

**INSTRUCTOR(S)**

Professor Vit Henisz	215-898-0788	henisz@wharton.upenn.edu	SHDH 3107
Professor Nicolaj Siggelkow	215-573-7137	siggelkow@wharton.upenn.edu	SHDH 3207
Professor Michael Useem	215-898-7684	useem@wharton.upenn.edu	SHDH 2103

**COURSE OBJECTIVES**

The management of large, established enterprises creates a range of multi-faceted challenges for the general manager. A general manager needs to understand the internal workings of a firm, how to assess and create a strategy, and how to take into account increasing globalization. While these issues are distinct, they are very much intertwined. As a result, this course will provide you with an integrated view of these challenges and show you that successful management in the 21<sup>st</sup> century requires a combination of insights drawn from economics, sociology, psychology and political economy. The course has three main parts, and two “bookend” events. The course starts with a class in which you will meet your entire teaching team and receive a road-map for this semester-long journey.

The first major part of the course will deal with fundamental issues of strategy, examining issues central to the long- and short-term competitive position of an enterprise. We will develop a set of analytical frameworks that enable you to explain performance differences among firms and that provide a structure for strategic decisions to enhance firms’ future competitive positions. We will cover both strategy at the business unit level, introducing tools of industry analysis and competitive positioning, and at the corporate level, examining the economic logic for firms to diversify across businesses and for vertical integration decisions across stages of the industry value chain.

The second part of the course stresses the fact that organizational life is built around a complex interplay of social forces. Networks of cooperation, group conflicts, systems of power and influence, career paths, and reward systems shape how people and organizations manage and are managed. In this part of the course, we will create a framework for analyzing the impact of these social forces on individuals, groups, and the organization. In particular, we study how to motivate and lead those you manage. Moreover, we will study how to develop and implement organizational designs and human resource systems that achieve competitive advantage through the management of people.

The third part of the course, stresses the deep and persistent cross-national differences in economic, political and social institutions that affect the strategy, social structure, performance and value of organizations. We will highlight the historical evolution of global and national governance institutions which seek to allow nations and the organizations within them to seize the benefits of globalization while restraining national political pressure to maintain control. We will also consider the variation in strategies deployed by established multinational organizations who primarily seek to either adapt to these institutional differences or exploit them to generate value. Finally, we will examine two phenomena that are particularly relevant for managers in rapidly growing markets: the role of business groups (i.e., a collection of firms bound together in some formal and/or informal ways) and the debate between shareholder value maximization and the demands of diverse global stakeholders.

The culminating event of this course is the “Global Summit.” In the morning of this day, you will present your team-based final paper, which will give you the opportunity to apply the tools you have learned in the course to a company of interest to your team. In the afternoon, we will premiere a professionally edited video montage of interviews with Wharton alumni and other stakeholders on a high profile current event that will highlight and make tangible the kinds of problems and opportunities that the global economic, political, legal and social context presents for businesses. A high profile debate between current Euro-skeptic Hans Olaf Henkel who once served as President of the German Federation of Industries and the cautiously optimistic Hans Humes who is President and CEO of Greylock Capital Management will be moderated by Gillian Tett (US Managing Editor of the Financial Times). A group discussion that follows will challenge participants to evaluate alternative perspectives on complex issues without the benefit of hindsight and compel them to think about persuasive and practical managerial responses.

## **TEXT AND READINGS**

Wharton Reprographics has a copy of the course pack for MGMT 611, which can be purchased from Study.Net.

The readings listed on the course outline below should be read and prepared before that class session.

## **ASSIGNMENTS, QUIZZES AND EXAMS**

Strategy paper: October 4 at noon

Human and Social Capital paper: November 12 at noon

Global memos: 1 memo due before Global classes #3 - #6 (choose 1) and one before Global Summit

Final paper presentation: December 7

Final paper: December 13 at noon.

## **GRADING**

Your grade will be based on a Strategy paper (15%), a Human and Social Capital paper (15%), two Global memos (15%), class participation (20%), the team final paper and team project presentation (35%).

