



MANAGEMENT 611: MANAGING THE ESTABLISHED ENTERPRISE
(schedule for Monday-Wednesday sections 001, 002, 003)

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FACULTY WEBSITES

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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 21st 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 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 explores the successful management of individuals and groups. We stress 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 processes and human resource systems to achieve competitive advantage through the management of people.

The third part of the course covers the unique opportunities and challenges that firms face when doing business across borders, and the strategies that they can deploy based on the country- and firm-specific characteristics. While reinforcing the learning points covered in the previous two parts of the course, the discussions in this part will emphasize the deep and persistent cross-country differences in economic, political and social institutions. We will also discuss how exchange rate volatilities, trade and investment treaties, new technologies, and new business models are shaping the business landscape for multinational enterprise.

The class concludes with your final papers, showing how these different perspectives on organizations can be brought together to understand how established enterprises can be successfully managed.

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.

PLEASE NOTE

This class is heavily participation based. Any students who fail to attend the first class will lose their seats in the class. Repeated absences from the class will result in a failing grade independently of your performance on the other assignments. The only exceptions to these rules are absences excused by the MBA Office.

ASSIGNMENTS, QUIZZES AND EXAMS

Final Paper – Proposal of Focal Firm: Friday September 13th at 11:59PM

Strategy Memo: Friday, September 27th at 11:59PM

Human and Social Capital paper: Sunday October 27th, at 11:59PM

Global Strategy paper: Sunday, November 24th at 11:59PM.

Final Paper Presentations: Monday and Wednesday December 2nd and 4th

Final Paper: Friday, December 6th at 11:59PM

Please submit all assignments via Canvas.

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 questions provided in the syllabus. 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. "Airtime hogs" will not be rewarded.

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. 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 and/or other communication devices; and 2) no tablets or laptops open during class.

CASE DISCUSSIONS

In preparing cases for discussion in class, you should be ready to comment on (1) the case's background and context, (2) the key issues and problems, (3) a framework for analyzing the issues and problems, (4) the implications of the assigned readings for understanding the case, and (5) a course of action for designing and implementing solutions.

GRADING

Your grade will be based on:

- Class participation (27.5%) which will be graded by all three instructors and equally weighted across sessions. **Recall that any students who fail to attend the first class will lose their seats in the class. Because participation is a critical part of the learning experience, unexcused absences will be heavily penalized.**
- Three individual assignments – a Human and Social Capital paper (15%), a Strategy memo (15%), and a Global Strategy paper (15%).
- The team final presentation (7.5%) and paper (20%); 27.5% combined. **The final paper grade will depend in part on a post-project within-team assessment of each member's contribution.**

It is possible to fail this class.

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.

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.

STRATEGY MEMO

Due at 11:59PM on Friday, September 27th

1. Conduct an industry analysis of the last industry you worked in from the perspective of an incumbent firm.
2. Draw the activity system for your last employer.
3. Discuss 2 or 3 interactions within the activity system you drew (i.e., the reasoning behind why you have connected 2 elements in the activity system).

The paper should be no more than 1,000 words, i.e., about 3 pages, with one additional page depicting the activity system. Each of the three parts of the paper will have an equal weight for grading purposes.

This is an individual assignment, and should be done individually.

HUMAN AND SOCIAL CAPITAL PAPER: WRITTEN ANALYSIS OF PREVIOUS EMPLOYMENT

Due at 11:59PM on Sunday October 27th

Your assignment is to examine your last (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 Sessions 2-8 in which we cover such topics as motivation, reward systems, job design, recruitment and selection, appraising individual performance, improving organizational processes, and the alignment of HR systems, organizational culture, and business strategy. Certain readings focus on specific theories (e.g. expectancy theory; equity theory) that provide a full-fledged 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). Note: "motivation" is a broad category; we cover seven specific theories on motivation in the first three classes, each of which would count towards the required number of four theories. Note also that recruitment/selection and performance appraisal are HR practices; to analyze, link them to the motivation theories/concepts.

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).

