Most theories of adaptation assume that effective learning requires a balance between exploration and exploitation but that such a balance is continually threatened by tendencies for both exploration and exploitation to be self-reinforcing. I tell a morality tale within such a frame about the past forty years in the study of organizations. The tale emphasizes the struggle of students of organizational action to maintain a rough balance between openness and discipline, thus proclaiming both the possibility of a balanced virtue and its rewards—a truly romantic story.*

The writing of history is a conceit of survivors. Since survival is temporary, history is ephemeral; but we exercise our fleeting right to authoritative voice. So, I will tell a story. It is not the only such story that could be told in the world of organization studies, but it happens to be one I know. It is embedded in the context of a particular time, the forty years since 1956, and of a particular set of experiences. It has a moral, not perhaps a very profound moral, but a comfortably uncomplicated one. And it is romantic enough for the present occasion.

A LITTLE CONTEXT: 1956–1996

The intellectual foundations for the systematic study of organizations are scattered over much of the early twentieth century, especially the years between the two world wars, but the period that began shortly after the end of the Second World War propelled the field into importance. The early part of that period was a time of growth and innocent excitement, when scholars built their pretenses from optimistic hopes for scholarship and found little time for angst. The Administrative Science Quarterly was a creation of those times. Its survival for forty years is testimony to an ability to sustain that innocence while paying the bills.

Plus ça change, plus c'est la même chose

In an introduction to the Handbook of Organizations (March, 1965), I attempted a brief description of the state of studies of organizations at the start of the 1960s, for all practical purposes at the time the ASQ began. The introduction made three general points: First, the study of organizations honors prior research through appropriate citations, but there is no clearly defined family tree. Citations show rather little genealogical structure. There is only a modest sharing of “classics,” the “classics” draw from a diffuse collection of general social science sources, and the multiple-generation citation lineage of current work is obscure. Second, although students of organizations have increasingly differentiated themselves into a distinct semidiscipline with its own professional associations, journals, academic departments, and traditions, the field remains one that depends heavily on more established disciplines for ideas, personnel, and legitimation. And third, the growth of the study of organizations has paralleled the growth of organizational and managerial techniques and has been entwined with the teaching of management in universities and consultancies, but a clear link between research and teaching is elusive. Many well-known organizational techniques have little or no
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research basis; many research findings have little or no impact on organizational techniques.

Although I think that each of these propositions would require some shading and qualification, the same conclusions could easily be repeated in 1996. In that sense at least, nothing has changed very dramatically in forty years. Yet to describe organization studies in terms of such stabilities would be quite misleading. The world of organization studies has been altered in ways that are striking. Many of these changes are either due directly to, or have been shaped significantly by, sheer growth in the size of the enterprise. Proliferation of people, papers, pulpits, and predictions has resulted in an intellectual world that is more luxurious, more crowded, more differentiated, and more competitive. Any one of several subfields can sustain academic programs, conferences, and reviews of current knowledge on scales that would not have been possible 40 years ago, even in the field as a whole.

Along the way, the content of the field has changed conspicuously. Any later handbook of organizational research would have to have a different table of contents.1 Some of the chapters in the old handbook still are marvelous “reads” (e.g., Starbuck on organizational growth and development, Stinchcombe on social structure and organizations, Weick on laboratory experimentation), but most of them would require extensive reworking and additions to reflect changes in research findings, conceptions, and language.

Some topics that were included then would not warrant as much attention now, but the more conspicuous changes are in the number of substantial new domains that have pushed their way into our consciousness.2 Since the early 1960s, the sociological, economic, and political science versions of institutional perspectives on organizations have been rediscovered and elaborated. Transaction cost economics has similarly become obviously significant. The links between hierarchical organizations and markets and between hierarchies and other forms of networks, as well as the role of such networks in understanding organized human behavior, have all become important. A variety of approaches that emphasize humanistic, interpretive, and ethnographic visions of organizational research have become common. Studies of organizational change and learning have been extended into studies of the evolution of populations of organizations, organizational forms, and organizational rules, and into the dynamics of ecologies of mutual learning. The simple observation that organizations involve conflicts of interest has become the basis for extensive applications of game theory and related concepts to questions of information exchange, bargaining, contracts, and problems of agency. Issues of gender, ethnicity, and culture have attracted students of organizations with a wide variety of methodological styles, as they have scholars throughout the social sciences.

