

Book Reviews

The Demography of Corporations and Industries. By Glenn R. Carroll and Michael T. Hannan. Princeton, N.J.: Princeton University Press, 2000. Pp. xxx+490. \$49.50.

David Knoke
University of Minnesota

During the past quarter century, organizational ecologists created an exemplary research program of theory construction, refinement, and formalization, rigorous testing, and cumulative empirical evidence that generated novel research questions and new substantive insights into changing organizational populations. In this tome appraising recent analytic developments, Glenn Carroll and Michael Hannan advance fresh reasons why other sociological specialties should closely attend to this paradigm's remarkable progress. They effectively integrate the conceptual framework, theoretical propositions, data collection procedures, statistical tools, and research methods essential for investigating the founding, growth, decline, transformation, and mortality of organizational populations. Their comprehensive didactic coverage, with frequent referrals to advanced sources, presents a persuasive brief for corporate demography as a core specialty in organization studies.

"Corporation" is a general term covering all types of organizations, not just business firms but also labor unions, nonprofits, voluntary associations, political parties, and government bureaus. "Industry," while not formally defined, corresponds closely to organizational form, a reconceptualization discussed below. The organizational ecology foundation for corporate demography was previously laid by Michael Hannan and John Freeman's classic article and book ("The Population Ecology of Organizations" [*American Journal of Sociology* 82 (1977): 929–64] and *Organizational Ecology* [Harvard University Press, 1989]). The theoretical centerpiece is the now-familiar nonlinear density-dependence relationship governing vital rates in organizational populations. When a new organizational form emerges, its growth trajectory depends on the varying impacts of legitimation and competition as population density (total organizations) increases. Carroll and Hannan forcefully defend the longitudinal investigation of narrow organizational forms as the sole design capable of estimating key change parameters. True to this mandate, their book intensely scrutinizes a handful of populations spanning decades: automobiles, beer brewing, winemaking, credit unions, banks, labor unions, and newspapers.

Carroll and Hannan tackle issues ranging from basic research design

Permission to reprint a book review printed in this section may be obtained only from the author.

and data collection decisions (with detailed looks at historical directories and data files structures) to sophisticated logical proposition testing and event-history analysis techniques. (They note sections where readers with basic calculus and logic training should fare better.) They dissect empirical attempts to disentangle the interaction of organizational size and age, concluding that age-dependent processes remain an “extremely complicated issue” for corporate demography (p. 47). In addition to liabilities of newness and smallness, corporate demographers must grapple with adolescence, obsolescence, and senescence effects on population growth and mortality rates. Among their important contributions are the formalization of age dynamic theories; a logical reconstruction of Hannan and Freeman’s verbally ambiguous inertia theory, which “demonstrates the soundness of the original argument” (p. 367); and empirical analyses of “pre-producers” in the automobile industry, which extends density dependence to this hazy mobilization phase. In the concluding part, Carroll and Hannan sketch some plausible impacts of regulation and legislation on the telephony and banking industries, and corporate downsizing effects on job mobility and pension benefits. Asserting that cost-benefit maximizing analyses favored by economists can overlook key insights, they argue that “corporate demographic might potentially play a large role . . . in uncovering any unintended consequences of rules and institutions” (p. 422). Perhaps that is so, but uncovering policy influences ultimately requires more sustained and rigorous analyses than hinted here.

A significant development, coauthored with László Pólos, proposes to redefine organizational form using institutionalist connotations. Rejecting prior conventions that emphasize core features or network ties, the theorists recast form as a special kind of identity accepted within a class of corporate actors. Cultural codes or rules delineate the organizational identity, specify population boundaries, and sanction violators whose departures from the identity cause peer evaluations to plummet. “We claim that an identity constrains what an organization would/could do and what is expected and not expected of it” (p. 68). A prime case is the rapid rise of microbreweries and brewpubs as new organizational identities competing in niche markets not served by traditional beer brewers. Unfortunately, the conceptual chapter is poorly integrated with the other empirical analyses examining populations involved in conventional industrial products and services. The identity-based form is also unconnected to five “basic model types” of employment relations (having similar attachment, selection, and control features) empirically identified among Silicon Valley high-tech startups. Nor is this new concept tied explicitly to theoretical interpretations of legitimacy as a driver of density-dependence processes. The recency of their redefinition grants researchers substantial license in designing future demographic projects.

The Demography of Corporations and Industries seems destined to become the standard reference and a rich source of research proposals. But it is also a manifesto calling organizational demography to “move further

American Journal of Sociology

towards its establishment as a field of social science inquiry," akin to human demography (p. xxii). Carroll and Hannan admirably chronicle the first steps toward legitimizing organizational demography as a distinct specialist form. Competitive processes unfolding this century will shape the ultimate trajectory of this institutionalization.