

**The Study of Three Organizational Enigmas;
Organizational Economy, Organizational Business and
Organizational Skills**

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Abstract: Organizational economics makes important contributions to management theory. The focus of structural contingency theory is on the phenomena of the economy significant in organizational management theory and other new paradigms of organizational theories. However, the theory of organizational economics has hardly taken the multiple disciplines of organizational behaviour, strategy and theory, but is aligned with the management theories of psychology, sociology and policy dealing with human motivation, induction and enforcement as distinct from the theories of structures, strategies and planning to deal with designs appropriate for a computer on which the will of member compliance is not problematic (Donaldson, 1990). This paper aims at reviewing the organizational economics in detail, its definitions, implications and feature and Elements of organizational economics and also the prescriptive and descriptive organizational economics.

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Introduction

Organizational economics is one of the most important current researches of the general theory of organizations (Ulrich & Barney, 1984), including institutional theory (Meyer & Rowan, 1977), the theory of resource dependence (Pfeffer & Salancik, 1978; Thompson, 1967), and the model of population ecology (Hannan & Freeman, 1977).

The theory of organizational economics is a new paradigm that enters the field of administrative theory (Barney & Ouchi, 1986). But like any new paradigm,

organizational economics has several questions for establishing management theories. As Donaldson (1990) the administrative relevance is achieved through the criticism of the managers' behaviour.

Organizational economics and organizational capabilities or resources are based on two streams of research contributing to the strategic organization (Argyres, Felin, Foss & Senger, 2009). Donaldson (1990) notes the need to determine the nature and potential of organizational economics in order to identify key issues and somehow pointing a path for resolution.

This paper will discuss some aspects and definitions and also implications of one of the most important paradigms of management science i.e. organizational economy.

Characteristic and elements of organizational economics, the methodological individualist perspective and other positive and negative approaches regarding the organizational economy will be detailed. Then the prescriptive and descriptive organizational economics, dynamic capability and opposition, complementarities and integration will be presented as well.

Definitions and implications of Organizational Economics

Organizational economics is defined as the area of knowledge that connects organizational capabilities with transaction costs, agency theory, property rights, and the information economy.

The theory of organizational economics is the internal activities of organizations and business firms to analyze the factors that shape organizational structures and relationships in and among business firms. The organizational economics theory makes important contributions to the theory of organizational structures, vertical disintegration and corporate governance.

The theory of organizational economics studies the nature of the obstacles to coordination of activities in and between firms.

Economics examines organizational tasks of coordination and motivation of human activities in organizations to contribute to the design of forms and arrangements efficient organizational structures.

The organizational economics theory takes into account the costs and benefits of institutional, organizational and contractual. Also Organizational economics

identifies organizational alternatives with their costs and benefits. And organizational economics emphasizes organizational efficiency with implications for the organization of transactions. Because organizational economics plays an insignificant role in the evolution of knowledge management, little emphasis is placed on the costs of activities. Phenomena such as firm-specific learning, work teams, communities of practice, knowledge integration, etc., Are derived from organizational economics?

Organizational development of the economy

The roots theoretical - methodological discipline- has its beginnings in the economy, although about the agency theory there was some discussion on these issues before in political science (Mitnick, 1975). The organizational economic theory begins with the work on the theory of the firm of Coase (1937) and Williamson (1975). Since the early seventies of last century, organizational economics has recognized that social relationships and learning processes do not happen the political vacuum that otherwise occur in a range of interests and different positions and power relations (Easterby-Smith, Crossan & Nicolini, 2000, p. 793). It has recently been applied to the analysis of internal situations of organizations.

The theory of organizational economics studies the allocation of incentives and the influence of property rights on investment decisions and actions of individual agents. The theory of organizational economics studies the problems of coordination and motivation and incentive to the internal division of work and willing to functionality for performance measurement, redundant effort, etc. To resolve these problems, the proposed organizational economy organizational arrangements required by the different forms of governance, such as the allocation and delegation of authority, decision-making processes, compensation systems, etc.

