. Their rationality is neither omniscient nor bounded. It is relational and extended.

The Idea of Extended Rationality

The rational choice perspective has spread into every major discipline of the social sciences, not being limited to neoclassical economics. Basically, this perspective assumes that (more implicitly than explicitly): 1. rational actors can calculate and maximize their own benefits; 2. actors (buyers and sellers) possess complete information about products, conditions, and information; 3. actors have a stable hierarchy of preferences; 4. markets incur transaction costs; 5. markets also face institutional constraints; 6. individual rational actions are additive and they bring order to markets and macroeconomic phenomena; 7. rational actions (especially that of supply and demand) aggregate and often reach to equilibria (Smelser, 1992). Some economists defend these assumptions as a strategy for theoretical modeling. They would like to believe that theoretical modeling does not have to accurately describe the real economic world. Economic sociologists often challenge the rational actor assumption. For example, Harrison White (1981) thinks the effects of individual actors are not simply additive, but

that actors often realize the existence of each other, thus acknowledging the important role played by networks in decision-making; DiMaggio and Powell (1983) proposed that organizations are group actors, and the collective rationality of group actors tends to focus on legitimacy rather than maximizing efficiency; Granovetter (1985) thinks social relations matter in shaping rational actions; Fligstein (2001) combines the arguments from resource dependency theory and institutional theory and argues for the central role of power and power institutions. Sociologists often take a pragmatic view of actors and markets in reacting to rational action assumptions: 1. neoclassic economic modeling is not realistic; 2. people do not behave in a rational way as neoclassic economists and some rational sociologists (e.g., James Coleman) think. Besides the criticisms from economic sociologists, Herbert Simon's model of bounded rationality has had a profound influence on theories of rationality.

Simon thinks that the rational actor in the rational choice model is an economic man. In his studies of organizations, he proposed administrative man as the decision-makers and actors within and across organizations. The quantity and quality of output of administrative man have limits, limits on his ability to perform and to make correct decisions. These limits of ability include not only skills and knowledge, but also values that influence decision-making (Simon, 1945/1976, p.39-41). Simon distinguished between intended rationality and objective rationality. The former refers to the subjective rationality of individuals, while the latter is more like what DiMaggio and Powell would call collective rationality (1983). Objective rationality assumes skills and values that an administrative man with intended rationality often feels are hard to achieve. For example,

“(objective) Rationality requires a choice among all possible alternative behaviors. In actual behavior, only a very few of all these possible alternatives ever come to mind” (p.81). One goal of organizations is to make sure that the intended rationality of individuals is consistent with the objective rationality of a group (p.243). Simon developed the theory of rationality by introducing a model of bounded rationality. Rationality of administrative man is bounded either because of limits of technical skills or value-related information. Simon’s model received wide acceptance among social scientists (Williamson, 1981; DiMaggio and Powell, 1983). And there are a lot of alternative rationalities based on Simon’s study (March, 1978). However, when combined with Selznick’s idea of institutional leadership, the model of administrative man and also of bounded rationality can be improved in some aspects.

Selznick views Simon’s administrative theory as a positivist one. He criticizes it for its retreat to technical, rather than institutional, responsibility. He cites Clausewitz’s study of the military to show that technology and value, and strategy and rationality can not be separated. For example, one must think about the interrelation of political aims and military strategy together to get a comprehensive view of how a military leader works (Selznick, p.76-78). Based on Selznick, Simon talks about values too, but Simon treated values as means to achieve organizational goals, rather than a goal itself that needs to be achieved in organizations. Selznick says in the preface of his book *Leadership in Administration* (1957), “The fact that I have included some critical comments on Simon’s point of view in no way detracts from my great appreciation for his contribution to our common understanding” (p. x). This modest statement should not hide his important

contribution in the book: Simon's administrative man is characterized by his bounded rationality; Selznick's institutional leader, who is a value-oriented, has rationality too—rationality that is neither omniscient nor bounded. It can be called extended rationality since it combines rationalities from different groups (organizations and institutions) and internalizes them to become his or her own individual rationality. This extended rationality of institutional leadership, of course, is different from the bounded rationality of administrative man. The idea of bounded rationality corrected the concept of rationality in rational choice theory. But it tends to view decision-makers as passive actors and organizations as passive entities. The idea of extended rationality, on the other hand, is a more pragmatic view of leadership and decision-making—in reality, people are constrained by a lot of factors, whether group or individual rationalities, but most of them still reach out to accomplish things. The model of extended rationality considers rationality as a variable; rationality keeps increasing as long as organizations are open, and organizational leaders are institutional leaders.

Simon left some theoretical gaps in his earlier idea of bounded rationality, like the separation of value and goal, the dichotomy of subjectivity/individual and objectivity/group. The idea of extended rationality does not assume these separations. For institutional leaders, the attainment of goals is both a technical and institutional issues. They internalize group values as their own, and their rationalities and goals more easily converge with those of groups. The idea of extended rationality is pragmatic, just like many other sociological concepts, like embeddedness (Granovetter, 1985) and collective rationality (DiMaggio and Powell, 1983), in criticizing rational choice theory. The idea of

extended rationality can also provide with theoretical modeling, based on Selznick's thought and on the more recent theory of institutional logics. Institutional central logics can be considered rationalities developed in different institutions, if we think of rationality in a broader sense and accept Weber's earlier definition and typology of rationality (Weber, 1978). There are a number of recent studies on institutional logics (Thornton and Ocasio, 2008). Most of these studies focus on the competition of institutional logics and on organizational-level phenomena. My research on leaders' social backgrounds and organizational performance shows that institutional logics can be constitutive; they can be used to study individual level phenomena like leadership too. The similarity between extended rationality and institutional logics also suggests that there is not a fine line between old institutional theory (of Selznick) and new institutional theory (of Friedland and Alford).

Another concept similar to extended rationality is economist Amartya Sen's idea of social rationality, as reported in an interview by economic sociologist Richard Swedberg. "According to Sen, there exists a link between society and rationality; rationality has an 'inescapably social component'... 'social rationality' pertains primarily to the individual and his or her links to the rest of community" (1990, p.337). Sen's idea of social rationality is in line with sociologists' understanding of rationality. Swedberg also interviewed some sociologists on the issue of rationality. For example,

Daniel Bell points out that the concept of rationality is connected to social values and that these are always culturally shaped. To Stinchcombe, the essential quality about rationality is that it is a social phenomenon and not

an individual one. The latter have no natural inclination to be rational, and they also lack the resources that an organization can bring to bear on its decisions. According to Smelser, however, it is not only a question of varying degrees of rationality; there can also exist different kinds of rationality. There is “communal rationality,” “economic rationality,” and so on (Swedberg, 1990, p.337).

