

Hierarchy Design and Coordination

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The need for coordination is omnipresent in organisations but its implementation can be extremely difficult, for example, after organizational restructuring has taken place. We shed light on the role of leadership and organisational structure to coordinate teams by using data from a laboratory experiment. Teams of 10 members repeatedly engage in the weakest link game. Treatments vary the information about past levels of coordination and whether the organizational structure is flat or hierarchical. We find that flat hierarchies improve coordination particularly if the information policy is the right one.