



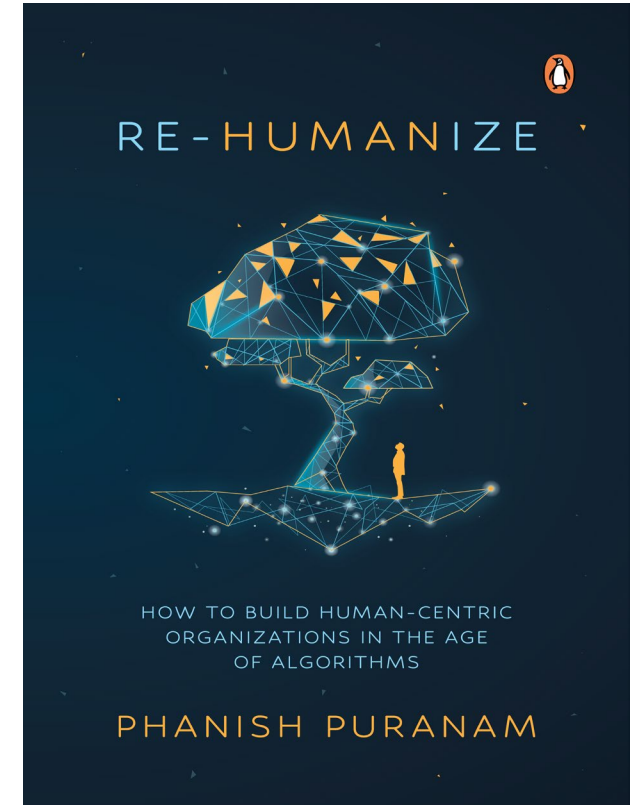
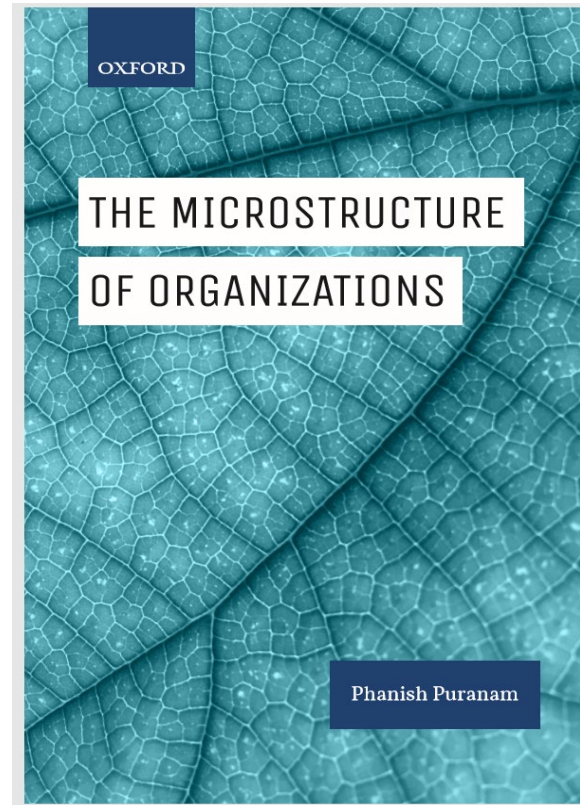
Democratizing Organization Design in the Age of Algorithms

