



ORGANIZATION DESIGN

Term III (April 16th – June 15th)

INSTRUCTORS

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COURSE DESCRIPTION

The objective of this course is to introduce students to the processes and tools for designing organization structure. The course uses diverse theoretical perspectives to help students understand how the design of organizations affects performance.

The first part (classes 1-5) attempts to explain organization structure based on optimal coordination of interactions among activities. The main idea is that the optimal design of the organization trades off the costs and benefits of various configurations.

The second part (classes 6-10) introduces new challenges in organizational design, coming from changes in competitive, technological and institutional environment; dynamic capabilities and innovation, interorganizational networks and global competition, modularity and new organizational forms.

This course encourages the application of advanced conceptual and theoretical perspectives to the design of organizations and the linkage mechanisms that organizations must develop to manage their environments.

EXAM & EVALUTATION

Article presentation & Discussion

40% - Each student will be required to complete all the required readings each class, and to be prepared to discuss them in the seminar. In addition, each student will be responsible for making a formal presentation of one of the readings to the class. The article presentation sessions will be organized as follows: at first, one student (*presenter*) will present the article (30-40 minutes) as he would be the author. At the end of the presentation two students (*discussants*), whose role has been assigned at least one week before, will discuss the article.

Term Paper

60% - Each student will be required to write an original paper based on the literature covered in the course. The paper should present a conceptual/theoretical framework concerning an organizational level question. The paper must present an underlying theoretical rationale and contain the key elements of a theory as discussed in class. Each



paper will be presented at the end of the course to the class. The paper is expected to be between 6,000 and 10,000 words inclusive of all exhibits and references.

TOPICS

Class 1 - Organizational Theory and Organizational Design

Specific questions & Aims

What are the links between organizational theory and organizational design? What are the key developments in organization structure and design?

Required readings

- ANAND N., DAFT R.L., 2007, "What is the Right Organization Design?", *Organizational Dynamics*, Vol. 36, No. 4, pp. 329–344, 2007
- GREENWOOD R., MILLER D., 2010, "Tackling design anew: Getting back to the heart of organizational theory", *Academy of Management Perspectives*, 24(4), 78 – 88
- MCGRATH R.G., 2006, "Beyond Contingency: From Structure to Structuring in the Design of the Contemporary Organization", 577-597, in Clegg S.T. *et alii* (eds.), *Organization Studies*, 2nd edition, Sage, London.
- DUNCAN R., 1979, "What is the Right Organization Structure?", *Organization Dynamics*, 7, 59-80
- KLAASJAN V.J., VISSCHER-VOERMAN J.I.A., 2010, "Organizational design approaches in management consulting", *Management Decision*, 48(5), 713-731
- RUSSO M.V., HARRISON N.S., 2005, "Organizational Design and Environmental Performance: Clues from the Electronics Industry", *The Academy of Management Journal*, 48(4), 582-593

Classes 2-3 – Organizational Design: Processes and Approaches

Specific questions & Aims

What are basic organizational design challenges and the links with organizational theory? How does the external environment affect organizational design?

Required readings

- CHILD J., 1997, "Strategic Choice in the analysis of Action, Structure Organizations and the Environment: Retrospect and Prospect", *Organization Studies*, 18, 43-77
- ENSIGN P. C., 1998, "Interdependence, Coordination and Structure in Complex Organizations: Implications for Organization Design", *Mid-Atlantic Journal of Business*, 34 (1).
- HUBER G. P., MCDANIEL R. R., 1986, "The Decision Making Paradigm of Organization Design", *Management Science*, 32(5), 572-589.
- PUGH D.S., HICKSON D.J., HININGS C.R., TURNER C., 1968, "Dimensions of Organization Structure", *Administrative Science Quarterly*, 13(1), 65-195
- RICHARDSON H. A, VANDENBERG R. J., BLUM T. C., ROMAN P. M., 2002, "Does Decentralization Make a Difference for the Organization? An Examination of the Boundary Conditions Circumscribing Decentralized Decision-Making and Organizational Financial Performance", *Journal of Management*, 28(2), 217-244.
- KEREN M., LEVHARI D., 1979, "The Optimum Span of Control in a Pure Hierarchy", *Management Science*, 25(11), 1162-1172.
- VICTOR B., BLACKBURN R., S., 1987, "Interdependence: An Alternative Conceptualization", *Academy of Management Review*, 12(3), 486-498.



Classes 4-5 – Organizational Forms

Specific questions & Aims

What are the alternative organizational forms? How to group and coordinate tasks and activities to create a competitive organization?

Required readings

- FOSS N. J., 2002, “New Organizational Forms – Critical Perspectives”, *International Journal of the Economics of Business*, 9 (1), 1-8.
- HARRIS M., RAVIV A., 2002, “Organization design”, *Management Science*, 48 (7), 852–865
- MINTZBERG H., 1980, “Structure in 5’s: A Synthesis of the Research on Organization Design”, *Management Science*, 26 (3), 322-341.
- RIVKIN J.W., SIGGELKOW N., 2003, “Balancing Search and Stability: Interdependencies Among Elements of Organizational Design”, *Management Science*, 49, 290-311
- SCHILLING M. A., STEENSMA H. K., 2001, “The Use of Modular Organization Forms: An Industry Level Analysis”, *Academy of Management Journal*, 44 (6), 1149-1168.
- SNOW C., C., DOREEN R.S., LETTL C., 2009, “Blade.org: A collaborative community of firms”, in Bøllingtoft, A., Håkonsson, D., D., Nielsen, J., F., Ulhøi, J. (eds.), 2009, *New Approaches to Organization Design*. New York: Springer.
- JENSEN K. W., HÅKONSSON D. D., BURTON R. M., OBEL B., 2009, “Embedding Virtuality into Organization Design Theory: Virtuality and Its Information Processing Consequences”, in Bøllingtoft, A., Håkonsson, D., D., Nielsen, J., F., Ulhøi, J. (eds.), 2009, *New Approaches to Organization Design*. New York: Springer.
- ROBERTS J., 2004, *The Modern Firm*. New York: Oxford University Press (chp. 1-2-3)
- SAHAYM A., SCHILLING M. A., STEENSMA H., K., 2007, “The Influence of Information Technology on the Use of Loosely Coupled Organizational Forms: An Industry-Level Analysis”, *Organization Science*, 18 (5), 865-880.

