

The Sociology of Rational Decision-Making: Trust in Numbers. Sociology 335, Fall 2011. Professor Bruce Carruthers, #203, 1808 Chicago Ave., 467-1251. b-carruthers@northwestern.edu. Office hours: Tuesday and Thursday 4-5 pm, or by appointment.

This course explores the role played by numerical and quantitative information in private and public sector decision-making. More than ever before, organizations produce and consume vast amounts of quantitative data. Such information informs economic and political decision-making at the highest levels. Quantitative data are said to enhance the precision, accuracy, rationality, and objectivity of decisions.

We will examine how quantitative data are produced and consumed in a variety of organizational contexts, what role they play in real-world decision-making, and why such data continues to make us nervous. What circumstances make it easier or harder to derive quantitative measures? Can such data be used to produce rational decisions, or simply to rationalize decisions? We will explore these issues using examples drawn from private and public-sector decision-making.

Course readings include Theodore Porter's Trust in Numbers: The Pursuit of Objectivity in Science and Public Life (Princeton University Press, 1995), Control through Communication: The Rise of System in American Management, by JoAnne Yates (Johns Hopkins, 1989), and A Primer on Decision Making: How Decisions Happen, by James March (Free Press, 1994) as well as a set of articles. The books are available at Norris. Some articles have been posted to the class blackboard, and articles marked JSTOR can be found via NU electronic resources at www.jstor.org.

Class sessions will be run as a mixture of lectures, presentations and discussion. The course requirements include one group project (worth 30% of the grade), one individual take-home assignment (25%), and a final exam (35%). The final will be held during the regular exam period (Monday December 5 at 9 am). General class participation determines the other 10%. I reserve the right to adjust the syllabus if needed.

Feel free to give your notes to a student who missed a class. But do not sell, give away, or otherwise make public the notes taken in my class on any of the various websites that facilitate this (or any other way that this is done). My lectures are my intellectual property and are not for sale unless I sell them.

Course Outline (1-2 weeks per section):

1. Theory of rational decisions. Consequentialism, subjective-expected-utility models, and models of bounded rationality.

A Primer on Decision Making: How Decisions Happen, by James March. Chapters 1-5.

Shafir, Eldar and Robyn A. LeBoeuf. 2002. "Rationality," Annual Review of Psychology 53: 491-517. On blackboard.

2. Counting and measurement: how to create numbers.

C.O. Fraser. 1980. "Measurement in Psychology," British Journal of Psychology 71: 23-34. On blackboard.

Ashworth, William J. 2004. "Metrology and the State: Science, Revenue, and Commerce," Science 306(5700): 1314-1317. On blackboard.

Faust, Drew Gilpin. 2006. "Numbers on Top of Numbers: Counting the Civil War Dead," Journal of Military History 70(4): 995-1009. On blackboard.

MacKenzie, Donald. 2009. "Making things the same: Gases, emission rights and the politics of carbon markets," Accounting, Organizations and Society 34: 440-455. On blackboard.

Timmermans, Stefan. 2005. "Suicide Determination and the Professional Authority of Medical Examiners," American Sociological Review 70(2): 311-333. On blackboard.

3. The orthodox case for quantitative information in decision-making.

Harvard Business School Note 9-191-138 "The Value of Information." On blackboard.

HBS Note 9-894-004 "Decision Analysis." On blackboard.

HBS Note 9-192-068 "A Brief Introduction to Cost Accounting." On blackboard.

4. Counting Close to Home (i.e., school).

Sauder, Michael and Ryon Lancaster. 2006. "Do Rankings Matter? The Effects of U.S. News & World Report Rankings on the Admissions Process of Law Schools," Law and Society Review 40(1): 105-134. On blackboard.

Espeland, Wendy Nelson and Michael Sauder. 2007. "Rankings and Reactivity: How Public Measures Recreate Social Worlds," American Journal of Sociology 113(1): 1-40. On blackboard.

