



Strategizing, economizing, and economic organization

Oliver E. Williamson

First published: Winter 1991

<https://doi.org/10.1002/smj.4250121007>

Abstract

This article argues that strategy, like charity, begins at home. Specifically, economy is the best strategy. That is not to say that strategizing efforts to deter or defeat rivals with clever ploys and positioning are unimportant. In the long run, however, the best strategy is to organize and operate efficiently.

References

Adelman, M. A. 'The antimerger act, 1950-1960', *American Economic Review*, 51, May 1961, pp. 236-244.

| [Google Scholar](#)

Alchian, A. 'Specificity, specialization, and coalitions', *Journal of Economic Theory and Institutions*, 140, March 1984, pp. 34-49.

| [Google Scholar](#)

Alchian, A. and S. Woodward. 'Reflections on the theory of the firm', *Journal of Institutional and Theoretical Economics*, 143 March 1987, pp. 110-136.

| [Google Scholar](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

Aoki, M. 'Toward an economic model of the Japanese firm', *Journal of Economic Literature*, 28, March 1990, pp. 1-27.

[Google Scholar](#) 

Arrow, K. J. 'Economic welfare and the allocation of resources of invention'. In National Bureau of Economic Research (ed.) *The Rate and Direction of Inventive Activity: Economic and Social Factors*. Princeton University Press, Princeton, NJ, 1962, pp. 353-358.

[Google Scholar](#) 

Arrow, K. J. 'The organization of economic activity: Issues pertinent to the choice of market versus nonmarket allocation'. In *The Analysis and Evaluation of Public Expenditure: The PPB System*. Vol. I. U.S. Joint Economic Committee, 91st Congress, 1st Session. U.S. Government Printing Office, Washington, DC, 1969, pp. 59-73.

[Google Scholar](#) 

Asanuma, B. 'Manufacturer-supplier relationships in Japan and the concept of relation specific skills', *Journal of Japanese and International Economics*, 3, March 1989. pp. 1-30.

[Google Scholar](#) 

Ashby, W. Ross. *Design for a Brain*, John Wiley & Sons, New York, 1960.

[Google Scholar](#) 

Barnard, C. *The Functions of the Executive*, Harvard University Press, Cambridge, MA, (fifteenth printing, 1962), 1938.

[Google Scholar](#) 

Barney, J. 'Firm resources and sustained competitive advantage', *Journal of Management*, 17, 1991, pp. 10

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Bergson, A. ‘ Socialist economies’. In H. Ellis (ed.), *Survey of Contemporary Economies*, Blakiston, Philadelphia, PA, 1948, pp. 430–458.

[Google Scholar](#)

Berle, A. A. and G. C. Means, Jr. *The Modern Corporation and Private Property*, Macmillan, New York, 1932.

[Google Scholar](#)

Blinder, A. ‘There are capitalists, then there are the Japanese’, *Business Week*, October 8, 1990, p. 21.

[Google Scholar](#)

Brown, D. ‘Pricing policy in relation to financial control’, *Management and Administration*, 1, February 1924, pp. 195–258.

[Google Scholar](#)

Chandler, A. D., Jr. *Strategy and Structure*, MIT Press, Cambridge, MA, 1962.

[Google Scholar](#)

Strategy and Structure, Subsequently published in Doubleday & Co., New York, 1966.

[Google Scholar](#)

Chandler, A. D., Jr. *The Visible Hand: The Managerial Revolution in American Business*, Harvard University Press, Cambridge, MA, 1977.

[Google Scholar](#)

Chubb, J. and T. Moe. *Schools, Politics, and Markets*, Brookings Institution, Washington, DC, 1990.

[Google Scholar](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Coase, R. H. 'The regulated industries: Discussion', *American Economic Review*, **54**, May 1964, pp. 194–197.

[Google Scholar](#) 

Coase, R. H. 'The new institutional economics', *Journal of Institutional and Theoretical Economics*, **140**, March 1984, pp. 229–231.