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 concepts and theories, 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 **four theories/concepts** from Sessions 2-8 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/concepts (i.e., do they fit together and reinforce each other or do they disagree? How do they complement each other? Conversely, how are they inconsistent or conflicting?)
3. Summarize/conclude with consideration of the full set of theories/concepts you applied in order to assess which one(s) were most relevant to explaining your work experience.

Here are some tips based on our past experience with this course assignment.

- 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.
- In a relative comparison (which is how we evaluate these papers), the best papers have a good balance between description and theory. 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. It is not enough to mention the names of theories and concepts; you will lose points if they are covered so superficially that your knowledge cannot be convincingly displayed.
- Be sure to explore your **personal** job experience, rather than writing generically about the experience of all people in positions like yours. **In short, write about yourself; do use "I" and "me".**
- Remember to mention course concepts specifically, so we don't have to read your mind. Cover all components in the theory, e.g. all three needs; all five job design dimensions. Don't restate the readings. Rather demonstrate your understanding by drawing explicit links between the concepts (all components) and the case material via specific examples. Don't just drop in the names of concepts in 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 compare your job 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 (up to plus 5% is acceptable). 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 so you have time for editing; note that many students report that first drafts are often close to 2000 words long. 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 is an individual assignment, and should be done individually.

GLOBAL STRATEGY PAPER

Due at 11:59PM on Sunday, November 24th

Pick a firm you are interested in. You are now hired as an internal consultant to assess the firm's global strategy, and are asked to give recommendations for the future. Note that it is perfectly fine if you recommend the firm to remain a pure-play domestic company with no foreign presence at all, even though it may still be exposed to global economic forces.

Please read the following instructions carefully before you get started.

- Your submission should take the form of a letter to the top management team of the focal company, in a Word or PDF file. Your letter should be no more than 1,000 words, including figures and tables, with an additional page for references.
- This is an individual assignment. You may refer to books, class handouts, and financial reports from the company, but have to write the answers in your own words, unless accompanied with quotation marks and references.
- Your letter must contain answers to the following questions:
 - a. What do you think are the main competitive advantages of the focal company? How are these advantages related to the home country business environment it is (or was) in?
 - b. Focus on one country that the company has entered (host country) or is considering (potential host country). How does it compare with the home country, along the dimensions that are relevant to the firm's business? Do you think entering that country would leverage or enhance the focal company's competitive advantages as outlined in a.?
 - c. Suggest the right entry strategy, taking into consideration both the economic factors and the institutional environment of the (potential) host country. If the firm has already entered the host country, please comment on its current strategy, and offer your suggestions. Please try to be as explicit as you can.
 - d. How does the firm's global strategy—or its decision to stay domestic—affect its overall competitiveness in the industry?
- Use the concepts and frameworks discussed in class, but please be selective. Do not run a laundry list of all the factors. Instead, find the ones most relevant to this firm, and explain why they should demand attention from the top executives (i.e. busy people). Be explicit about the firm-, industry-, and country-specific characteristics.
- Do not spend too much time searching for information. Instead, think hard on the best ways to approach the questions. If some crucial information is not readily available, let us know how to obtain the information or how to make decisions with incomplete information (which we do all the time). Sound understanding of concepts and logical clarity in your writing are more important than the amount of information compiled.

This is an individual assignment, and should be done individually.

THE FINAL PAPER

Due at 11:59PM on Friday, December 6th

This team assignment consists of a report (25 pages in length) and a short presentation (9 minutes followed by 3 minutes of Q&A) summarizing its main themes and findings.

This is a team assignment. Teams of 5-6 will be randomly assigned at the beginning of the semester.

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 should be submitted on Canvas by **Friday September 13th by 11:59PM**. You should then meet with faculty by the end of October to discuss your progress.

Your team is to address a critical decision facing the firm. Examples of appropriate focal questions include: Should Citi give stronger incentives to its branch managers? Should CVS set up mini-clinics in its stores? Should Panera Bread enter China? Your question should be narrow enough to have a specific answer, and yet substantial enough to require the theories and concepts from all three modules for a rigorous analysis. For example, your decision on how to incentivize your managers (a HSC question) will also depend on Citi's strategic positioning (a strategy topic), your decision to diversify into clinics (a strategy question) depends on CVS's ability to recruit qualified doctors without compromising the morale of the store assistants (a HSC topic) and the regulations in your intended markets (a global topic), and your decision to expand to China (a global question) will also depend on Panera's competitive advantage in the industry (a strategy topic).