I present in Table 5.1 a comparison of theories and models of decision-makings based on the above discussion.

The above wisdom on rationality can be combined with some institutional and sociological theories of organizations, like collective rationality and institutional logics, to develop further the understanding of rationality and related topics like leadership behaviors. The idea of extended rationality can be used to serve many purposes besides to unite the above wisdom of sociologists (and of Sen’s) and to distinguish it from bounded rationality and neoclassical rationality. For example, Eisenstadt thinks that “the explication of the relations between charisma and institution building is perhaps the most important challenge which Weber’s work poses for modern sociology” (Eisenstadt, 1968, p.ix). Although in many of Weber’s writings he talked about rationality and the rationalization of (western) society, Eisenstadt thinks that Weber did not stress the dichotomy of charisma and rationality. He argues that “the best clue to understanding Weber’s work, especially his significance for modern sociology, lies in the attempt to combine the two and to analyze how they are continuously interrelated in the fabric of social life and in the processes of social change” (p.ix). Accompanying the concept of

charisma is the importance of creativity, a phenomenon that also concerned Selznick when he spoke of institutional leadership. According to Eisenstadt, Weber emphasizes not so much individual charismatic leaders, but the charismatic group, be it the religious sect or military personnel in this study. Weber also emphasizes not the dichotomy of charisma and rational institution building, but the combination of the two: “the test of any great charismatic leader lies not only in his ability to create a single event or great moment, but also in his ability to leave a continuous impact on an institutional structure—to transform any given institutional setting by infusing into it some of his charismatic version, by investing the regular, orderly offices, or aspects of social organization...” (p.xxi). Not only are charisma and rationalization found in the same social processes, but charisma is also rooted in the interrelationship of institutions and their central logics—charisma arises within the boundaries of institutional logics or rationalities. “It is the combination of this differential distribution and conflicts of interests that may indeed constitute a major focus both of continuity and of potential changes in any social system” (p.xliii). In other words, charisma arises from rationality, not a single rationality or logic from one institution, but many rationalities or logics from inter-institutions. According to Friedland and Alford (1991), society is consisted of institutions and institutions have intersections. If we think of charisma as the art of leadership, as something related to the creativity of institutional leadership, we may find that modern society is actually a rich source for charisma and institutional leaders. Of course, in my research, I do not directly link organizational performance to the

charismatic mindset of leaders, but I do suggest that such leadership is a social phenomenon, and charisma is a social phenomenon too.

One more example of applying extended rationality: there has been a consensus among many sociologists that relations between people are the keys to explaining social phenomena (e.g. Mayhew, 1980, 1981; Galaskiewicz, 1991; Emirbayer, 1997). They are also the keys to explaining human decision-making: it is impossible to find a pure rational man in the neoclassical economic sense. I mentioned in the previous chapters that humans are always partial members of institutions and organizations; their rationality is not only a complex multiplicity, it is a variable too. The value of rationality changes with the dynamics of human relations, which influences human choices and decision-making too. Although economists would not give up (Swedberg, 1990, p.337), most would agree that, like the rational actor, the whole model of rational choice does not fit reality. People can be rational, not just in rational choice theory's sense; they are in worlds of relations. Relations matter in decision-making. If we, again, take a pragmatic view of the social science model, we may agree that rational choice theory can be developed into a relational choice theory.

Empirical Implications

This research finds that, in 20th century America, military-trained personnel brought advantages to themselves in top positions of business management, and they brought positive outcomes to their organizations too. However, one must be cautious in generalizing the findings of this research. From a few examples in Chapter Two about

American business leaders with military backgrounds, and also from the many examples of business practices that imitate military strategies (e.g. The Cola Wars between Coca-Cola and Pepsi; The Chip Wars between Intel and AMD), I want to draw two empirical implications: First, many have found that business leaders cultivate a secret garden, that besides professional training and formal education, they read military texts for knowledge on business. I would recommend that they keep the readings and recommend to others in need of strategies that they too read the classic military texts. One does not have to join the military to get benefits from the military, but knowing military strategies and ethics may be helpful for their business in a competitive world. Second, recent years saw some criticism of business school education from business scholars (e.g. Pfeffer and Fong, 2002). Some research found that exam scores like GMAT do not predict success in MBA education, but that past experiences or social backgrounds do. Actually, the worry about business school organizations is not new. Simon (1967) listed some problems faced by business schools in organizational design. There is not one model for business school organizational design but many. Information and skills relevant to management come mainly from two sources, according to Simon. One is the world of practice, another is from economics, psychology, sociology, applied mathematics, and computing science. For social sciences, practice can be important too: “the contacts during World War II of economics with military operating problems set off a major revolution in the theory of the firm” (Simon, 1967, p.5). I do not have much practical advice on business school organizational design, but I feel that for organizations that lie in the intersection of institutions, like MBA education in universities and R&D (Research and Development)

organizations in industries, institutional leadership is particularly important. People in these organizations has to balance the logics from different fields, and to maintain autonomy.

Limitations of the Study

I have discussed in Chapters Three and Four some limits of this study. Most of them are related to data used in this analysis. For example, this study lacks variables of structure and strategy. It would be more convincing if I used merger and acquisition of companies as indicators of different strategies, rather than simply relying on the change of company sizes. Another limit of this study is that I did not use a random sample. The literatures served as research background of this study, however original they are, they are characterized by the use of non-random samples. This common problem in Organizational Studies definitely constrains the ability to generalize the findings. I advocate a cultural capital explanation of organizational performance rather than a social capital explanation of the military-industrial complex. To exclude the impact of social capital is important in my study; however, it was difficult too to find data on the military contracts of the companies I studied. I used other methods instead to minimize the impact of military-industrial complex effects. For example, to include companies of various industries (21 in total), to check the ranks and years of military service of my subjects and to eliminate the extreme cases, and to check lists of military contractors through the website of the U.S. Department of Defense.

The variables I used for measuring organizational performance are not complete either. First, there are rational indicators of organizational performance. I have mentioned that there are not-so-rational indicators too that can be equally important, like corporate giving, and environmental and humanistic responsibilities. Second, there are other rational indicators, like the spending on advertisements and on R&D, salaries and other income of top business leaders. I did not fully explore all these related issues.

Other than the data, the statistical methods I used have limits. The statistical significance levels can tell us something general. The applications of institutional logics and of extended rationality among institutional leaders, however, is both rational and charismatic. As Mintzberg said, management is a combination of science, craft, and art. In the art world of leadership, stories and ethnographical research can be more convincing, and definitely more interesting.

Suggestions for Future Research

In this study, I used military background as an example to show that social background has effects on individual and organizational performance. We can definitely test the effects of other social background characteristics—be they institutional- or other unit-level background. Since the military has been an underappreciated category in institutional research, I would suggest that there be more research on the interrelationship between military and society. Only when we know the military better can we better test its effects. For example, we can break military background down into subunits of the military (e.g., Navy, Marine, Army, and Air Force) and test their effects respectively.

