

## Professor Lex Donaldson

Lex Donaldson researches and teaches in the areas of organizational structure/design, corporate governance and organizational theory.

His intellectual auto-biography has appeared as: "Following the Scientific Method: How I Became a Committed Functionalist and Positivist", *Vita Contemplativa, Organization Studies*, 2005, 26, 7, pp. 1071-1088.

He has developed a distinctive viewpoint on organizational theory. He argues for a positivist and functionalist approach. This is positivist in the sense of seeking general theories validated through the use of scientific methods, in which situational factors objectively shape organizational action. This is functionalist in the sense that the organizational system has objective consequences on performance and there is a tendency to adapt over time by changing the organization to produce more benign consequences. More particularly, organizational structures need to fit their situational contingency factors, such as size and diversification, for high performance to result. Managers are seen as tending to take the required action, in the long-run, so that they are viewed positively, rather than negatively. This view has been put forward in a series of five books:

*The Contingency Theory of Organizations*. Thousand Oaks, California: Sage, 2001.

*Performance-Driven Organizational Change: The Organizational Portfolio*. Thousand Oaks, California: Sage, 1999.

*For Positivist Organization Theory: Proving the Hard Core*. London: Sage, 1996.

*American Anti-Management Theories of Organization: A Critique of Paradigm Proliferation*. Cambridge: Cambridge University Press, 1995.

*In Defence of Organization Theory: A Reply to the Critics*. Cambridge: Cambridge University Press, 1985.

Lex is often involved in debates about the field of organizational theory, such as, recently: "For Positive Management Theories While Retaining Science: Reply to Ghoshal", *Academy of Management Learning and Education*, 2005, 4, 1, pp. 109-113.

His positivist, scientific orientation has led him to question the teaching of business ethics and its related assumptions: "Ethics Problems and Problems with Ethics: Toward a Pro-management Theory", *Journal of Business Ethics* (forthcoming).

He also takes an interest in the philosophy of science, which he teaches to the PhD students in the Intellectual Foundations of Social Science course. A recent writing on the philosophy of science in organizational studies is "A Critique of Postmodernism in Organizational Studies." *Postmodernism and Management: Pros, Cons and the Alternative. Research in the Sociology of Organizations*, 21, 2003, pp. 169-202.

Lex argues against the view that organization theory must on intellectual grounds be composed of separate paradigms that cannot be integrated, and he has, rightly, been called an integrationist: "The Myth of Paradigm Incommensurability in Management Studies: Comments by an Integrationist", *Organization*, 5, 2, 1998, 267-272. However, career incentives lead to organizational theories operating

as paradigms that fragment organization theory: American Anti-Management Theories of *Organization: A Critique of Paradigm Proliferation* (Cambridge: Cambridge University Press, 1995). In particular, in the US, the career incentive towards novelty has produced theories that have fragmented the field in a series of fashions. His critique reveals that these theories suffer severe problems of intellectual coherent and empirical validity.

Regarding organizational structure/design, he is a well-known proponent of contingency theory. He integrated the theory and research in *The Contingency Theory of Organizations* (Thousand Oaks, California: Sage, 2001). A briefer statement is "Organizational Theory as a Positive Science", in H. Tsoukas and C. Knudsen (eds.), *The Oxford Handbook of Organization Theory: Meta-theoretical Perspectives*. Oxford: Oxford University Press, 2003, pp. 39-62.

He has sought to advance the theory by developing the concept of hetero-performance. His most recent discussion is "The Contingency Theory of Organizational Design: Challenges and Opportunities", Chapter 2 in R.M. Burton, B. Eriksen, D.D. Hakonsson and C.C. Snow (eds.) *Organization Design: The Evolving State-of-the-Art*, Springer, 2006, pp. 19-40.

Lex has also articulated a contingency theory of organizational change, structural adaptation to regain fit (SARFIT), which involves the concept of disequilibrium. He has extended this by proposing the idea of quasi-fit (*The Contingency Theory of Organizations*. Thousand Oaks, California: Sage, 2001.)

His earlier research showed that poor financial performance is a trigger for needed organizational structural change ("Strategy and Structural Adjustment to Regain Fit and Performance: In Defence of Contingency Theory," *Journal of Management Studies*, 24, 1, January 1987, pp.1-24). Subsequently, Lex developed a theory of performance-driven organizational change, called organizational portfolio theory, drawing on ideas from Finance. This is in a book, *Performance-Driven Organizational Change: The Organizational Portfolio* (Thousand Oaks, California: Sage, 1999). Its main ideas are summarized in "Organizational Portfolio Theory: Performance-Driven Organizational Change", *Contemporary Economic Policy*, 18, 4, October 2000, pp. 386-396.

