Diffusion and delegitimation: The growth of trusts and the rise of antitrust law, 1865-1930

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Dr. Kennedy was educated at Northwestern University and Stanford University. He received his Ph.D. (Joint Program in Management and Organizations and Sociology) and MBA degrees from Northwestern and its Kellogg School of Management. Before coming to Imperial, Dr. Kennedy was at the University of Southern California’s Marshall School of Business. Dr. Kennedy's research focuses on the emergence of new markets and industries and the more basic building blocks of organising—categories, identities, forms, strategies, practices, reputation criteria and so on.

[Abstract] Organization theory generally views diffusion as leading to legitimacy, but as in the case of the growth of trusts and the rise of antitrust law in the United States, increasing prevalence can also lead to censure. To explain this apparent contradiction, this research offers a theoretical model of diffusion in which prevalence supports recognition of new social realities whose legitimacy or illegitimacy is then determined by precedents, or case-derived principles that guide future action. To illustrate the model, I use methods of analytical history to retell the history of trusts from 1865-1930—highlighting themes of secrecy, uncertainty, and publicity—and test related hypotheses linking trust establishments and breakups to precedents established in federal antitrust litigation. Findings extend theory about diffusion and institutionalization by showing that precedents can pivot the usual legitimating effect of prevalence toward censure. For future research, this raises questions of when this is likely.