Cross-national comparative studies are also recommended, since there are variations between militaries of different countries; each has its own tradition, measurement of effectiveness, and impact on society. For example, in East Asian countries, some successful business persons still get wisdom from reading Chinese military classics, like Sun Tzu's *The Art of War*, and from classics like *Romance of Three Kingdoms*. In Europe, the Prussian military helped the society to build its bureaucracy, modeled on the army. From Henry Fayol's writings, one may hypothesize that the French Army, too, helped institution-building in other arenas. I am also open to the research on the negative effects of the military.

For theoretical development, I would pursue and recommend pursuing research on the following two topics. One is to measure institutional leadership. In my study, I assumed that those who worked in different institutional fields are more likely to be institutional leaders. But this may not be true for every single case. Selznick views an institutional leader as someone who is active, creative, and responsible. But military-trained personnel can be passive and closed-minded too. People join the military for different reasons. Some join the military because of the draft, others want financial aid for college—both can be different from those who joined the military voluntarily and were active in seeking values for themselves and for organizations. A better measurement of institutional leadership can help theory-building.

Another topic I recommend pursuing is modeling extended rationality. Herbert Simon suggests different ways of modeling bounded rationality. Extended rationality can be modeled too. For example, Ronald Breiger's original research on the duality of

persons and groups (1974) is a foundation for understanding many things, including extended rationality. For example, we can replace groups with institutions or other social units that generate meanings and logics for action, and study the duality of persons and institutions; we can also study one individual person by breaking down his or her life stages, and study the duality of one person and his or her groups. Network analysis is not only a tool for studying social capital, but is a method for studying cultural phenomena too (Breiger, 2007).

Table 5.1 Theories and Models of Decision-making:

	Neoclassical Economics	Organizational Psychology	Organizational Sociology
Actor:	Economic Man	Administrative Man	Institutional Leader
Model:	Rational Choice	Satisficing Model	Relational Choice
Rationality:	Rationality	Bounded Rationality	Extended Rationality

APPENDIX A: Correlation of Variables Used in Chapter Three*

	yearsto~o	ceoten~e	ageatceo	land	tech	media	logist~s	finance	food	health	military	undgredu
yearstoceo	1.000											
ceotenure	-0.413	1.000										
ageatceo	0.578	-0.667	1.000									
land	0.010	0.031	0.004	1.000								
tech	-0.014	-0.137	0.030	-0.087	1.000							
comedia	-0.114	0.143	-0.125	-0.073	-0.144	1.000						
logistics	0.001	0.071	-0.059	-0.138	-0.272	-0.228	1.000					
finance	0.014	0.012	0.055	-0.067	-0.131	-0.110	-0.208	1.000				
food	0.002	0.000	0.008	-0.077	-0.153	-0.128	-0.242	-0.117	1.000			
health	0.068	-0.089	0.061	-0.086	-0.170	-0.142	-0.269	-0.130	-0.151	1.000		
military	0.053	-0.069	0.071	-0.042	0.020	0.022	-0.039	0.012	0.005	0.038	1.000	
undgredu	0.112	-0.228	0.162	0.047	0.065	-0.007	-0.076	0.016	-0.088	0.099	0.164	1.000
mba	0.038	-0.180	0.100	0.003	0.066	-0.043	-0.041	0.020	-0.042	0.069	0.082	0.249
gredu	-0.002	-0.177	0.136	0.006	0.108	-0.010	-0.115	0.045	-0.067	0.079	0.073	0.441
midclass	-0.044	0.061	-0.103	0.047	0.046	-0.012	0.031	-0.032	0.010	-0.070	0.005	0.055
rich	0.194	-0.214	0.185	0.015	0.014	-0.056	-0.070	0.032	-0.009	0.086	0.066	0.159
poor	-0.162	0.165	-0.086	-0.068	-0.066	0.073	0.042	0.001	-0.001	-0.016	-0.077	-0.234
fatherceo	0.221	0.073	-0.102	0.017	-0.058	-0.064	0.088	-0.015	0.075	-0.054	-0.023	0.034
protestant	0.078	0.041	0.044	0.058	-0.044	-0.089	0.059	-0.017	0.035	-0.044	-0.020	-0.033
jewish	-0.068	0.145	-0.122	-0.072	-0.060	0.164	0.029	0.060	-0.077	-0.030	-0.056	-0.056
catholic	-0.020	-0.037	0.008	-0.019	0.040	0.043	-0.037	-0.020	0.018	-0.013	0.053	0.014
mpi	-0.113	-0.057	-0.033	-0.291	0.120	0.119	-0.242	0.086	0.040	0.251	0.155	0.017
rationera	0.072	-0.041	0.012	-0.013	-0.045	0.045	-0.043	0.007	-0.008	0.050	0.142	0.112
era	0.237	-0.438	0.297	-0.084	0.071	0.027	-0.120	-0.006	-0.035	0.166	0.207	0.457

Continued:

	mba	gredu	midclass	rich	poor	father~o	protes~t	jewish	catholic	mpi	ration~a	era
mba	1.000											
gredu	0.585	1.000										
midclass	0.032	0.004	1.000									
rich	0.047	0.078	-0.584	1.000								
poor	-0.086	-0.088	-0.477	-0.435	1.000							
fatherceo	-0.063	-0.113	0.165	0.043	-0.230	1.000						
protestant	-0.104	-0.089	0.045	-0.069	0.025	0.076	1.000					
jewish	-0.053	-0.055	0.037	-0.095	0.061	0.062	-0.263	1.000				
catholic	0.007	-0.001	-0.046	0.036	0.012	-0.036	-0.211	-0.096	1.000			
mpi	0.067	0.072	-0.042	0.008	0.038	-0.080	-0.083	-0.016	0.018	1.000		
rationera	-0.035	0.022	0.034	0.021	-0.060	0.044	-0.003	0.041	0.008	0.045	1.000	
era	0.358	0.382	-0.048	0.163	-0.123	-0.092	-0.277	0.018	0.094	0.156	0.167	1.000

* Not include dummy variables for decades.