His organizational portfolio analysis has been used in the large US railroad, CSX, to help in their organizational diagnosis and restructuring: Larry A. Shughart and Lex Donaldson: "Redesigning the Commercial Organization of CSX: An Organizational Portfolio Analysis", *Journal of the Transportation Research Forum*, 43, 2, Fall 2004, pp. 69-84.

On the topic of corporate governance, he has critiqued the agency theory view of managers as cheats acting with guile, such as in "The Ethereal Hand: Organisational Economics and Management Theory", *Academy of Management Review*, 1990, 15, 3, 369-381 (also in Jay M. Shafritz and J. Steven Ott (eds.), *Classics of Organization Theory*, Fourth Edition, Belmont, California: Wadsworth Publishing, 1996, pp. 340-351.)

In contradistinction, together with colleagues, he has offered stewardship theory as positive view of managers and their pro-organizational motivations, in James H. Davis, F. David Schoorman and Lex Donaldson, "Toward a Stewardship Theory of Management", *Academy of Management Review*, 22, 1, January 1997, 20-47 (also in T. Clarke (ed.) *Theories of Corporate Governance: The philosophical foundations of corporate governance*. Abingdon, Oxon, UK: Routledge, 2004, pp. 118-134.)

He and colleagues have conducted empirical research that supports stewardship theory: Melinda Muth and Lex Donaldson: "Stewardship Theory and Board Structure: A Contingency Approach", *Corporate Governance: An International Review*, 6, 1, January 1998, 5-28; Lex Donaldson and James H. Davis:

“Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns”, *Australian Journal of Management*, 1991, 16, 1, 49-64 (also in Robert I. Tricker, *International Corporate Governance - Text, Readings and Cases*, Prentice Hall, Singapore, 1994).

Lex's long experience in research has shown him that many organizational researchers believe more strongly in methodological principles than they do in the substantive organizational theories. The methodological principles are used as the criteria by which the validities of substantive theories are judged, making the methodological principles more foundational. In that sense, for many organizational researchers, methodological principles are their core Kuhnian paradigm. Therefore, these principles may be used as the basic axioms from which to develop a theory about organizations and managers. Statistico-organizational theory uses methodological principles to generate theoretical propositions about strategy, structure, human resource management and other topics. It offers a new theory that is distinctive from other organizational theories, whose roots are in other disciplines such as economics and sociology. Statistico-organizational theory is offered not as a new paradigm to replace existing theories but as a complement to them. “Statistico-organizational Theory: A New Theory of Organizations” is forthcoming in the *Journal of Management Inquiry*. “Statistico-organizational Theory: Creating Organizational Management Theory from Methodological Principles” is forthcoming in David Barry and Hans Hensen (editors), *SAGE Handbook of New and Emerging Approaches to Management and Organization*.

Lex teaches organizational structure/design on the MBA program of the University of New South Wales. He has used research to develop principles of good organizational design in: “Design Structure to Fit Strategy”, Chapter 20 in Edwin A. Locke (ed.) *Handbook of Principles of Organizational Behavior*, Oxford: Blackwell, 2000, pp. 291-303.

With F. Hilmer he published a book for managers, *Management Redeemed: Debunking the Fads that Undermine Our Corporations*, New York: Free Press, 1996. The book was simultaneously published in Australia as *Management Redeemed: Debunking the Fads that Undermine Corporate Performance*, Sydney: Free Press Australia, in hardback in 1996 and in paperback in 1999. It was a finalist in the 1997 Financial Times/Booz-Allen & Hamilton Global Business Book Award in the Business Strategy and Leadership category.

*Management Redeemed* has also been published in German as *Jenseits der Management Mythen: Kontinuität Statt Trendhopping*, Germany: Verlag Moderne Industrie, 1997. It has been published in Dutch as *Management, een herwaardering: Hoe modegrillen het bedrijfsleven ondermijnen*, Uitgeverij Contact, Amsterdam, Holland: Nederlandse vertaling, 1997. It has also been published in Spanish as *Rescatando el Valor de la Gerencia: Mas alla de las modas que desprestigian a nuestras corporaciones*, Buenos Aires: Paidós.

