

Howard E. Aldrich and Martin Rueff
Organizations Evolving, Second Edition
London, Thousand Oaks, New Delhi: Sage Publications, 2006

Reviewed by Eleanor D. Glor

This book offers a systematic application of evolutionary concepts to organizations and organizational populations. Sadly, *Organizations Evolving* is neither as comprehensive nor as all-inclusive as its title implies, because Aldrich and Rueff draw largely from the business literature for their examination of the organization from an evolutionary perspective. What it does represent, then, is a thorough review of the literature on private sector organizations using an evolutionary perspective.

The book's strengths lie in its examination not only of the existence of business organizations, but also of their emergence, an intention the authors state explicitly (page 3). Emergence is described in a technical manner, however.

Aldrich and Rueff apply the processes of evolution—variation, selection and retention, and a population perspective to organizations. They frame the book in terms of these concepts. One of the best and most important parts of the book is the discussion of how organizations, organizational communities (industries) and organizational populations (all firms) gain and contribute to their own legitimacy.

Organizations are defined as “goal-directed, boundary-maintaining, and socially constructed systems of human activity” (page 4). Goal-directed behaviour and deliberate design of activity systems distinguish organizations from other collectivities, such as families, friendship circles, audiences and mass publics.

The organizational landscape consists of a vast number of small organizations that are usually short-lived. A small minority of organizations are corporations, publicly traded ones are an even smaller group (in the USA, 7000 firms). Large corporations dominate the corporate world: the largest nine per cent of all corporations control ninety-eight per cent of all corporate assets. Concentration varies over time and within corporate sectors.

Despite their lack of assets, small firms play an important role in labour markets. In the USA, thirty-six per cent of all employees work in corporations employing fewer than 200 people. Analysis at the population level (all firms) and organizational communities level (industries) “often show that small individual effects can cumulate into sizable collective effects” (page 11).

I am happy to report that the authors explore organizational change and innovation in organizations. Unfortunately, they do so almost exclusively in terms of emergence of technological innovations, diffusion of technological innovations, and technological competencies gained and lost as a result. While emphasis upon technology is commonly preferred in the business world, the human factor is also a part of the domain of innovation.

Within its parameters, this is a thorough book, but I have some criticisms of what is a surprisingly limited approach, given the expectations created in the prefaces and Introduction, and the potential I imagined was inherent in applying biological concepts to the organization. The book has four weaknesses. Firstly, *Evolving Organizations* defines its field too narrowly. Secondly, in using an approach that is by definition historical (evolution), the book is in some essential respects too ahistorical. Thirdly, it explores the impact of government organizations only from the perspective of business. Finally, the book is a chore to read.

The book addresses its domain in too narrow a manner. On the one hand, *Organizations Evolving* defines organizations as the dominant feature of the modern social landscape (page 3). Likewise, organizations are the fundamental building blocks of modern societies and the basic vehicles through which collective action occurs. They mold the social landscape and they, rather than individuals or families, have become the unit of stratification in modern societies (p. 1). The authors express their intention to study them (p. 3) at multiple levels of analysis, including their structure and historical context, drawing upon all social sciences studying organizations (P. xi). They set the goal of examining both the existence and emergence of organizations.

At the same time, Aldrich and Ruef have limited their examination almost exclusively to businesses and to the emergence of businesses. They acknowledge this limitation (p. 3). The authors imply the universal applicability of the approach and the ideas, but the book addresses a population of organizations which represent substantially less than half of the economy. Thus, while the book defines its field as *organizations*, it is really about *business organizations*. Business organizations cannot be assumed to represent a universal form of organization unless this assertion is addressed and demonstrated. It is not.

Moreover, when the authors explore the social movements affecting organizations, they present them as neutral *political turbulence* such as regional labour unrest, black protest events and the feminist movement, as if the turbulence is the dynamic factor, rather than the power. No evidence is offered to support this choice. Almost all of the examples given are of left wing movements. The authors return repeatedly, for example, to the decline of the number of women's colleges because of the feminist movement of the 1960s and 1970s (e.g. p. 235). Likewise, they describe periods in Canada during which the number of day cares run by voluntary associations increased and worker-run day cares decreased (p. 235), but they do not describe the political context that led to these changes. An industry's success in securing desired legislation (e.g. railroads securing pro-cartel public policies) is identified as regulatory capture and radio broadcasters shutting out non-profits is described as ideological capture, rather than as political movements securing power, influence and dominance.