APPENDIX B: Correlation of Variables Used in Chapter Four

	netsales	income	profit	empl~s	total~s	year	D1950	D1960	D1970	D1980	D1990	military	myears	mrank	mba
netsales	1.000														
income	0.767	1.000													
profitability	0.023	0.324	1.000												
employees	0.660	0.415	-0.080	1.000											
totalassets	0.631	0.865	0.271	0.340	1.000										
year	0.315	0.290	0.028	0.097	0.241	1.000									
D1950	-0.061	-0.050	-0.037	0.036	-0.047	-0.409	1.000								
D1960	-0.137	-0.111	0.017	-0.085	-0.093	-0.552	-0.065	1.000							
D1970	-0.161	-0.136	0.026	-0.062	-0.116	-0.380	-0.097	-0.201	1.000						
D1980	-0.023	-0.068	-0.057	0.036	-0.056	0.109	-0.112	-0.231	-0.347	1.000					
D1990	0.281	0.280	0.033	0.066	0.237	0.761	-0.126	-0.260	-0.390	-0.448	1.000				
military	-0.006	0.016	0.108	0.033	0.053	-0.133	-0.054	0.085	0.091	0.041	-0.160	1.000			
myears	0.001	0.016	0.084	0.037	0.043	-0.149	-0.041	0.100	0.114	-0.005	-0.151	0.827	1.000		
mrank	-0.047	-0.015	0.118	-0.005	0.002	-0.181	-0.029	0.084	0.164	-0.006	-0.188	0.736	0.827	1.000	
mba	0.162	0.113	0.112	0.135	0.096	0.235	-0.085	-0.135	-0.115	0.060	0.169	-0.019	-0.050	-0.033	1.000

APPENDIX C: Truth Table for Data on Profitability in fsQCA Analysis*

Row	Computer	Finance	Retail	Undgredu	Gradu	MBA	Midclass	Rich	Fatherceo	Military	Profitability	Number**
1	0	1	0	1	0	0	0	0	0	1	1	2
2	0	0	0	0	0	0	0	0	0	0	1	7
3	0	0	0	0	0	0	1	0	0	1	1	2
4	0	0	0	1	0	0	0	0	0	1	1	6
5	0	0	0	1	0	0	0	1	0	1	1	2
6	0	0	0	1	0	1	0	0	0	0	0	4
7	0	0	0	0	0	0	0	0	0	1	0	5
8	0	0	0	0	0	0	1	0	1	0	0	2
9	1	0	0	1	1	0	1	0	0	0	0	3
10	1	0	0	1	0	0	0	0	0	0	0	5
11	0	0	0	1	0	1	1	0	0	1	0	6
12	1	0	0	1	0	1	1	0	0	0	0	7
13	0	0	0	1	1	0	0	0	0	1	0	2
14	0	0	0	1	1	0	1	0	0	0	0	6
15	0	0	0	1	0	0	1	0	0	0	0	6
16	0	0	0	1	0	1	1	0	0	0	0	4
17	0	0	0	1	0	0	0	0	0	0	0	11
18	0	0	0	1	0	0	1	0	0	1	0	3
19	0	0	0	1	0	0	1	0	1	1	0	2
20	0	0	0	1	1	0	0	0	0	0	0	9
21	1	0	0	0	0	0	1	0	0	0	0	2
22	0	0	0	1	0	1	0	0	0	1	0	2
23	0	0	0	1	0	0	0	1	1	0	0	4
24	0	0	0	0	0	0	1	0	0	0	0	3
25	0	0	1	0	0	0	1	0	0	0	0	2
26	0	0	0	1	1	0	0	1	1	1	0	2
27	0	0	1	0	0	0	1	0	0	1	0	2

*In the columns with causal and outcome conditions, 1 indicates the presence of a condition or outcome; 0 absence

**Number indicates each row of a truth table may represent more than one case.

REFERENCES

- Alchian, Armen A. and Demsetz, Harold. 1972. "Production, Information Costs, and Economic Organization." *American Economic Review*. V.62:5. pp.777-95.
- Allport, Gordon. 1961. *Pattern and Growth in Personality*. Harcourt College Publishers.
- Badaracco, J. L. Jr and Webb, A. 1995. "Business Ethics: A View from Trenches." *California Management Review*. V. 37: 2. pp.8-28.
- Barley, Stephen R. and Gideon Kunda 1992. "Design and Devotion: Surges of Rational and Normative Ideologies of Control in Managerial Discourse." *Administrative Science Quarterly*. V.37: 3. pp. 363-99.
- Barnard, Chester I. 1938. *The Functions of the Executive*. Harvard University Press.
- Bell, Daniel. 1996. *The Cultural Contradictions Of Capitalism: 20th Anniversary Edition*. Basic Books.
- Bendix, Reinhard. 1956. *Work and Authority in Industry*. University of California Press.
- Bendix, Reinhard. 1977. *Max Weber: An Intellectual Portrait*. Berkeley: University of California Press
- Bennis, Warren G. and Thomas, Robert J. 2002. *Geeks and Geezers: How Era, Values, and Defining Moments Shape Leaders*. Boston: Harvard Business School Press.
- Berger, P. L. and T. Luckmann. 1966. *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. Garden City, NY: Anchor Books.
- Biggart, Nicole W. and Guillen, M. F. 1999. "Developing Differences: Social Organization and the Rise of Auto Industries of South Korea, Taiwan, Spain, and Argentina." *American Sociological Review*. V. 64. pp. 722-47.
- Blau, Peter. 1963. *Dynamics of Bureaucracy*. University of Chicago Press.
- Borgatti, S.P., Everett, M.G. and Freeman, L.C. 2002. *Ucinet for Windows: Software for Social Network Analysis*. Harvard, MA: Analytic Technologies.
- Bourdieu, Pierre. 1977. *Outline of a Theory of Practice*. Cambridge University Press.
- Bourdieu, Pierre. 1992. *The Logic of Practice*. Stanford University Press.
- Bourdieu, Pierre. 1993. *The Field of Cultural Production*. Columbia University Press.

Bourdieu, Pierre. 1996. *The State Nobility: Elite Schools in the Field of Power*. Polity Press.

Bourdieu, Pierre. 2000. *Reproduction in Education, Society, and Culture*. 2nd ed. Sage Publications.

Bourdieu, Pierre. 2001. "The Forms of Capital." In Granovetter, Mark and Swedberg, Richard. ed. *The Sociology of Economic Life*. Westview press.

Bourdieu, Pierre and Wacquant, L J. D., 1992. *An Invitation to Reflexive Sociology*. The University of Chicago Press.

Bramel, Dana and Friend, Ronald. 1981. "Hawthorne, the Myth of the Docile Worker and Class Bias in Psychology." *American Psychologist*. 36:8. pp.867-878.

Breiger, Ronald L. 1974. "The Duality of Persons and Groups." *Social Forces*. Vol. 53: 2. pp. 181-190.

Breiger, Ronald L. 2007. "Cultural Holes: Networks, Meanings, and Formal Practices." *Presentation at 102th Annual Meeting of American Sociological Association*. NYC.

Breiger, Ronald L. and John Mohr. 2004. "Institutional Logics from the Aggregation of Organization Networks." *Computational and Mathematical Organizational Theory*. 10: 17-43.