A brief summary of the book's ideas is Lex Donaldson and Frederick Hilmer: “Management Redeemed: The Case Against Fads that Harm Management”, *Organizational Dynamics*, Spring 1998, 7-20.

## **Writings by Topic**

### **Contingency Theory**

"The Contingency Theory of Organizational Design: Challenges and Opportunities", Chapter 2 in R.M. Burton, B. Eriksen, D.D. Hakonsson and C.C. Snow (eds.) *Organization Design: The Evolving State-of-the-Art*, Springer, 2006, pp. 19-40.

*The Contingency Theory of Organizations*. Thousand Oaks, California: Sage, 2001.

"The Normal Science of Structural Contingency Theory", Chapter 1.2 in *The Handbook of Organization Studies*, edited by S.R. Clegg, C. Hardy and W. Nord, London: Sage, 1996.

*Contingency Theory*. Edited. Volume 9 in *History of Management Thought Series*, Dartmouth Publishing Company, 1995.

"Strategy and Structural Adjustment to Regain Fit and Performance: In Defence of Contingency Theory," *Journal of Management Studies*, Vol. 24, No. 1, January 1987, pp.1-24.

"Explaining Structure Change in Organizations: Contingency Determinism or Contingency-fit," *Australian Journal of Management*, Vol. 9, No. 2, December 1984, pp. 15-24.

### **Critiques of Organizational Theories**

"A Critique of Postmodernism in Organizational Studies." Postmodernism and Management: Pros, Cons and the Alternative. *Research in the Sociology of Organizations*, 21, 2003, pp. 169-202.

*American Anti-Management Theories of Organization: A Critique of Paradigm Proliferation*. Cambridge: Cambridge University Press, 1995.

"The Ethereal Hand: Organisational Economics and Management Theory", *Academy of Management Review*, 1990, 15, 3, pp. 369-381 (also in Jay M. Shafritz and J. Steven Ott (eds.), *Classics of Organization Theory*, Fourth Edition, Belmont, California: Wadsworth Publishing, 1996, pp. 340-351.)

"A Rational Basis for Criticisms of Organizational Economics: A Reply to Barney", *Academy of Management Review*, 1990, 15, 3, pp. 394-401.

R. Bettis and L. Donaldson: "Market Discipline and the Discipline of Management", *Academy of Management Review*, 1990, 15, 3, pp. 367-368.

"Woodward, Technology, Organisational Structure and Performance - a Critique of the Universal Generalisation," *Journal of Management Studies*, Vol.13, No.3, October 1976, pp. 255-273. Also in Harold Koontz, Cyril O'Donnell and Heinz Wehrich (eds.), *Management: A Book of Readings*, Fifth Edition, New York: McGraw-Hill, 1980, pp. 369-380.

"Feedback - Structural Determinism," *Omega, The International Journal of Management Science*, 1978, Vol.6, No.2, pp. 109-110.

### **Debates about the Field of Organizational Theory**

Review of: *A Very Short, Fairly Interesting and Reasonably Cheap Book About Studying Organizations* by Christopher Grey, London: SAGE, 2005, in *Organization Studies*, 2006, 27, 5, pp. 753-756.

"Following the Scientific Method: How I Became a Committed Functionalist and Positivist", *Vita Contemplativa, Organization Studies*, 2005, 26, 7, pp. 1071-1088.

"Questioning Mintzberg's Educational Philosophy: Critical Comments on *Managers not MBAs*", pp. 1098-1104, and "Reply to Pfeffer", pp. 1106-1107, in Special Book Review, Henry Mintzberg: *Managers not MBAs*, in *Organization Studies*, 2005, 26, 7, pp. 1089-1109.

"For Positive Management Theories While Retaining Science: Reply to Ghoshal", *Academy of Management Learning and Education*, 2005, 4, 1, pp. 109-113.

"Organizational Theory as a Positive Science", in H. Tsoukas and C. Knudsen (eds.), *The Oxford Handbook of Organization Theory: Meta-theoretical Perspectives*. Oxford: Oxford University Press, 2003, pp. 39-62.

"Position Statement for Positivism", in R. Westwood and S. Clegg (eds.), *Debating organization: Point-Counterpoint in Organization Studies*. Oxford: Blackwell Publishing, 2003, pp. 116-127.

