Are Two Heads Better than One: The Multi-authority Form and Organizational Adaptation

Daniel A. Levinthal
The Wharton School, University of Pennsylvania
Philadelphia, Pennsylvania, U.S.A.

Maciej Workiewicz
INSEAD
Fontainebleau, FRANCE

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ABSTRACT

The multi-authority form is a type of organization where subordinates report to multiple superiors and superiors share authority over their subordinates. While those forms are quite common among modern organizations, research on such forms offers conflicting findings. These conflicting findings, in turn, suggest the need for greater understanding of the mechanisms through which these complex hierarchies operate. We create an explicit agent-based model where organizational adaptation is guided by a coupled search, with superiors integrating efforts of interdependent organizational units and their subordinates pursuing specialization within those units. We identify the specific mechanisms which make the multi-authority form the preferred option when specialization and integration are both important. The traditional hierarchy is, in turn, shown to be superior at integrating interdependent units, but at a cost of local specialization.

Keywords: organization design; organizational adaptation; multi-authority