



Course information 2019–20

MN3127 Organisation theory: an interdisciplinary approach

This course explores the ways in which organisations can be designed (by management or others) in order to achieve their objectives. This is an interdisciplinary course drawing centrally upon psychology, sociology, economics and, to a lesser extent, management theory.

Prerequisite

If taken as part of a BSc degree, the following courses must be passed before this course may be attempted:

MN1178 Business and management in a global context.

Aims and objectives

This course explores the ways in which organisations can be designed (by management or others) in order to achieve their objectives. It exposes students to the ways in which economists, psychologists and sociologists address this and related issues. It is, therefore, an interdisciplinary course comparing and contrasting the contribution of the core social science disciplines to the study of organisations.

The course draws upon both theoretical and empirical materials and students will be encouraged to draw upon their own local knowledge in pursuing their studies. There will be an emphasis (though not exclusive) on organisations, set up with an economics objective.

Learning outcomes

At the end of this course and having completed the essential reading and activities students should be able to:

- describe the essential features of organisations
- discuss the factors shaping these features
- describe the evolution of different organisational designs/types
- discuss how managers may build and change organisations
- describe how different organisational forms impact on the individual within organisations.

Assessment

This course is assessed by a three-hour unseen written examination.

Essential reading

For full details, please refer to the reading list

Buchanan, D. and A. Huczynski *Organizational behaviour: an introductory text*. (London: Prentice Hall)

Douma, S. and H. Schreuder *Economic approaches to organisations*. (London: Prentice Hall)

Students should consult the appropriate *EMFSS Programme Regulations*, which are reviewed on an annual basis. The *Regulations* provide information on the availability of a course, where it can be placed on your programme's structure, and details of co-requisites and prerequisites.

Syllabus

This is a description of the material to be examined. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading

Introduction

- Attempts to define organisations of differing types and differing objectives. Normative and positive theories.
- Division of labour, specialisation, productivity, economies of scale and the problem of co-ordination (motivations/incentives and information).
- Markets and organisations as alternative coordinating mechanisms. Contrasting market and employment contracts (incentives, risk sharing and information assets).
- The market organisational contractual continuum. Competitive markets, 'real' markets, long term contracts (fixed cost to cost plus), joint ventures, alliances, informal networks, franchising etc.
- Coordination and role of: motivation/incentives, communication/ information/knowledge, bargaining power and authority, culture/ norms/trust/commitment, democratic process.
- Introduction to the nature of Hierarchical organisations.
- Vertical boundaries (make-buy).
- Horizontal boundaries (Divisional, conglomerates etc).
- Hierarchical structures (size, span, depth).
- Ownership/governance.

Theories of boundaries:

- Transaction costs; assumptions, bounded rationality, opportunism, incomplete contracts; transactional characteristics, asset specificity, uncertainty, complexity, frequency. Team production and externalities.
- Property rights theory.
- Monopoly power, information knowledge and rents, competitive advantage.
- Role of managerial objectives/motivation.
- Role of legislation (national variations).
- Ideology.

The evolution of organisations

- Evolution of contracts.
- Evolution of organisational types: peer groups, multifunctional; multi-divisional, conglomerates, Alliances, networks, long term (relational), contacting. Centralised v decentralised organisation (discretion).

Studying organisations

- Organisation, group and individual levels of study and their inter-relationship.
- Contribution of statistical models and case studies.
- Contribution of elementary game theory (one-shot and repeated).
- Contribution of network (graph theoretic) models.
- Critical theories of organisation.

Organisations as contractually coordinated mechanisms.

- Taylor, standardisation, rationalisation and scientific management; "Fordism".
- Theories and critiques of bureaucracy.
- Centralisation, decentralisation and discretion/incomplete contracts.
- Organisation as an algorithm.
- Control loss, coordination loss.

Organisations as Incentive/ Motivationally coordinated mechanisms.

- Introduction to principal agent theory.
- Team production and externalities.
- Psychological models of motivation: Human relations; Human resource management; Group and team context (production); Motivational reactions to organisational design.

Organisations as authority/ power/coordinated mechanisms

- Nature of power. Authority and influence.
- Bargaining power.
- Sources of power.
- Power and participation/decentralisation.

Organisations as Information/ Knowledge distributively coordinated mechanisms

- Coordination and information (games).
- Theory of teams.
- Hidden information/action.
- Demand for information and participation.

Organisations as 'Culturally' coordinated mechanisms

- Nature of culture.
- Trust, leadership, sacrifice and commitment.
- Social capital.
- Corporate culture/ambient cultures.
- National business systems.

Determinants of hierarchal structures (shape).

- Contingency theory.
- Population ecology/institutional theory.
- Hierarchy (or hybrid organisation) as an optimal mechanism – given operating environment - for combining: rules/contracts, incentives, authority, information, culture.

Corporate Governance

- Ownership and control; participation and organisational democracy.