

## Course information 2025-26

# MN3127 Organisation Theory: An Interdisciplinary Approach

### General information

**MODULE LEVEL:** 6

**CREDIT:** 30

**NOTIONAL STUDY TIME:** 300 hours

**MODE:** Locally Taught and Independent Learner Route Only (not available for Online Taught students)

### Summary

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.

### Conditions

Please refer to the relevant programme structure in the EMFSS Programme Regulations to check:

- where this course can be placed on your degree structure; and
- details of prerequisites and corequisites for this course.

You should also refer to the Exclusions list in the EMFSS Programme Regulations to check if any exclusions apply for this course.

### 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.

## **Employability skills**

Below are the three most relevant employability skills that students acquire by undertaking this course which can be conveyed to future prospective employers:

1. Complex problem solving
2. Decision making
3. Creativity and innovation

## **Essential reading**

For full details, please refer to the reading list

Buchanan, D. and A. Huczynski Organizational behaviour: an introductory text. (London: Prentice Hall, 2006) sixth edition [ISBN 978-0273708353]

Douma, S. and H. Schreuder Economic approaches to organisations. (London: Prentice Hall, 2017) sixth edition [ISBN 978-1292128900]

## **Assessment**

This course is assessed by a three-hour and fifteen-minute closed-book written examination.

# Syllabus

## 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 coordination (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.