Judged by any reasonable historical standard, the record reflects an extraordinary outburst of research energy. And although disagreements about criteria of research excellence are as characteristic of the study of organizations as they are

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1 These changes are reflected in two subsequent handbooks edited by Nystrom and Starbuck (1981) and Clegg, Hardy, and Nord (1998). Like the 1965 volume, each of these reflects both the idiosyncracies of its editors and their commitments to universality. If one discounts for the former and focuses on the latter, I think their tables of contents are consistent with the observations here.

2 To avoid cluttering the text with innumerable citations, I have minimized references in the present essay. It should be obvious that the history I report is a history of many researchers who are thereby slighted by a possibly misguided effort to maintain readability.
of other areas in social science, it requires unusual perversity to compare the first two or three volumes of the Administrative Science Quarterly with the last two or three without being impressed by the marked improvement in average quality. The mean is up. Just as clearly, I think, the variance is down. There has been considerable long-term movement toward serious professional standards and standardization. Although casual observations and unsupported imaginations have maintained a certain place and even secured a kind of breathless cachet, they have for the most part been replaced by trained competencies. It is an exchange that has its costs, but on the whole, the vapidity of many contemporary contributions seems to me less a source of dismay than is the vacuousness of many earlier ones.

This history represents an achievement of enormous proportions, one that can perhaps only be fully appreciated by those of us who have survived it. It is, of course, not a unique history. The forty years since 1956 have been years in which scholarship in all of the social and behavioral sciences expanded significantly both in the numbers of practitioners and in the amount and quality of research productivity.

Expansion, Fractionation, and Reintegration

This unparalleled flowering of scholarship has not always been accompanied by easy conversations among the gardeners. As the field has grown and elaborated new perspectives, it has continually been threatened with becoming not so much a new integrated semidiscipline as a set of independent, self-congratulatory cultures of comprehension. This is evident with five of the more lively subfields of contemporary studies of organizations: the economics of organizations, the institutional basis of organizations, the interpretive, critical theory of organizations, the network analysis of intra- and interorganizational life, and the study of the evolutionary/learning adaptation of ecologies of organizations. Although these subfields have been particularly successful in augmenting our understanding of organizations over the past forty years, they have exhibited persistent symptoms of isolation, engaging in intermittent internecine worldview cleansing. In the name of technical purity and claims of universality, energized subfields have tended to seal themselves off, each seemingly eager to close further the minds of the already converted, without opening the minds of others. There is, to be sure, a certain grim necessity in the process. Exploiting interesting ideas often thrives on commitment more than thoughtfulness, narrowness more than breadth, cohesiveness more than openness. These advantages tend to be self-sustaining and to cumulate into a balkanization of a field.

The balkanization of organization studies has, however, been limited by two traditions that developed early and have been maintained. The first is a tradition of intellectual openness, of relatively promiscuous borrowing across disciplines and across subfields. For example, although students of adaptation and interpretation have tended to huddle in their separate domains, the rudiments of evolutionary and cultural
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theories have penetrated many parts of contemporary organizational thought as easily as did the rudiments of Marxist and systems theories earlier. The second tradition is one of intellectual path dependence, of maintaining continuity in ideas. Thus, for example, conceptions of organizational structure that characterized some of the earlier writings on organizations have been sustained and elaborated by subsequent ideas of networks and transaction cost efficiency without losing their connections to earlier thought. These elements of continuity have helped to counterbalance the centrifugal forces of localized excitements.

I propose to illustrate the traditions of openness and continuity in organizational research by a brief look at the development of theories of organizational action. Since it is a domain in which I have labored from time to time, my romanticism may reasonably be suspect, but I think it is a domain in which contributions from several different modern perspectives have become conspicuous over the past forty years. Those perspectives have been combined with earlier ideas to create a polyphonic fugue that is often discordant but occasionally achieves a certain modicum of delicate harmony (Zey, 1992; March, 1994; Hickson, 1995; Shapira, 1996).

A SHORT STORY: THEORIES OF ACTION

In the past forty years, theories of organizational action have developed in a systematic way from a base that existed well before 1956 but was profoundly shaped by the early papers of Herbert A. Simon (1955, 1956). Without completely reconstructing that base, significant contributions from the economics of organizations, institutional theory, interpretive theory, network analysis, and theories of evolution have been incorporated into contemporary conceptions. Students of organizational action form a community within which economists, sociologists, historians, political scientists, psychologists, and humanists meet frequently and even occasionally constructively, a kind of Switzerland of ideas. It is also, as these things are usually measured, a success story of sorts. Students of organizational decision making have contributed obviously and significantly to understandings of decision making more generally, whether by individuals or by larger social and political systems.