"Damned by Our Own Theories: Contradictions Between Theories and Management Education." *Academy of Management Learning and Education*, 1, 1, 2002, pp. 96-106.

"Neither Limitations Nor Process Theories Refute the Contradictions Between Theories and Management Education: Reply to Watson and Chiles." *Academy of Management Learning and Education*, 2, 3, 2003, pp. 292-295.

"The Myth of Paradigm Incommensurability in Management Studies: Comments by an Integrationist", *Organization*, 5, 2, 1998, pp. 267-272.

"A Positivist Alternative to the Structure-Action Approach", *Organization Studies*, 1997, 18, 1, pp. 77-92.

*For Positivist Organization Theory: Proving the Hard Core*. London: Sage, 1996.

"The Weick Stuff: Managing Beyond Games", *Organization Science*, 3, 4, 1992, pp. 461-466.

Review Essay on *Redirections in Organisational Analysis* by Michael Reed, London: Tavistock Publications, 1985; in *Australian Journal of Management*, 14, 2, December 1989, pp. 245-254.

"In Successful Defence of Organization Theory: A Routing of the Critics," *Organization Studies*, 1988, 9, 1, pp. 28-32.

*In Defence of Organization Theory: A Reply to the Critics*. Cambridge: Cambridge University Press, 1985.

"Comments on 'Contingency and Choice in Organization Theory' ", *Organization Studies*, Vol.3, No.1, 1982, pp. 65-72.

"Letter to the Editor", *Organization Studies*, Vol. 5, No. 2, 1984, pp.187-188.

## **Organizational Design**

"Design Structure to Fit Strategy", Chapter 20 in Edwin A. Locke (ed.) *Handbook of Principles of Organizational Behavior*, Oxford: Blackwell, 2000, pp. 291-303.

"Organizational Structures for Competence-based Management", in *Theory Development for Competence-based Management, Advances in Applied Business Strategy*, Volume 6A, edited by Ron Sanchez and Aime Heene, 2000, Stamford, Connecticut: JAI Press Inc, pp. 31-56.

"Organization Design and the Life-Cycles of Products," *Journal of Management Studies*, 22, 1, January 1985, pp. 25-37.

"Regaining Control at Nipont," *Journal of General Management*, 4, 4, Summer 1979, pp. 14-30.

"Job Enlargement - A Multidimensional Process," *Human Relations*, 27, 8, 1975, pp. 721-738.

### **Organizational Portfolio Theory**

"Redesigning the Commercial Organization of CSX: An Organizational Portfolio Analysis", *Journal of the Transportation Research Forum*, 43, 2, Fall 2004, pp. 69-84.

"Organizational Portfolio Theory: Performance-Driven Organizational Change." *Contemporary Economic Policy*, 18, 4, October 2000, pp. 386-396.

*Performance-Driven Organizational Change: The Organizational Portfolio*. Thousand Oaks, California: Sage, 1999.

Peter A. Heslin and Lex Donaldson: "An Organizational Portfolio Theory of Board Composition", *Corporate Governance: An International Review*, 7, 1, 1999, pp. 81-88.

### **Organizational Structure**

"Derek Pugh: Scientific Revolutionary in Organization Studies", Chapter 3 in *Advancement in Organizational Behaviour: Essays in Honour of Derek S. Pugh*, Timothy Clark (ed.), Aldershot, Hants, England: Ashgate, 1997, pp. 23-43.

"The liberal revolution and organization theory", Chapter 8 in J. Hassard and M. Parker (eds.) *Towards a New Theory of Organizations*, London: Routledge, 1994, pp. 190-208.

"The Interaction of Size and Diversification: Grinyer Revisited," *Organization Studies*, 7, 4, 1986, pp. 367-379.

"Divisionalisation and Size: A Reply to Grinyer," *Australian Journal of Management*, 11, 2, December 1986, pp. 173-189.

"Size and Bureaucracy in East and West: A Preliminary Meta Analysis", Chapter in S.R. Clegg, D. Dunphy and S.G. Redding (eds.) *The Organization and Management in East Asia*, Hong Kong: University of Hong Kong, Centre of Asian Studies Occasional Papers and Monographs, 69, 1986, pp. 67-91.

"Entrepreneurship Applied to Middle Management of Corporations: A Caution," *Journal of General Management*, 10, 4, Summer 1985, pp. 5-20.