Characteristic and Elements of organizational economics

The economic roots of organizational economics have led to characterize it under the following elements:

Individualistic level method – due to all organizational phenomena which is explained as a result of agents with individual choice behaviour which means that the levels of analysis between the theories of economic organization and the

traditional administration are different. The organizational economy adopts methodological individualism reductionist (Broadbeck, 1968), while the theory of general administration focuses on an aggregate level of systems and organizations considering social facts Durkheim's (1938) have goals, objectives and realities beyond of individual attributes within systems and organizations (Buckley, 1967). However, the reductionist nature of organizational economics does not necessarily mean that they are inappropriate for tests done at the firm level. The reductionist nature of organizational economics cannot be disputed, as all economic models are based on organizational processes on human decision-makers and infer broader organizational phenomena (Barney, 1990) such as structure and strategy decisions and actions of individual managers. However reductionist models can coexist with non-reductionist models as an attribute of organizational economics does not prevent speech. The fact that organizational economics adopts a reductionist approach does not mean it cannot be applied in the analysis of organizational phenomena. And although organizational economics is reductionist does not mean or imply that firm-level analysis are not appropriate.

Organizational economics doctrine is held in the social sciences known as methodological individualism, which states that social and economic phenomena should be analyzed as emerging conscious actions of individuals. Organizational economics is based on the model of homo economicus rational focused on pursuing their own interests and to maximize personal benefits were calculated in terms of wealth, status, etc. An important aspect of the relationship between organizational economics and management theory is the economic nature of individual motivation that is designed on the assumption of rational economic man. The economic approach to the nature of human motivation emphasizes the relationships between economic theory and the theory of organizational management that is based on the assumption that individuals pursue their own interests and maximize their profits or personal income.

The methodological individualist perspective emphasizes that question neglects of knowledge management, which only operates at the firm level and it has a starting point strictly individualistic. Foss and Mahnke (2003) emphasize this individualistic methodological point of view that focuses more on the individual level rather than at the firm. The economy emphasizes organizational issues neglected in the literature of knowledge management which operates at the firm level and does not have an individual point of view explicitly.

Negative considerations of moral character of economic agents, managers, etc. are considered an inherent propensity to be opportunistic when maximizing their self-interest and behave in ways that are moral hazard. The new language economist of the organizational economic theory tends to consider evaluative tone on the administrator as an individual who is prone to evasion of responsibilities and commitments, to be opportunistic and maximize their self-interest, to act to achieve insidious malice objectives, and to behave in ways that are moral hazard (Williamson, 1985). This evaluation feature presents some problems for management theory to the extent that the economy is seen as too general organizational and cynicism, which corrodes the relationship between academics and practitioners. The economy generates a theoretical organizational methodology scenarios based on the principle that managers act opportunistically and has come to believe that administrative actions are anti social and anti-organizational (Barney & Ouchi, 1986). Any other administrative behaviour falls outside the theory (Williamson, 1975). This assumption of opportunism needs not to prevent the integration of organizational economics and traditional management theory. The economy lacks organizational descriptions, in the terminology of economic analysis is difficult to identify organizational and administrative behaviours that are less harmful and more benign in nature. Moreover, organizational economics does not describe the administrative behaviours are motivated more benign, it is very difficult to identify the administrative behaviours harmful. For some theoretical contributions from organizational economics to management theory are repellent and cynical, corrodes and corrupts the collaboration between researchers, academics and practitioners of management science. The economy has serious organizational problems of theoretical and methodological relationships with management theory to achieve integration. In the literature on organizational economics, the administrative model is double-edged, as in the theories of agency managers are considered as economic actors and agents with interests opposed to individual principals or owners of firms; in theory transaction costs that it considers the administrative team in the organization that acts as a secondary computer administration. The organizational economy presents some challenges for management theory with regard to their integration, realism, simplicity, validity and evaluative tone (Donaldson, 1990). Assuming that managers act in ways specified by organizational economics, the task of management theory is to accurately record these behaviours even if they are outside of that is the truth.