Class 6 - Dynamic Capabilities & Organizational Design

Specific questions & Aims

What are the main design challenges that organizations face when developing and managing their capabilities? What are the mechanisms through which organizations develop dynamic capabilities?

Required readings

- ZOLLO M., WINTER S., 2002. **Deliberate Learning and the Evolution of Dynamic Capabilities**. *Organization Science*, 13(3): 339-351.
- DUNCAN R., A. WEISS. 1979. **Organizational learning: Implications for organizational design**. *Research in Organizational Behavior*, 1 75-123.
- COHEN W. M., LEVINTHAL D. A., 1990. Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35 128-152.

Class 7 - Managing Organizational Boundaries

Specific questions & Aims

What are the inter-organizational design issues in strategic alliances and networks? What are the inter-organizational design issues in mergers and acquisitions?



Required readings

- LARSSON R., FINKELSTEIN, S. 1999, “Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization”, *Organization Science*, 10(1): 1-26.
- GULATI R., GARGIULO M. 1999. Where do interorganizational networks come from? *The American Journal of Sociology*, 104(5): 1439-1493.
- SODA, G., USAI, A., ZAHEER, A. 2004. Network memory: the influence of past and current networks on performance. *Academy of Management Journal*, 47(6): 893-906.

Class 8 - Organizational Architectures for Multinational Corporation

Specific questions & Aims

What are the organizational design peculiarities of multinational firms? How do multinational corporations manage the organizational relationships with foreign subsidiaries?

Required readings

- KOZA M.P., TALLMAN S., ATAAY A., 2011, “The strategic assembly of global firms: a microstructural analysis of local learning and global adaptation”, *Global Strategy Journal*, 1: 27-46
- TALLMAN S., KOZA M.P., 2010, “Keeping the global in mind: the evolution of the headquartes in global multibusiness firms”, *Management International Review*, 50(4): 433-448
- MEYER K.E., MUDAMBI R., NARULA R., 2011, “Multinational Enterprises and Local Contexts: The Opportunities and Challenges of Multiple Embeddedness” *Journal of Management Studies*, 48:235-252
- SUNDARAM, A. K. AND BLACK, J. S. (1992). ‘The environment and internal organization of multinational enterprises’. *Academy of Management Review*, 17, 729–57.

Class 9 - Organizational Design and Innovation

What are the relations between alternative organizational designs and a firm’s ability to explore as well as exploit? Should organizations achieve ambidexterity through differentiation or through integration?

Required readings

- TUSHMAN M., SMITH W. K., WOODY R.C., WESTERMANZ G., O’REILLY C., 2010, “Organizational designs and innovation streams”, *Industrial and Corporate Change*, 19(5), 1331–1366
- RAISCH S., BIRKINSHAW J., PROBST G., TUSHMAN M.L., 2009, “Organizational Ambidexterity: Balancing Exploitation and Exploration for Sustained Performance”, *Organization Science*, 20(4), 685–695
- RAISCH S., BIRKINSHAW J., 2008, “Organizational Ambidexterity: Antecedents, Outcomes, and Moderators”, *Journal of Management*, 34(3), 375-409

Class 10 - Modularity & Organizational Design

Specific questions & Aims

Is modularity theory useful in organizational design? At which levels can modularity be applied to organizational design?



Required readings

- CAMPAGNOLO D., CAMUFFO A., 2010, “The concept of modularity in management studies: a literature review” *International Journal of Management Reviews*, 12(3), 259-283.**
- SCHILLING, M.A. STEENSMA, H.K., 2001, The use of modular organizational forms: an industry-level analysis. *Academy of Management Journal*, 44, 1149–1168.**
- LANGLOIS, R.N. (2002). Modularity in technology and organization. *Journal of Economic Behavior and Organization*, 49, 19–37.
- ETHIRAJ, S.K. AND LEVINTHAL, D. (2004a). Bounded rationality and the search for organizational architecture: an evolutionary perspective on the design of organizations and their evolvability. *Administrative Science Quarterly*, 49, 404–437.

AN OUTLINE FOR ASSESSING A SCHOLARLY ARTICLE

The topic of the paper: what is the paper about?

What is the central argument of the paper?

If the paper is theoretical/conceptual: what is the theory?

- What is the theoretical paradigm?
- What are the relevant units and levels of analysis?
- Is the theory internally consistent? If not, where are the inconsistencies?
- What non-obvious / interesting predictions does the theory make?
- Is the theory useful?
- Do you find the theory persuasive, if not, why not?

If the paper is an empirical study

- What motivated the study?
- Are the hypotheses appropriate to addressing the research question?
- Are the theoretical constructs appropriate for testing the hypotheses?
- Are the variables appropriate operationalizations of the theoretical constructs?

How were alternative explanations controlled for?

- How were other influences on statistical outcomes controlled for?
- How was internal and external validity treated?
- Is the research design appropriate? Could another design have produced more precise/powerful results?
- Are the conclusions and interpretations consistent with the empirical evidence presented?
- What important questions remain?
- Do you find the evidence persuasive? Why or why not?