Accordingly, the project can incorporate such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual performance, and links between the HR system and business strategy; such strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; and such global topics as aggregation-adaptation-arbitrage, the role of state and technologies in cross-country differences, and the tension between global efficiency and local responsiveness. Note that if it is difficult to find links between the decision you choose and specific H&SC topics (e.g. you don't know if there were compensation bonuses tied to the outcome of that decision), you should cover the firm's overall approach to motivation, rewards, job design, hiring/selection, performance appraisal, culture, etc. and infer how those practices/policies apply to that decision.

The choice about the relative weight to put on different issues, theories and concepts is yours. Your allocation of space should be made based on the company you have chosen to cover, the issues you choose to analyze, and the data you are able to collect. Difficulty in finding data is not an acceptable excuse for omitting coverage of any aspect of the course; we can provide guidance on how you can find ways around such barriers. We will judge your coverage of the course material based in part on our sense of what a good analysis of the focal firm requires, i.e. if you think certain human & social capital or strategic or global issues aren't important enough to cover and we disagree, we'll reflect that in our comments and grading.

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).

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). **Most importantly, make sure your paper is focused on a core question and contains original analyses, and is not just a fact-based summary of a company.**

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

You will present your projects in Classes 23-24, in a randomly generated order. **One member of each team should upload your team's slide deck before Class 23, i.e. at 8am on Monday 2nd December, even if your team presents during Class 24.**

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.

COURSE OUTLINE

Class 1: Introduction to Managing the Established Enterprise (W 28th of August)

- Readings: “High Expectations: What a big pay rise at Walmart means for the minimum wage debate,” *The Economist*, Jan 30th 2016.

“Thinking Outside the Box: As American shoppers move online, Walmart fights to defend its dominance,” *The Economist*, June 2nd 2016.

“Wal-Mart, thwarted by India's retail restrictions, goes big: wholesale,” *Los Angeles Times*, July 23, 2015.

Walmart vs Costco

1. What do you see as Walmart’s overall strategy?
2. What tradeoffs are evident in the human capital strategies of Walmart and Costco?
3. If you were CEO of Walmart, what countries would you enter first and which countries would you stay away from?

Labor Day: No Class on Monday September 2nd

Class 2 (Strategy #1): Industry Positioning & Competitiveness (W 4th of September)

- Readings: 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)**
 1. Why, historically, has the soft drink industry been so profitable?
 2. Compare the economics of the concentrate industry to that of the bottling industry: Why is the profitability so different?
 3. How has the competition between Coke and Pepsi affected the industry’s profits?
 4. How can Coke and Pepsi sustain their profits in the wake of the flattening demand and the growing popularity of non-CSDs?

Class 3 (Strategy #2): Complementors (M 9th of September)

- Readings: Brandenburger, Adam M., and Barry J. Nalebuff. 1996. Co-opetition pp. 11–34.
- Video All Players in the Game: <http://vimeo.com/62165898>
- Case: **De Beers at the Millenium (9-706-518)**
 1. What product does De Beers actually sell?
 2. What role does GIA play in the De Beers value net?

One-page Final Paper Proposal, due on Friday, September 13th

Class 4 (Strategy #3): Value Creation & Appropriation (W 11th of September)

- Readings: Brandenburger, Adam, and Harborne Stuart. 1996. "Value-Based Business Strategy." *Journal of Economics and Management Strategy* 5 (1): 5–24
- Videos A Definition of Value: <http://vimeo.com/61143220>
How the Pie is Divided: <http://vimeo.com/61225993>

1. To check your understanding of value creation and added value answer the following questions:

Consider a set-up with four suppliers, three firms, and two buyers. Each supplier can transact with at most one firm, and vice versa. Similarly, each buyer can transact with at most one firm, and vice versa. Each supplier has an opportunity cost of \$10 of providing resources to a firm. Each buyer has a willingness-to-pay of \$40 for the product of two low-quality firms (say firms 1 and 2) and a willingness-to-pay of \$50 for the product of one high-quality firm (say firm 3). What are the possible price ranges for the products sold by the high-quality and low-quality firms? Pick prices outside these ranges and convince yourself that these prices are not possible.