[Google Scholar](#) 

Coase, R. H. 'The nature of the firm: Influence', *Journal of Law, Economics, and Organization*, **4**, Spring 1988, pp. 33–47.

[Google Scholar](#) 

Commons, J. R. 'Law and economics', *Yale Law Journal*, **34**, 1925, pp. 371–382.

[Google Scholar](#) 

Commons, J. R. *Institutional Economics*, University of Wisconsin Press, Madison, WI, 1934.

[Google Scholar](#) 

Contractor, F. 'The role of licensing in international strategy', *Columbia Journal of World Business*, Winter 1981, pp. 73–83.

[Google Scholar](#) 

Dahl, R. A. 'Power to the workers?' *New York Review of Books*, November 19, 1970, pp. 20–24.

[Google Scholar](#) 

Dosi, G. 'Technological paradigms and technological trajectories', *Research Policy*, **11**, 1982, pp. 147–162.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

The Economist. 'Chrysler and Mitsubishi Motors', April 20, 1991, p. 71.

[Google Scholar](#) 

Emmett, W. 'International finance: Gamblers, masters, and slaves', *The Economist*, April 27, 1991, pp. 5-52.

[Google Scholar](#) 

Fama, E. F. 'Agency problems and the theory of the firm', *Journal of Political Economy*, 88, 1980, pp. 288-307.

[Google Scholar](#) 

Galbraith, J. K. *The New Industrial State*, Houghton-Mifflin, Boston, MA, 1967.

[Google Scholar](#) 

Gilson, R. and R. Mnookin. 'Sharing among the human capitalists: An economic inquiry into the corporate law firm and how partners split profits', *Stanford Law Review*, 37, January 1985, pp. 313-397.

[Google Scholar](#) 

Grossman, S. J. and O. D. Hart. 'Corporate financial structure and managerial incentives', In J. J. McCall (ed.), *The Economics of Information*, The University of Chicago Press, Chicago, IL, 1982, pp. 107-140.

[Google Scholar](#) 

Grossman, S. J. and O. D. Hart. 'The costs and benefits of ownership: A theory of vertical and lateral integration', *Journal of Political Economy*, 94, August 1986, pp. 691-719.

[Google Scholar](#) 

Hansmann, H. 'A general theory of ownership', unpublished manuscript, 1986.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

Hayek, F. 'The use of knowledge in society', *American Economic Review*, **35**, September 1945, pp. 519-530.

[Google Scholar](#) 

Hayes, R. H. and S. Wheelwright. *Restoring Our Competitive Edge: Competing Through Manufacturing*, John Wiley, New York, 1984.

[Google Scholar](#) 

Heide, J. and G. John. 'The role of dependence balancing in safeguarding transaction-specific assets in conventional channels', *Journal of Marketing*, **52**, January 1988, pp. 20-35.

[Google Scholar](#) 

Holmstrom, B. 'Agency costs and innovation', *Journal of Economic Behavior and Organization*, **12**, December 1988, pp. 305-327.

[Google Scholar](#) 

Holmstrom, B. and P. Milgrom. 'Regulating trade among agents', *Journal of Institutional and Theoretical Economics*, **146**, March 1989, pp. 85-105.

[Google Scholar](#) 

Kenney, R. and B. Klein. 'The economics of block booking', *Journal of Law and Economics*, **26**, October 1983, pp. 497-540.

