Introduction

Managers face the challenge of managing effectively in a rapidly-changing environment that has no geographic boundaries. They need to figure out how to adjust and respond to:

- Rapid technological change
- Increased complexity in the market
- Climate change and the environment
- Rising diversity in the workplace and society
- Uncertain global environment
- Demands for ethical management and corporate social responsibility

One important way in which companies adjust and respond to these challenges presented by the environment is through organization design (structure/architecture). How much decision-making authority should be given to various units and individuals? Should the company be centralized or decentralized? Should the company provide strong or weak individual incentives, and to what should the incentives be linked? Should units and employees be monitored closely, or only periodically and in a broad fashion? How should the specific choices on allocation of decision-making, incentives and monitoring be linked?

Different companies choose different solutions to the problem of organization design. For example, Apple, uses a centralized decision-making with high pay and relatively weak incentives, but strong monitoring. Other successful companies are more decentralized and rely more on performance pay, such as Pearl Automation, established by ex-Apple employees. Some companies choose their organization design on the basis of formulaic answers contained in “best practices” and fads; this may be tempting, but this may not be good because it may be best suited to a company’s specific circumstances. To make a
positive difference and create competitive advantage, managers must analyze complicated facts and prescribe creative solutions that suit the organization’s specific circumstances, opportunities, strengths, weaknesses and business strategy.

The principal goal of this course is to help figure out what managers can do to make organizations gain competitive advantage through organizational design.

Course objectives

1. Provide an introduction to the complex relationships among an organization's design/architecture/structure, behavior and performance
2. Understand how these relationships depend on company strategy, technology, size and other contingencies
3. Connect and integrate knowledge from other courses
4. Think critically about the organization in its entirety and about the role of impactful HR

We will pursue these objectives by studying theoretically how to design an organization’s architecture (structure) and by analyzing the design of actual companies. Students’ case studies/company audits will analyze in depth individual organizations.

Each class will consist of approximately 50% lecture and the rest of discussion and group and individual exercises. Please read the material in advance – this is a condition for learning in this class. Please sit next to you group members to facilitate discussion.

Required readings

Case study/audit paper

Material studied in the course will be applied to the analysis of actual companies. You will continue to study the same company with the same student team from HRIR 6001.

1. Delta Airlines
2. Ford
3. Google
4. Microsoft
5. Stratasys
6. Starbucks
7. Costco
8. Bank of America
9. Johnson & Johnson
10. Exxon Mobil

At the end of the course each team will present its case study in class and turn in a paper. All team members will receive the same grade for the paper and presentation. Each team member should participate in the presentation. The presentation will be 15 minutes long. At the end of the course, you will have an opportunity to evaluate the other members of your team for their contributions to the team’s work.

Sections of the case/audit paper and presentation:
I. Brief company history – about one page.
II. Details of organizational design/architecture/structure – about 10 pages
   1. Company level
      A. Describe the business strategy
      B. Organizational hierarchy: tiers and span of control
      C. Unit grouping and divisionalization
      D. Profit, cost and other accountability centers
      E. Vertical integration and outsourcing
   2. Workplace level: focus on one group of core employees, such as assembly workers in a manufacturing plant, engineers in a software development firm, etc.
      A. Describe the task environment
      B. Analyze the HRM system and job design
      C. Decision-making: delegation, teams and empowerment
      D. Compensation, incentives and rewards
      E. Monitoring, supervision and span of control
      F. Recruiting
      G. Training
      H. Promotion, internal labor market
III. Critical examination of organizational design – about 4 pages
   A. what are the strengths of the design?
   B. what are the weaknesses of the design?
   C. how would you improve the existing design?

Information about your company will be derived from multiple sources, including media articles, company documents, and interviews with employees of the company (if feasible), etc. Be sure to document the sources of information in your paper (i.e., include references).
The paper will be approximately 15 double-spaced pages in length and 12-point pitch.

**Problem set assignment**: A problem set will be assigned. The assignment will be posted on the course Moodle site and will be submitted in class in a hard copy.

**Slides**: My class presentation slides will be posted on Moodle 24 hours before class.

**Final Exam**: Comprehensive, True/False, multiple choice questions, and brief essays. It will have an individual component and a team component, equally weighted.

**Grade (100)**: Case/audit paper 30; Presentation 5; Problem set assignment 25; Final exam 30; Team members’ evaluation 5; Class participation 5.

Lectures will be video recorded and posted on the course Moodle site.

**Turn off and do not answer your cell phone**: Laptop computers are welcome for use for class-related purposes such as note taking. Other activities are inappropriate.

**University of Minnesota Policy on Scholastic Misconduct**: Scholastic misconduct is broadly defined as "any act that violates the rights of another student in academic work or that involves misrepresentation of your own work." Scholastic dishonesty includes, (but is not necessarily limited to): cheating on assignments or examinations; plagiarizing, which means misrepresenting as you own work any part of work done by another; submitting the same paper, or substantially similar papers, to meet the requirements of more than one course without the approval and consent of all instructors concerned; depriving another student of necessary course materials; or interfering with another student's work. For more on Office of Student Conduct and Academic Integrity’s policy on scholastic dishonesty, click [here](#).

**Incompletes**: Click [here](#) for University of Minnesota’s policy on awarding incomplete (I) grade.

**Students with Disabilities**: Click [here](#) for University of Minnesota’s policy on students with disabilities.
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