Burke, Carol. 1999. "Military Fold Culture." In Katzenstein, Mary F. and Reppy, Judith ed. *Beyond Zero Tolerance*. Rowman & Littlefield Publishing, INC.

Burnham, James. 1941. *The Managerial Revolution: What is Happening in the World*. New York: The John Day Company, Inc.

Burns, J. M.. 1978. *Leadership*. New York: Harper and Row Publishers Inc..

Burton, M. D. and Christine M. Beckman. 2007. "Leaving a Legacy: Position Imprints and Successor Turnover in Young Firms." *American Sociological Review*, 72:2, pp.239-66.

Bush, Irving T. 1916. "The Business Man and Universal Military Training." *Proceedings of the Academy of Political Science in the City of New York*, V. 6:4. pp. 71-73.

Camic, C. and Xie, Y. 1994. "The Statistical Turn in American Social Science: Columbia University, 1890 to 1915." *American Sociological Review*. V.59.

- Carmazzi, Arthur. 2005. *The Directive Communication Leadership Field Manual*. Singapore: Veritas Publishing.
- Carroll, Glenn R. and Milchael Hannan. 2000. *The Demography of Corporations and Industries*. Princeton University Press.
- Chandler, Alfred, Jr.. 1962. *Strategy and Structure: Chapters in the History of the Industrial Enterprise*. The M.I.T Press.
- Chandler, Alfred, Jr.. 1984. "The Emergence of Managerial Capitalism." *The Harvard Business Review*. Harvard Business School.
- Child, J. 1972. "Organizational Structure, Environment and Performance: The Role of Strategic Choice." *Sociology*. V6. pp.1-22.
- Clausewitz , Carl von. 2007. *On War*. Oxford University Press.
- Collins, James and Jerry Porras. 1994. *Built to Last: Successful Habits of Visionary Companies*. HarperCollins Publishers.
- Collins, Randall. 1979. *Credential Society: A Historical Sociology of Education and Stratification*. Academic Press.
- Collins, Randall. 1986. *Weberian Sociological Theory*. New York: Cambridge University Press.
- Cooling, B. F. 1977. *War, Business, and American Society: Historical Perspective on the Military-Industry Complex*. Kennikat Press.
- Coser, Lewis. 1971. *Masters of Sociological Thought*. Harcourt Brace Publishers.
- Coser, Lewis. 1990. "Virtues of Dissents in Sociology." In Gans, H. ed. *Sociology at America*. Sage Publications.
- Cromwell, S. & J. Kolb. 2004. "An examination of work-environment support factors affecting transfer of supervisory skills training to the work place", *Human Resource Development Quarterly*, Vol. 15 No. 4, pp. 449-71.
- Crozier, Michel. 1964. *The Bureaucratic Phenomenon*. The University of Chicago Press.
- Cyert R. M. and J. G. March. 1963. *A Behavioral Theory of the Firm*. Englewood Cliffs, NJ: Prentice-Hall.

Davis, Mike, Mayhew, K. and Miller, J. 2003. *Under the Perfect Sun*. New York: The New Press.

Day, David and Robert Lord. "Executive Leadership and Organizational Performance: Suggestions for a New Theory and Methodology." *Journal of Management*. V. 14:3. pp. 453-65.

DiMaggio, Paul J. and Walter W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review* 48:147-160.

DiMaggio, Paul J. and Walter W. Powell. 1991. "Introduction." Pp. 1-38 in *The New Institutionalism in Organizational Analysis*, ed. by Walter W. Powell and Paul J. DiMaggio. Chicago: University of Chicago Press.

Dobbin, Frank and J. Sutton. 1998. "The Strength of a Weak State: The Rights Revolution and the Rise of Human Resources Management Divisions." *American Journal of Sociology*. V.104:2. pp. 441-76.

Domhoff, G. William. 1998. *Who Rules America?* McGraw-Hill Higher Education Publishing.

Drori, Gili S. et al. 2003. *Science in the Modern World Polity*. Stanford University Press.

Drucker, P. F. 1954. *The Practice of Management*. New York: Harper & Row.

Druckman, Daniel. et al. ed. 1997. *Enhancing Organizational Performance*. National Academy Press.

Durkheim, Emile. 1965. *The Elementary Forms of Religious Life*. The Free Press.

Durkheim, Emile. 1982. *Rules of Sociological Method* (1895). The Free Press.

Durkheim, Emile. 1997. *The Division of Labour in Society*. The Free Press reprint 1997.

Durkheim, Emile and Mauss, M. 1967. *Primitive Classification*. University of Chicago Press.

Dye, Thomas R. 1995. *Who's Running America? Sixth Edition*. Prentice Hall.

Eisenhower, Dwight D. 1961. "Farewell Address." In Walker et al. ed. *The Military-Industry Complex: Eisenhower's Warning Three Decades Later*. Peter Lang 1992.

- Eisenstadt, S.N. 1968. ed. *Max Weber on Charisma and Institution Building*. The University of Chicago Press.
- Emerson, Richard M. 1962. "Power-Dependence Relations." *American Sociological Review*. 27: 31-40.
- Emirbayer, Mustafa. 1997. "Manifesto to a Relational Sociology." *American Journal of Sociology*. V. 103: 2. pp.281-317.
- Eysenck, Hans 1991. "Dimensions of personality: 16: 5 or 3? Criteria for a taxonomic paradigm", *Personality and Individual Differences*, V12, p.773-90.
- Fayol, Henri. 1937. "The Administrative Theory in the State." In Gulick et al. ed. *Papers on the Science of Administration*. New Hampshire: The Rumford Press.
- Fiedler, F. E. 1967. *A theory of leadership effectiveness*. McGraw-Hill: Harper and Row Publishers Inc..
- Fligstein, Neil. 1987. "The Intraorganizational Power Struggle: Rise of Finance Personnel to Top Leadership in Large Corporations, 1919-1979." *American Sociological Review*. V.52. pp.44-58.
- Fligstein, Neil. 1990. *The Transformation of Corporate Control*. Harvard University Press.
- Fligstein, Neil. 1996. "Market as Politics: A Political-Cultural Approach to Market Institutions." *American Sociological Review*. V61:4. pp.656-73.
- Fligstein, Neil. 2001. *The Architecture of Markets: An Economic Sociology of Twenty-First-Century Capitalist Societies*. Princeton University Press.
- Friedland, Roger and Robert R. Alford. 1991. "Bringing Society Back In: Symbols, Practices, and Institutional Contradictions." Pp. 232-263 in *The New Institutionalism in Organizational Analysis*, ed. by Walter W. Powell and Paul J. DiMaggio. Chicago: University of Chicago Press.
- Galaskiewicz, Joseph. 1991. "Making Corporate Actors Accountable: Institution-Building in Minneapolis-St. Paul." Pp. 293-310 in *The New Institutionalism in Organizational Analysis*, ed. by Walter W. Powell and Paul J. DiMaggio. Chicago: University of Chicago Press.
- Galaskiewicz, Joseph and Burt, R. S. 1991. "Interorganization Contagion in Corporate Philanthropy." *Administrative Science Quarterly*. V. 45. pp.267-280.