Class 5 (Strategy #4): Positioning & Activity Systems (M 16th of September)

- Readings: Porter, Michael E. 1996. "What is Strategy?" *Harvard Business Review* (November-December): 61–78.
- Case: **Progressive Corporation, 9-797-109**

What are the five key points in Porter's article?

When reading the Progressive case, please have the following questions in mind:

1. What is Progressive's positioning?
2. What are the characteristics of Progressive's customers?
3. How are Progressive's activities tailored to its position?
4. How do the activities fit with one another?
5. Should Progressive enter the standard segment?

Class 6 (Strategy #5): Competitive Interactions (W 18th of September)

- Readings: Porter, Michael E. 1980. *Competitive Strategy* Ch. 3, pp. 47–74.
- Video The Uncertainty in a Game <http://vimeo.com/64599418>
- Case: **Philips' Compact Disc Introduction (B), 9-792-036**

(In solving the Philips case, be aware of what assumptions you are making, and whether your results are robust to (small) changes in these assumptions).

1. How does competitor analysis proposed by Porter fit into the notion of second-order thinking in the video?
2. Should Philips establish a U.S. plant at the beginning of 1983 or wait a year before deciding? Why or why not? (You need to crunch numbers here!) Do not try to draw a game tree! In this case, solving the problem without a tree is much easier.

Class 7 (Strategy #6): Corporate Strategy (M 23rd of September)

- Readings: Ghemawat, Pankaj and Jan Rivkin. 2010. "Choosing Corporate Scope," *Strategy and the Business Landscape* (3rd ed.), Ch. 6, pp. 123 – 147.
- Case: **The Walt Disney Company: The Entertainment King, 9-701-035**
(Please make sure you understand the "two tests" Ghemawat and Rivkin are describing.)

When reading the Disney case, please have the following questions in mind:

1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
3. Has Disney diversified too far in recent years?

Class 8 (Strategy #7): Strategic Planning and Strategy Wrap-Up (W 25th of September)

- Readings: Gavetti, Giovanni, and Jan Rivkin. "The Use and Abuse of Analogies" (9-703-429)

Gavetti, Giovanni, and Jan Rivkin. "Analogical reasoning at Lycos"
 1. What are the pitfalls of analogical reasoning?
 2. Read the Lycos mini-case. Do you buy the analogy to traditional media Lycos's management team used to arrive at their decision? Does this analogy provide Lycos's managers with valid guidance?

Friday, September 27th

STRATEGY MEMO DUE AT 5:00PM

Class 9 (HSC Class #1): Motivating Individual Performance (M 30th of September)

We start with the central topic of motivation, introducing a number of different behavioral theories (e.g. needs, goal-setting, expectancy, cognitive evaluation), and applying them to the Nordstrom case.

1. Who sets performance goals, and how are they set?
 2. How does Nordstrom meet the needs of different employees?
 3. Consider Suzanne Jacobs, the protagonist. What are the positive and negative effects of how Nordstrom manages its employees on Suzanne's motivation?
- Readings: Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation" (covers four theories: needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12th 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*
 - Case: **Nordstrom Department Store**

Class 10 (HSC Class #2): Designing Reward Systems (W 2nd of October)

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 provide perspective on the difficult balance in reward system design between incentive and equity concerns.

1. How well does the Netflix approach to compensation, promotions, and dismissal/retention succeed at meeting “strong incentive” and “equity/fairness” criteria?
 2. In what ways does the reward system at Netflix fit, and help achieve, its 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?
- Readings: Stephen P. Robbins & Timothy A. Judge, “Equity Theory,” from *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.
Elliot Aronson, “The Rationalizing Animal,” *Psychology Today*
 - Case: **Netflix Freedom and Responsibility Culture (company document)**

Class 11 (HSC Class #3): Designing Jobs and Organizing Work (M 7th of October)

Please fill out the Job Diagnostic Survey (in the H&SC Extras folder, Files tab, on Canvas) for the first job that you held after graduating from college. Bring the Motivating Potential Score for that job to class. We will work in teams to do redesigns of those jobs to increase their motivating potential. This exercise takes the place of a case.

