

# Transaction Cost Economics and Organization Theory

[Get access >](#)

OLIVER E. WILLIAMSON

*Industrial and Corporate Change*, Volume 2, Issue 2, 1993, Pages 107–156,<https://doi.org/10.1093/icc/2.2.107>

Published: 01 May 1993

## Article PDF first page preview

### *Transaction Cost Economics and Organization Theory*

OLIVER E. WILLIAMSON\*  
(University of California, Berkeley, Berkeley, CA 94720, USA)

#### 1. Introduction

Economic and sociological approaches to economic organization have reached a state of healthy tension. That is to be contrasted with an earlier state of affairs in which the two approaches were largely distinct, hence ignored one another, or described each other's research agendas and research accomplishments with disdain (Swedberg, 1990, p. 4). Healthy tension involves genuine give-and-take. Neither the obsolescence of organization theory, to which Charles Perrow has recently alluded (1992, p. 162), nor the capitulation of economics, to which James March (rueful-in-cheek) remarks,<sup>1</sup> is implied.

A more respectful relation, perhaps even a sense that economics and organization are engaged in a joint venture, is evident in W. Richard Scott's remark that 'while important areas of disagreement remain, more consensus exists than is at first apparent' (1992, p. 3), in game theorist David Kreps's contention that 'almost any theory of organization which is addressed by game theory will do more for game theory than game theory will do for it' (1992, p. 1), and in my argument that a science of organization is in progress in which law, economics, and organization are joined.<sup>2</sup>

\* The author is Transamerica Professor of Business, Economics, and Law at the University of California, Berkeley. This paper has benefited from oral presentations to the Macro Organization Behavior Society at the October 1992 meeting at Northwestern, the Stanford Center for Organizational Research, the Institutional Analysis Workshop at the University of California, Berkeley, and the 'Handbook of Economic Sociology Conference' at the Russell Sage Foundation in February 1993. Helpful comments by James Baron, Paul DiMaggio, David Levine, Neil Smelser, and Richard Swedberg are gratefully acknowledged.

I am also grateful to the conference organizers and to the Russell Sage Foundation for permission to publish this version of the paper here. (A somewhat revised version will appear in the *Handbook*.)

<sup>1</sup> James March advised the Fourth International Conference of the Society for the Advancement of Socio-Economics that economics had been so fully reformed that the audience should 'declare victory and go home' (Coughlin, 1992, p. 23).

<sup>2</sup> Richard Posner comes out differently. He argues that 'organization theory' (adds) nothing to economics that the literature on information economics had not added years earlier' (1993, p. 84).

© Oxford University Press 1993

This content is only available as a PDF.

© Oxford University Press

Issue Section: [Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)


Personal account

Institutional access

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

[Register](#)

 Sign in through your institution

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

### **Institutional account management**

[Sign in as administrator](#)

## Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

## Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Transaction Cost Economics and Organization Theory - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

## Rental



This article is also available for rental through DeepDyve.