Ghoshal, Sumantra. 2005. "Bad Management Theories Are Destroying Good Management Practices." In *Academy of Management Learning and Education*. V.4:1. pp. 75-91.

Gerth, Hans, H. and C. Wright Mills. ed. 1946. *From Max Weber: Essays in Sociology*. New York: Oxford University Press.

Gibb, Cecil R. 1954. "Leadership," pp.877-917, in Gardner Lindzey ed, *Handbook of Social Psychology*, Volume II. Addison-Wesley Publishing Company, INC.

Gibb, Cecil R. 1968. "Leadership: Psychological Aspects," in David L. Sills ed. *International Encyclopedia of the Social Sciences*, New York: Macmillan, vol. 9, pp. 91-101.

Giddens, Anthony. 1984s. *The Constitution of Society: Outline of the Theory of Structuration*. University of California Press.

Goffman, Erving. 1961. *Asylums: Essays on the Social Situation of Mental Patients and Other Inmates*. Anchor Books.

Gouldner, Alvin W. 1965. "Introduction", in Alvin W. Gouldner ed. *Studies in Leadership*, New York: Russell & Russell, p. 25.

Granovetter, Mark and Swedberg, Richard. ed. 2001. *The Sociology of Economic Life*. Westview press.

Granovetter, Mark. 1985. "Economic Action and Social Structure: The Problem of Embeddedness." *American Journal of Sociology*. V.91:3. pp.481-510.

Gulick et al. ed. 1937. *Papers on the Science of Administration*. New Hampshire: The Rumford Press.

Hannan, M. and Freeman, John. 1977. "The Population Ecology of Organizations." *American Journal of Sociology*. 82:5. p.929.

Hannan, M. and Freeman, John. 1989. *Organizational Ecology*. Harvard University Press.

Handel, M. 2003. ed.. *The Sociology of Organizations: Classic, Contemporary, and Critical Readings*. Sage Publications.

Hartung, William D. 2001. "Eisenhower's Warning: The Military-Industrial Complex Forty Years Later." *World Policy Journal*. V.18.

Henslin, James. 2007. *Sociology: A Down-to-earth Approach* 8th ed. Allyn and Bacon.

Hersey, Paul. 1985. *The Situational Leader*. Warner Books.

Hersey, Paul and Blanchard, K., & Johnson, D. 2008. *Management of Organizational Behavior: Leading Human Resources*, 9th ed., Upper Saddle River, NJ: Pearson Education.

Hamilton, Gary G. and Nicole W. Biggart. 1988. "Market, Culture, and Authority: A Comparative Analysis of Management and Organization in the Far East." *American Journal of Sociology*. V.94. pp.52-94.

Homans, George C. 1941. *Fatigue of Workers: Its Relation to Industrial Production*. National Academy Press.

Homans, George C. 1950. *The Human Group*. New York: Harcourt, Brace and Company.

Hunt, J., G. Dodge, and L. Wong. 1999. *Out-of-the-Box Leadership: Transforming the Twenty-First-Century Army and Other Top-Performing Organizations*. JAI press INC.

Huntington, Samuel. 1957. *The Soldier and the State*. Cambridge: Harvard University Press.

Jameson, Fredric. 1991. *Postmodernism, or, The Cultural Logic of Late Capitalism*. Duke University Press.

Janowitz, Morris. 1959. "Changing Patterns of Organizational Authority: The Military Establishment." *Administrative Science Quarterly*. V.3: 4. pp. 473-493.

Janowitz, Morris. 1960. *The Professional Soldier: A Social and Political Portrait*. The Free Press.

Janowitz, Morris. 1965. *Sociology and the Military Establishment*. The Free Press.

Janowitz, Morris. 1975. *Military Conflict: Essays in the Institutional Analysis of War and Peace*. Sage Publications.

Janowitz, Morris. 1978. *The Last Half-Century: Societal Change and Politics in America*. The University of Chicago Press.

Janowitz, Morris. ed. 1981. *Civil-Military Relations: Regional Perspectives*. Sage Publications.

Janowitz, Morris. 1991. *On Social Organization and Social Control*. The University of Chicago Press.

Jensen, M. C. and W. H. Meckling. 1976. "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure." *Journal of Financial Economics*. 3: 305-60.

Jepperson, Ronald L. 1991. "Institutions, Institutional Effects, and Institutionalization." In Powell and DiMaggio ed. *The New Institutionalism in Organizational Analysis*. University of Chicago Press. Pp.143-63.

Johnson, Randal. 1993. "Editor's Introduction." In Pierre Bourdieu' *The Field of Cultural Production*. Columbia University Press.

Jung, Carl, 1921. *Psychologischen Typen*. Rascher Verlag, Zurich – translated by H.G. Baynes, 1923.

Katz, D. and Kahn, R. 1966/1978. *The Social Psychology of Organizations*. New York: Wiley.

Khurana, Rakesh. 2002. *Searching for a Corporate Savior: The Irrational Quest for Charismatic CEOs*. Princeton University Press.

Knowles, Henry and Borje Saxberg, 1971. *Personality and Leadership Behavior*. In Addison-Wesley Series in Social Science and Administration under the editorship of Warren G. Bennis. Addison-Wesley Publishing Company.

Lamont, Michele and Virag Molnar. 2002. "The Study of Boundaries in the Social Sciences." *Annual Review of Sociology*. 28: 167-195.

Lasswell, Harold D. 1941. "The Garrison State." *American Journal of Sociology*. V.46:4. pp.455-468.

Lewin, K.; Lippitt, R. & White, R., 1939. "Patterns of aggressive behavior in experimentally created social climates", *Journal of Social Psychology*: 271-301.

Lieberson, Stanley. 1971. "An Empirical Study of Military-Industrial Linkages." *American Journal of Sociology*. V77, pp562-584.

Lieberson, Stanley and James F. O'Connor. 1972. "Leadership and Organizational Performance", *American Sociological Review*. V37, pp.117-130.

Loss, Christopher P. 2005. "The Most Wonderful Thing Has Happened to Me in the Army: Psychology, Citizenship, and American Higher Education in World War II." *The Journal of American History*. Pp.864-91.