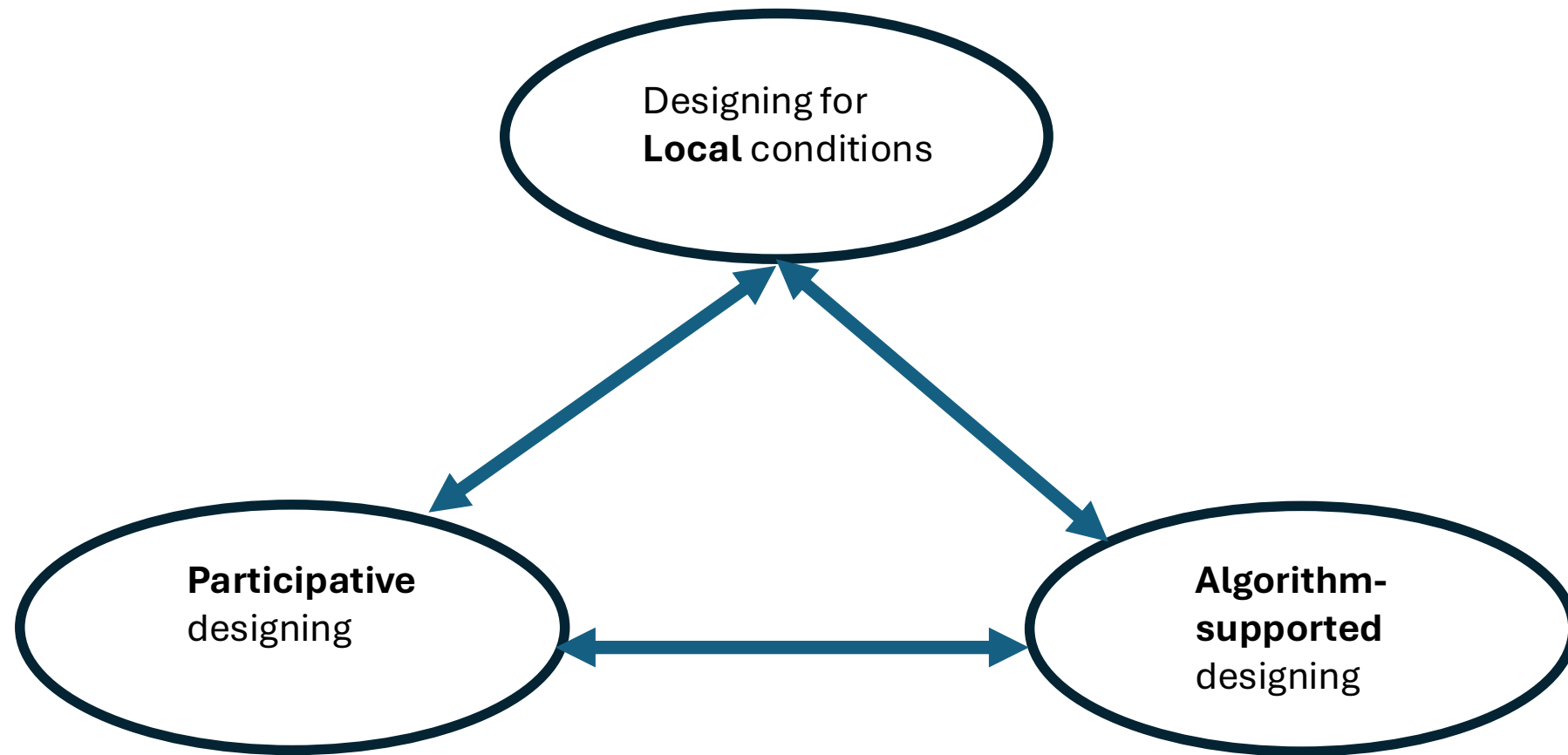
Phanish Puranam, INSEAD

Organizations: Tools *and* Tribes

- Organizations are our oldest **General-Purpose Technology**
- Organizations are also the **social habitat** of *homo sapiens* where meaning, identity, and belonging are built.
- This creates a fundamental tension between two objectives:
 - **goal-centricity** (instrumental performance) vs **human-centricity** (desirability of membership).
 - the emergence of algorithmic intelligence could **increase** this tension- or **reduce** it: we can *choose*.

References for today's talk





The decentralized designing framework

Why do we need another OD framework?

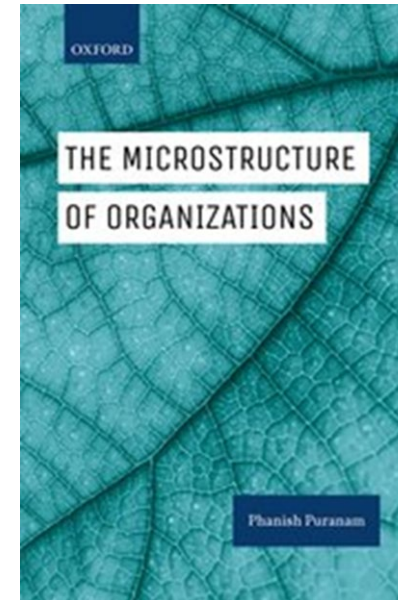
We need it because of

- the recent explosion in the availability of organizational data,
- what (intelligent) algorithms can now do with it,
- and the prospects and perils they imply.