Normative or positivist theoretical approach

The organizational economics theory is developed within the management theory and focuses on developing a positive and normative theory. The foundations of the literature on organizational economics theory are positivistic and offer a deep appreciation of existing organizational arrangements. Positivist theories focus on an organizational economic management more focused on the original organizational economy that avoids criticism of administrators. The potential for positive organizational economics has been discussed in the matrix organizational structures and the vertical disintegration of the insurance companies for the reference to achieving credible commitments (Donaldson, 1990). Scholars and analysts of the discipline of the administration trying to criticize the administration's actions from the perspective of organizational economics delineate the behaviour of managers as opportunistic, self-interested, evasive of responsibilities and obligations (Kesner & Dalton, 1989).

The Prescriptive and Descriptive Organizational Economics

Donaldson (1990) argues that organizational economics would be more easily integrated with traditional management theory if its practitioners will focus on identifying the property description of the governance of institutions rather than on prescription. This shift in emphasis is necessary because the organizational requirements of the economy are essentially and necessarily anti administration suggesting that managers engage in opportunistic anti-social behaviours. Prescriptive pronouncements made in the organizational economics assume that administrative actions can be changed in ways that serve the best interest of the firm; however the likelihood of the offense of organizational economic analysis of prescriptive especially those who adopt the view administrative expediency contingent do not seem to outweigh the analysis of traditional management approaches prescriptive. From a broader perspective, the question of whether the organizational economics must also be prescriptive or descriptive in the centre of important concepts, such as balance, in some models according to Barney (1990). If the economy has important implications for organizational prescriptive and if the prescription is only relevant for social systems in organizational imbalance then economists should study the social systems of balance which does not necessarily imply that social economists must leave and leave all the concepts and models balance, but it is suggested that the understanding of resources and sources of

imbalance in social systems is an important organizational component of the economy. The phenomena of imbalance are more important in economic organization than many of the traditional economic theories. The observation that prescriptive organizational economics studies the phenomena of imbalance has important implications for the argument of Donaldson (1990) that organizational economics and traditional management theory can not be integrated. The traditional management models are relevant in models of organizational economics prescriptive. The attempt of prescriptive organizational economics and traditional management theory provide additional points of integration.

Efficiency is a theoretical concern that the allocation of resources could contribute to the maximum possible value. This concept of efficiency derived the implications of organizational economics for creating and maximizing value depending on the forms of organization and economic governance. The rationality of the actors favors the election of organizational forms, structures of governance and contracts to maximize value.

Organizational economics refers to the agency theory (Eisenhardt, 1989) (Jensen & Meckling, 1976) and the theory of transaction costs (Williamson, 1985) theories that are only a part of everything. The two main components of organizational economic theory are agency theory and the theory of transaction costs (Barney & Ouchi, 1986); it considers managers as economic actors. The economic theory is aligned with organizational management theories of psychology, sociology and policy dealing with human motivation, induction and compliance with the theories of the structure, strategy and organizational planning (Donaldson, 1990). Therefore, the model of organizational economic management is peculiarly a double meaning because they have ambivalence between economic theory and administrative theory and a challenge to management theory that quickly absorb organizational economics (Donaldson, 1990).

The agency theory looks at systems of payments (Holmström, 1979), delegation of decision rights (Aghion & Tirole 1997), multitasking (Holmström & Milgrom 1991), cases of asymmetric information and moral hazard, administrative commitments (Baker, Gibbons & Murphy 1999). In agency theory, organizational economics organizational systems can analyze in terms of their constituent individual actors rational economic man.

Transaction cost economics (Williamson 1985, 1996), relates to arrangements for variables influence the motivation, knowledge, information, etc. In creating and

maximizing value. However, the motivational assumptions of organizational economics are still in critical discussion because it is considered from the organizational behaviour, the analysis of organizational economics are driven by cynical assumptions of human nature. In the prisoner's dilemma model of transaction costs do not imply complex mechanisms of governance specified by the economy but rather organizational axioms in their original forms and basic scenarios under more credible than those of an extended theory. The original focus of the transaction costs of organizational economics tends to focus on the perversity of distrust and a narrow economic calculus that put into question the arguments and reasoning extended on the basis of the economy so that organizational and body of theory may have convergence to traditional theories of management.