The authors say nothing about the right wing movements that have led to major changes in government, non-profit and business organizations. Consider the last 25 years. Major limits have been placed on the role, scope and budgets of governments during this period. Many non-profits have lost government funding (for example social advocacy organizations), and new kinds of non-profits have received funding (such as faith-based service organizations). Some non-profits have taken on what were previously government roles. Likewise, the emergence of a more aggressive private sector during this period, and its new claims about its role—for example,

that it should have all the rights of individuals but not their responsibility to pay a fair share for the public sector—is not discussed. Moreover, the number of businesses has expanded considerably because of this social movement.

Nothing is said of this movement's success in dominating public policy discussions and decisions over the past quarter century by securing control of media and think tanks, and influence over lobbyists and government.

Nothing is said of the New Public Management that has redefined the rules for government and non-profits, promoted private sector management methods, and guided the privatization to businesses and devolution to lower levels of government and the non-profit sector of previously national and state level government functions. This highly successful movement has resulted in significant changes for public sector, non-profit and private sector organizations alike, yet it is not mentioned. The scope of the book is too narrow for us to understand organizations from an evolutionary perspective.

My second criticism is that the approach to studying organizations is surprisingly ahistorical, despite the authors' claims and the essential part that environment and initial conditions—in this case historical description and analysis—should play in any evolutionary study. The authors' decision not to include an historical analysis of either the organization or the business organization itself was particularly striking in this regard. The Preface to the First Edition asserts that the book explores the historical context in which populations and communities of organizations emerge. Although the book briefly addresses the social and economic preconditions for the expansion of business organizations—increased urbanization and literacy, economic, political and social differentiation, and legal modernization (p. xv)—it does not directly explain the rise and development of the contemporary corporation. We learn, as a result, neither when organizations nor business organizations emerged, why, and in what contexts.

Thirdly, the state and politics are only discussed from the perspective of businesses, not as organizations in their own right. The state as a regulator that creates limits to business action is described, as are the ways business communities and populations lobby the state to secure terms they want. What seems to work best is described (population-level rather than individual business lobbying); but at the same time, the state is said to be the major force affecting organizational formation in the twentieth century (p. 231). Surely the state has not achieved this importance only through its regulatory role.

To understand the important role of the state in organizational formation, the authors would have had to discuss the emergence of the modern state at the same time as the emergence of businesses. Did they co-evolve or did they emerge independently? The authors could perhaps have discussed individual governments at different levels, composing a population of municipal, state and national organizations that together make up the state and the way businesses, business communities and business populations interact with each level of government. The emergence of non-profits is not discussed either. Did they co-evolve only with governments or also with corporations? Industry associations are discussed, less so governance of corporations. Yet this is another area where governments and corporations have co-evolved.

Fourthly, I approached *Organizations Evolving* with excitement—a book that would consider the organization as a complex, in some ways a living entity! Despite the dynamic potential of the subject, the book gives an impression like that of Talcott Parsons' similarly flawed *The Social System* (1951): It has endless details about different ways organizations can be analyzed, but it has not explained how and why (even) the business organization emerged and why the organization was a more effective mode for interacting with humanity's environment. Some aspects of businesses' interactions with each other and the state are discussed, but little sense is made of the way organizations function, interact with each other and their environment, and the meaning of this interaction to society. The lack of a concluding chapter may suggest that the narrowness of focus has put the authors in the position of having little to conclude about the organization.

These are four important omissions for a book that claims to study organizations, and implies universal applicability for its analysis of the organization. The authors begin by highlighting reviewers' perceptions that an evolutionary understanding could bring unity to the growing field of organization studies (p. viii). I would want to see the authors give more attention to the rest of the population of organizations before I could agree with that assertion.

I had hoped I would come away from reading this weighty book with a clearer understanding of some key questions about the evolutionary approach. For instance, in what senses does the application of evolutionary theory increase understanding of organizations? In what senses does it not? While it is clear that an evolutionary approach highlights cooperation and (especially) competition, what does it ignore or repress that may also be important?

What are the other options? While Aldrich and Rueff examine the second question to some extent, the emphasis is on other approaches to the study of organizations that are equally limiting, such as the institutional and resource dependence approaches.

My sense is that they left out a great deal—perhaps even the most important issues involved in understanding organizations evolving. While the evolutionary approach is clearly cross-disciplinary, and the book drew on the business and sociological literature a good deal, learning from other social sciences was ignored. The authors drew on the sociological literature for an understanding of power, for example, but not the historical and political science literature. Power, dominance and hierarchy received substantial discussions, yet the political science literature, whose focus these are, was not accessed. A book that reviews such a wide range of factors should also have been able to address these important issues more thoroughly.

About the Author

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