Index

Ackerberg, D. 259
active mind (Carnegie Triple) 17–18
adaptation 14, 79–80
advertising 278–9
Aggarwal, R. 30
Akerlof, G.A. 221, 226
Alchian, A.A. 3, 17, 41, 82, 94, 94–5, 96, 97–8
Allen, D. 259
Allen, D.W. 30
Allen, W.R. 94–5
alliances 207–12
Anderlini, L. 134
Anderson, E. 168
Andrews, K.R. 58
antitrust
and Chicago school 230–40
and franchising 202
Aoki, M. 224–5
Argyres, N.S. 130, 131, 144–5, 148, 156, 268
Armour, H.O. 144
Arrow, K.J. 108
Arruñada, B. 200
asset ownership 98–100
transfer costs 111
vertical integration 157–8
asset specificity 80–81, 143, 167, 264
empirical challenges 158–9
and franchising 196
and governance structures 154
and hold-ups 120–25
types 168
attributes of capital goods 291
Augier, M. 85
Austrian school 281–93
and entrepreneurship 290–92
history 281–2
and transaction cost economics 282–6
autonomous adaptation 14
Azevedo, P. 246

Babcock, L. 138
Bach, G.L. 50

Bai, C.E. 197
Baker, G.P. 223
Barnard, C. 14, 20, 58–65
Barzel, Y. 44, 94, 95, 97, 108, 291
Beard, C.A. 68
Beard, M.R. 68
behavioral assumptions and
transaction cost analysis 53
Behavioral Theory of the Firm 52, 53
Bell Atlantic Corp. v. Twombly 236–7
Bercovitz, J. 201
Bergen, M. 197
Big Mac Index 114
Bigelow, L. 144–5, 156
biotechnology industry 131
Blair, R.D. 186
Bolton, P. 79
Botticini, M. 259
boundary conditions
economizing perspective 148
strategizing perspective 146–7
bounded rationality 42, 49, 59, 128–9, 264, 265
criticism of 266, 267
of individuals 59
and organizational economics 133–8
Bradach, J. 197, 202
Brickley, J.A. 200, 202
Brousseau, E. 3
Buchanan, J. 9
Burt, R. 90
business cycle theory and Austrian
school 286
business format franchising 185–92
business strategy 140–41, 145–9
economizing approach 143–9
strategizing approach 141–3, 145–9
Camerer, C.F. 140
capital theory, Austrian school 286
entrepreneurship 290–92
Carmichael, L. 219
Carnegie Institute of Technology 8, 50
Carnegie school 49–56
Carnegie triple 8–9, 10–18
Carrington, P.D. 71
Carter, R. 206–7, 297–8, 299
Casson, M. 292
Caves, R.E. 186
Chandler, A.D. 140
Chicago school and antitrust law 230–40
Hayek's influence on 77–8
Coase theorem 97
cognition 265, 266–7
Combs, J.G. 186, 191
commenda contracts 251–7
Committee on Social Thought, University of Chicago 75
Commons, J.R. 9, 66–7
communication, Barnard’s organizational theory 60
cost, social, subjectivist approach 274–6
costly state falsification 253
costs, definitions 107–9
cross-country variations 109–10, 111–12
definition 108–9
reasons for variations 109–10
variations across individuals 110, 112–13
variations in money prices 113–14
Crocker, K.J. 155, 168, 253–4
cultural factors and human resource management 226
Cyert, R. 49–53
D’Andrade, R. 17
David, R.J. 206, 297
Davis, L.E. 29
Dawes, R.M. 88
debt versus equity financing 244–58
electricity generation 247–51
deception and holdups 124
decision-making, Barnard’s organizational theory 61
demsetz, H. 3, 17, 29, 41, 82, 94, 95, 97, 98, 240, 301
Dickens, W.T. 221
Director, A. 231
discipline 10–13
discrete structural analysis 54
discriminating alignment 143–5
Dixit, A.K. 142
Djankov, S. 112, 116
docility 87–90
Documentary History of American Industrial Society 67
Doherty, R. 50
Douglas, M.T. 300
Dow, G.K. 266
Dr Miles Med. Co. v. John D. Park & Sons Co. 235–6
Dreze, J. 21
Du, J. 172
dual distribution 196–8
Dyer, J.H. 209, 211
dynamics of contract structure 156

