

TU-C3022 – Organizing of Business (5ECTS)

Syllabus, version 1.3

OVERVIEW

Organizing is shaped by a multitude of institutional and technological conditions which are constantly changing. In this course, we aim to shed light on the evolving phenomenon of organizing in a market-based society. In general, *organizing* is about the question: “*How do people and things come together to do stuff?*”¹ The word *business* designates a focus on organizing commercial activities, though not to the exclusion of non-monetary reasons for engaging in collective action. In market-based societies, the phenomenon of organizing is observed largely in and around for-profit business organizations that transact through markets, but questions concerning organizing are equally relevant for public sector organizations and non-governmental organizations.

We approach organizing as an organizational and inter-organizational phenomenon. Specific issues discussed in the course include the following:

- What is the historical and institutional basis of for-profit companies?
- Why are for-profit business organizations so commonplace in today’s society?
- What determines the boundaries of (business) organizations?
- How is technological change, especially digitalization, related to the organization of business?
- (How) can purposes besides making money be incorporated into the decision making and operations of the firm?

Our approach to the course topics is two-fold. On the one hand, we treat the question of organizing as a practical question. For example, entrepreneurs and leaders of large corporations face the practical problem of organizing collective action to achieve desired outcomes. On the other hand, we approach the question of organizing in a ‘reflexive spirit,’ trying to shed light on *why* the society is organized in particular ways (e.g., why is profit-seeking so widely used as an organizing principle for collective action), and under what conditions could things be organized differently.

LEARNING OBJECTIVES

After participating in the course, students will (1) be able to distinguish between various forms for organizing business at the organizational and inter-organizational level; (2) know when a certain form is suitable; and (3) understand how organizing

¹ p. 112 in Parker, M. (2018). *Shut Down the Business School*. University of Chicago Press.

can be impacted by technological and institutional changes. In more specific terms, the student is able to, for example:

- Understand the historical and institutional reasons for the existence and prevalence of for-profit business organizations as a primary mode of organizing in today's society;
- Identify and analyze the conditions that favor certain organizational forms and choices concerning organizational boundaries;
- Understand how technological changes, in particular, digitalization, is associated with changes in organizing; and
- Reflect on the problems associated with profit-seeking as a primary motive for organizations, and recognize the problems associated with pursuing alternative ends

COURSE FORMAT

The course combines lectures, individual quizzes, and groupwork assignments in a weekly schedule to allow learning, applying, and reflecting on the course contents. Specifically,

1. **Tuesday lectures 9:15-12:00.** All lectures start at 9:15, but their duration depends on the week. Please refer to MyCourses for the detailed schedule. During most weeks, lectures consist of three parts, which each part consuming approximately one lecture hour.
 - I. **Part I:** Tuesday lectures begin with a recap and reflection on previous week's assignment. Attendance is not compulsory **BUT:** At least one group member should attend to present the group's solution to the previous week's assignment.
 - II. **Part II:** The second part of the lecture involves introducing the week's theme and providing an introduction to the week's readings. The lectures are complementary to the readings.
 - III. **Part III:** Depending on the week, the remainder of the lecture time may be allocated to groupwork or individual study, with the option to ask the instructor questions and help with the weekly assignment.
2. **A weekly individual quiz** is released after each Tuesday lecture, and aims to ensure that students have internalized the main points in the week's lecture and readings and that students are well-prepared to contribute to the group assignment. The **deadline for the individual quiz is 23:59 Thursday**. Late submission penalty is 0.5 points. After this, the hard deadline for quizzes after which they can no longer be submitted is April 30th.
3. **A weekly group assignment** is released by Monday midnight. The deadline for the weekly assignment is **Monday of the following week at 12:00 (noon)**. The group should be prepared to present their assignment solution on the next lecture on Tuesday (see #1.II above).

4. **A weekly teacher Q&A session** allows students to ask questions concerning the grading of the previous week's assignment and tips for the current week's assignment, starting from week 2. Please refer to MyCourses for details.

Please note that the weekly individual quizzes and group assignments are in fact *nearly* weekly. Please see the detailed schedule below. The course concludes with an exam. The exam is held on May 25, 2023. Two retake exams will be scheduled for evaluation periods in autumn.