- Lounsbury, Michael. 2007. "A Tale of Two Cities: Competing Logics and Practice Variation in the Professionalizing of Mutual Funds." *Academy of Management Journal*. V. 50: 2. pp.289-307.
- Lowry, R. P. 1970. "To Arms: Changing Military Roles and the Military-Industrial Complex." *Social Problems*. V.18:1. pp.3-16.
- March, James. 1978. "Bounded Rationality, Ambiguity, and the Engineering of Choice." *Bell Journal of Economics*. V.9: 2. pp. 587-608.
- March, James and Weil, T. 2005. *On Leadership*. Wiley-Blackwell.
- Martin, John Levi. 2003. "What Is Field Theory?" *American Journal of Sociology*. V.109:1. pp.1-49.
- Martin, Michel L. and McCrate, E. S. 1984. *The Military, Militarism, and the Polity: Essays in Honor of Morris Janowitz*. The Free Press.
- Marx, Karl. 1859. *A Contribution to the Critique of Political Economy*. Online version.
- Mayhew, Bruce. 1980. "Structuralism Versus Individualism: Part I, Shadowboxing in the Dark." *Social Forces*. 59: 2. pp.335-75.
- Mayhew, Bruce. 1981. "Structuralism Versus Individualism: Part II, Ideological and Other Obfuscations." *Social Forces*. 59: 3. pp.627-48.
- Mayo, Elton. 1949. *Hawthorne and the Western Electric Company, The Social Problems of an Industrial Civilisation*, Routledge.
- Mayo, Anthony and Nitin Nohria. 2005. *In Their Time: The Greatest Business Leaders of the Twentieth Century*. Boston: Harvard Business School Press.
- Mayo, Anthony, Nitin Nohria, and Laura G. Singleton. 2007. *Paths to Power: How Insiders and Outsiders Shaped American Business Leadership*. Harvard Business School Press.
- Mayo, Anthony, et al, 2007. *20th Century Great American Business Leaders Database*. Leadership Initiative Program. Harvard Business School.
- McGregor, Douglas. 1960. *The Human Side of Enterprise*. New York, McGraw-Hill.
- Melman, Seymour. ed. 1971. *The War Economy of the United States: Readings on Military Industry and Economy*. New York: St. Martin's Press.

- Merton, Robert K. 1968. "The Matthew Effect in Science." *Science* 159, 56-63.
- Merton, Robert K. 1970. *Science, Technology & Society in Seventeenth Century England*. New York: Howard Fertig Inc.
- Messick, David and Roderick Kramer, 2005. *The Psychology of Leadership: New Perspectives and Research*. Lawrence Erlbaum Associations, Publishers.
- Meyer, John W. and Brian Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology*. V.83. pp.340-63.
- Meyer, J. W., Boli, J., Thomas, G., & Ramirez, F. 1997. "World society and the nation-state." *American Journal of Sociology*, 103, 144–181.
- Michels, Robert. 1999. *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*. Transaction Publishers.
- Mills, C. W. 1959. *The Power Elite*. New York: Oxford University Press.
- Mintzberg, Henry. 1973. *The Nature of Managerial Work*. Harper & Row, Publishers.
- Mintzberg, Henry. 2004. *Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development*. Berrett-Koehler Publishers.
- Mizruchi, Mark S. 1992. *The Structure of Corporate Political Action: Interfirm Relations and Their Consequences*. Harvard University Press.
- Moskos, Charles P. 1974. "The Concept of the Military-Industrial Complex: Radical Critique or Liberal Bogey." *Social Problems*. V.21:4. pp.498-512.
- Moskos, Charles P. 1976. "The Military." *Annual Review of Sociology*.
- Moskos, Charles P. 1977. "From Institution to Occupation: Trends in Military Organization." *Armed Forces & Society*.
- Moskos, Charles P., Williams J. A., and Segal, D. R.. ed. 2000. *The Postmodern Military*. Oxford University Press.
- Occasio, William. 1997. "Toward an Attention-Based View of the Firm." *Strategic Management Journal*. 18: 187-206.
- Ogburn, William. 1964. *On Culture and Social Change*. The University of Chicago Press.
- Orru, Marco, Biggart, Nicole, and Hamilton, Gary. 1997. *The Economic Organization of East Asian Capitalism*. Sage Publications.

Parson, Talcott. 1937. *The structure of social action; a study in social theory with special reference to a group of recent European writers*. New York: McGraw-Hill Book Company, INC.

Parson, Talcott. 1951. *The Social System*. Free Press.

Parson, Talcott. 1956. "Suggestions for a Sociological Theory of Organizations." *ASQ*. V.1:1. pp.63-85.

Parson, Talcott. 1960. *Structure and Process in Modern Societies*. Free Press.

Perrow, Charles. 1986. *Complex Organizations: A Critical Essay*. 3rd ed. New York: Random House.

Perrow, Charles. 1990. A Society of Organizations. Working Paper.

Pfeffer, Jeffrey. 1977a. "The Ambiguity of Leadership." *The Academy of Management Review*. 2:1. pp. 104-12.

Pfeffer, Jeffrey. 1977b. "Towards an Examination of Stratification in Organizations." *Administrative Science Quarterly*. 22: 553-67.

Pfeffer, Jeffrey. 1981. *Power in Organizations*. Marshfield, MA: Pitman Publishing Company.

Pfeffer, Jeffrey. 1997. *New Directions for Organizational Theory: Problems and Prospects*. Oxford University Press.

Pfeffer, Jeffrey and Gerald R. Salancik. 1978. *The External Control of Organizations: A Resource Dependence Perspective*. Pearson Education, Inc.

Pfeffer, Jeffrey and Fong, C. T. 2002. "The End of Business School?" In *Academy of Management Learning and Education*. V.1:1. pp. 78-95.

Podolny, Joel. 2005. *Status Signals: A Sociological Study of Market Competition*. Princeton University Press.

Ragin, Charles. 1987. *The Comparative Method. Moving beyond qualitative and quantitative strategies*. University of California Press.

Ragin, Charles. 1994. *Constructing Social Research*. Pine Forge Press.

Ragin, Charles. 2000. *Fuzzy-Set Social Science*. University of Chicago Press.

