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Consistency in Organization (updated)

by Ekkehart Schlicht
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Abstract:

Internal organization relies heavily on psychological consistency requirements. This thought has been emphasized in modern compensation theory, but has not been extended to organization theory. The perspective sheds new light on several topics in the theory of the firm, like the boundaries of the firm, the importance of fairness concerns within firms, the attenuation of incentives, or the role of routines and incentives. It implies a perceptual theory of the firm that is realistic in the sense advocated by Ronald Coase (1937).

Text: See [Discussion Paper No. 5644](#)



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