Property rights in the allocation of rights and contract design in specific human capital investments to the firm when contracts are incomplete and agents acting opportunistically (Hart 1995).

Motivation Theory

The organizational economic theory offers a simple count of human motivation as opposed to the progress that has been in the organizational behaviour field. Organizational economics adopts a set of assumptions about what motivates human behaviour. Bounded rationality and opportunism are two attributes of human decision-making central to the analysis of organizational economics. This approach to human motivation in organizations is considered close to a wide range of existing motivational theories in the study of organizational behaviour and represents a challenge for research synthesis. Logar motivational theory administrative theory approaches organizational economics and behaviour of organizations. Donaldson (1990) notes that organizational economics theory emphasizes a very simplified motivation by reducing the chances that the model is integrated into the traditional theory of the administration because it requires the generation of ideas, approaches and more sophisticated models. I critique the organizational economy by adopting a narrow view of human motivation and behaviour neglecting and ignoring important scientific contributions of the models of organizational behaviour approach. For this reason, the economy is charged with having taken an organizational simplistic model of motivation individual human although there have been some attempts to develop a more sophisticated model of

motivation, which in some way reflects that the model of motivation focused on simple self interest as adopted is robust. The account that makes the theory of organizational economics of human motivation is closely related to the pre-existing theory of motivation in organizational behaviour, which, in terms of Donaldson (1990) presents a challenge to management theory from the theory of traditional organizational behaviour and new approaches organizational economic theory. The organizational economics has adopted the assumption that managers always behave opportunistically, assuming that simplifies the motivational structure of decision makers; despite the assumption that managers are prone to behaviour opportunist is not a required course for organizational economics (Barney, 1990). This limitation of the economy does not reduce organizational possibilities of theoretical integration with traditional management theories, but on the contrary increased integration of these possibilities. The simplified model of human motivation requires ideas and approaches of the more advanced models, more sophisticated reasoning, even though there have been few attempts to integrate these more sophisticated models in organizational economics. The simplistic motivational theories that emphasize the economy organizational integration rather than preventing provide important opportunities for such integration. The themes of the narrowness of motivational models in organizational economics and their offensive and prejudice against the system-level analysis and against the traditional management theory are discussed Donaldson (1990b).

Theory of equipment is the optimal design of organizational structures under conditions of bounded rationality of individuals and absence of conflicts of interest (Casson, 1994). The organizational economics foresees the conflicts that may arise from these situations. The organizational economics perspective suggests that the successful creation of the efforts of the teams depends on the size of the team, negotiations between the individual and team incentives, rules of exclusion and the candidates of various degrees of uncertainty in design incentives (Foss and Mahnke (2003). The organizational economics urges managers to encourage individual contributions of team performance.

Confidence

The organizational theory of the economy has room for study and research of the relations of trust. Theories focused on the study of trust rather than being classified in the field of organizational economics is considered within the broad range of conventional theories of organizational sociology.

Knowledge Management

Organizational economics provides the elements for the practice of knowledge management. The analysis of organizational economics is essential to sustain disciplinary knowledge management and processes of creation and integration of knowledge. Organizational economics research advances knowledge management with refutable propositions relevant to the practice. Approaches to organizational economics have applications to the creation as knowledge integration. Organizational economics (Coase, 1937, Demsetz, 1988, Jensen and Meckling, 1992, Williamson 1985) study of knowledge of the organizations that characterize firms as institutions of the knowledge (Conner & Prahalad, 1996).

The organizational economics perspective on the creation of knowledge shows that incentives for knowledge creation teams prevail in practice firms, as Foss and Mahnke (2003) suggest that teams rebuttable proposition using combinations of individual incentives and exclusion rules that are more effective in creating the knowledge that teams rely on the control of the clan. They also argue as irrefutable proposition based on the economics of organizational knowledge creation, the teams that use combinations of individual incentives, team incentives and rules of exclusion are more effective in creating the knowledge that teams that rely on control clan. It is believed that the theory of organizational economics is an approach that offers little to the learning processes in organizations (Madhok 1996) and do not necessarily conceptualize firms as knowledge-based entities. But we must recognize that the perspective of organizational economics has much to offer to give support to the knowledge generated in the signatures, so understanding the creation of this knowledge is not trivial. The organizational economics perspective suggests that learning-based team, is a costly mechanism of knowledge creation need not be limited to the provision of incentives. Therefore, organizational economics suggests that firms investing in common knowledge and engage in substantive knowledge sharing in the presence of high interrelatedness of firms performing tasks under conditions of low uncertainty.