- Ragin, Charles. 2008. *Redesigning Social Inquiry: Fuzzy Sets and Beyond*. University of Chicago Press.
- Ragin, Charles C., Kriss A. Drass and Sean Davey. 2006. *Fuzzy-Set/Qualitative Comparative Analysis 2.0*. Tucson, Arizona: Department of Sociology, University of Arizona.
- Rao, Hayagreeva, Philippe Monin, and Rudolph Durand. 2005. "Border Crossing: Bricolage and the Erosion of Categorical Boundaries in French Gastronomy." *American Sociological Review*. 70: 968-991.
- Rihoux, Benoit and Ragin, Charles. ed. 2008. *Configurational Comparative Methods*. Sage Publications.
- Ritzer, G. 2000. *The McDonaldization of Society*. Pine Forge Press.
- Robbins, Stephen et al. *Organizational Behavior*, 4th ed, Prentice Hall.
- Salancik, G. R. and Jeffrey Pfeffer. 1977. "Constraints on Administrator Discretion: The Limited Influence of Mayors on City Budgets." *Urban Affairs Quarterly*. 12. pp.475-98.
- Savino, Carl S. and Krannich, Ronald. 1995. *From Navy Blue to Corporate Gray: A Career Transition Guide for Navy, Marine Corps, and Coast Guard Personnel*. Manassas Park, VA: Impact Publications.
- Schwartz, Michael. ed. 1987. *The Structure of Power in America: The Corporate Elite as a Ruling Class*. Holmes & Meier.
- Scott, Richard. 2004. "Reflection on a Half-Century of Organizational Sociology." *Annual Review of Sociology*. V. 30. pp.1-21.
- Scott, Richard. 2004. *Organization: Rational, Natural and Open Systems Perspectives*. Prentice Hall.
- Scott, Richard and Gerald Davis. 2006. *Organizations and Organizing: Rational, Natural and Open Systems Perspectives*. Prentice Hall.
- Selznick, Philip. 1957. *Leadership in Administration: A Sociological Interpretation*. Raw, Peterson and Company.
- Selznick, Philip. 1996. "Institutionalism 'Old' and 'New'." *Administrative Science Quarterly*. V. 41. pp. 270-77.

- Sewell, Jr., W. H. 1992. "A theory of structure: duality, agency, and transformation." *American Journal of Sociology*. V. 98:1. pp.1-29.
- Sewell, Jr., W. H. 1996. "Historical Events as Transformations of Structures: Inventing Revolution at the Bastille." *Theory and Society*. 25, 841-881.
- Simmel, George. 1964. *Conflict And The Web Of Group Affiliations*. Free Press.
- Simon, Herbert. 1945/1976. *Administrative Behavior*. The Free Press.
- Simon, Herbert. 1967. "The Business School: A Problem in Organizational Design." *Journal of Management Studies*. V. 4. pp.1-16.
- Sloan, Alfred. 1990. *My Years with General Motors*. Doubleday Business.
- Smelser, Neil. 1992. "The Rational Choice Perspective: A Theoretical Assessment." *Rationality and Society*. 4. pp.381-410.
- Smith, Mapheus 1935-6. "Leadership: the Management of Social Differentials", *Journal of Abnormal and Social Psychology*, p.348.
- Staw, Barry and Lisa Epstein. 2000. "What Bandwagons Bring: Effects of Popular Management Techniques on Corporate Performance, Reputation, and CEO Pay." *Administrative Science Quarterly*. V.45:3. pp. 523-556.
- Stinchcombe, A. L. 1997. "On the virtues of the old institutionalism." *Annual Review of Sociology*. 23. 1-18.
- Stouffer, Samuel et al. 1949. *The American Soldier*. Vol. I. Princeton NJ: Princeton University Press.
- Sun Tzu. 2007. *The Art of War*. Filiquarian.
- Swedberg, Richard. 1990. *Economics and Sociology—Redefining their Boundaries: Conversations with Economists and Sociologists*. Princeton University Press.
- Swidler, Ann. 1986. "Culture in Action: Symbols and Strategies." *American Sociological Review*. 52:1. pp. 273-86.
- Taylor, Frederick W. 1911/1998. *The Principles of Scientific Management*. Mineola, New York: Dover Publications, INC.
- Thoenig, Jean-Claude. 2005. "Foreword" of March and Weil's *On Leadership*. Wiley-Blackwell.

Thomas, A. 1988. "Does Leadership Make a Difference to Organizational Performance?" *Administrative Science Quarterly*. V.33. pp. 388-400.

Thompson, James D. 1967. *Organizations in Action: Social Science Bases of Administrative Theory*. McGraw-Hill Book Company.

Thorton, Patricia. 2004. *Markets from Culture: Institutional Logics and Organizational Decisions in Higher Education Publishing*. Stanford University Press.

Thornton, Patricia and Willian Ocasio. 1999. "Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958-1990." *American Journal of Sociology*. 105:3, pp801-843.

Thornton, Patricia, Candace Jones, and Kenneth Kury. 2005. "Institutional Logics and Institutional Change: Transformation in Accounting, Architecture, and Publishing." In Candace Jones and Patricia Thornton ed. *Research in the Sociology of Organizations*. London: JAI.

Thornton, Patricia and Willian Ocasio. 2008, "Institutional Logics." Unpublished manuscript.

Vaughan, Diane. 1985. *Controlling Unlawful Organizational Behavior: Social Structure and Corporate Misconduct*. The University of Chicago Press.

Walker et al. ed. 1992. *The Military-Industrial Complex: Eisenhower's Warning Three Decades Later*. New York: Peter Lang Publishing Inc.

Weber, Max, 1905/1998. *The Protestant Ethic and the Spirit of Capitalism*. Roxbury Publishing Company.

Weber, Max. 1946. "Bureaucracy." In *From Max Weber: Essays in Sociology*, trans. by H. H. Gerth and C. Wright Mills. New York: Oxford University Press.

Weber, Max. 1947. "The Types of Authority and Imperative Co-ordination." In *The Theory of Social and Economic Organization*, trans. by A. M. Parsons and T. Parsons. New York: The Free Press.

Weber, Max, 1951. *The Religion of China*. New York: Free Press.

Weber, Max, 1978. *Economy and Society*. University of California Press.

Weber, Max, 1981. *General Economic History*. New Brunswick: Transaction Books.

- Weick, Karl. 1979. *The Social Psychology of Organizing*. Addison-Wesley Publishing.
- Weiner, N. 1978. "Situational and Leadership Influence on Organization Performance." *Proceedings of the Academy of Management*, pp.230-4.
- Weiner, N and Mahoney, T. 1981. "A Model of Corporate Performance as a Function of Environmental, Organizational, and Leadership Influences." *Academy of Management Journal*. V.24. pp.453-70.
- White, Harrison. 1981. "Where Do Markets Come From?" *American Journal of Sociology*. V. 87. pp.517-47.
- Williams, Raymond. 1973. "Base and Superstructure in Marxist Cultural Theory." *Cultural Sociology* ed. By Lyn Spillman. Blackwell Publishers. pp. 56-62.
- Williamson, Oliver. 1981. "The Economics of Organizations: The Transaction Cost Approach." *American Journal of Sociology*. V.87: 3. pp. 548-77.
- Wrong, D. H. 1961. "The oversocialized conception of man in modern sociology." *American Sociological Review*. V. 26. pp.183-93.
- Zucker, Lynne G. 1977. "The Role of Institutionalization in Cultural Persistence." *American Sociological Review*. V.42. pp.726-43.