## **FACULTY LUNCHES**

We have scheduled a number of informal lunches with the course faculty. These are totally optional. You may sign up for lunch on the Canvas page for your section.

## **CLASSROOM EXPECTATIONS**

- Class starts and ends on time, with late entry or reentry only under exceptional circumstances
- Name tents always displayed and seating as defined by the class seating chart
- All phones and electronic devices turned off

## **ETHICS AND USE OF PRIOR MATERIALS**

It is never appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, or summaries of readings.

## COURSE OUTLINE

- Wed Sept. 5**                    **Class 1: Course Introduction, Meet the Teaching Team**
- Mon Sept. 10**                    **Class 2: Industry Positioning & Competitiveness (Strategy Class #1)**
- Porter, Michael E. 2008. "The Five Competitive Forces that Shape Strategy." *Harvard Business Review*, January, pp. 79-93.
- Case: Cola Wars Continue: Coke and Pepsi in 2010 (9-711-462)
- Wed Sept. 12**                    **Class 3: Competitive Interactions (Strategy Class #2)**
- Dixit, Avinash, and Barry Nalebuff. 1991. *Thinking Strategically* Ch. 2, pp. 31–55.
- Porter, Michael E. 1980. *Competitive Strategy* Ch. 3, pp. 47–74.
- Case: Philips' Compact Disc Introduction (B), 9-792-036
- Optional: Coyne, Kevin P. and John Horn. 2009. "Predicting your competitor's reaction." *Harvard Business Review*, April, pp. 90-97.
- Mon Sept. 17**                    **Class 4: Value Creation, Appropriation & Complementors (Strategy Class #3)**
- Brandenburger, Adam M., and Barry J. Nalebuff. 1996. *Co-opetition* pp. 11–34.
- Brandenburger, Adam, and Harborne Stuart. 1996. "Value-Based Business Strategy." *Journal of Economics and Management Strategy* 5 (1): 5–24.
- Wed Sept. 19**                    **Class 5: Positioning & Activity Systems (Strategy Class #4)**
- Porter, Michael E. 1996. "What is Strategy?" *Harvard Business Review* (November-December): 61–78.
- Milgrom, Paul, and John Roberts. 1992. *Economics, Organization, and Management* Chapter 4, pp. 108–116.
- Milgrom, Paul, and John Roberts. 1995. "Complementarities and Fit: Strategy, Structure, and Organizational Change in Manufacturing." *Journal of Accounting and Economics* 19: 179–208.
- Optional: Siggelkow, Nicolaj. 2002. "Evolution toward Fit." *Administrative Science Quarterly*, 47: 125-159.
- Optional: Porter, Michael E. and Nicolaj Siggelkow. 2008. "Contextuality within Activity Systems and Sustainability of Competitive Advantage." *Academy of Management Perspectives*, 22 (2), pp. 34-56.

- Mon Sept. 24**                      **Class 6: Positioning & Activity Systems Applied (Strategy Class #5)**  
Case: Progressive Corporation, 9-797-109
- Wed Sept. 26**                      **Class 7: Corporate Strategy (Strategy Class #6)**  
Ghemawat, Pankjaj and Jan Rivkin. 2010. "Choosing Corporate Scope," *Strategy and the Business Landscape* (3<sup>rd</sup> ed.), Ch. 6, pp. 123 – 147.  
Case: The Walt Disney Company: The Entertainment King, 9-701-035
- Mon Oct. 1**                              **Class 8: Firm Scope & Strategy (Strategy Class #7)**  
Case: Monitor's Opportunities in India (A), 9-708-482
- Wed Oct. 3**                              **Class 9: Strategic Planning and Strategy Wrap-Up (Strategy Class #8)**  
Gavetti, Giovanni, and Jan Rivkin. "The Use and Abuse of Analogies" (9-703-429)  
Gavetti, Giovanni, and Jan Rivkin. "Analogical reasoning at Lycos"  
Rivkin, Jan, and Nicolaj Siggelkow. "Make Strategies, Not Just Strategic Plans"  
Optional: Competition and Business Strategy in Historical Perspective, 9-798-010

<b>Thu Oct. 4</b>	<b>STRATEGY PAPER DUE AT NOON</b>
-------------------	-----------------------------------