Foss and Mahnke (2003) argue that organizational economics theories, such as the theory of transaction costs, agency theory, team theory, the theory of property rights have significant contributions to the development of knowledge management and can extend the theory and practice of knowledge management. The perspective of organizational economics suggests that learning-based computers are a costly mechanism of knowledge creation and the provision of incentives requires the solution of other problems. The organizational economics approaches take into account that the creation of knowledge in teams leads to substantial cost benefits.

Corporate Governance

Organizational economics is the corporate governance in terms of agency theory to rival the stewardship theory (stewardship) research of organizational behaviour and tends to be ignored. With regard to a potential positive approach organizational economics research contributes to organizational structures and corporate governance structures (Williamson, 1985) and also has the potential to develop into other directions relating to different aspects of organizational structures. Organizational economics may be sufficiently flexible to act as a law covering the proposals on corporate governance opposite to those brought against him (Donaldson, 1990).

Foss and Mahnke (2003) develop proposals based on organizational economics with respect to how firms can encourage employee investment in firm-specific knowledge, solve problems of incentives to create knowledge and equipment to make choices between alternative media in the creation, integration and sharing of knowledge.

While the researchers conclude that organizational economics has an important role in the disciplinary foundations of knowledge management, literature neglects its study. Corporate culture is essentially an embodiment of signals (Kreps, 1990) that makes credible incentive provisions which confirm that the administration is committed to approaches that are opportunistic in dealing with subordinates and employees that they induce high levels of learning investments.

The theoretical and empirical research in organizational economics emphasizes the contributions to the recruitment vertical integration (Lajili, Madunic and Mahoney, 2007). There is sufficient empirical evidence in support micro analytical approach organizational economics to analyze the behaviour of vertical integration

(Mahoney, 2005). Organizational economics has tried very little about the organizational heterogeneity and differences in the sustainable performance of organizations.

Organizational Capabilities

The organizational capabilities approach emphasizes the theory of organizational diversity and differences of sustainable performance.

The organizational capabilities approach has not investigated the organizational forms and governance arrangements relating to the creation of differences in organizational capabilities. Capacity building implies organizational governance issues through the design of structures, forms and organizational arrangements to improve decision-making processes. Organizational capacity building and resource acquisition are essentially decisions about organizational boundaries using approaches of transaction costs and property rights. Human capital is an important component of organizational capabilities. Jones, George and Kosnik (1989) developed a growth model of the firm that combines elements of organizational economics to the concept of bias and heuristics drawn from research in cognitive psychology (Tversky & Kahneman, 1974). The resulting model suggests that firms can grow and be bigger than traditional organizational economics course with simple self-interest. Additional work that integrates organizational economics approaches of organizational behaviour, social psychology, anthropology and related disciplines will be very successful (Barney, 1990).

Opposition, Complementarity and integration

Scholars argue that organizational economics and organizational capabilities are different and opposite, others argue that although each has different theories, are complementary to organizational strategy. The complementarities of the organizational elements such as payment plans, delegation of duties, monitoring methods (Milgrom & Roberts, 1990, 1995) lend support to the notion of stable governance structures (Thompson, 1967) (Williamson, 1996) combined with elements organizational predictable as evidenced by empirical research (Shelanski & Klein, 1995) (Prendergast, 1999).

Finally, others argue that both approaches are integrated into a theoretical methodological significant. The processes of deep and systematic integration

between these two important fields, organizational economics and organizational capabilities, contribute to make major approaches to organizational behaviour, especially in regard to relations between the forms and arrangements with organizational and inter organizational processes and outcomes of organizational capacity building.