In addition, consider the worst job you’ve ever had, or perhaps a job in your most recent workplace that seemed particularly dissatisfying and dispiriting. Think about applying the “Job Characteristics Model” (Hackman and Oldham’s framework, covered in Bauer et al) to that job. What would you change? Are such changes feasible? If not, why not? If so, why weren’t such changes been implemented?

Then think about the best job you’ve ever had. Can you identify the dimensions from Hackman and Oldham’s framework that provided motivation in that job? Did you do any “job crafting” to help the job fit you better?

- Readings: Talya Bauer, Berrin Erdogan “Motivating Employees Through Job Design,” Section 6.2 in *Organizational Behavior*, Flat World Publishing

Class 12: (HSC Class #4) Recruiting and Selecting Employees (W 9th of October)

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?

- Readings: Benjamin Schneider, "The People Make the Place"

Optional: Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", Human Resource Management, Vol. 43: 305-18.

- Case: **SG Cowen: New Recruits**

Core Exams—No Class, October 14-20

Class 13 (HSC Class #5): Managing and Appraising Performance (M 21st of October)

We will discuss appraisal of individual employees as an important but difficult-to-manage component of any effective performance management system, including: why performance appraisal is crucial to maintaining motivation and aligning incentives; why nobody likes the process – due to built-in conflicts within the individual, within the organization, and between the individual and the organization; and "best practices" for performance appraisal.

A specific focus will be the recent trend to eliminate traditional performance appraisal in favor of a variety of new approaches at companies such as Adobe and Deloitte.

Then we will discuss retention dilemmas at Naukri (India's leading online recruitment company) and the implications for performance appraisal. For each of these key employees, consider what recommendations about efforts at retention you would give to CEO Sanjeev Bikhchandani vis-à-vis: what value they bring to the firm, whether retention efforts are likely to be successful, and what consequences retention actions could have for Naukri in managing other employees.

- Mala Podar (sales team)
 - Amit Bose (technical team)
 - Shiv Iyer (heading up a new venture within Naukri)
- Readings: John J. Gabarro and Linda A. Hill, "Managing Performance" (9-496-022)
Peter Cappelli and Anna Tavis, "The Performance Management Revolution"
- Case: **Naukri: Three Retention Dilemmas**

Class 14 (HSC Class #6): Improving Organizational Processes (W 23rd of October)

Successful strategies don't only involve "innovations". 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.

The first reading provides the mini-case example of NUMMI (GM-Toyota JV) – a rare industrial experiment that conveys powerful lessons about the transplantation of Toyota Production System (TPS) to the U.S. and also about culture and organizational change. The Washington Post article shows TPS applied in a hospital.

In the case, Toby Johnson, a young manager fresh from an MBA and in a leadership rotation program, is trying to turn around the performance of a manufacturing plant via improving organizational processes.

- Readings: John Shook, “How to Change a Culture: Lessons from NUMMI”
Optional: Ceci Connolly, “Toyota Assembly Line Inspires Improvements at Hospital,” Washington Post, June 3, 2005
- Case: **Toby Johnson: Leading After School (A)**
 1. What challenges did Toby Johnson face when she first took over as manufacturing manager at the Williamsport plant?
 2. Map out the sequence of specific actions that Johnson took after starting her job at the plant. What was the purpose and impact of each? Which were the most important in your eyes?
 3. If you were in Johnson’s shoes, would you advocate for the Williamsport plant being the first to pilot the Team 4-Ward process improvement initiative?

Sunday, October 27th HUMAN AND SOCIAL CAPITAL PAPER DUE AT 11:59PM
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Class 15 (HSC Class #7): Managing Human Resources for Organizational Performance (M 28th of October)

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 provide as much competitive advantage as in the past.