- Mon Oct. 8**                              **Class 10: Motivating Individual Performance (Human and Social Capital Class #1)**  
Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation" (needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12<sup>th</sup> edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 192-198, 208-210.  
Case: Nordstrom Inc. Department Store (Wharton)
- Wed Oct. 10**                              **Class 11: Designing Reward Systems (HSC Class #2)**  
Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal*, Vol. 18, pp. 769-83.  
Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12<sup>th</sup> edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.  
Case: Hausser Food Products Company (private case)

**Mon Oct. 15**

**Class 12: Designing Jobs and Organizing Work (HSC Class #3)**

J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, "A New Strategy for Job Enrichment," *California Management Review*, Vol. 17, pp. 57-71.

Case: Trustworthy Trust (private case)

Case: Preparing for the Rescue of the Miners in Chile (Wharton)

**Oct. 17 & 22**

**FALL BREAK**

**Wed Oct. 24**

**Class 13: General Management (HSC Class #4)**

Guest instructor: Jay S. Fishman, Chief Executive Office, The Travelers Companies

Nathan Vardi, "Wall Street's Honest Man," *Forbes*, February 28, 2011.

**Mon Oct. 29**

**Class 14: Managing and Appraising Performance (HSC Class #5)**

John J. Gabarro and Linda A. Hill, "Managing Performance" (9-496-022)

Case: SG Cowen: New Recruits (9-402-028)

Case: Karen Leary (9-487-020)

**Wed Oct. 31**

**Class 15: General Management (HSC Class #6)**

Guest instructor: Alex Gorsky, Chief Executive Officer, Johnson & Johnson

Katie Thomas, "J&J's Next Chief is Steeped in Sales Culture," *New York Times*, February 23, 2012.

**Mon Nov. 5**

**Class 16: Making Good and Timely Decisions (HSC Class #7)**

Kathleen M. Eisenhardt, "Speed and Strategic Choice: How Managers Accelerate Decision Making," *California Management Review* 32 (1990): 1-16.

Case: Distributed in class

**Wed Nov. 7**

**Class 17: Aligning People and Business Strategy (HSC Class #8)**

Charles O'Reilly, "Corporations, Culture, and Commitment: Motivation and Social Control in Organizations," *California Management Review*, p. 9-25.

Jeffrey Pfeffer, "Producing Sustainable Competitive Advantage Through the Effective Management of People," *Academy of Management Executive*, Vol. 19 (4): pp. 95-106.

Case: Southwest Airways: Using Human Resources for Competitive Advantage (HR-1A)

Mon Nov. 12

**HUMAN & SOCIAL CAPITAL PAPER DUE AT NOON; NO CLASS**

Wed Nov. 14

**Class 18: Globalization: Opportunities, Risks, Crises (Global Class #1)**

Kanbar, Ravi “The Co-Evolution of the Washington Consensus and the Economic Development Discourse” *Macalester International*, 29(4)

Bremmer, Ian (2010) “State Capitalism Comes of Age: The End of the Free Market” *Foreign Affairs* May/June pp. 40-55.

Birdsall, Nancy and Francis Fukuyama (2011) “The Post-Washington Consensus: Development After the Crisis” *Foreign Affairs* Mar/Apr 90(2):45-53.

Mon Nov. 19

**Class 19: *Strategy in a Flat, Flattening, or Spiky World* (Global Class #2 )**

Henisz, Witold J., (2012) “Summary of Global Strategic Management Frameworks”  
*Introduction*  
*CAGE*

Ghemawat, Pankaj “Grosch: Growing Globally” IESE Case SM-1529-E 0-308-029

Wed Nov. 21

**THANKSGIVING BREAK**

Mon Nov. 26

**Class 20: Adaptation (Global Class #3)**

Henisz, Witold J., (2012) “Summary of Global Strategic Management Frameworks”  
*AAA*  
*Varieties of Capitalism*

Siegel, Jordan (2008) “Lincoln Electric” *HBS Case 9-707-445*

Wed Nov. 28

**Class 21: Arbitrage (Global Class #4)**

Henisz, Witold J., (2012) “Summary of Global Strategic Management Frameworks”  
*AAA*  
*Porter’s Diamond*