There have been so far some approaches integrating between transaction costs, agency theory, property rights, the information economy and building organizational capabilities. The integration of economic approaches and organizational development of the organizational capabilities can contribute to the design of structures and forms of governance arrangements.

Although there are differences in assumptions between organizational economics and traditional management theory, these differences are not the kind that prevents inter theoretical course and the integration between these models according to Barney (1990). The criticisms of organizational economics have been numerous and strong arguments. Barney (1990) distinguishes between two kinds of critiques of organizational economics, the scene where criticism and puts the emotional and questions about the spirit that gives rise to these criticisms of organizational economics to conclude that since the rational bases are very weak to doubt the organizational economics and organizational opposition to the economy should be based more on emotional reactions to having to share the territory of the theories of the organization and management with the economy. Have been tolerated different levels of analysis in traditional management theory and do not represent the only problems for theoretical discourse between organizational economics and traditional management theories. If the connections between specific models in organizational economics and traditional management theory are examined, the possibility of integration is very clear, because there are similar parallels. The dynamics of long-term population model emphasizes the ecology of the population that is different from the model of the driving forces towards equilibrium systems in organizational economics. Also the roles that they play opportunities and uncertainties in determining the performance of a firm are important in the ecological population and the prospects of organizational economics (Barney, 1986). However, Barney (1990) does not suggest that the traditional economy and traditional management theory are the same thing because they have important differences in the assumptions and methods that do not necessarily prohibit the intellectual discourse and theoretical integration between the two models. Both Barney (1990) and Donaldson (1990b) consider organizational theory and

organizational economics are two equal intellectually and potentially can have collaborations theoretical - methodological productive. However, Donaldson (1990b) admits that there are obstacles in the mutual learning in the organizational economic approach that takes human motivation and interpersonal relationships at the level of analysis and value judgments about the administration, but a discussion reconsiders this issue can help break down any barriers between the emerging organizational theory and organizational economics. Donaldson (1990b) argues that the requirement that there must be an open dialogue for mutual learning and some form of synthesis between organizational economics and traditional management theory is not exceptional but questioned if it is a real possibility. Donaldson (1990b) believes that Barney (1990) offers an apology for the economy more however organizational obstacles and difficulties remain.

Criticism of Organizational Economics Theories

The criticisms of organizational economics are many and some of them very strong considering the impact it has had organizational economics in the general theory of organizations. It criticizes the Organizational economics literature that is not supported and acknowledges the important contributions of traditional management theories. Perrow (1986:2359 criticism of agency theory and organizational economics generally as dangerous and insidious compared to the critique of other theoretical models of organization. The negative reaction of Perrow's theory is based agency that considered to be more inclined to favour the main by the agent and therefore is more critical than other economic organizational theories, organizational position may be considered more of political sentiment in this debate.

The discussion of Donaldson (1990) on organizational economics is a systematic critique of the difference from other traditions and calls for further research to understand the wide range of organizational phenomena that can be analyzed. Donaldson (1990) argues that differences in assumptions and scientific methods organizational economics separate from other approaches in organizational research and differences in the assumptions and methods are of conflicts, once settled theoretical integration is possible. Donaldson (1990) criticizes the attributes of the organizational model of the economy that hinder the intellectual discourse and theoretical integration with traditional management theory. Donaldson (1990) cites four attributes differences between the models of organizational economics

and traditional management theory and discourse prevent the integration of the two models. These differences in the attributes are different assumptions about human nature and the assumption of opportunism, different levels of analysis used, the theories of motivation used in the different models and the prescriptive and descriptive of the economy and other organizational different models.

This debate that goes between the descriptive and the prescriptive is at the heart of economic analysis with implications for organizational models underpinning and organizational economics has been defined as mandatory. This economy develops prescriptive organizational issues that are relevant to models of phenomena of imbalances that could serve as a basis for organizational integration of the economy with the traditional theory of management.