The smallest organizational units that have identifiable, distinct goals, are groups, teams and committees. **These have become the new smallest units of OD, given the data we now have.**

5 KEY IDEAS

1. An organization is any multi-agent, goal-oriented system (***generality***)
2. All organizations, to exist, must have a set of solutions (i.e. “a design”) to the universal problems of division of labor and integration of effort (***universality***).
3. Designs (i.e. solutions to the universal problems) fall into three broad types – Structure, Sorting, Sensemaking/Framing (***design space***)
4. Structure can be understood in terms of a few basic, recurring patterns of interaction (***fractal property***)
5. *Interactions come in two forms: interdependence and influence (the “folk theorem” of fit)*



The Universal Problems of Organizing (UPO)

1.Task division

2.Task allocation

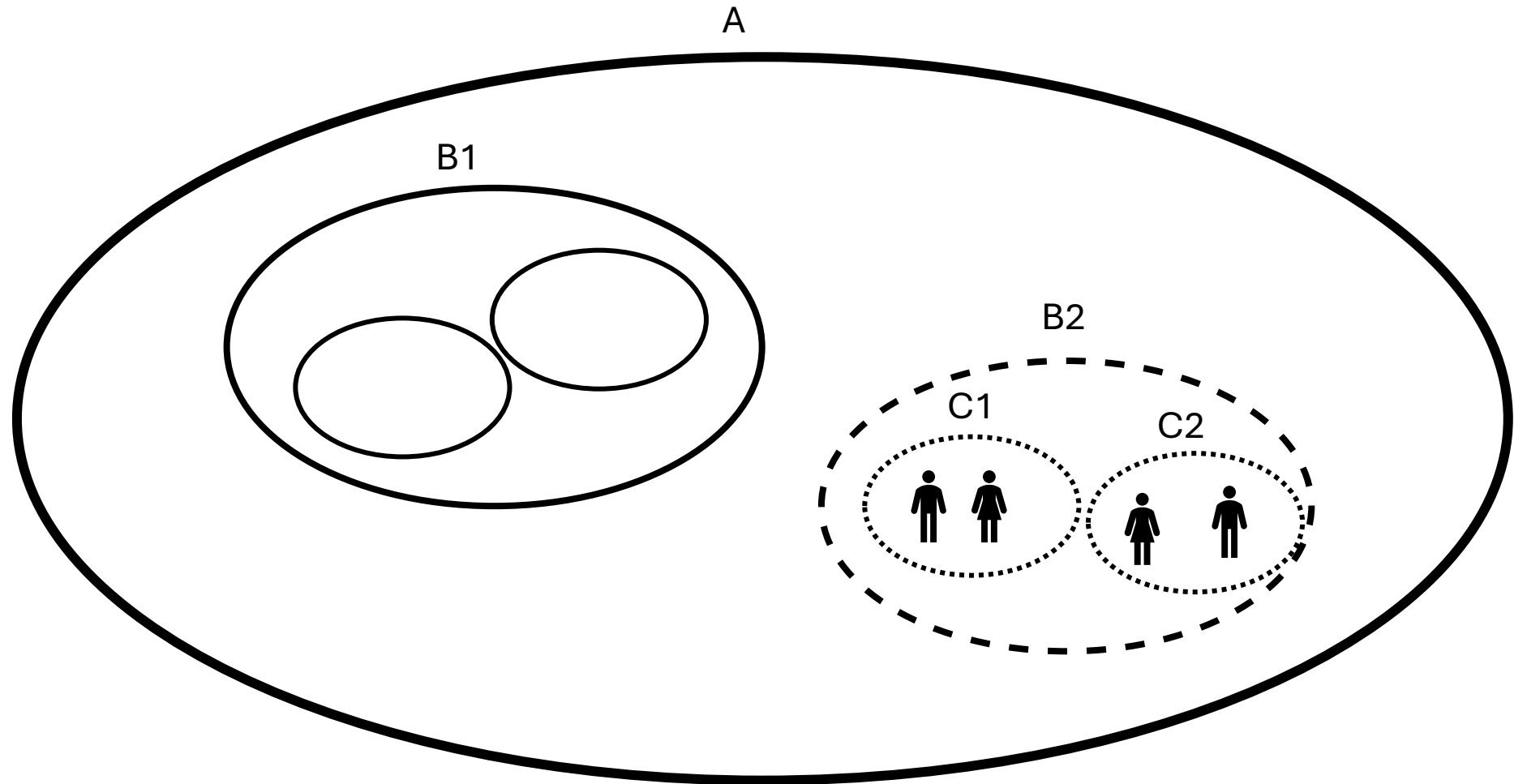


3. Reward distribution

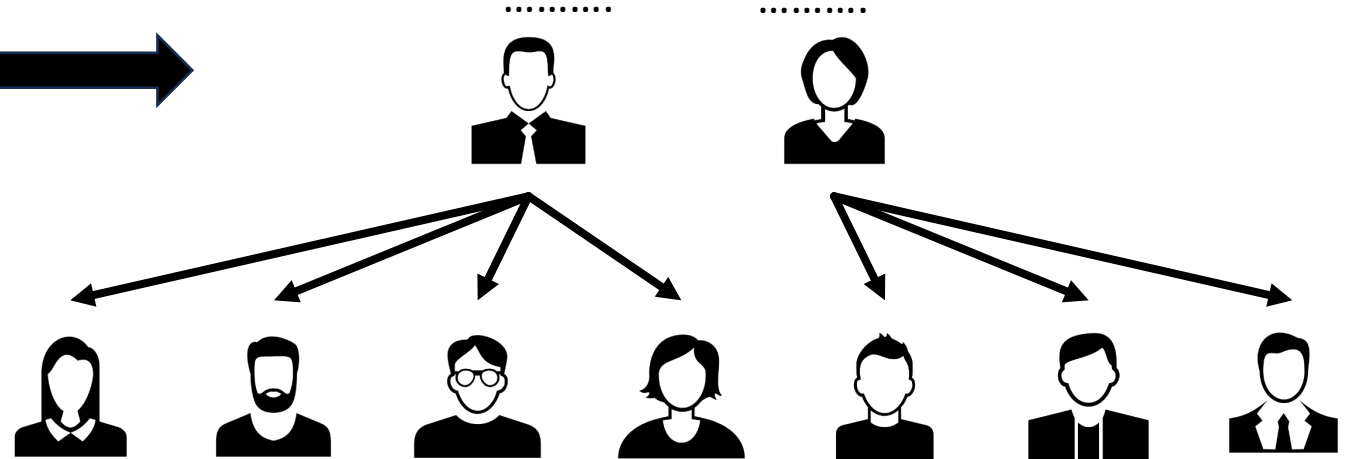
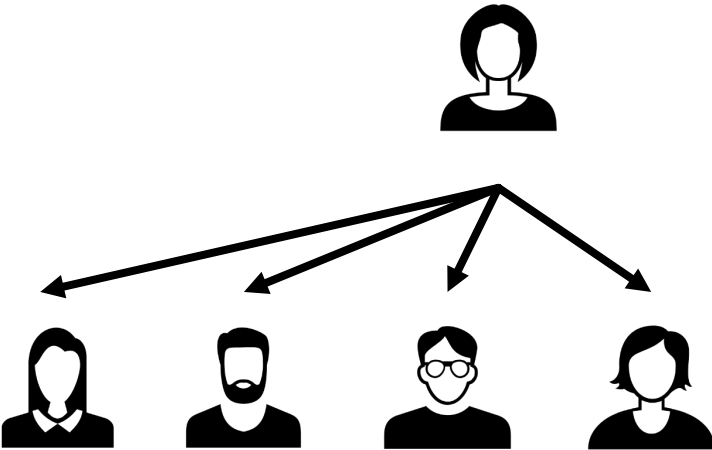
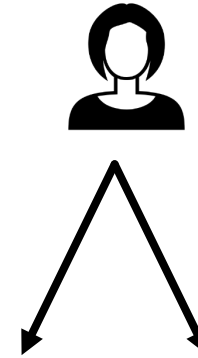
4. Information provision