[Google Scholar](#) 

Klein, B. 'Transaction cost determinants of 'unfair' contractual arrangements', *American Economic Review*, **70**, May 1980, pp. 356-362.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Knight, F. H. ‘Review of Melville J. Herskovits’, ‘Economic Anthology’, *Journal of Political Economy*, 49, April 1941, pp. 247–258.

 | [Google Scholar](#)  |

Kreps, D. ‘Corporate culture and economic theory’, unpublished manuscript, 1984.

 | [Google Scholar](#)  |

Kreps, D. M. and M. Spence. ‘Modelling the role of history in industrial organization and competition’. In George Feiwel (ed.), *Issues in Contemporary Microeconomics and Welfare*, Macmillan, London, 1985, pp. 340–379.

 | [Google Scholar](#)  |

Lange, O. ‘On the theory of economic socialism’, In Benjamin Lippincott (ed.), *On the Economic Theory of Socialism*, University of Minnesota Press, Minneapolis, MN, 1938, pp. 55–143.

 | [Google Scholar](#)  |

Levine, D. ‘Employee involvement efforts’, unpublished manuscript, 1990.

 | [Google Scholar](#)  |

Mahoney, J. and J. R. Pandian. ‘The resource-based view of the firm’, unpublished manuscript, 1990.

 | [Google Scholar](#)  |

Mason, E. S. ‘Preface’, to C. Kaysen and D. Turner, *Antitrust Policy*, Harvard University Press, Cambridge, MA, 1959, pp. xi–xxiii.

 | [Google Scholar](#)  |

Masten, S. ‘Transaction costs, institutional choice, and the theory of the firm’. Unpublished Ph.D. dissertation,

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Milgrom, P., D. North and B. Weingast. 'The role of institutions in the revival of trade', *Economics and Politics*, 2, March 1989, pp. 1–24.

[Google Scholar](#) 

Montgomery, C. and B. Wernerfelt. 'Diversification, Picardian rents, and Tobin's q', *Rand Journal of Economics*, 19, 1988, pp. 623–632.

[Google Scholar](#) 

Nelson, R. and S. Winter. *An Evolutionary Theory of Economic Change*, Harvard University Press, Cambridge MA, 1982.

[Google Scholar](#) 

Ouchi, W. G. *Theory Z*, Addison-Wesley, Reading, MA, 1981.

[Google Scholar](#) 

Pelikan, P. 'Evolution, economic competence, and the market for corporate control', *Journal of Economic Behavior and Organization*, 12, December 1989, pp. 279–304.

[Google Scholar](#) 

Penrose, E. *The Theory of Growth of the Firm*, John Wiley & Sons, New York, 1959.

[Google Scholar](#) 

Peteraf, M. A. 'The cornerstone of competitive advantage: A resource-based view', Discussion Paper No. 90–29. Kellogg Graduate School of Management, Northwestern University, 1990.

[Google Scholar](#) 

Prahalad, C. K. and G. Hamel. 'The core competence of the corporation', *Harvard Business Review*, 68, 1990,

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Rumelt, R. 'Towards a strategic theory of the firm', n R. Lamb (ed.), *Competitive Strategy Management*, Prentice-Hall, Englewood Cliffs, NJ, 1984, pp. 556–570.

[Google Scholar](#) 

Rumelt, R. 'Theory, strategy, and entrepreneurship', In D. Teece (ed.), *The Competitive Challenge*, Harper and Row, New York, 1987, pp. 137–158.

[Google Scholar](#) 

R. Rumelt, D. Schendel and D. Teece (eds.), *Fundamental Issues in Strategy*, Harvard Business School Press, Boston, MA, 1992.

[Google Scholar](#) 

Salop, S., and D. Scheffman. 'Raising rival's costs', *American Economic Review*, **73**, May 1983, pp. 267–271.

[Google Scholar](#) 

Schumpeter, J. A. *Capitalism, Socialism, and Democracy*, Harper and Row, New York, 1942.

[Google Scholar](#) 

Schumpeter, J. A. 'The creative response in economic history', *Journal of Economic History*, **7**, November 1947, pp. 149–159.

[Web of Science®](#)  [Google Scholar](#) 

Schwadel, F. 'Sears's Brennan faces facts about costs', *Wall Street Journal*, August 10, 1990, p. B1.