For prescriptive organizational economics, rather than the traditional economy, the analysis of the phenomena of imbalance is fundamental to understanding why you cannot integrate traditional administrative theory. Donaldson (1990) suggests that these differences are not a sufficient explanation of the response of traditional management theorists on organizational economics. Barney (1990) accepts the differences between the approaches of organizational economics and organizational research other approaches in terms of methods and assumptions, but feels that these differences are not sufficient to guarantee the extreme response to organizational economics put into evidence by some organizational scholars, who do not explain fully both the number and depth of the criticism, so that additional barriers must be sought in the theoretical discourse and integration. On the contrary, says Barney (1990), the emphasis of organizational economics simplistic motivational theories can provide important opportunities to support the economic integration of organizational management with the traditional theory, as long as both share a prescriptive intent. For its part, Barney (1990) argues that the relationship between these two models has many attributes of conflict between groups and argues that the winner of this debate between advocates of theories of organizational economics and management theories traditional organizational theories are considered as a field of study in general. The possibilities for integrating organizational economics with traditional management theory based on the connections between specific models Barney (1990) also raises the hypothesis that academic organizational response to organizational economics is economic imperialism or import of reasoning, methods and economic values to other scientific disciplines and also suggests that this debate is a conflict between groups that can be studied by social psychologists. Donaldson (1990b) replicates the

criticisms of Barney (1990), noting that there are grounds for doubting a synthesis between organizational economics and traditional management theory. For Donaldson (1990b) criticism of Barney (1990) ranks as the most emotional critique of organizational economics centred on criticism of Perrow (1981 and 1986) who reacts negatively to organizational theory and considers the agency theory with some quickly to be ready next to the main against the officer which is consistent with his position. A stay more critical to organizational economics to organizational theories is not surprising. Barney (1990) proposed the intellectual separation of the emotional but it would be more comfortable for the proponents of organizational economics is to consider all opposition to the organizational functioning of the economy as purely emotional, without any rational substance. The strength of the reaction of Perrow's economy is partly organizational explicable in terms of his long career in literature and who can see beyond the organizational political economy. There may therefore underlying basis of political sentiment in more than one side of the debate on organizational economics. Donaldson (1990b) points out that the strength of their criticisms of organizational economics are based on the apprehensions about the negative impact on management theory and argues that there are reasons to doubt that organizational economics lend themselves to synthesis the traditional management theory. Donaldson (1990b) notes that its position is not neither left nor right, but that is a concern of what organizational economy is doing to the traditional management theory, the academic profession of management and at least as practicing managers is outlined. Considers that it should fight like a turf war would be a dirty war in which the organizational economics tend only to provide the basic reasons for individuals without really considering the arguments of value.

The reaction to the economy in general by the theory of organizations may differ to the reactions of organizational economics understood as agency theory and the theory of transaction costs and what is at stake is the relationship between management theory and organizational economics defined as agency theory and the theory of transaction costs.

Conclusions

The organizational economic theory was developed to give greater significance to the role of management in marketing organizations. The organizational economics theories focus on the neglected category of the economy as traditional theory of

government, which complicates the relationship between academics and administrators. It is difficult to determine a priori the potential contributions of the organizational economic theory, but only until this research paradigm has more findings.

Organizational economics focuses on the compatibility of incentives to investment issues for the production and sharing of knowledge, but neglected the costs of incentives and benefits of the practices of knowledge management. According to Foss and Mahnke (2003), organizational economics suggests three options to provide incentives to employees to investment in firm-specific knowledge, such as high-powered incentives, promotion rules and give access to critical resources.

Organizational economics addresses deal with these situations of conflict of interest that are central to the practice of knowledge management. Economic theories that focus on organizational conflict of interest and that are positive by nature live in what is known as credible transactions.

Future Challenges

Future research on organizational economics must develop and articulate the theories and hypothesis that complement derive new hypotheses and theories existing traditional organizational and administrative approaches to generate new theoretical - methodological and empirical approaches can enhance the scope of organizational theory. Organizational economics can make important contributions to management theory only if it enhances their development in variables such as motivation.

The methodological individualist approach motivation and the systems approach for the coordination of team efforts, require research in the processes of integration and synthesis. Barney (1990) suggests that in their understanding of the limitations and potential is encouraged by the analysis of Donaldson (1990) and hoped that the limitations and potential of traditional management theories are encouraged by a careful study of organizational economics.

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