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<p>Tiivistelmä-Referat-Abstract</p> <p>This Master's thesis examines the optimal form of a firm's organisation. Specifically, it discusses the efficient degree of labour specialisation in a firm. Specialisation of labour improves labour productivity through learning-by-doing. The problem of organisation arises, however, from the fact that the actions of specialised workers need to be coordinated in order to achieve gains from cooperation. Therefore, coordination costs may limit returns to specialisation. Moreover, changes in technology or workers' human capital may change the returns to learning in favour of less specialisation.</p> <p>The thesis compares theoretically the relative efficiency of organisations, which feature different degrees of labour specialisation. The comparison is made by showing how learning and communication take place in different organisational structures, and how the costs and returns to these activities vary. The optimal degree of labour specialisation under different conditions is then derived.</p> <p>The model of Lindbeck and Snower (2000) addresses the efficient form of work organisation in terms of the degree of labour specialisation by work task. It examines when it is worthwhile to have workers specialising by task and when they should perform multiple tasks. It finds that it is optimal for workers to perform multiple tasks only if performing different tasks is sufficiently complementary to each other. As a result, the returns to task integration outweigh the returns to specialisation. Moreover, exogenous changes in technology or human capital may change the relationship of these returns in favour of one or the other type of organisation.</p> <p>The second model from Greenan and Guellec (1994) compares a centralised and a decentralised organisation focusing on the coordination of learning-by-doing among workers. It takes communication costs into account because learning requires information sharing among workers. A decentralised organisation is associated with low costs of producing knowledge and high communication costs, whereas the opposite holds for the centralised organisation. It turns out that the optimal organisational form depends on the size of the labour force. Furthermore, the relative efficiency of the two organisation styles may change in favour of decentralisation when the differentiation of products in the economy grows.</p>			
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