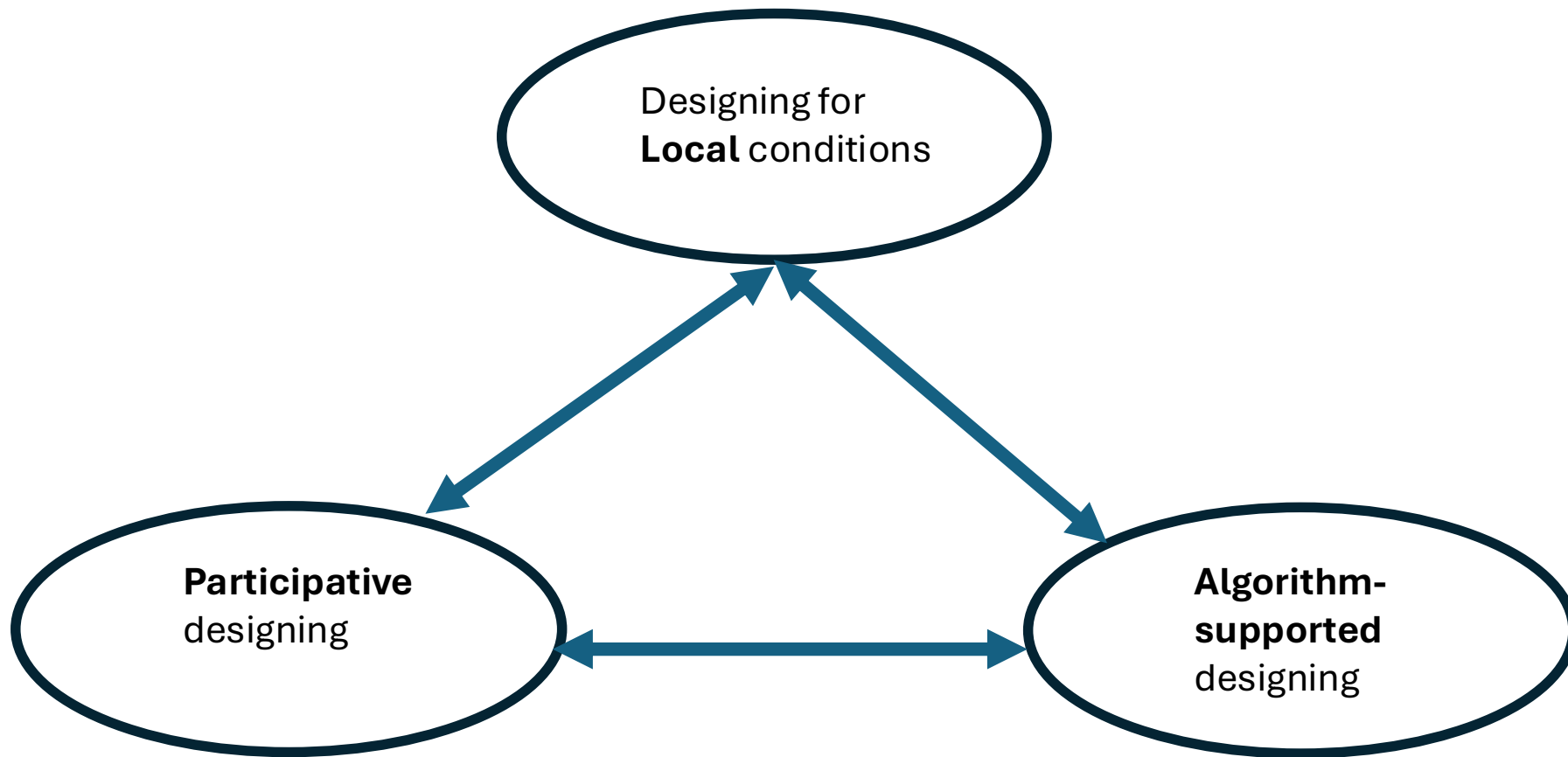
5. Exception handling

UPO apply at different levels of aggregation



**Constraints on
scaling consensus and
supervisory capacity
shape the hierarchy**





The decentralized designing framework

[Eunomicon](#) : Org Design Co-Pilot (accesses through ChatGPT)



My blog: The Freedom of Pac Man (and other essays)

Medium Search

- Home
- Library
- Profile
- Stories
- Stats

Following

- The Medium Blog
- Pranav Puranam
- tianyu
- Ayeh Solouki
- Stephen Marche
- Machine Learning f...
- Thorbjørn Knudsen
- Özgecan Koçak
- Vivianna Fang He

Phanish Puranam


Home Lists About

Pinned

The Freedom of Pac Man

Pac-Man was unleashed on the world when I was 8 years old. I, in turn, was unleashed on Pac-Man a few years later when I...


Nov 20, 2020 29 1



Why meta-skills matter

Consider a situation many leaders will recognize instantly:

Jan 22



<https://phanishpuranam.medium.com/>