1. What is Southwest’s strategy? How would it answer the question, “What business are we in?”
 2. Why has Southwest 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 and its culture link to the execution of its strategy?
 4. What would cause Southwest to fail?
- Readings: Jeffrey Pfeffer, “Producing Sustainable Competitive Advantage Through the Effective Management of People”
Optional: MacDuffie, John Paul. “Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry”
 - Case: **Southwest Airways: Using Human Resources for Competitive Advantage**

**Class 16 (Global #1): Why we trade, how we do it, and why managers should care
(W 30th of October)**

- Readings: Peter Debaere, “Why Countries Trade: The Theory of Comparative Advantage”, (UV-2702)
John Lyons and Paul Kiernan, “How Brazil’s China Driven Commodity Boom Went Bust,” *Wall Street Journal*
Marcelo Bucheli, “Banana War Maneuvers,” *Harvard Business Review*, November 2005
1. What are the determinants of what countries exchange with each other?
 2. Why do we have institutions regulating trade?
 3. How is trade regulated in the world economy?
 4. How can companies take advantages of rules on world trade?

Class 17 (Global #2): Understanding differences between countries: The CAGE framework for measuring distance (M 4th of November)

- Readings: Pankaj Ghemawat, “Distance Still Matters: The Hard Reality of Global Expansion,” *Harvard Business Review*
Vijay Mahajan “Understanding the Arab Consumer,” *Harvard Business Review*
1. What are the main elements creating distance between countries?
 2. How do we evaluate distance between countries?
 3. How can corporations overcome distance?

Class 18 (Global #3): Should we operate as a multinational? The OLI framework (W 6th of November)

- Readings: John Dunning, “The eclectic paradigm as an envelope for economic and business theories of the MNE activity,” *International Business Review*, 9 (2000): 163-190.
 - Case: **Globalizing Consumer Durables: Singer Sewing Machine Before 1914 (9-804-001)**
1. What defines the ownership, location, and internalization advantages of a multinational firm?
 2. How malleable are these advantages?
 3. When does it make sense to operate locally only?

Class 19 (Global #4): How to operate globally? Differentiation Pressures, Cost Reduction Pressures, and the AAA Framework (M 11th of November)

- Readings: Pankaj Ghemawat, “Managing Differences: The Central Challenge of Global Strategy,” *Harvard Business Review*
1. What does it mean to “manage differences”?
 2. What determines the global location of different segments of the value chain?
 3. How can multinationals achieve optimal cost reduction and local differentiation?

Class 20 (Global #5): Going global with friends or going alone? Evaluating alliances and joint ventures sets (W 13th of November)

- Reading: Buckley, Peter and Mark Casson (1998), "Analyzing Foreign Market Entry Strategies: Extending the Internalization Approach," *Journal of International Business Studies*, 29(3): 539-561

- Case: **Walmart Around the World**
 1. Why did Walmart choose different entry strategies in different markets?
 2. What were the determinants of those decisions?
 3. How can we evaluate the feasibility of each strategy?

Class 21 (Global #6): Globalization strategies of emerging multinationals (M 18th of November)

- Case: **The Globalization of CEMEX (9-701-017)**
 1. What are the particular challenges faced by emerging markets' multinationals?
 2. What advantages do emerging multinationals have?
 3. What can multinationals from Western countries learn from the emerging markets' multinationals?

Class 22 (Global #7): Operating in an increasingly complex political environment: a political risk analytic framework (W 20th of November)

- Readings: John Chipman, "Your Company Needs a Foreign Policy," *Harvard Business Review*

Minefee, Ishva and Marcelo Bucheli (2019), "Combating Corruption in Global Business: From the Cold War to the End of the Second Global Economy," in Teresa Da Silva Lopes, Christina Lubinski, and Heidi Tworek (eds.), *The Routledge Companion to the Makers of Global Business* (New York: Routledge): 516-529.
 1. What are the elements to consider when evaluating political risk?
 2. How should a firm develop a foreign policy?
 3. Why do we need to consider world politics when operating globally?
 4. How are political strategies linked to corporate strategies?

Sunday, November 24th

GLOBAL STRATEGY MEMO DUE AT 11:59PM

November 28 – 30

Thanksgiving Break

Class 23 and 24

**Final Paper Presentations (M W 2th and 4th of December)
(all teams submit to Canvas by 8am on Monday December 2nd)**

Friday, December 6th

FINAL PAPER DUE AT 5:00PM