Kimberly Elsbach and Roderick Kramer. 1996. "Members' Responses to Organizational Threats: Encountering and Countering the Business Week Ratings," Administrative Science Quarterly 41: 442-476. JSTOR.

5. History of Corporations and Information.

Chandler, Alfred Jr. and Herman Daems. 1979. "Administrative Coordination, Allocation and Monitoring: A Comparative Analysis of the Emergence of Accounting and Organization in the U.S.A. and Europe," Accounting, Organizations and Society 4: 3-20. On blackboard.

JoAnne Yates. Control through Communication: The Rise of System in American Management. entire book.

6. Critical interpretations of the role of quantitative information.

Meyer, John W. and Brian Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony," American Journal of Sociology 83: 340-363. JSTOR.

Carruthers, Bruce G. and Wendy Espeland. 1991. "Accounting for Rationality: Double-Entry Bookkeeping and the Rhetoric of Economic Rationality," American Journal of Sociology 97: 31-69. JSTOR.

Frank, Robert. 2000. "Why is Cost-Benefit Analysis so Controversial?" Journal of Legal Studies 29: 913-930. On blackboard.

Theodore Porter. Trust in Numbers: The Pursuit of Objectivity in Science and Public Life. entire book.

6. How managers and organizations use information.

Feldman, Martha S. and James G. March, 1981, "Information in Organizations as Signal and Symbol," Administrative Science Quarterly 26: 171-186. JSTOR.

Baldwin, Carliss and Kim Clark. 1994. "Capital-Budgeting Systems and Capabilities Investments in U.S. Companies after the Second World War," Business History Review 68: 73-109. On blackboard.

Kanter, Rosabeth Moss and David V. Summers. 1987. "Doing Well while Doing Good: Dilemmas of Performance Measurement in NonProfit Organizations and the Need for a Multiple-Constituency Approach," in Walter W. Powell ed. The Non-Profit Sector: A Research Handbook. New Haven: Yale University Press. On blackboard.

Langley, Ann. 1989. "In Search of Rationality: The Purposes behind the Use of Formal Analysis in Organizations," Administrative Science Quarterly 34: 598-631. JSTOR.

Haunschild, Pamela R.. 1994. "How Much is That Company Worth?: Interorganizational Relationships, Uncertainty, and Acquisition Premiums," Administrative Science Quarterly 39: 391-411. JSTOR.

Berliner, Joseph S.. 1956. "A Problem in Soviet Business Administration," Administrative Science Quarterly 1: 86-101. JSTOR.

Delaney, Kevin J. 1994. "The Organizational Construction of the Bottom Line," Social Problems 41: 201-222. JSTOR.

William M. O'Barr and John M. Conley. 1992. "Managing Relationships: The Culture of Institutional Investing," Financial Analysts Journal September-October 1992. On blackboard.

Kimberly Elsbach, Robert Sutton and Kristine Principe. 1998. "Averting Expected Challenges Through Anticipatory Impression Management: A Study of Hospital Billing," Organization Science 9: 68-86. JSTOR.

7. Producers and audiences for quantitative information.

Sinclair, Timothy. 2003. "Global Monitor: Bond Rating Agencies," New Political Economy 8(1): 147-161. On blackboard.

Eisenberg, Theodore and Jonathan R. Macey. 2004. "Was Arthur Anderson Different? An Empirical Examination of Major Accounting Firm Audits of Large Clients," Journal of Empirical Legal Studies 1(2): 263-300. On blackboard.

Carson, John. 1993. "Army Alpha, Army Brass, and the Search for Army Intelligence," Isis 84: 278-309. On blackboard.

Plantin, Guillaume, Haresh Sapra and Hyun Song Shin. 2008. "Fair value accounting and financial stability," Financial Stability Review 12: 85-94. On blackboard.

Chatterjee, Aaron and David Levine. 2006. "Breaking Down the Wall of Codes," California Management Review 48(2): 29-51. On blackboard.

Cook, Allan. 2009. "Emission rights: From costless activity to market operations," Accounting, Organizations and Society 34: 456-468. On blackboard.