Autonomous Consequential Action

In the beginning, more or less, there was a theory of autonomous consequential choice. It was built on the assumption that action stemmed from choice, and choice stemmed from two guesses about the future: (1) a guess about the consequences that would stem from a particular choice, thus about expectations, and (2) a guess about the subjective value that would be associated with those consequences when they were realized, thus about preferences.

Elements of such a theory can be found earlier, but it became part of standard Western intellectual discourse in the seventeenth and early eighteenth centuries with the triumph of rationalist and utilitarian thought, typified most
purely perhaps by the writings of Jeremy Bentham. The elaborations of the first part of the twentieth century built on this structure in two primary ways: First, they tied a probabilist perspective to the utilitarian structure to create (statistical) decision theory. Second, they established an axiomatics that derived cardinal utility functions from collections of consistent choices among lotteries. The two elaborations became the basic canon of twentieth-century theories of consequentialist thought.

The last half of the twentieth century has witnessed considerable effort to revise the theory to reflect observations drawn from studies of human, particularly organizational, decision making. The oldest and best-established modification of the classical canon of human choice recognizes that the two basic guesses of consequential choice are problematic. First, alternatives and their consequences are not given but have to be discovered and estimated. Identifying alternatives and anticipating their consequences requires information, calculative capabilities, and attention, all of which are scarce resources. As a result, theories of choice became intertwined with theories of search, and the field of behavioral decision theory grew very substantially. Second, human preferences are systematically different from the preferences anticipated by classical theories of choice. Instead of being refined into a coherent, continuous utility function, they are often better represented by a series of aspiration levels, or targets. Instead of being consistent, stable, and exogenous, they are often inconsistent, unstable, and endogenous.

These observations have led to considerable reconstruction of theories of autonomous consequential choice. Modern theories are often better characterized as theories of heuristics, attention, search, and learning than of comprehensive calculative rationality. They fold into a broad decision-making frame ideas about the updating of expectations, behavioral biases, sequential attention to targets, search, the temporal sorting of problems and solutions, adaptive aspirations, variable risk preferences, and the costs and benefits of information.

**Autonomous Rule-based Action**

Ideas of autonomous consequential choice developed in parallel to a second set of ideas, also with a long history. These ideas share the assumption that an actor, whether individual or collective, is an autonomous system. But the logic of choice is a logic of appropriateness rather than a logic of consequences. Action is seen as resulting from a matching of rules to situations. The actor is seen as a collection of identities that dictate appropriate action in particular situations. The problematics of choice are seen as lying in the definition of the salient identity and the classification of the situation.

The idea of rule-based decision making has a long history in sociological, economic, and jurisprudential theories of action. The importance of such ideas for theories of autonomous action was emphasized by students of organizational decision making who observed the ubiquity of standard operating procedures, professional rules, social norms, and
rules of thumb in organizational action. Action, for example, the adoption of a new technology or organizational form, was portrayed as driven not by estimation of its consequences for productivity but by an association with the demands of an identity or by an attempt to gain legitimacy. Theories of choice became theories of situation recognition, socialization, institutionalization, and imitation and developed stronger links with theories of cognitive processes, artificial intelligence, and diffusion than with theories of calculation. They also became theories of evolution, for if standard operating procedures and other institutionalized features of organizations could be imagined to endure, provide reliability, and to have the capability of transferring from one organization to another, they could be imagined to be the “genes” of an evolutionary theory of organizational action.

The basic idea that has come to be accepted rather broadly is that rules are products of a process combining learning from an organization’s own experience, learning from others, and selection stemming from differential organizational growth and survival. The mix of rules changes over time, but the sequence of changes that occurs is not assured to be adaptive in the sense of leading inexorably to a unique equilibrium that is optimal. In that sense, learning is myopic and history is inefficient.

The erosion of confidence in historical efficiency has become a problem for those parts of organization theory that involve the comparative statics of rules and institutions (e.g., contingency theory, transaction cost analysis, contract theory). If historical processes do not reliably result in contracts, forms, rules, institutions, and practices that are at equilibria uniquely defined by their survival advantages, the theoretical underpinnings of functional analysis are in doubt. Historical inefficiency is, however, less of a problem for the study of rules as a basis for action. On the contrary, it has stimulated studies of rule making, rule endurance and change, and rule imitation that make up a significant part of recent studies of rule-based autonomous action.

Ecologies of Action

Whether action is treated as stemming from expectations and preferences using a logic of consequences or from the application of rules to situations using a logic of appropriateness, it must be fit into an ecological context. An organization reacts to the actions of others that are reacting to it. Much of what happens is attributable to those interactions and thus is not easily explicable as the consequence of autonomous action.