"Divisionalization and Diversification: A Longitudinal Study," *Academy of Management Journal*, 25, 4, December 1982, pp. 909-914.

"Divisionalization and Size: A Theoretical and Empirical Critique," *Organization Studies*, 3, 4, 1982, pp. 321-337.

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Lex Donaldson and M. Warner: "Struttura Burocratica e Struttura Democratica in un Gruppo di Sindacati e Associazioni Professionali in Gran Bretagna," *Studi Organizzativi*, June 1977, 9, 2, pp. 235-264.

Lex Donaldson and M. Warner: "Bureaucracy and Democracy in Occupational Interest Associations," in D.S. Pugh and D.J. Hickson (eds.): *Organisation Structure: Extensions and Replications*, Westmead, Saxon House, 1976, pp. 67-86.

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Lex Donaldson and M. Warner: "Structure of Organisation in Occupational Interest Associations," *Human Relations*, 27, 8, 1974, pp. 721-738.

### **Statistico-organizational Theory**

"Statistico-organizational Theory: A New Theory of Organizations", forthcoming in the *Journal of Management Inquiry*.

"Statistico-organizational Theory: Creating Organizational Management Theory from Methodological Principles", in David Barry and Hans Hensen (Editors), SAGE Handbook of New and Emerging Approaches to Management and Organization, forthcoming.

### **Stewardship Theory**

Melinda Muth and Lex Donaldson: "Stewardship Theory and Board Structure: A Contingency Approach", *Corporate Governance: An International Review*, 6, 1, January 1998, pp. 5-28.

James H. Davis, F. David Schoorman and Lex Donaldson, "Toward a Stewardship Theory of Management", *Academy of Management Review*, 22, 1, January 1997, pp. 20-47 (also in T. Clarke (ed.) *Theories of Corporate Governance: The philosophical foundations of corporate governance*. Abingdon, Oxon, UK: Routledge, 2004, pp. 118-134.)

James H. Davis, F. David Schoorman and Lex Donaldson, "The Distinctiveness of Agency Theory and Stewardship Theory", *Academy of Management Review*, 22, 3, July 1997, pp. 611-613.

Lex Donaldson and James H. Davis: "Boards and Company Performance - Research Challenges the Conventional Wisdom", *Corporate Governance: An International Review*, 2, 3, July 1994, pp. 151-160.

"Research Findings on the Effects of Board Structures", Appendix 1, in *Strictly Boardroom: Improving Governance to Enhance Company Performance*, Independent Working Party into Corporate Governance, Frederick G. Hilmer, Chair, Melbourne: The Business Library, 1993. ISBN 1 86350 125 8, pp. 81-93.

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Lex Donaldson and James H. Davis: "The Need for Theoretical Coherence and Intellectual Rigour in Corporate Governance Research: Reply to Critics of Donaldson and Davis", *Australian Journal of Management*, 1993, 18, 2, pp. 213-223.

R. Bettis and Lex Donaldson: "Market Discipline and the Discipline of Management", *Academy of Management Review*, 1990, 15, 3, pp. 367-368.

### **Miscellaneous**

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L. Donaldson and R. Lynn: "The Conflict Resolution Process: The Two Factor Theory and an Industrial Case," *Personnel Review*, 5, 2, Spring 1976, pp. 21-28.

*Policy and the Polytechnics: Pluralistic Drift in Higher Education*. London: D.C. Heath Ltd., 1975.

"Students' Perceptions of the Binary Policy," *Higher Education Review*, 3, 2, Spring 1973, pp. 52-62.

"Social Class and the Polytechnics," *Higher Education Review*, 4, 1, Autumn 1971, pp. 44-68.

### **For Managers**

Hilmer, F.G. and L. Donaldson: *Management Redeemed: Debunking the Fads that Undermine Our Corporations*. New York: Free Press, 1996 and as *Management Redeemed: Debunking the Fads that Undermine Corporate Performance*. Sydney: Free Press Australia, 1996, and in paperback 1999 by Free Press Australia.

Hilmer, F.G. and L. Donaldson: *Jenseits der Management Mythen: Kontinuität Statt Trendhopping*. Germany: Verlag Moderne Industrie, 1997.

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Lex Donaldson and Frederick Hilmer: "Management Redeemed: The Case Against Fads that Harm Management", *Organizational Dynamics*, Spring 1998, pp. 7-20.