Conklin, David and Murray Bryant (2005) “Future of ‘Big PHARMA’” *Richard Ivey School of Business, University of Western Ontario Case 905M47*

Mon Dec. 3

**Class 22: Business Groups (Global Class #5)**

Henisz, Witold J., (2012) “Summary of Global Strategic Management Frameworks”  
*Institutional Voids*

Coplan, Asli and Geoffrey Jones (2011) “Vehbi Koc and the Making of Turkey’s

Largest Business Group” *Harvard Business School Case 9-811-081*

**Wed Dec. 5                      Class 23: Sustainability (Global Class #6)**

Freeman, Edward (2008) “Managing for Stakeholders: Tradeoffs or Value Creation”  
*Darden Business Publishing*

Porter, Michael E. and Mark R. Kramer (2011) “Creating Shared Value” *Harvard Business Review*

Henisz, Witold J. (2012) “Calculating the Net Present Value of Sustainability at “GOLDSTAR” *to be distributed via Canvas*

**Fri Dec. 7                      WHARTON GLOBAL SUMMIT: EURO 2013?**

Readings: Custom developed briefing book *to be distributed via Canvas*

**Morning: Capstone of the integrated course, faculty team allocated across their sections**

8:00-11:00                      Students present their papers

**Afternoon: Euro 2013?**

11:00 – 12:30                      K@W Video Presentation & Debate on Euro 2013?  
Moderated by Gillian Tett, US Managing Editor, Financial Times  
Hans Olaf Henkel (Senior Advisor, Bank of America Corporation)  
Hans Humes (President & CEO, Greyllock Capital Management LLC)

12:30 – 1:30                      Lunch

1:30 – 3:00                      Discussion A (Assignments to timeslot and room TBD)

3:00 – 4:30                      Discussion B (Assignments to timeslot and room TBD)

4:30 – 6:00                      Discussion C (Assignments to timeslot and room TBD)

6:00 –                              Social event, with int’l. theme/food/drink -- supported by student clubs

**Sat. Dec 8th                      Student club organized/run global-themed event**

## Term Team Project

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm located in a given country, vis-à-vis the firm's employment practices and organizational and human-resource systems, its corporate strategy, and its global strategy. Essentially, in this assignment, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such competitive strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual and group performance, improving organizational processes, and links between the HR system and business strategy; and global strategies of aggregation, adaptation and arbitrage, the role of business groups and the tension between shareholder value maximization and stakeholder demands. This assignment requires you to prepare a report (25 pages in length) and a presentation summarizing its main themes and findings. For both, you should consider the drivers of the firm's recent relative performance as well as the sustainability of these drivers over time.

The choice about the relative weight to put on different issues, theories and concepts in explaining the firm's activities and its performance is yours. In evaluating your paper, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the context you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation). In choosing a focal firm, remember that you may not choose a firm highlighted in the cases from the course; and that the firm must, to some degree, be global, i.e. involved in cross-border activities (not only serving a domestic market).

Please consider the following suggested sections to include in your report:

- 1) Short history/overview of the focal firm, its strategy, and its management practices, including the influence of its home country's political, economic and social institutions;
- 2) Short history / overview of the economic, political, legal or social context in the focal country and the focal firm's perceptions of their likely evolution over time, as it pertains to the evolution of the focal firm's strategy and management practices;
- 3) Industry analysis, both globally and in the focal national market;
- 4) Management challenges, including (but not limited to) organizational design, structure, and processes; culture, i.e., how the firm's culture deals with differences in national culture that affect its activities; and HR practices related to rewards, skills/talent, hiring and retention, job design, supervision and performance appraisal;
- 5) Global strategy (i.e., Aggregation, Adaptation or Arbitrage) of the firm in the focal market differentiating by product or function as appropriate, and including mode of entry and sequence of entry by which the firm entered the focal market where appropriate;
- 6) Impact of different national employment laws, policies, institutions, and norms on the focal firm when it operates in different countries;
- 7) What is the nature of the competitive forces within the industry currently and how are these dynamics likely to change in the near and medium term?
- 8) How this firm is positioned with respect to its industry competitors? Note that this analysis should include both external (i.e. execution of the strategy vis-à-vis customers) and internal (i.e. organizational practices that develop capabilities underlying the strategy) activities. Do these activities reinforce each other, per the concept of an activity system?
- 9) National positioning analysis – How does the focal country position itself to attract firms and investment from within and outside national borders? Why did the focal firm choose to locate in this particular country? What location choices are competitors making?
- 10) Overall assessment of this firm's competitive advantage – its sources, distinctiveness, imitability, and the sustainability of its competitive position.