Eastman Kodak Co. v. Image Technical Services, Inc. 234
Economic Institutions: Spontaneous and Intentional Governance 79–80
Economic Institutions of Capitalism, The 3, 74
Economic Institutions of Strategy 5–6
Economics and Knowledge 76
economizing 9–10
economizing approach to business strategy 143–9
efficiency of organizations 269
efficient adaptation hypothesis 248
Eggertsson, T. 108, 115
Eigen-Zucchi, C. 115
Eisenberg, T. 33
electricity marketing contracts 247–51
Elster, J. 10
Ely, R. 66–7
embedded ties, disadvantages 210
empirical research, TCE 19–20, 152–6
employment relationships as rental agreements 218–19
entrepreneurship
and Austrian capital theory 290–92
missing from TCE 273
Ernst, D.R. 68
ex post contractual problems 122–4
exchange costs see costs of exchange 108–9

Fan, J.P.H. 157, 158
Farrell, J. 79
Fatal Conceit, The 75
Faure-Grimaud, A. 253, 254
Federal Communications Commission 43
Felli, L. 134
Ferguson, A. 77
financial-market contracting 244–58
financial structures
electricity marketing contracts 247–51
long-distance trade 251–7

firm size limits 287–9
firm strategy and subjectivism 276–80
firm theory see theory of the firm 2
Fischer, S. 18
Fisher Body, acquisition by General Motors 45–6, 120–24, 171
Ford Foundation 50–51, 52
foresight 128–9
formal organization 59–60
Foss, K. 100
Foss, N.J. 47, 100, 146, 273, 286, 290, 291, 292
Fowler, R. 44
franchising 185–92
franchise contracts 194–202
and free-riding 188–9
incentives 187–8, 191, 198–201
Frankfurter, F. 68
free-riding and franchising 188–9
free will, Barnard’s organizational theory 60
Freeman, R.B. 222
frequency see transaction frequency
Friedman, M. 11, 12–13
Functions of the Executive, The 58
Fundamental Transformation 15
funding, franchises 195
Furubotn, E.G. 97, 108

Gallini, N.T. 197
game theory
and business strategy 141–3
and transaction cost economics 10–11, 128
Garrison, L. 68
General Motors
acquisition of Fisher Body 45–6, 120–24, 171
governance inseparability 130–31
Georgescu-Roegen, N. 12
Geyskens, I. 19
Ghemawat, P. 142–3
Ghosh, M. 146
Gibbons, R. 20
Gifford, S. 134
Gilson, R.J. 72
Glachant, J.-M. 3
Goerzen, A. 210
Goldberg, V. 47
governance 9
and trust 209–10
governance inseparability 129–31
governance mechanisms 245
hybrid arrangements 180–81
governance structures 166–7
franchising 195–8
Graduate School of Industrial Administration, Carnegie Institute 8, 50
Greif, A. 33, 183
Grossman, S. 31, 79
Guetzkow, H. 51
Han, S. 206, 297
Hancock, G. 251
Handbook of Organizational Economics 20
Hansmann, H. 249
Harris, R. 71
Hart, O. 5, 31, 96, 100, 134, 244, 245
Hashimoto, M. 219
Haskel, J. 114
Hayek, F.A. 14, 28, 74–82, 281, 283, 284
He, D. 172
Heide, J.B. 299
Hennessy, D. 196
Hill, C.A. 156
Hill, C.W.L. 88, 211
History of Labor in the United States 67
Hodgson, G.M. 206–7, 297–8, 299, 301, 302
holdups 120–25, 166
contractual solutions 121
franchising 196
reasons for 124–5
Hubbard, R.G. 159
human actors 13–14
human resource management and TCE 222–6
Hurst, J.W. 67–9, 71
hybrid organizations 153–4, 167, 170, 176–83
definitions 176–8
governance mechanisms 180–81
reasons for 179–80
and transaction cost framework 206
typology 181–3
IKEA, cross-country price comparison 114
Illinois Tool Works, Inc. v. Independent Ink, Inc. 234
incentives
and Austrian school 284–5
and franchising 187–8, 191, 198–201
inducement-contributions balance 61–2
informal organization 60
innovation policy, subjectivist perspective 277–8
institutional arrangements 29–30
and employment transaction costs 219
and organizational performance 221–2
institutional change, subjectivist perspective 279–80
institutional economics 28, 67
institutional environment 29–30
and costs of contracting 43
institutions 27–8, 224–5
intelligent altruism 87–90
interdisciplinary approach 13–17
intertemporal regularities 14–16
Jacobsen, J.P. 216
Jensen, M.C. 42, 222
John, G. 146, 299
Joskow, P.L. 155, 159, 168, 233
Kahn, S. 220
Kaufman, B.E. 215
Kaufmann, P.J. 200
Kennedy, A.M. (Justice) 235–6
Keynes, J.M. 75
King, B.G. 72
King, E. 71
Kirzner, I.M. 78, 287
Klein, B. 3, 45, 47, 125, 171, 172, 188, 232
Klein, P.G. 3–4, 27, 47, 273, 290
Kleiner, M.M. 222
Knight, F.H. 9–10, 290
Knudsen, T. 88, 301, 302
Kochin, L. 44
Kraakman, R. 249
Kranton, R.E. 226
Kreps, D. 21, 128
La Porta, R. 33
labour economics and TCE 216–22
labour markets 215–16
Lachmann, L.M. 81, 290
Lafontaine, F. 186, 188, 189, 197, 200
Lang, L. 157
Lange, O. 15
Langlois, R.N. 292

