CONTENTS

1	Introduction	1
2	Antecedents of the Behavioral Theory of the Firm	4
	2.1 The theory of the firm, 5	
	2.2 Organization theory, 16	
	2.3 Research questions in a revised theory of firm decision making, 19	
	2.4 Summary, 21	
	Appendix Mathematical theory of the firm, 22	
з	Organizational Goals	26
	3.1 The problem of collective goals, 26	
	3.2 The goal formation process, 29	
	3.3 Business goals and price and output decisions, 40	
	3.4 Summary, 43	
4	Organizational Expectations	44
	4.1 Expectations in theories of business decision making, 44	

- 4.2 Four case studies in the use of expectations, 47
- 4.3 Communications in theories of business decision making, 67
- 4.4 Two experiments on organizational communication, 67
- 4.5 Implications for a theory of organizational expectations, 77

5 Organizational Choice

- 5.1 A partial model of organizational choice, 84
- 5.2 The firm as an adaptive institution, 99
- 5.3 Standard operating procedures, 101
- 5.4 Summary, 113

6 A Summary of Basic Concepts in the Behavioral Theory of the Firm 114

- 6.1 Goals, expectations, and choice, 115
- 6.2 Four major relational concepts, 116
- 6.3 The basic structure of the organizational decision-making process, 125

7 A Specific Price and Output Model

- 7.1 General view of price and output determination in a retail department store, 129
- 7.2 Details of output determination, 132
- 7.3 Details of price determination, 137
- 7.4 Tests of the detailed models, 144
- 7.5 Summary, 147

8 A General Model of Price and Output Determination

- 8.1 A general model, 150
- 8.2 An exploration of some properties of the model, 172
- 8.3 Summary, 182
- Appendix 20-gate listing of program with sample input and output, 183

9 A Model of Rational Managerial Behavior

by O. E. Williamson

- 9.1 Managerial rationality and profit maximization, 238
- 9.2 Motivating the model, 240
- 9.3 The model, 244
- 9.4 A particular application of the analysis, 250

149

128

10 A Model of Trust Investment Behavior

	by G. P. E. Clarkson	
	 10.1 General considerations, 254 10.2 Postulates and data for the model, 254 10.3 The decision model, 256 10.4 Testing the model, 264 10.5 The model and the behavioral theory of the firm, 266 	
11	Some Implications	268
	 11.1 Descriptive analysis: the firm, 269 11.2 Descriptive analysis: aggregates of firms, 279 11.3 Descriptive analysis: nonbusiness organizations, 284 11.4 Normative analysis: the firm, 289 11.5 Normative analysis: economic policy, 293 11.6 Summary, 297 	
A	Assumption, Prediction, and Explanation in Economics by R. M. Cyert and E. Grunberg	298
	 A.1 Nature of prediction and explanation, 299 A.2 Prediction in economics, 301 A.3 Nature and use of assumptions, 302 A.4 A positive approach, 308 	
в	Computer Models in Dynamic Economics by K. J. Cohen and R. M. Cyert	312
	 B.1 Theory construction (model building), 313 B.2 General characteristics of computer models, 315 B.3 Methodological problems of computer models, 318 B.4 Review of the literature, 320 B.5 Future of computer models, 324 	

253