Here are some tips based on our collective experience with this course assignment. Each instructor will offer additional guidance vis-à-vis specific expectations and recommendations.

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your case. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.
- Do not expect the reader to "crunch the numbers" that you display in your exhibits to see what is really happening; this is the difference between a case and a paper: you have to provide the data *and* the analysis.
- When facing a choice as to whether to narrow your paper to a more focused topic, recognize the benefits of this strategy in terms of richness, thoroughness and completeness but balance these benefits against the costs of reduced data availability and difficulty in legitimately speaking to all three elements of the course. Choose the narrowest possible topic that offers sufficient data and allows you to describe and integrate a discussion on corporate strategy, human and social capital and global strategy.
- It may be useful to
  - Develop a comparative angle in the paper, i.e. compare your firm to another firm in the same country or your firm's operations in the focal country to those in another country. Doing so, however, enhances the risk of spreading yourself too thin so be cognizant of this risk if you choose this approach.
  - Compare and contrast how two or more different theories or frameworks can be applied to the same case. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

PLEASE NOTE THAT ANY QUOTATIONS OF LONGER THAN A PHRASE MUST BE EXPLICITLY NOTED IN THE TEXT. INSUFFICIENT ATTRIBUTION TO EXTENDED QUOTATIONS FROM EXTERNAL SOURCES WILL RESULT IN FORMAL CHARGES OF PLAGIARISM TO THE OFFICE OF STUDENT CONDUCT. IF YOU HAVE ANY QUESTIONS ON POLICY, SEE [http://gethelp.library.upenn.edu/PORT/documentation/plagiarism\\_policy.html](http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html)

The write-up should be printed double-spaced, using 12-point Times New Roman Font. The maximum length is 25 pages not including Exhibits. Please include an Executive Summary and Word Count on a title page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid a last minute crunch. This is feasible because some corporate and national material is readily available and each class session will introduce new concepts that are potentially applicable. You will also do a presentation to the faculty and your classmates of your report's primary themes and conclusions.

You may want to explore and draw from the following sources of information (this is a partial list, to which we will be adding other suggested resources). This list will also be posted on Canvas.

- Country-level
  - [World Economic Forum Global Competitiveness Report](#)
  - [Economist Intelligence Unit Country Reports](#)
  - World Bank
    - [Doing Business Guides](#)
    - [Business Environment](#)
    - [Investment Climate](#)
    - [Investing Across Borders](#)
    - [Enterprise Surveys](#)
    - [Private Sector Data](#)
    - [Governance Indicators](#)
  - United Nations
    - [Foreign Direct Investment Report](#)
    - [Investment Prospects](#)
  - [International Labor & Employment Statistics \(compendium of web resources from Int'l. Labor Organization \(ILO\)\)](#)
  - [International Comparative Labor Statistics from U.S. Bureau of Labor Statistics](#)
  - [Transparency International Corruption Perceptions](#)
  - [Business Monitor International](#)
  - [CIA World Factbook](#)
  - [Heritage Institute Index of Economic Freedom](#)
  - [IHS Global Insight](#)
  - [ISI emerging markets](#)
  - [Factiva](#)
- Industry- and Firm-level
  - [Business Monitor International](#)
  - [Euromonitor](#)
  - [Orbis \(includes Datamonitor\)](#)
  - [EBSCO Business Source Complete](#)
  - [ISI emerging markets](#)
  - [Factiva](#)
  - [PROMT](#)