The earliest significant recognition of the ecological context of action came in treatments of rational strategic action, as typified by classical theories of competition and their modern elaboration through the theory of games. As students of politics and economics had long noted, rational choice is embedded in an environment that consists of other rational actors, an environment in which each actor anticipates the rationality of the other and is aware that the other is doing likewise. As the analysis of games became a well-developed art form, it cast new light on the importance of repetitive encounters, time horizons, reputations, and trust in
encounters among rational actors and led to new insights into the complications of communication, control, and cooperation in the face of conflict of interest.

The vision of rational actors leaping into Nash equilibria is, however, only a part of theories of decision conflict. Elements of self-conscious rationality and strategic action are ancient foundations of political treatments of conflict, finding modern expression particularly in various forms of exchange (resource dependence) theories of power. Students of politics have given a somewhat greater role, however, to the ways in which action stems from coalitions bound together by traditional allegiances and rules, from conflict stimulated by misestimations, misperceptions, and emotions of anger and shame, from the happenstance of attention allocation in a world of scarce attention resources, and from the framing of political encounter by the constraints of ideology and history. Although some of these traditions lead to theories of grand mono-causal sweep, most of them emphasize the ways in which collective decisions stem from an intricate mosaic of individual actors and actions.

Interactive perspectives on conflict are significant contributors to an ecological perspective on organizational action, but they are not by any means the entire ecological story. Preferences (in theories of consequential choice) and identities (in theories of rule-based choice) are more ecological than their usual representation. Ideas of autonomous consequential choice treat preferences as exogenous to the making of decisions. Preferences (utilities, tastes, values, goals) are imagined to exist prior to and independent of the making of a choice. Similarly, ideas of autonomous rule-based choice generally treat identities as exogenous to the exercise of an identity. Identities and the associated rules are imagined to exist prior to and independent of the application of a rule to a situation. Neither treatment is satisfactory. The ecology of action shapes desires. Tastes and conceptions of self are modified in the process of acting in their names.

Similarly, the components of action are linked in ecological networks of imitation. Large parts of the sociological and political study of institutions, the economic and sociological study of knowledge, the economic study of technology, and the managerial study of organizational practice and knowledge are testaments to the idea that imitation is a major principle of human action. All of the major components of decisions—information, alternatives, expectations, desires, identities, definitions of situations, rules—spread through populations of organizations. Aspirations adapt not only to an actor’s past performance but also to the past performance of other actors who are defined as relevant. This other-referential character of aspirations makes a difference to decisions, search, and risk taking. Norms and practices diffuse from one actor to another. The diffusion of institutions through a population of organizations makes a difference. Knowledge developed in one organization spreads to another. This appropriation of knowledge makes a difference. All of these processes of imitation make theories of organizational action attentive to
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the network structures through which diffusion takes place and to the dynamics of their change.

Interest in interactive ecologies extends into more general issues of co-evolution and mutual learning. Even in the absence of fully rational consciousness, organizations exist in systems of competition and cooperation through which the actions of one affect the realizations of actions of another. Niche crowding is one example. Another is the armaments race (or red queen) effect, familiar both to evolutionary theory and to students of advertising and other explosive competitions. Another is the symbiosis between suppliers and manufacturers or between labor unions and labor political parties. Similarly, relations among organizations in a knowledge domain can create important cooperative (as well as competitive) effects. Some successes have been achieved in modeling these complications, but difficult puzzles remain.

Action, Ambiguity, and Interpretation

The idea that the bases of action are not “reality” but perceptions of reality is close to a received doctrine these days, though there are ample controversies about the nature of the perceptions and the sense in which a more autonomous reality also exists. Almost all students of action grant actors some kind of subjective control over the normative and perceptual factors guiding their actions, though they differ in their assumptions about the extent to which subjective judgments and “objective reality” diverge. Some theorists would claim to have discovered or defined a generic preference structure; others would presume that expectations (at least on average) approximate reality, at least after some time; and others would suggest that beliefs and perceptions may be more or less automatically enacted into reality. With these important qualifications, however, there is some general consensus that what we see or believe may at times deviate from what is true.

The ambiguities of knowledge and desires reflect partly the cognitive limitations of individuals and organizations. Such a conception leads both to an interest in improving the capabilities of human actors to approximate the decision-theory ideal and to a fascination with systematic bias in judgments and in collective decisions. Ambiguity can, however, also be seen as a fundamental feature of life, one that endures despite the best efforts of reformers and may even be portrayed as having survival advantages. For example, the capability of a collective to satisfy requirements of agreement may depend on exploiting the ambiguities of preferences and meaning.

