

## **24 Questions for Organizational Economics**

**(phrased in the positive, but the normative is equally important)**

From Gibbons and Roberts (2015)<sup>1</sup>

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1. What are the vertical boundaries of the organization: what is bought from outside and what is made inside, for the organization's own use?
2. How are relations with suppliers, customers, and complementors organized: in arm's-length dealings or through long-term relationships?
3. Who owns which of the assets used in production?
4. How are the activities of the organization financed?
5. How is governance defined and exercised, both within the organization and by different parties with ownership or other claims?
6. What are the horizontal boundaries of the organization: what products or services does it produce, for what users, using what technologies, and in what locations?
7. How are subunits within the organization defined, linked and coordinated?
8. How are resources of different types allocated?
9. Where does decision-making on different issues occur within the organization?
10. What is the role of hierarchy, how many levels are there, and what are the spans of control (the number of individuals reporting directly to a hierarchic superior)?
11. What are the behavioral and performance effects of delegation?
12. Is the organization fundamentally an expression of authority or is it a "nexus of contracts?"
13. How is power achieved and exercised, and what role does politics play within organizations?
14. What information is collected on different matters, by whom, to whom is it communicated, and how is it used?
15. How is performance measured?
16. How are people recruited, trained and assigned to jobs?

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<sup>1</sup> <http://web.mit.edu/rgibbons/www/Gibbons%20Roberts%20Emerge%20Trends.pdf>

17. How are they evaluated and rewarded?
18. What effects do rewards have on behavior?
19. What are the roles of formal, legally enforceable contracts within and between organizations versus relational contracts (shared understandings that cannot be enforced in courts and so must be self-enforcing, perhaps through reputation concerns)?
20. What norms exist regarding behavior towards others within the organization, as well as outsiders, and how do these affect actual behavior and organizational performance?
21. How are transgressions against organizational rules and norms treated by different parties?
22. How do other aspects of “corporate culture” manifest themselves and affect behavior?
23. What is the nature and role of leadership in organizations?
24. And, finally, how do the answers to these questions depend on the markets in which the organization operates, the strategies it adopts to compete, and the social, legal, regulatory and technological environment in which it is embedded, and how do all of these choices interact and affect performance?