law
legal processes to open new businesses 112
and new institutional economics 31
and ownership 98–9
see also antitrust; contract law; property rights
Law and the Conditions of Freedom 69
Lazear, E.P. 223
leadership, Barnard’s organizational theory 62–4
Leegin Creative Leather Products, Inc. v. PSKS, Inc. 235–6
Legal Realists 67, 68
Levitt, S. 5
Levy, B. 246
Liebeskind, J.P. 130, 131, 148, 268
linear compensation 249
Llewellyn, K.L. 16
Loewenstein, G. 138
London School of Economics and Political Science 75
long-distance trade, Middle Ages, financial structure 251–7
long-standing ties, disadvantages of 210
Lueck, D. 259
Lutz, N. 196, 197

M-form hypothesis 144
Macaular, S. 69–70, 71–2, 180
Macher, J.T. 152
Macneil, I.R. 66, 70, 72
Madhok, A. 207, 211
make-or-buy decision 153–4, 165–72
see also vertical integration
maladaptation costs 166
Maness, R. 196
March, J.G. 49–54, 56, 85
Mariotti, T. 253, 254
Markets and Hierarchies 3, 78
Mas-Colell, A. 141

Maskin, E. 137
Masten, S.E. 144, 155, 156, 159, 168, 170, 298, 299
Mayer, K.J. 144, 156
McMillan, J. 17–18
Mechanisms of Governance, The 3, 46, 49
Meckling, W.H. 42, 222
Ménard, C. 3
Menger, C. 81, 281–2, 283
menu costs 221
Michael, S.C. 188, 189, 191, 200
Milgrom, P.J. 135, 220, 269–70, 300
Miller, G.P. 33
Miller, M. 18, 244
Mises, L. von 74, 284, 285, 290
Missouri, University of 4
Modigliani, F. 18, 244
monetary incentives, franchising 198–9
money price variations 113–14
Monteverde, K. 298
Mookerji, S. 134
Moore, H.J. 188, 200
Moore, J. 31, 244, 245
moral commitment 63–4
Morgan, J. 253–4
motivation 265, 266–7
employees 219–20
multi-unit ownership, franchises 201
Murphy, W.F. 186
Muth, J. 21

Nalbantian, H.R. 222
Nalebuff, B.J. 142
Nature of the Firm, The 18, 39
neoclassical contract law 190
neoclassical economics 127
network governance 211
Nevitt, J. 251
new institutional economics 27–32
Newell, A. 12
Nickerson, J.A. 144, 146, 156, 172
Nobel Prizes 3–4
nominal wage dynamics 220–21
Non-Contractual Relations in Business: A Preliminary Study 70
North, D.C. 27, 28, 29, 32, 87, 95–6, 115, 224, 225
Norton, S.W. 190
O’Driscoll, G.P. 286
O’Reilly, C.A. 222
Occam’s Razor 85
operationalization 18–20
opportunism 14, 86–7, 264, 266–7
orders 81, 283
organization theory 8–9, 13–16
inventory of 51
organizational adaptation 54
organizational design, effect on performance 155–6
organizational economics and bounded rationality 133–8
organizational performance see performance
organizational theory 58–64
Organizations 49, 51, 53
Ostrom, E. 4
ownership see asset ownership
Oxley, J. 246
Oyer, P. 220
Parcell, J. 155
path dependencies 15–16
Pejovich, S. 97
people management 224–5
per se rule 236
performance and institutional arrangements 221–2
and organization form 155–6
Perrow, C. 58
personnel economics 223
persuasion 278–9
Petrin, A. 251
Pfeffer, J. 222
Pirrong, S.C. 159
planned orders 283
Plant, A. 39
plausibility 12
plural form, franchising 196–8
Poppo, L. 210
Porter, M.E. 140, 141
Posner, R.A. 232
post-Chicago school (PCS) 233–4
predatory pricing 238–9
Prendergast, C. 223
principle-agent theory 284–5
private ordering 11, 66–70
Problem of Social Cost, The 43–4
process analysis 53–4
productivity, effect of context 301–3
property rights 93–6
and Austrian school 284–5
and institutional economics 31
and transaction costs 96–8
property rights economics 92–101
and transaction cost economics 97–8
public authorities and hybrid arrangements 181
Pure Theory of Capital, The 75
quasi-rents 158–9
Ramsey, J. 69
Raushenbush, E.B. 71
relationship-specific investments 207–8
remediableness 12, 269
remote company towns 129
rental agreements, employment relationships as 218–19
Richman, B.D. 152
Richter, R. 108
Rise of American Civilization 68
Rivers, D. 251
Rizzo, M.J. 286
Roberts, J. 20
Roberts, J. (Justice) 230, 234–9, 240
Roberts, J.D. 135, 269–70, 300
Roberts Court 230, 234–9
Robertson, D.H. 77
Rogers, E.M. 278
Rothbard, M.N. 82, 288–9
Rubin, P.H. 186, 195
Sachs, J.D. 116
Salerno, J.T. 284
Saloner, G. 148
Saussier, S. 42–3, 155, 159
Schaffer, S. 220
Schotter, A. 88–9, 222
Schutz, A. 275, 276
Scott, F.A. 197
Scott, W.R. 59
Segal, I.R. 125
self-enforcement, franchise contracts 199–200
self-interest 14
Selznick, P. 14, 15, 58
Index