It is also received doctrine that the premises of action are socially constructed. Preferences, expectations, identities, and definitions of situations are seen as arising from interactions within a social system, thus as embedded in social norms and cultural conventions of discourse. In this view, explanations of action gain legitimacy by invoking shared understandings of proper narrative. Shared understandings are the result of social exchange mediated by a full panoply of social elements—social structure, language, myth, resource distributions. While such exchange
may result in divergence of belief, as, for example, in the exchange between enemies or in processes of individualization, more of the recent interest has been in convergent diffusion processes by which perceptions, desires, and rules tend to become shared.

The stories that are told by decision makers can be viewed as instrumental premises of action, as they are by most students of decision making. In such a view, interpretations of history are instrumental to the making of decisions and thus important; but there is no fundamental interest in a theory of interpretation, or story telling. For example, it is clear that certain "magic numbers," such as performance measures or summary statistics, often guide organizational action. Thus, the theory of action has come to emphasize theories of the politics and technology of numbers and the social construction of accounting. Grander derivatives of a subjectivist stance, however, identify humanity not so much with action as with interpretation, with explanations of action, history, and the self. Story telling is seen as more elemental. It is sometimes portrayed as independent of action and thus as a separate domain. Alternatively, action is pictured as an instrument in the development of interpretation, rather than the other way around.

Out of such conceptions have come notions of loose coupling between the processes of decision making and its outcomes. Decision-making processes are seen as signals and symbols of legitimacy, and thus valuable in their own right, regardless of any consequences for decision outcomes. The community of talk is seen as distinct from the community of action, with different rules and different audiences. As a result, organizations can talk about some things about which they cannot act and can act on some things about which they cannot talk. The symbolic meaning of decisions has come to be recognized as a vital aspect of decision making that is not necessarily linked to decision implementation. The basic technology of organization is described as a technology of narrative, as well as a technology of production. The contested terrain of organizations is seen as a terrain of meaning.

A MINOR MORAL

The moral is a moral of intellectual adaptiveness. Adaptation requires a balance between exploration and exploitation but is continually threatened by the tendency of each to extinguish the other. Recent history of the study of organizations exemplifies the tendency. Parts of the field seem to be dedicated to exploring indefinitely the remote corollaries of a particular set of assumptions, becoming more and more competent in a less and less useful way. Other parts seem to be random walks of fads, never becoming notably competent at much of anything.

The risks of both traps are conspicuous in the history of studies of organizational action. It would have been possible simply to take the ideas that were current in 1956 and make them ever more precise, teasing finer points from that structure. Much of the development of modern information and organizational economics is testimony to the
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attractiveness of such a strategy. Similarly, it would have been possible simply to abandon the earlier work and to embrace new visions. Each new theoretical enthusiasm has its coterie of true believers ready to proclaim a new intellectual messiah or the resurrection of an old one.

For the most part, students of organizational action have managed to avoid both traps. The field has been relatively open with respect to the various new excitements in studies of organizations. Network analysis, institutional sociology and political science, interpretive analysis, and evolutionary and learning theories have all found their places and have all illuminated understandings of organizational action. The openness, however, has not prevented a certain skepticism. The new messiahs have not been condemned, but neither have they been embraced fully. The new wine has been accommodated in old bottles and has been affected by the containers.

The overall result is neither unique nor mysterious, but it may possibly be instructive. The first essence of intellectual history is that things change, that important parts of what is believed today will not be believed tomorrow. The second essence of intellectual history is that there is continuity, that threads of the past are woven into fabrics of the future. History is ephemeral, but the tellers of history and their subjects are not free to elaborate arbitrary fables. They are obliged to tie new interpretations to ones that have gone before. The links may well be contested, but they are a reminder that we seek not only to construct a clever story but also one connecting us to a chain of coherence that began long before us and will continue long after us.

The achievement of an effective mixing of continuity and change is made possible by intellectual and social structures that sustain a tension between the delights of exploitation and the delights of exploration. It is the good fortune of much of the study of organizations that by simultaneously occupying small parts of many disciplines and existing as its own semidiscipline, it participates both in the rigorous excitements of refining good ideas and in the risky enjoyments of experimenting with novel ones to find the occasional jewel lurking among the many disappointments. Such good fortune can hardly be viewed as just, but it can be enjoyed, at least briefly.

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