TIMETABLE

Tuesday lectures take place at AS2 at Maarintie 8 starting 9:15. The sessions last three lecture hours (see detailed schedule for possible exceptions). In force majeure situations, we keep the option to move specific classroom sessions to Zoom. Lectures are not recorded or streamed online. If you miss class, that's fine, but make sure someone from your group is available to present the groupwork, if needed.

| Week | Date | Topics | Quiz | Group assignment |
|------|-------|--|------|---|
| 1 | 27.2. | Introduction: What is organizing of business? (expected duration 2 hours) | Yes | No |
| 2 | 5.3. | The historical roots of capitalist organizations (expected duration 2 hours) | Yes | Yes |
| 3 | 12.3. | Theoretical fundamentals I: transaction cost economics | Yes | Yes |
| 4 | 19.3. | Theoretical fundamentals II: beyond transaction costs | Yes | Yes |
| 5 | 26.3. | Technology and organizing I: multi-sided platforms | Yes | Yes |
| 6 | 9.4. | Technology and organizing II: open-source software | Yes | Yes |
| 7 | 23.4. | Alternatives to the capitalist organization | Yes | Yes, in class |
| 8 | 7.5. | Capstone assignment feedback, exam tips (expected duration 2 hours) | No | Yes, written report returned by May 6 at noon |

The timetable is subject to minor changes before the beginning of the course.

READINGS

The following readings are preliminary. Please refer to MyCourses for up-to-date reading materials. Each week's readings consist of 1-2 articles accompanied by

supporting lecture notes and slides. The first week's materials consist only of lecture notes and slides. Additional readings will be assigned in relation to the group assignments.

Week 1 – Introduction: What is organizing of business?

No articles.

Week 2 – The historical roots of capitalist organizations

Chandler, A. D. (1992). Organizational capabilities and the economic history of the industrial enterprise. *Journal of Economic Perspectives*, 6(3), 79-100.

Dari-Mattiacci, G., Gelderblom, O., Jonker, J., & Perotti, E. C. (2017). The emergence of the corporate form. *The Journal of Law, Economics, and Organization*, 33(2), 193-236.

Week 3 – Theoretical fundamentals I: transaction cost economics

Williamson, O. E. (1989). Transaction cost economics. *Handbook of Industrial Organization*, 1, 135-182.

Week 4 – Theoretical fundamentals II: beyond transaction costs

Granovetter, M. (1985) Economic Action and Social Structure: The Problem of Embeddedness. *American Journal of Sociology* (1985): 481-510.

Santos, F. M., & Eisenhardt, K. M. (2005). Organizational boundaries and theories of organization. *Organization Science*, 16(5), 491-508.

Week 5 – Technology and organizing I: multi-sided platforms

Hagiu, A. & Wright, J. (2013). Do you really want to be an eBay? *Harvard Business Review*, 91(3), 102–108.

Week 6 – Technology and organizing II: open-source software

Schwarz, M., & Takhteyev, Y. (2010). Half a century of public software institutions: Open source as a solution to hold-up problem. *Journal of Public Economic Theory*, 12(4), 609-639.

Week 7 – Alternatives to the capitalist organization

Davis, G. F. (2016). Can an economy survive without corporations? Technology and robust organizational alternatives. *Academy of Management Perspectives*, 30(2), 129-140.

Week 8 – Capstone group assignment

Wu, A., Higgins, M., Zhang, M., and Jiang, H. (2023). AI Wars. *Harvard Business School Case*, Revised June 2023.

ASSESSMENT AND GRADING

The course points are allocated as follows:

- Individual weekly quizzes, 21 points (seven quizzes, à 3 pts)
- Group assignments, 40 points (six assignments, à 5 pts + capstone assignment, 10 pts)
- Exam, 46 points

Grades will be given as follows:

- 0-49 points = fail
- 50-59 points = 1
- 60-69 points = 2
- 70-79 points = 3
- 80-89 points = 4
- 90-100 points = 5
- 101- points = 5 + bragging rights

Individual weekly quizzes

Individual weekly quizzes will consist of questions that aim to make sure that you have understood the weekly readings and lecture materials.

Group assignment

Each group assignment is worth 5 points. If you return the assignment with answers to all questions supplied, you will automatically get 1 point. Additionally, you will get points are awarded for fulfilling certain criteria, as detailed in a dedicated document available in a separate document called “Group assignment instructions and grading”. As a rule of thumb an assignment that does “everything that was asked” in a clear and logical way can expect about 4/5 points. The final point is reserved for especially laudable analyses and insights.

Group assignments include crafting a brief written report and summarizing the group’s thinking in exactly one slide. The slide will be used as a basis for presentations in the next week’s lecture. We ask groups to be available to present their solutions to other classmates to allow collective learning. If no one from the group is present the solution, and your group is called to present, your group receives a 0.5 point penalty on the group assignment score.

For the capstone assignment, all points are doubled. The detailed instructions will be posted to MyCourses.

Absences

During weeks 1-6, the sessions are not compulsory, but your group should be ready to present the previous week's assignment solution during the Tuesday lecture. Please see related practicalities above. Week 7 group assignment will be completed in class, which requires attendance. If you miss this session there will be a written individual assignment to compensate. Week 8 assignment will be a written report without a presentation component.

INSTRUCTOR AND CONTACT INFORMATION

The course email address is orb@aalto.fi. You can also ask questions using the course discussion forum in MyCourses. Please refer to the course's MyCourses page for detailed contact information of teachers.