Shapiro, C.  142
Shaw, K.L.  197
Shirley, M.  3
Silva, V.  246
Silverman, B.S.  144, 156
Simon, H.A.  10, 49, 51–2, 56, 58, 85–90, 183, 219, 264
simple contractual schema  24–6
simplicity  11
Singh, H.  209
Sjöstrand, S.-E.  273
Skillman, G.L.  216
Slade, M.E.  186
Smith, A.  86, 88
Smith, D.G.  72
social cost, subjectivist approach  274–6
socialist economics and Austrian school  283–4
Solow, R.  11–12, 17
Souter, D.H. (Justice)  237
specific investments  145
specificity  80–82
and transaction costs, labour contracts  218
see also asset specificity
Spiller, P.  246
spontaneous orders  79, 283
Stigler, G.  44
Stiglitz, J.E.  79
strategic alliances  207–10
strategic commitment  142
strategizing approach to business strategy  141–3, 145–9
strategy and transaction costs  205–12
Strauss, S.  21
subjectivism  273–80
sunk costs  145
Sykuta, M.E.  3–4, 155

tacit knowledge  76
Tallman, S.B.  207
Tao, Z.  197
taxi  77
Teece, D.J.  141, 144, 146–7
termination franchise contracts  201–2
Thaler, R.H.  88
Theory of Industrial Organization, The  142
Theory of Moral Sentiments, The  86–7
two-stage conditional maximum likelihood method (2SCML)  251, 258
uncertainty  42–3, 264
and labour contracts  218
union wage rigidities  221
Use of Knowledge in Society, The  76
value creation and alliances  207–9
Vanden Bergh, R.  146
Veblen, T.  67
vertical integration  19, 165–72
empirical challenges  157–8
preventing holdups  123–4
and social networks  211
subjectivist perspective  276–7
theory of the firm  39–44, 233
and Austrian school  281–93
Chicago School and TCE approaches  233
critiques of  265–9
thin and thick notions of bounded rationality  135–6
Thomas, C. (Justice)  238
Tirole, J.  137, 142, 145
Townsend, R.  253
transaction as unit of analysis  127–32
limitations  129–31
transaction cost economics
characteristics  263–5
criticisms of  265–9, 273, 297–302
empirical analysis  152–60, 206–7, 297–9
and human resource management  222–6
and labour economics  216–22
limitations  129–31, 297–303
and new institutional economics  30–31
transaction costs
definition  107–8
and institutional economics  30–31
and labour contracts  217–20
and property rights  96–8
see also costs of exchange
transaction frequency  42, 264
labour contracts  217–18
trust  209–10, 208
two-stage conditional maximum likelihood method (2SCML)  251, 258
use of knowledge in society, the  76
value creation and alliances  207–9
Vanden Bergh, R.  146
Veblen, T.  67
vertical integration  19, 165–72
empirical challenges  157–8
preventing holdups  123–4
and social networks  211
subjectivist perspective  276–7
Vertical Integration, Appropriate Rents, and the Competitive Contracting Practice 45
Vertical Integration of Production, The 55
veto provision 248
Vuong, Q. 251

Wachter, M.L. 221
wage rigidities 220–21
Wallis, J.J. 115
Warner, A.M. 116
Wealth of Nations, The 86
Weber, M. 275
Weyerhaeuser Co. v. Ross-Simmons
Hardwood Lumber Co. 237–9
Whinston, M.D. 125, 126

Williamson, D.V. 247
influence of Hayek 78–81
Wisconsin, University of 66–70
Witt, U. 291–2
Wolf, R. 114
Wolf, W.B. 61
Yellen, J.L. 221
Yu, B.T. 219