

The Wharton School, University of Pennsylvania
Department of Management
Office Hours: Tuesdays and Thursdays
3:00-4:00pm or by appointment

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MANAGEMENT 751
The Strategic Management of Human Assets
Fall 2014 Syllabus -- Version: October 16, 2014

Purpose and Course Description

Successful firms often excel in the capability of employing and deploying human assets (resources) to achieve the effective implementation of business strategy. To understand this capability, this course will address two central themes: 1) How to think systematically and strategically about various aspects of managing the organization's human assets; and 2) What really needs to be done to implement these policies and achieve competitive advantage.

To order to think “systematically” about this topic for any particular organization, we will consider the bundles of work practices and human resources processes that make up the overall system for managing people and evaluate whether these are internally consistent and aligned (“internal fit”). To think “strategically,” we will then assess the relationship between practices/processes of managing people and the firm's strategy and strategic context, e.g. industry structure, competitive landscape, political, social, and economic environment -- for evidence of external fit. By paying attention to implementation, we will recognize that although many organizations recognize the importance of managing the workforce effectively (and even “know” what approaches have been effective elsewhere), firms and managers very often fail to implement these approaches.

The strategic management of human assets is only one source of competitive advantage. Yet many managers recognize (and many successful organizations embody) the reality that the competitive edge gained from the newest technology, the latest marketing strategy, or the most creative product design may be relatively short-lived as competitors rush to imitate and follow. Aligning human resource systems with business strategy is not easy, but once achieved, it seems to offer a more sustainable -- because more unique and difficult to imitate -- source of competitive advantage.

This course will not delve into the technical details of personnel management such as psychometric aspects of validating employment tests, the specifics of job evaluation methods, the mechanics of interviewing, the complexities of executive compensation, or the intricacies of employment law. Those topics are primarily relevant to those intending careers as human resource professionals. Instead, this course takes the position that the effective and ethical management of human assets is a general management responsibility. Hence we will adopt a general manager's perspective on the issues of this course and apply a strategic perspective to the questions of managerial action that will arise.

Pre-requisites

MGMT751 will build in particular on the core course MGMT611 or MGMT612 “Managing the [Established or Emerging] Enterprise,” which is a pre-requisite. You must either have completed MGMT611/12 or be taking it in the same semester; otherwise, you must receive the instructor’s permission to take this course. You will also discover links to other courses that you have taken in the core curriculum, such as MGMT610 (Foundations of Teamwork and Leadership), as well as other electives tied to the major or minor in Management.

Curriculum

The course’s orientation will be both *analytical*, in giving you concepts and frameworks with which to think about the deployment of human assets in organizations, and *managerial*, in considering the action plans and implementation approaches necessary to put these practices and policies into effect and sustain them over time.

Every class will feature a case study that presents either a successful or struggling organization, along with various protagonists, plus descriptions of both business strategy and practices for managing people. The case study, in each instance, is supplemented by readings that provide concepts and frameworks; the case provides the opportunity to apply the conceptual material.

Life in the Classroom

I shall rely heavily on your active participation in class discussions. Each of you has multiple years of work experience in one or more organizations. For every topic in the course, we will consider how what we are discussing differs across settings -- industry, customer segment, national or regional employment context, etc. Therefore, in addition to preparing assigned materials, please bring your own experiences and examples into the class discussion.

Particularly valuable will be perspectives and illustrations from outside the U.S., to expand our sense of how the employment relationship can vary. Furthermore, both positive and negative experiences will be helpful to the discussion and to the learning process. If you have only experienced one kind of work environment (whether highly motivating or soul-deadening), you may find it difficult to imagine all the ways that organizations can differ in how they manage people. If you have experienced both, you surely can report on the differences. I always learn a lot from students while teaching this course; hopefully you’ll have the same experience.

My policy on electronic devices, based on past experience and input from students, is to prohibit laptop use while allowing tablet use, primarily to access course materials. I also ask for all tablets and phones to be put into airplane mode, i.e. with no Internet connection, to minimize the risk that you will be tempted by something that may distract others and, of course, you too.

Course Outline

The first section of this course will introduce basic concepts of the strategic management of human assets (resources) as a source of competitive advantage for firms. We will address how human resource practices link to each other to form a system that is logically consistent and mutually reinforcing (“internal fit”) and how the HR system links to broader corporate strategies (“external fit”). Then we consider both types of fit vis-à-vis achieving alignment between the strategy and the system for managing human assets and how that relates to competitive

advantage. Case settings include health care (“Ron Ventura at Mitchell Memorial”), hospitality (“Portman Hotel”), digital media design (“Big Spaceship”), and online retail (“Zappos”).

The second section of the course will explore three major models that guide the selection of HR practices: the “commitment” model, the “talent ” model, and the “collaborative” model. We’ll compare and contrast each model vis-à-vis differences in organizational design, performance management, careers, and employee voice, as well as which strategies are best supported by each one. Case settings in this section include test equipment/computers (“Hewlett-Packard”); computer-aided design hardware, software, and services (“Visionary Design Systems”); and banking (“e-solutions at Citibank”). From this point on, we’ll keep these models as reference points for all topics, and will pay particular attention to companies that transition from one model to another or that implement a hybrid set of practices from two or more models.

In the third section, we will address a fundamental question about strategy vis-à-vis human assets, namely when to seek people with necessary skills and capabilities externally (via external hires and/or hiring individuals on contract rather than as employees) vs. when to promote from within and upgrade the internal skills of existing employees in order to boost capabilities and compete in new areas. Case settings in this section include investment banking (“Recruitment of a Star”); temporary employment services (“Mactemps”); and software development services (“Infosys”).

The fourth section examines themes of culture, change, and leadership in connection with dramatic changes from strategic shifts (usually prompted by crisis); rapid growth and global expansion); and the changing nature of work and stakeholder relationships. In these cases, we will often trace a firm’s history from its early days to the present in order to understand its strategic trajectory but also the roots of its organizational culture and how it has evolved. Case settings in this section include information technology services (“IBM”); health care product distribution (“Henry Schein”); and supermarkets (“Market Basket”).

Required Readings

All course materials are available on Study.Net; for assistance, check with Wharton Reprographics. These readings include short articles from professional and academic journals, chapters from books, and case studies. ***The cases are long because they typically cover a firm’s history, strategy, culture, and HR system so leave yourself time to get through everything.*** Many sessions include optional readings that provide additional perspective on the topic or case. Powerpoint slides, additional readings, and links to blog posts and other Internet materials will be posted on the courseware site Canvas. You can access Study.Net through the Canvas site.

Courseware

We will use Canvas for courseware support. The syllabus, course handouts and assignments will be posted there. You will turn in all assignments (individual and team) by uploading your papers to Canvas, and I will return grades and comments to you electronically via Canvas. Sign-up for team activities will happen through Canvas as well. Finally, I will post relevant articles or web links that come to my attention during the course, and I encourage you to do the same.

Course Requirements

Students will be evaluated on class participation, two individual papers, and a group assignment.

Class Participation (25% of your grade)

This course requires a great deal of student involvement. Each class period will include intense discussion of the topics and issues at hand that will require students to be in-class and prepared. Students will be graded on the quality of their comments in class, not the quantity. Quality is judged based on your ability to add substantively to class discussions and your ability to link to others' comments in the class or to advance the class discussion. I will occasionally call on students but will rely mostly on voluntary participation. Therefore, it is up to you to make sure your voice is heard. Attendance will be a major component of the participation grade, and repeated unexcused absences will be grounds for failing the class.

Individual Written Work (60% of your grade)

Everyone is required to write *two papers involving the application of course concepts to case analyses*. **Each paper should be 1,250 words in length** (+ or - 5% is OK).

The first paper (30%) will be a comparative analysis of cases. It will be due, posted on Canvas, at 11:59pm on **Monday, November 17th**. Please put a word count (limit is 1250, + or - 5%) at the top of the paper.

For your analysis you will compare at least two of the three cases covered in sessions 5-7:

“Human Resources at Hewlett-Packard”

“Visionary Design System”

“Citibank e-Solutions”

The intent of the paper is to begin to apply some of the concepts from the early part of the course. I suggest that you consider the following key questions - this is not meant as a formal outline or strait-jacket, but as a set of issues to think about:

- Analyze the strategic challenges facing the firm
- Analyze their human assets / human resources (HA/HR) approach - their culture and the policies that support it
 - * Do the policies and culture fit together well as a system?
 - * Do the policies and culture help in meeting the strategic challenges?
 - * Do the “models” we have discussed help in understanding these companies?
- Is one of the approaches better than the other? Or are they equally appropriate for their environments?
- Can you develop any *general* rules / approaches from these cases?

(2) For the second paper, you will analyze the “SAS Institute” case (distributed separately)
OR

You can propose to analyze the relationship between strategy and HR systems at an organization with which you are familiar. *If you choose the latter option, you need to discuss your paper topic with me, no later than Thursday, November 20th.*

This paper is ***due, posted on Canvas, at 11:59pm on Tuesday, December 9th.***

More details on these paper assignments, including specific questions to address in the case analyses, will be provided by the instructor during the course. Please see “Case Analysis Suggestions”, below, for general ideas about how to approach these assignments.

Team Assignment (15% of your grade)

Your team assignment is to write a 3 -5 page double-spaced paper regarding the readings and case for that particular class session. **Please post your paper on Canvas by 5 pm the day (Mon. or Wed.) before the assigned class.**

For this paper, I want you to dig into the readings and case: What intrigues you? What’s thought-provoking? What’s important? What don’t you quite buy, if anything? What issues do you think the class should grapple with? I’m looking for thoughtful commentary that reflects your team’s ***discussions*** of the assigned material – not a divide-and-conquer division of labor that simply summarizes it.

I will use Canvas to form randomly-assigned teams. Team information and the schedule of team assignments will be available after the class list stabilizes. Team size will depend on the course enrollment.

Here are more suggestions about the team paper:

- ▶ **Do** demonstrate your in-depth analysis and discussion of the assigned readings and case.
 - What did you find most thought-provoking and valuable? Why?
 - How do the readings apply to and illuminate the case, and vice-versa?
 - What aspects of the case or readings generated debate in your team? Why?
 - How do the readings and case relate to your own experiences as a team?
 - How can and should business leaders – or current MBA students – put the ideas and insights you read about into practice to enhance effectiveness?
 - What questions do you think we should discuss in class? Why?
- ▶ **Do** be personal, thoughtful, and analytical. **Do** use the word “we.”
- ▶ **Do** suggest video clips, photos, recent media stories, and other resources (excerpts from books/plays/poems/songs) of relevance; feel free to be creative.

- ▶ **Don't** summarize the readings and case. **Don't** answer any study questions that I may have provided. The intention is thoughtful commentary on the materials, not a traditional summary and analysis.

CASE ANALYSES SUGGESTIONS

Here are some general “dos” and “don'ts” about the case analysis assignments.

- You can get into trouble if you spend too much time/space on case facts and do not provide adequate analysis. Use the facts of the case to back up your conclusions and ideas. Assume I've read the case and know the assignment.
- Be careful not to draw conclusions without the supporting arguments. Here's an example: “XYZ's process of [blank] did not support [concept A] and therefore failed to support [concept B].” This will work **ONLY** if you can explain why the process doesn't support concept A, and why not supporting A necessarily means no support for B.
- Start by identifying the problem/concept and build your arguments from the materials.
- Put the analysis that is running through your head onto the paper so I can see it.
- Look at both the big picture and the details...try to achieve a balance.
- Be careful not to look at only one side of the argument and ignore the other. Taking a balanced perspective will help you frame your arguments.
- Be consistent...taking on position in question #1 and then the opposite in question #2 is confusing and undermines your analysis. You cannot have it both ways.
- Strong writing, great examples, and cogent arguments are a plus.

MANAGEMENT 751: COURSE OUTLINE

***** SECTION I: *The Links between Managing People and Strategy* *****

Class Session #1. Tuesday, October 21 **Introduction to the Course**

Readings:

1. Pfeffer, Jeffrey. *The Human Equation: Building Profits by Putting People First*. Boston, MA: Harvard Business School Press, 1998, Chapter 2 “The Business Case for Managing People Right,” pp. 31-63.
2. Case: “Ron Ventura at Mitchell Memorial”, HBS Case #9-913-172.

Class Session #2. Thursday, October 23 **Strategy and HRM: Achieving Internal Fit**

Readings:

3. Pfeffer, Jeffrey. *The Human Equation: Building Profits by Putting People First*. Boston, MA: Harvard Business School Press, 1998, Chapter 3 “Seven Practices of Successful Organizations,” pp. 64-98.
4. *Background/Optional: Miller, Danny and J.O. Whitney. “Beyond Strategy: Configuration as a Pillar of Competitive Advantage,” Business Horizons, 1999, May-June, pp. 5-17.*
5. Case: “Portman Hotel”, HBS #9-489-104.

Class Session #3. Tuesday, October 28 **Strategy and HRM: Pursuing External Fit**

Readings:

6. Barney, Jay. “Looking Inside for Competitive Advantage.” In Susan Jackson and Randall Schuler (eds.), *Strategic Human Resource Management*, 1999, pp. 128-141.
7. Case: “Big Spaceship: Ready to Go Big?”, HBS Case #9-409-047.

***** **SECTION II: THREE MODELS OF HR SYSTEMS** *****

Class Session #4. Thursday, October 30

Alignment and Competitive Advantage: Putting It All Together

Readings:

8. Peteraf, Margaret. "Cornerstones of Competitive Advantage," *Strategic Management Journal*, Vol. 14, 1993, pp. 179-191.
9. Case(s): "Zappos.com (A): Bring the Shoe Store to Your Home" and "Zappos.com (B): Strategy Powered by Culture and People", INSEAD cases #259 and 260.

Class Session #5. Tuesday, November 4

The Commitment Model

Readings:

10. Walton, Richard E. "From Control to Commitment." *Harvard Business Review*, Vol. 63, 1985, pp. 76-84.
11. Background/Optional: MacDuffie, John Paul. "Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry." *Industrial and Labor Relations Review*, Vol. 48(2), 1995, pp. 197-221.
12. Case: "Human Resources at Hewlett-Packard (A)", HBS Case, #9-495-051.

Class Session #6. Thursday, November 6

The Talent Model

Readings:

13. Guthridge, Matthew, Asmus B. Komm, and Emily Lawson. "Making Talent a Strategic Priority." *The McKinsey Quarterly*, January 2008.
14. Background/Optional: Chambers, E. G., Foulton, M., Handfield-Jones, H., Hankin, S. M., & Michaels Ill, E. G. "The War for Talent." *McKinsey Quarterly*, 3, August 1998, pp. 44-57.
15. Case: "Visionary Design Systems: Are Incentives Enough?" HBS Case #9-495-011.

Class Session #7. Tuesday, November 11

The Collaborative Model

Readings:

16. Adler, P., C. Heckscher, & L. Prusak. "Building a Collaborative Enterprise," *Harvard Business Review* (July-August), 2011.

17. *Background/Optional: Foote, N. W., Galbraith, J., Hope, Q., & Miller, D. "Making Solutions the Answer." McKinsey Quarterly, 3, 2001, pp. 84-93.*
18. Case: "Citibank e-Solutions." Ch. 3 in Heckscher, Charles. *Collaborative Enterprise: Managing Speed and Complexity in Knowledge-Based Businesses*. Yale Univ. Press, 2007.

******* SECTION III: MAKE VS. BUY FOR HUMAN CAPITAL *******

Class Session #8. Thursday, November 13
Hiring Internally or Externally?

Readings:

19. Groysberg, Boris, Nanda, Ashish, and Nohria, Nitin. "The Risky Business of Hiring Stars," *Harvard Business Review* (May), 2004.
20. *Optional: "Why External Hires Get Paid More, and Perform Worse, than Internal Staff," Knowledge@Wharton summary of Bidwell, Matthew, "Paying More to Get Less," Administrative Sciences Quarterly, Vol. 56, No. 3, pp. 369-407. (posted on Canvas)*
21. Case: "Recruitment of a Star," HBS case #9-407-036.

*****First paper assignment due at 11:59pm, Mon. November 17, on Canvas*****

Class Session #9. Tuesday, November 18
Externalizing Work Relationships: Using Contract Workers

Readings:

22. Barley, Stephen and Gideon Kunda. "Contracting: A New Form of Professional Practice." *Academy of Management Perspectives*, 20(1), 2006, pp. 45-66.
23. *Background/Optional: Miller, Jody Greenstone and Matt Miller. "The Rise of the SuperTemp," Harvard Business Review, May 2012.*
24. Case: "MacTemps: Building Commitment in the Interim Workforce," HBS Case #9-497-005.

Class Session #10. Thursday, November 20
Upgrading Capabilities via Human Capital Investments

Readings:

25. Kochan, Thomas A., David Finegold, and Paul Osterman, "Who Can Fix the 'Middle-Skills' Gap?" *Harvard Business Review* (December), 2012.

26. *Background/Optional: Autor, David. "Why Do Temporary Help Firms Provide General Skills Training?" Quarterly Journal of Economics, November 2001, pp. 1409-48.*
27. Case: "Infosys Technologies -- Dynamic Capability Development Through Human Capital Upgrading, (A) and (B)," Wharton Case #63 and #87.

******* SECTION IV: CULTURE, CHANGE, AND LEADERSHIP *******

**Class Session #11. Tuesday, November 25
Culture and Change -- Part 1**

Readings:

28. Hamel, Gary. "Waking Up IBM: How a Gang of Unlikely Rebels Transformed Big Blue." *Harvard Business Review*, July-Aug 2000, pp. 5-12.
29. Interview with Sam Palmisano. "Leading Change When Business Is Good." *Harvard Business Review*, December 2004, pp. 60-70.
30. Case: "IBM's Decade of Transformation: The Turnaround." HBS Case #9-805-130.

***** NO CLASS ON THANKSGIVING, THURSDAY, NOVEMBER 27th *****

**Class Session #12. Tuesday, December 2
Culture and Change -- Part 2**

Readings:

31. Beer, Michael and Nohria, Nitin. "Cracking the Code of Change." *Harvard Business Review*, May-June 2000, pp. 133-141.
32. Case: "Henry Schein: Doing Well By Doing Good?" HBS case #9-914-450.

**Class Session #13. Thursday, December 4
Leadership in Crisis: Stakeholders, Culture, and Human & Social Capital**

33. Case: Market Basket (materials will be posted on Canvas)
34. Guest Speaker: George Borst, past CEO of Toyota Financial Services

*****Second Paper Assignment due on Canvas at 11:59pm, Tues., Dec. 9th*****