PANTHÉON-ASSAS UNIVERSITÉ PARIS

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LEMMA
Laboratoire d'économie mathématique et de microéconomie appliquée

SÉMINAIRE

CORPORATE CULTURE AND ORGANIZATIONAL FRAGILITY

17 October 2023
Lemma - Salle Maurice Desplas 4 rue Blaise Desgoffe 75006 PARIS

Séminaire du Lemma

Le Lemma organise un séminaire, sur le thème « ***Corporate Culture and Organizational Fragility*** » le mardi 17 octobre à 11h.

Mathieu LEDUC *(Paris School of Economics)*

Résumé :

Complex organizations accomplish tasks through many steps of collaboration among workers. Corporate culture supports collaborations by establishing norms and reducing misunderstandings. Because a strong corporate culture relies on costly, voluntary investments by many workers, we model it as an organizational public good, subject to standard free-riding problems, which become severe in large organizations. Our main finding is that voluntary contributions to culture can nevertheless be sustained, because an organization's equilibrium productivity is endogenously highly sensitive to individual contributions. However, the completion of complex tasks is then necessarily fragile to small shocks that damage the organization's culture.