[Google Scholar](#) 

Shapiro, C. 'The theory of business strategy', *RAND Journal of Economics*, **20** (Spring) 1989, pp. 125–137.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Shleifer, A. and L. Summers. ‘Breach of trust in hostile takeovers’. In A. Auerbach, (ed.), *Corporate Takeovers: Causes and Consequences*, University of Chicago Press, Chicago, IL, 1988, pp. 33–56.

[Google Scholar](#) 

Shleifer, A. and R. Vishny. ‘The Takeover Wave of the 1990s’, W. P. 288 (unpublished manuscript), 1990.

[Google Scholar](#) 

Simon, H. *Administrative Behavior*, Macmillan, New York, 1947, 2nd ed, 1961.

[Google Scholar](#) 

Simon, H. ‘The architecture of complexity’, *Proceedings of the American Philosophical Society*, **106**, December 1962, pp. 467–482.

[Google Scholar](#) 

Sloan, A. P., Jr. *My Years with General Motors*, MacFadden, New York, 1964.

[Google Scholar](#) 

Teece, D. J. ‘Towards an economic theory of the multiproduct firm’, *Journal of Economic Behavior and Organization*, **3**, March 1982, pp. 39–64.

[Google Scholar](#) 

Teece, D. J. ‘Profiting from technological innovation’, *Research Policy*, **15**, December 1986, pp. 285–305.

[Google Scholar](#) 

Wernerfelt, B. ‘A resource-based view of the firm’, *Strategic Management Journal*, **5**, 1984, pp. 171–180.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

Williamson, O. E. 'The vertical integration of production: Market failure considerations', *American Economic Review*, 61, May 1971, pp. 112-123.

[Google Scholar](#) 

Williamson, O. E. *Markets and Hierarchies: Analysis and Antitrust Implications*, Free Press, New York, 1975.

[Google Scholar](#) 

Williamson, O. E. 'Transaction-cost economics: The governance of contractual relations', *Journal of Law and Economics*, 22, October 1979, pp. 233-261.

[Google Scholar](#) 

Williamson, O. E. 'Credible commitments: Using hostages to support exchange', *American Economic Review*, 73, September 1983, pp. 519-540.

[Google Scholar](#) 

Williamson, O. E. *The Economic Institutions of Capitalism*, Free Press, New York, 1985.

[Google Scholar](#) 

Williamson, O. E. 'The economics and sociology of organization: Promoting a dialogue'. In G. Farkas and P. England (eds.), *Industries, Firms, and Jobs*, Plenum, New York, 1988a, pp. 159-185.

[Google Scholar](#) 

Williamson, O. E. 'Corporate finance and corporate governance', *Journal of Finance*, July 1988b, pp. 567-591.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Williamson, O. E. 'Markets, hierarchies, and the modern corporation: An unfolding perspective', unpublished manuscript, 1990a.

 [Google Scholar](#) 

Williamson, O. E. 'Chester Barnard and the incipient science of organization', In O. Williamson (ed.), *Organization Theory: From Chester Barnard to the Present and Beyond*, Oxford University Press, New York, 1990b, pp. 172–206.

 [Google Scholar](#) 

Williamson, O. E. 'Comparative economic organization: The analysis of discrete structural alternatives', *Administrative Science Quarterly*, 36, June 1991, pp. 269–296.

 [Web of Science®](#)  [Google Scholar](#) 

Winter, S. 'Knowledge and competence as strategic assets', In D. Teece (ed.), *The Competitive Challenge*, Harper & Row, New York, 1987, pp. 159–184.

 [Google Scholar](#) 

Citing Literature



[Download PDF](#)



This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

HELP & SUPPORT

[Contact Us](#)

[Training and Support](#)

[DMCA & Reporting Piracy](#)

[Sitemap](#)

OPPORTUNITIES

[Subscription Agents](#)

[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

[The Wiley Network](#)

[Wiley Press Room](#)

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential