

**INSTRUCTORS**

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**COURSE OBJECTIVES**

This course deals with central issues in the field of management as illustrated through the context of emerging enterprises and small businesses as they grow over time. We focus the attention on the human and social capital, strategic, and international opportunities and challenges confronting emerging enterprises. This course will provide you with an integrated view of these challenges and show you that successful management in the 21st century requires a combination of insights drawn from economics, sociology, psychology and political economy. On January 10, the course begins with a session in which you will meet your entire teaching team and receive a road-map for this semester-long journey.

The first part of the course will deal with fundamental issues of strategy, examining topics that are central to the long- and short-term competitive position of an enterprise. The goal of this module is to help you understand and analyze how firms compete and sustain their competitive advantage. We will discuss a set of analytical frameworks and concepts to identify the opportunities and threats within a given industry, and to formulate a firm's strategy. The topics will include industry analysis, complements, competitive dynamics, competitive positioning, resources and capabilities, and boundaries of the enterprise. We will discuss these topics mainly from the point of view of an emerging enterprise, though understanding likely strategic interactions with established firms will also be an important theme.

The second part of the course provides a framework for analyzing the issues associated with managing human and social capital in the emerging enterprise, including topics such as motivating employees, managing performance, finding and retaining talented people, designing jobs, improving organizational processes, designing a new organization to fulfill a founder's "blueprint", and the link between management practices and strategy. The concepts covered in this course will help you gain insight into how to motivate and lead those you manage, as well as better understand your own motivation and performance at work. The course also provides concepts for analyzing how managerial approaches may vary in different organizational and industry settings. Based on these analyses, we will discuss how to develop and implement practices, policies, and systems that achieve competitive advantage through the management of people. In taking the point of view of an emerging enterprise, we will consider start-up firms, not-for-profits, professional partnerships, family businesses, as well as the early history of some now well-established companies. In addition, we will draw upon **your** work experiences in such settings to understand these issues.

The third part of the course stresses the deep and persistent cross-national differences in economic, political, legal and social institutions that affect the strategy, business model, and performance of firms. Our primary focus will be on the opportunities and challenges of internationalizing young

firms and operating in emerging markets. We begin by asking when crossing national borders creates value for the firm (the 'why'). We then address where the firm should locate its activities and in what sequence it should expand (the 'where'). Inseparable from location decisions are choices about how the firm should organize its activities in different countries and about the entry mode by which the firm enter new markets (the 'how'). After covering these core global strategy topics, we end with a consideration of the unique issues firms must deal with when operating in markets with poorly developed or emerging institutions. By the end of the module, you will have a toolkit from which to identify and evaluate opportunities for improving a firm's performance through internationalization.

## CLASS SESSIONS AND PARTICIPATION

Each class will consist of a combination of lecture and discussion of the day's topic. On most days, we will use case analysis to explore the issues at hand. Careful preparation is essential. We expect you to read all of the assigned materials for each session in advance of the class. In class, you should be prepared to analyze the concepts from the case and the readings and to discuss any study questions provided on Canvas beforehand. If you cannot answer the questions, you are not prepared for class. We will use cold calling to ensure preparation and to establish an even level of participation throughout the course.

We expect you to participate actively in class to help your learning and that of your peers. A productive learning environment requires active engagement of all class members. Three factors determine good class participation. First, given thorough and careful preparation, you should be able to identify the important managerial issues related to the case and/or readings. Second, you should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. You should be able to show how a particular concept is illustrated in the case or suggest how the substantive problem presented in the case can be solved. Third, you should be able to analyze constructively the positions your classmates take. Quality, not quantity, will determine the effectiveness of your comments. A high quality comment may make an insightful point, make a connection among points that others have made, raise an issue or perspective that hasn't yet been considered, or challenge a point that is not being examined closely because it is either assumed or accepted as apparent consensus.

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions. Specifically, according to the MBA office, there is no recruiting reason for which you should miss class (we will not meet during the Focused Recruiting Period of 1/19-1/27). **We will be taking attendance.** Arriving late is disrespectful to your colleagues and, for attendance purposes, is treated as a distinct event from being present at the start of class. If you cannot come to class, you should notify your instructor by email in advance of the class. Finally, in order to facilitate lively, in-depth discussions and out of respect for each other, there are two simple ground rules regarding mobile devices and laptop computers: 1) please remember to turn off your phone, smartphone and/or other communication devices; and 2) no laptops or tablets open during class.

Our attendance policy is to be relatively tolerant of a small number of **excused** absences but to assign **penalties for unexcused absences** that rise in proportion to their quantity. This semester-long course has three modules, each of which is six to eight sessions long. Being absent for two sessions of a module, for example, means missing 25-33% of the content of that module. There is no quota of "allowed" absences.

## **TEXT AND READINGS**

Course readings and cases can be found on Study.Net, which can be accessed from the Canvas course website. After you purchase the coursepack, you can also order a printed copy from Wharton Reprographics.

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

## **GRADED ASSIGNMENTS – DUE DATES**

Strategy paper: **Tuesday, February 14** by 8:59AM (submit on Canvas)

Proposal of focal firm for team project (1 page): **Sunday, February 26** by 11:59pm (submit on Canvas)

Human and Social Capital paper: **Sunday, March 26** by 11:59pm (submit on Canvas)

Global Strategy Memo: **Sunday, April 9** by 11:59 pm (submit on Canvas)

Final paper presentation: **Tuesday April 18 and Thursday April 20**

Final paper: **Friday, April 28** by 5pm (submit on Canvas)

## **GRADING**

Your grade will be based on a Strategy paper (12.5%), a Human and Social Capital paper (12.5%), a Global Strategy memo (12.5%), class participation (27.5%), team project presentation (7.5%) and final paper (27.5%).

## **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 – CONCERT RULES**

- Class starts and ends on time
- Sit according to seating chart
- Remain in attendance for the duration of class, except in an emergency
- Name tents displayed
- All phones and electronic devices should be turned off
- No laptops or tablets open during class

## ETHICS AND USE OF PRIOR MATERIALS

This is a core course for the Wharton MBA. As such, the course covers similar material from year to year. 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, summaries of readings or other “cheat sheets.” We will work with your ethics liaisons to clarify any issues that may emerge.

	Materials							People				
MGMT 612 Managing the Emerging Enterprise	Approved calculator	Laptop / other electronics	Summary sheet	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Readings & Cases	n/a			A			A	W	W	W		
Team Assignments	n/a			A			A	W				
Individual Assignments	n/a			A			A					
	A = Allowed material Shaded Cell = Not allowed n/a = Not applicable							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
The information above covers many common situations but will not cover every circumstance. Remember: The <a href="#">Wharton MBA Code of Ethics</a> that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others.  Should you have questions, please contact your ethics liaison or professor.												

## GRADED ASSIGNMENTS

### Strategy Section:

This is an individual assignment of answering the study questions associated with the Pressed Juicery case that we will discuss in the final Strategy class on February 14. **Your write-up (for all sections) is due on Tuesday February 14<sup>th</sup> by 8:59 am, uploaded to Canvas.** *No teamwork is allowed, as this is an individual assignment.* The Pressed Juicery case is a simple yet powerful demonstration of the value of systematic strategic analysis. The main task is to match questions with concepts and then to use the information in the case to provide a conclusion. Each of the questions is related to the specific topics we have studied within the strategy module. It is important not just to describe the facts but also to analyze (and to demonstrate that you know how to use tools from the course to do this analysis). Your answers should be a maximum of 3 pages of text (12 pt. Times Roman font, single spaced, with margins no less than 1 inch). You may attach an exhibit based on your analysis if it directly supports the arguments you make. The case and case questions will be distributed electronically about half-way through the module.

### **Human & Social Capital Section:**

Your assignment is to examine your last job (or an earlier job) and use theories and concepts from the course to analyze and explain your work experience. Essentially, in this assignment, you will use your job as the case material that allows you to demonstrate your understanding of course theories/concepts. You may use course materials from H&SC Sessions 1-7 in which we cover such topics as motivation, job design, reward systems, managing individual and group performance, and the interface between management decisions and strategy. Certain readings focus on specific theories (e.g. expectancy or equity theory) that provide a full framework for explaining and predicting behavior; while other readings include concepts that may not be full theories but can be abstracted and applied to a wide range of situations, e.g. Rewarding A While Hoping for B (Kerr).

The choice about what issues to cover and what theories/concepts to apply is yours. In evaluating your answer, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the job situation you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate your situation).

**This is an individual assignment.**

In analyzing your job, focus on how you were **managed**, not how you behaved in managing others. It does not matter whether you had a good job experience or a bad job experience. You can talk about both the successful and the unsuccessful aspects of the job, and about what was missing for you. The paper presents you with an opportunity to explore in-depth the course readings, master them, and apply them to your experience. *Thus, very good papers do not simply present a lively and detailed description of your past job. Rather, they demonstrate in-depth understanding and application of course concepts and theories.* More specifically, they:

1. Demonstrate in-depth understanding of **a minimum of three theories/concepts and a maximum of five theories/concepts** from the human and social capital sessions by making specific links between theories/concepts and key elements of your job experience.
2. Explore (and demonstrate your understanding of) the similarities, complementarities, or inconsistencies among the theories and concepts (i.e., do the theories/concepts fit together and reinforce each other or do they disagree? How do they complement each other? Conversely, how are they inconsistent or conflicting?)
3. Explain why the theories or concepts you've chosen are important and useful for understanding (and perhaps for suggesting changes to) your prior job or organization.

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

- **In a relative comparison (which is how we evaluate these papers), applying more theories is better than applying fewer theories.** There are, however, two caveats: you need enough rich descriptive material about your job so we can understand it, and you need to cover each theory thoroughly enough that we are sure you know how to apply it. We will not give much, if any, credit if theories/concepts are covered so superficially that your knowledge cannot be convincingly displayed.
- 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.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of all people in positions like yours.
- 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 work experience. 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 describing your job. Show how they apply to your situation.

- It may be useful to develop a comparative angle in the paper, i.e. compare how your job experience varied for two different tasks or before and after a change in your boss or a company restructuring.
- Comparing and contrasting how two or more different theories can be applied to the **same** aspect of your job situation is another effective strategy. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

The write-up should be printed double-spaced, using a normal font-size. The maximum length is 1,000 words (plus or minus 5%). **Please include a word count on the front 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 the mid-semester crunch. This is feasible because the raw material (your work experience) is readily available to you and each class session will introduce new concepts that are potentially applicable. **This paper is due on Sunday, March 26, by 11:59 pm, on Canvas.**

### **Global Section:**

You will be given a short article (posted on Canvas) describing an emerging business opportunity. Your task is to write a concise memo addressed to the CEO of a firm who is considering the issues described in the article and has hired you to explore foreign expansion opportunities. The purpose of this brief memo is to apply the core global strategy frameworks by making a recommendation of where a firm should internationalize, what global strategy it should follow, and by what entry mode the firm should invest in the new location. Detailed instructions regarding the assignment can be found on Canvas under Assignments > Global Strategy Memo.

**Your memo is due on Sunday, April 9 by 11:59 pm, submitted on Canvas.** You are allowed a maximum of 1,000 words. **Please include a word count at the very beginning** (the memo header does not count towards the word limit). The memo should be **single spaced with 12-point font and 1 inch margins**. This is an individual assignment. No teamwork is allowed.

### **Team Project: Analysis of a Focal Firm**

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a focal firm, vis-à-vis the firm's employment practices and HR system, its corporate strategy, and its (possible) global strategy. 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, judo and entry strategies, the boundaries of the firm; such human and social capital topics as motivation, job design, reward systems, recruiting and selection, managing performance, improving organizational processes, and links between the HR system and business strategy; and global strategy topics such as why (or why not) the firm should internationalize, to which location(s), by what entry mode (e.g. alliance, acquisition, greenfield), and other relevant considerations (e.g. the role of networks, entrepreneurial ecosystems, etc.). 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.

In full sections, each team will have 5 members; smaller sections may have smaller teams. We will assign teams on Canvas, as our experience suggests students appreciate the opportunity to work with new people. Team assignments will be made once class membership has stabilized, and after

the Focused Recruiting Period. As the first step, your team should prepare a one page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data; **this should be submitted on Sunday February 26th by 11:59 pm on Canvas**. After spring break, you will have the opportunity to meet with one of the faculty team or a teaching assistant to discuss your progress. We will also post a FAQ mid-semester to provide further guidance on the team paper and presentation.

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. In addressing the firm's global strategy, if the firm does not have cross-border activities to date, we ask that your team assess the attractiveness of a global strategy together with your prescribed expansion path.

Please consider the following suggested sections to include in your report (NOTE: You are not required or expected to cover all of these questions in your paper—they are given just as a means to get your team thinking of possible issues to cover. In fact, trying to cover all these issues in one paper is not a good idea.):

- 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 (potentially) 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) (Prospective or actual) global strategy (e.g. ADDING framework) of the firm in the focal market, including mode and sequence of entry;
- 6) Impact of different national laws, policies, institutions, and norms on the focal firm when (or if) it operates in different counties (i.e. CAGE framework);
- 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 is this firm 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) If relevant, how does the focal country or location position itself to attract firms and investment, from within and outside national borders? Why did the focal firm choose to locate in this particular place (if the firm is a startup, why are its headquarters in that location)? 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.

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. **The team paper is due on Friday April 28 by 5pm (posted on Canvas).**

You will also do a presentation to the faculty and your classmates of your report's primary themes and conclusions. **Presentations are scheduled for the final two class sessions of the semester: Tu April 18 and Th April 20.**

As noted above, the presentation will count for 7.5% of your course grade; the paper is worth 27.5%. In addition to providing an opportunity to present ideas before a group of peers, the presentations will also allow you to share the learning from your project. We will assign team presentation slots on a random basis. Each slot will be comprised of two components: the actual presentation (the same length for all teams in all sections, likely around 9-10 minutes) and Q&A (length adjusted depending on the number of teams in the section) where team members field questions from your fellow students. (Note that we will rely on students to step up and ask questions rather than posing queries ourselves. Indeed, we will assess your involvement in the Q&A as part of your participation grade.) With only 9-10 minutes for your presentation, you will have to be very selective in what you present. How you distribute the presentation time is up to you; there is no need to give everyone "air time". For the Q&A, it is best to have team members who have not presented step forward to field the questions. Of course, some questions relate to the specific research done by one team member, so this isn't an absolute rule. The idea is to get the whole team involved as much as possible. We tend to lower the grade when presentations plus Q&A (combined) are dominated by 1-2 people.

Remember that the in-class presentation is primarily for your classmates. Think of what about your team project has been most intriguing for you and would be most interesting for them. Tell them what key events or crucial decisions or important periods of growth and development you chose to analyze (emphasizing the "founding conditions" where appropriate), what course concepts you applied, and what future-looking recommendations (grounded in your analysis) you can offer. If you have any confidentiality concerns, just leave out anything that would be problematic. We recommend a slide-based presentation (e.g. Powerpoint or similar application) to communicate the most important material from your project. During the presentations, the faculty will take notes and use them in order to evaluate the clarity, insight, creativity and timeliness of what your team communicated in the presentation. We will also keep track of the questions asked by students, and team member responses, during the Q&A; as noted, these will be included when we calculate the individual participation grade.

IN YOUR PAPER, 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)

You should plan to explore a wide variety of sources of information. You will be able to access a large set of suggested resources through a dedicated portal for this course established by Penn's Lippincott Library; the link is: <http://guides.library.upenn.edu/mgmt612>. Here's what you'll find on the entry page of the portal:

This guide provides links to resources and search strategies that will be helpful as you develop your projects. Use the tabs to find information about various aspects of your projects:

Focal Firm Analysis - look for information about a firm's history/background, strategic direction, approach to human capital and financials.

Industry Analysis - find market research and industry-specific data to place your firm in context.

Country Information - country-specific data, covering economic and political climates, as well as resources for finding articles about global strategy and positioning.

Organizing and Documenting Your Work - tools and tips for keeping track of your research and citing sources properly.

You'll also find contact information there for Marcella Barnhart, the assigned Business Research Librarian. Let us know if you have any questions about the portal or any difficulties using the resources available there.

## COURSE OUTLINE

### Tues Jan. 10      **Class 1: Course Introduction, Meet the Teaching Team**

Reading: M. Chu, "Play It Safe at Home, or Take A Risk Abroad?" *Harvard Business Review*, January-February 2012.

## PART I: STRATEGY MODULE

### Thurs Jan. 12      **Class 2: Industry Positioning & Competitiveness (Strategy Class #1)**

M.E. Porter. 2008. "The Five Competitive Forces that Shape Strategy." *Harvard Business Review*, January, pp. 79-93.

Case: Andreessen Horowitz (HBS Case 9-814-060)

*Study questions:* How is the 5 Forces framework valuable in light of the successful entry of Andreessen Horowitz in the venture capital industry?

### Mon Jan. 16      **NO CLASSES, MLK DAY**

### Tues Jan. 17      **Class 3: Judo Strategy (Strategy Class #2)**

D. Yoffie and M. Kwak. 2002. "Mastering Balance: How to Meet and Beat a Stronger Opponent." *California Management Review*, Winter, pp. 8-24.

Case: Judo in Action (HBS Case 9-703-454).

*Study questions:* Using judo strategy, how can new ventures compete against established firms, which have both more resources and an established reputation? What allowed Redbull to successfully enter the market while Freeserve was less successful in entering the market?

### Thurs Jan. 19 - Fri Jan. 27      **NO CLASSES, FOCUSED RECRUITING PERIOD**

### Tues Jan. 31      **Class 4: Value Chain Strategy (Strategy Class #3)**

P. Milgrom and J. Roberts. 1992. Economics, Organization, and Management, pp. 28-33.

Case: FreshTec: Revolutionizing Fresh Produce (HBS Case 9-511-059)

*Study questions:* As FreshTec, what is your preferred entry strategy? Why? To what extent does your analysis of transaction costs factor into your preferred entry strategy?

**Thurs Feb. 2**

**Class 5: Disruption Strategy (Strategy Class #4)**

J.L. Bower and C.M. Christensen. 1995. "Disruptive Technologies: Catching the Wave." *Harvard Business Review*, January-February.

Watch: <https://www.youtube.com/watch?v=mbPiAzzGap0>

*Study questions:* While the article focuses mainly from the industry incumbent's vantage point, we will consider both the incumbent's viewpoint, and especially the entrant's perspective. What might be the major entrepreneurial issues associated with adopting a disruption strategy?

**Tues Feb. 7**

**Class 6: Blue Ocean Strategy (Strategy Class #5)**

W.C. Kim and R. Mauborgne. 2005. "Blue Ocean Strategy: From Theory to Practice," *California Management Review*, Spring, Vol. 47, No. 3: 105-121.

M.E. Porter. 1996. "What is Strategy?" *Harvard Business Review* (November-December): 61-78.

*Study questions:* How do the two articles relate to each other? According to each article, what is at the core of strategy?

**Thurs Feb. 9**

**Class 7: Corporate Scope & Expansion Strategy (Strategy Class #6)**

P. Ghemawat and J. Rivkin. 2010. "Choosing Corporate Scope," *Strategy and the Business Landscape* (3<sup>rd</sup> ed.), Ch. 6, pp. 123 - 147.

Case: What Should easyGroup do Next? (INSEAD case 04/2007-5119)

*Study questions:* What should easyGroup do next? Why?

**Tues Feb. 14**

**Class 8: Entrepreneurial Strategy Wrap-Up (Strategy Class #7)**

Pressed Juicery Case (*case questions to be distributed electronically*)

**Tues Feb. 14**

**STRATEGY WRITE-UP DUE (ALL SECTIONS) BY 8:59AM, VIA CANVAS)**

**PART II: HUMAN & SOCIAL CAPITAL MODULE**

**Thurs Feb. 16**

**Class 9: Motivating Individual Performance (HSC Class #1)**

We start with the central topic of motivation, introducing a number of different theories from economics (e.g. agency theory) and organizational behavior (e.g. needs, goal-setting, expectancy, cognitive evaluation), and applying them to the case "Teena Lerner: Dividing the Pie at Rx Capital". Please think about these questions.

1. What motivates Teena Lerner, during her early career and in founding the hedge fund Rx Capital?
2. What did Lerner want to establish at Rx Capital, in terms of strategy, organizational culture, and motivating employees?
3. Is the compensation system at Rx Capital well-aligned with the firm's strategy? With the goals Lerner wants to set for employees? With the organizational culture and other management policies?
4. What compensation decisions should Lerner make for 2004? What about the underperforming employee? Could her current situation have been avoided and, if so, how?

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.

Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal*, Vol. 18, pp. 769-83.

Case: Teena Lerner: Dividing the Pie at Rx Capital

## **Tues Feb. 21      Class 10: Designing Reward Systems (HSC Class #2)**

We will discuss reward systems in the context of Netflix and its distinctive culture and management practices. Start with their Powerpoint presentation "Reference Guide on our Freedom and Responsibility Culture". Skim the whole thing (many text slides but a quick read), noting in particular the sections "Pay Top of Market" and "Promotion and Development", slides 92-117. Articles on equity theory and rationalization will provide perspective on the difficult balance in reward system design between incentive and equity concerns.

1. How well does the Netflix approach to compensation and promotions succeed at meeting "strong incentive" and "equity/fairness" criteria?
2. In what ways does the reward system at Netflix fit with, and help achieve, the firm's strategy?
3. What might be vulnerabilities or problems that could arise from the Netflix approach to reward systems? From its overall approach to culture?
4. Would you want to work at Netflix? Why or why not?

Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12<sup>th</sup> edition

Elliot Aronson, "The Rationalizing Animal," *Psychology Today*

Netflix Freedom and Responsibility Culture (company document)

**Thurs Feb. 23 Class 11: Designing Jobs and Organizing Work (HSC Class #3)**

Jobs in not-for-profit organizations are often described as offering high intrinsic motivation, while offering fewer sources of extrinsic motivation.

1. What are the dimensions of such jobs that might have particularly high “motivating potential”?
2. How might such jobs fail to meet all the criteria for a highly motivating job? (To provide a focus at Mercy Corps, consider the job of country director.)

Mercy Corps grew dramatically from 2002-6, following its visible and effective responses to the 2004 Indian Ocean tsunami; Hurricane Katrina’s devastation of the Gulf Coast in 2005; and the large magnitude 2005 earthquake in Pakistan.

1. What does rapid growth reveal about the strengths and weaknesses of Mercy Corps’ organizational structure? Its key processes?
2. What would you recommend to Steve Zimmerman about changes in job design and organizational structure or processes to improve Mercy Corps’ future effectiveness?

Talya Bauer, Berrin Erdogan (2013) “Motivating Employees Through Job Design”. Section 6.2 in *Organizational Behavior*, Flat World Publishing

Jay R. Galbraith, Chapter 4: “Linking Processes to Coordination Needs,” in *Designing Organizations*, Jossey-Bass, pg. 39-55.

Case: Mercy Corps

<b>Sun February 26</b>	<b>ONE-PAGE PROPOSAL OF FOCAL FIRM FOR TEAM PROJECT DUE (submit on Canvas by 11:59pm)</b>
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**Tues Feb 28 Class 12: Recruiting and Selecting Employees (HSC Class #4)**

Recruiting, selecting, and retaining employees who have the right mix of motivation, talent/skill, capacity for career development, and fit to the culture is crucial for organizational effectiveness. Researchers have identified a number of strategies likely to yield fair, valid, and effective hiring decisions. We review these strategies and discuss possible reasons why many companies do not put them into place. We then explore the attraction-selection-attrition cycle and the implications for organizational culture and performance. The SG Cowen case provides an opportunity to analyze one company’s recruiting and selection practices and to “select” two of their applicants to hire.

1. Who would you hire and why?

2. How will the change in recruiting strategy proposed by Chip Rae affect SG Cowen and its culture?
3. What recommendations would you make to Chip Rae to improve SG Cowen's recruiting in the future?

Benjamin Schneider, "The People Make the Place," *Personnel Psychology*, Vol. 40, pp. 437-53.

*Optional: Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", Human Resource Management, Vol. 43.*

Case: SG Cowen: New Recruits

**Thurs March 2                    NO CLASS – QUARTER THREE EXAMS**

**\* \* \* \* \* Sat. March 4 – Sun. March 12: SPRING BREAK \* \* \* \* \***

**Tues March 14    Class 13: Organizational Blueprints: Impact of the Founder's Vision on Organizational Design and Culture (HSC Class #5)**

We will discuss organizational culture and how it emerges as a new organization solves early challenges to its survival, both external (vis-à-vis customers and competitors) and internal (i.e. how successfully employees are organized and motivated). We will then discuss the enormous impact that the founder has on a start-up organization, using the concept of the founder's "blueprint" -- the idea/vision (conscious or unconscious) of what kind of organization he/she wants to build, including values, culture, and management practices.

We will discuss these issues, as well as motivation, alignment of interests, and the organization of work, in the Automated Travel Systems case, via these questions:

1. What are the most urgent problems facing Andy Boyland?
2. What "blueprint" best describes ATS? How does that affect what management actions you think Andy Boyland should take?
3. How should Andy deal with the problem of teams "holding up" ATS to get their demands met?
4. What about the founder (Seth Perelman) and his imprint on ATS?

James Baron and Michael Hannen, "Organizational Blueprints for Success in High-Tech Start-ups"

Case: Automated Travel Systems

## Thurs March 16 Class 14: Improving Organizational Processes (HSC Class #6)

Successful strategies don't only involve "innovations". Even new/emerging organizations can pursue competitive advantage through strategies based on achieving operational excellence on multiple performance metrics, e.g. cost, quality, speed, responsiveness, customization, or by combining an innovation with operational excellence. Mastering processes of improving organizational performance while pursuing such strategies can be a powerful contributor to overall competitive effectiveness.

For this session, I will first cover key ideas, principles, and management practices from "lean production", aka Toyota Production System (TPS), based on my research in the auto industry. We will then consider the application of this approach to organizational process improvement in other settings – including start-ups.

The first reading provides the mini-case example of NUMMI (GM-Toyota JV) – a rare industrial experiment that conveys powerful lessons not just about the transplantation of TPS to the U.S. but also about culture and organizational change. The Washington Post article shows TPS applied in a hospital setting. Excerpts from *The Lean Start-up* show how to apply the principles of lean production/TPS to the management of innovation at a new entrepreneurial firm.

John Shook, "How to Change a Culture: Lessons from NUMMI"

Ceci Connolly, "Toyota Assembly Line Inspires Improvements at Hospital," *Washington Post*, June 3, 2005

Eric Ries, excerpts from Intro, "Batch" (Ch. 9) and "Adapt" (Ch. 11) from *The Lean Startup*

## Tues March 21 Class 15: Aligning People and Business Strategy (HSC Class #7)

**\*\*\* Team report from People Express simulation exercise due at beginning of class \*\*\***  
**[This is a computer simulation for your learning team to do. Please schedule 90 minutes in the week prior to this class to do it together. Instructions for the web-based exercise will be provided in class.]**

We will wrap up the H&SC module with this capstone session. We will review Pfeffer's reading on the 7 key elements of high-performance work system and discuss why there is no magic to his (or any) list of "best practices" but rather the importance of choosing "bundles" of practices that are internally consistent and well-aligned with business strategy.

Our case is Southwest Airlines, focusing first on its early years and founding imprint; then on its distinctive culture and management practices; and on the challenges facing Southwest currently given that its long-time strategy and business model no longer provides as much competitive advantage as in

the past. The People Express simulation gives another way to look at the challenges of managing a rapidly growing airline, with attention to both “managing people” and operations issues.

1. What is Southwest’s strategy? How would it answer the question, “What business are we in?”
2. Why has it been successful for so long? Can its success be replicated by a competitor? Why or why not?
3. How does Southwest’s system for managing people link to the execution of its strategy?
4. What would cause Southwest to fail?

Jeffrey Pfeffer, “Producing Sustainable Competitive Advantage Through the Effective Management of People”

Case: Southwest Airlines: Using Human Resources for Competitive Advantage

<b>Sunday March 26 HUMAN &amp; SOCIAL CAPITAL PAPER DUE ON CANVAS BY 11:59PM</b>
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### **PART III: GLOBAL MODULE**

**Thurs March 23 Class 16: Global Strategy—Why Internationalize (Global Class #1)**

#### **Reading:**

1. Introduction and summary of ADDING Framework from “Summary of Global Strategy Frameworks” Document.
2. “When Bigger Isn’t Better: Banks Retreat From Global Ambitions” (<http://on.wsj.com/1RZrf4S>)
3. OPTIONAL Research Example: Jane W. Lu & Paul W. Beamish, “The internationalization and performance of SMEs.” *Strategic Management Journal*, June-July 2001: 565-586.

#### **Study questions:**

1. Why do firms expand into foreign markets?
2. Under what conditions is foreign expansion adding value and under what conditions might it destroy value?
3. Do you think the rationale for bank’s global expansion in the 1990’s continues to make sense today? Or are banks justified in scaling back their global ambitions?

**Tues March 28 Class 17: Location Choice—Where to Internationalize (Global Class #2)**

#### **Reading:**

1. Pankaj Ghemawat, “Distance Still Matters,” *Harvard Business Review*, Sep. 2001
2. Summary of AAA framework (part of the “Summary of Global Strategy Frameworks” document.)
3. OPTIONAL Research Example: Exequiel Hernandez (2014), “Finding a Home away from Home: Effects of Immigrants on Firms’ Foreign Location Choice and Performance.” *Administrative Science*

*Quarterly*, 59 (1): 73-108. (A summary of this article can be found at <http://knowledge.wharton.upenn.edu/article/foreign-firms-immigrant-workforce/>).

**Case:** “Uber Growth: The Globalization of a Startup” Wharton School Case

**Study Questions:**

1. How does Uber choose foreign markets?
2. What types of CAGE “distances” are most (and least) impactful for expanding Uber’s business into new countries?
3. Is Uber expanding too fast? Why?

**Thurs March 30 Class 18: Location Choice 2.0—Sequencing and Learning (Global Class #3)**

**Reading:**

1. Skim (just get the main points) “The American Model of the Multinational Firm and the ‘New’ Multinationals from Emerging Economies,” *Academy of Management Perspectives*, May 2009 by Mauro F. Guillen & Esteban Garcia-Canal.
2. OPTIONAL Research Example: Xavier Martin & Robert Salomon, “Tacitness, Learning, and International Expansion: A Study of Foreign Direct Investment in a Knowledge-Intensive Industry.” *Organization Science*, May-June 2003: 297-311.

**Case:** “Haier: Taking a Chinese Company Global.” HBS 9-706-401

**Study Questions:**

1. What made Haier so successful in China?
2. Can those same factors help Haier succeed internationally?
3. Did Haier make the right decision by globalizing first into developed markets?

**Tues April 4 Class 19: How to Internationalize: Entry Mode (Global Class #4)**

**Reading:**

1. Summary of Internalization Framework (part of the “Summary of Global Strategy Frameworks” document.)
2. OPTIONAL Research Example: Sanjeev Agarwal & Sridhar N. Ramaswami, “Choice of Foreign Market Entry Mode: Impact of Ownership, Location and Internalization Factors.” *Journal of International Business Studies*, March 1992:1-27.

**Case:** Cherrypicks, HBS 9-807-106

**Study Questions:**

1. Does a partnership between Cherrypicks and SKT to take RBT into Asia-Pacific make sense?
2. Pretend you are part of Cherrypick’s management team:
  - Prepare an “elevator pitch” (2-3 minutes) to convince SKT that this partnership to take RBT to other countries is mutually beneficial.
  - For which countries do you want the rights to RBT? Which telecom operators will you target in each country? How will you brand the service? What other considerations are relevant?
3. Now pretend you are part of SKT’s management team hearing Cherrypick’s pitch:

- What questions and concerns do you have? Why not 'go it alone' and take RBT to other countries by yourself?
- Which countries are you willing to "give" to Cherrypicks? Which telecom operators should they target in each country? How will you brand the service? What other considerations are relevant?

**Thurs April 6                      Class 20: Location Choice 3.0—Where to Establish HQ (Global Class #5)**

**Reading:**

1. Isenberg, Daniel, "How to Start an Entrepreneurial Revolution," Harvard Business Review
2. "How Stockholm Became a 'Unicorn Factory,'" Knowledge@Wharton, 9 November 2015 (free access at <http://knowledge.wharton.upenn.edu/article/how-stockholm-became-a-unicorn-factory/>)
3. OPTIONAL Research Example: Stuart S. Rosenthal & William C. Strange, "Evidence on the Nature and Sources of Agglomeration Economies." *Handbook of Regional and Urban Economics*, Volume 4, 2004: 2119-2171.

**Case:** Start-Up Chile, HBS 9-812-158

**Study Questions:**

1. Why does it matter where firms establish headquarters? If you were starting a firm in the industry in which you work where would you do it? What are the top 3-4 things you would be looking for in that place?
2. Keep you hypothetical startup in mind. How does Chile measure up to the ideal location? Does Start-Up Chile make sense for your startup?
3. Now take the perspective of one of the managers of Start-Up Chile. What aspects of the design of the program would you keep? Which would you change to make Chile a successful, self-sustaining location of choice for new firms?

**Sunday, April 9:                      Global Strategy Memo Due at 11:59 pm, via Canvas**

**Tues April 11                      Class 21: Markets with Poorly Developed Institutions (Global Class #6)**

**Reading:**

1. Summary of Institutional Voids (part of the "Summary of Global Strategy Frameworks" document.)
2. OPTIONAL Research Example: Tarun Khanna, Krishna Palepu, & Jayant Sinha, "Strategies that Fit Emerging Markets." *Harvard Business Review*, June 2005:4-18.

**Case:** Mobile Banking for the Unbanked, HBS 9-511-049

**Study Questions:**

1. Which was the better business model: the third-party-led (WIZZIT) or the MNO-led (M-PESA) model? Why?
2. What country-specific factors influenced the performance of WIZZIT in South Africa and M-PESA in Kenya? (Consider infrastructure, institutions, population, regulations, etc.)

**Thurs, April 13 Class 22: Emerging Markets & Stakeholder Management (Global Class #7)**

**Reading:**

1. "Managing government relations for the future: McKinsey Global Survey results" (link to article provided by professor before class)
2. OPTIONAL Research Example: Witold J. Henisz, Sinziana Dorobantu, & Lite J. Nartey, "Spinning gold: The financial returns to stakeholder engagement." *Strategic Management Journal*, December 2014: 1727-1748.

**Case:** "Uber's Challenges in Foreign Markets (A)" (Wharton School Case)

**Study Questions:**

1. What are Uber's main challenges in foreign markets?
2. Who are the key stakeholders making demands on Uber in each market? What do they want? Has Uber done a good job of responding to those stakeholders?
3. If you were Travis Kalanick, what changes would you make to Uber's approach towards dealing with regulators, the public, and other stakeholders?

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**Tues April 18 Class 23: Team Presentations (first day)**

**Thurs April 20 Class 24: Team Presentations (second day)**

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**Fri April 28 Team paper due by 5pm (posted on Canvas)**