

MGMT 612: MANAGING THE EMERGING ENTERPRISE

Fall 2019

INSTRUCTORS

Professor Peter Cappelli	215-898-2722	cappelli@wharton.upenn.edu	SHDH 2205
Professor David Hsu	215-746-0125	dhsu@wharton.upenn.edu	SHDH 2028
Professor Exequiel Hernandez	215-746-1984	exequiel@wharton.upenn.edu	SHDH 2021

TEACHING ASSISTANTS

Liat Eldor	Human & Social Capital	l Eldor@wharton.upenn.edu
Jing Li	Strategy	l jingli@wharton.upenn.edu
Jason Lee	Global Strategy	l kwjason@wharton.upenn.edu

COURSE OBJECTIVES

This course deals with central issues in the field of management as illustrated through the context of emerging enterprises, industries, and markets as they scale and develop over time. We focus the attention on the human capital, strategic, and international opportunities and challenges in these contexts – offering an integrated view of these issues. The course has three main parts, and two “bookend” events. The course starts with a session in which you meet the entire teaching team and receive a roadmap for this semester-long journey. Several weeks later, the culminating event will be the presentation of your team project, which will give you and your team the opportunity to analyze a real-world organization of your choosing, using the tools you have accumulated in the course.

The first part of the course, taught by Professor Cappelli, provides a framework for analyzing the issues associated with managing people. It will introduce you to topics such as motivating employees, managing performance, understanding careers, and the interface between management decisions 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. Managerial and professional careers involve frequent changes in responsibilities, so the course also provides concepts for analyzing how managerial approaches may vary in different organizational and industry settings. We will discuss, based on these analyses, how to develop and implement organizational designs and systems that achieve competitive advantage through the management of people. After working for several years, individuals often have developed a number of insights into how people behave in organizations, and how organizations in turn shape that behavior. We will draw upon your experiences to develop ways of understanding and analyzing the issues around the management of people covered in this course.

The second part of the course, taught by Professor Hsu, 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 strategic thinking, industry analysis, value creation strategies and business models, role of platforms and ecosystems, disruptive innovation, scaling, and boundaries of the enterprise. While we often discuss these topics from the

perspective of emerging enterprises, it is important to note that strategic competition cannot ignore incumbents, and so our frameworks also need to take into consideration the perspective from established competitors' position.

The third part of the course, taught by Professor Hernandez, 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. We will first focus on the core questions managers need to answer in the process of taking a business abroad. 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 (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 timeless global strategy issues, we consider some timely global topics: how globalization may help firms innovate, how to operate in emerging markets with poorly developed institutions, and how to manage relations with governments and other stakeholders. The module will give you a toolkit to evaluate opportunities for improving a firm performance through internationalization.

CLASS SESSIONS AND PARTICIPATION

Each class will consist of a combination of lecture and discussion of the day's topic. 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 cases 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 as necessary 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.

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions and we will take attendance. 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.

We will be following the Wharton MBA policy of **no electronic devices allowed in class** (computer, tablet, or phone), even to take notes. This policy is based on significant research, coupled with our past experience here at Wharton, demonstrating that learning outcomes are superior without electronic devices. We will be posting slides and other materials used in class on Canvas, usually after class, to facilitate note-taking and avoid having you write down what is on the slides. If an in-class activity requires a laptop or tablet, the professor will notify you ahead of time.

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. Below is the Ethics matrix for the course.

	Materials							People				
MGMT 612 Managing the Emerging Enterprise	Approved calculator	Laptop / other electronics	Summary sheet	Readings/ 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	A	A		A			A	W	W	W		
Team Assignments	A	A		A			A	W				
Individual Assignments	A	A		A			A					
	A = Allowed material Blank Cell = Not allowed							W = Allowed to work together Blank Cell = Not allowed				
<p>The information above covers many common situations but will not cover every circumstance. Remember: The Wharton MBA Code of Ethics 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.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												

TEXT AND READINGS

Wharton Reprographics has a copy of the course pack for MGMT 612, which can be purchased from Study.Net and accessed directly from the course Canvas site. The readings listed on the course outline below should be read and prepared before that class session.

ASSIGNMENTS

(1) Human & Social Capital Write-up: 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 Sessions 1-8 in which we cover such topics as motivation, job design, reward systems, managing individual and group performance, and group and organizational influences on decision-making. 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).

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 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 **five of the main concepts (four if you choose job design, noting the five separate concepts within it)** from Sessions 1-8 by making specific links between theories/concepts and key elements of your job experience.
2. 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.

- 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 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.

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. The write-up is due, **by Friday, September 21 submitted on Canvas by 11:59 pm.**

(2) Strategy Quizzes: Short quizzes will be administered after each class session. The purpose is to check your mastery of the key module concepts.

(3) Global Strategy Memo: You will be given a short article (posted on Canvas) describing the global strategy of a company. Your task is to write a concise memo addressed to the CEO of the firm, critiquing the global strategy based on the concepts learned in class. Detailed instructions regarding the assignment can be found on Canvas under Assignments > Global Strategy Memo. **Your memo should be submitted on Canvas by Sunday, December 1 at 11:59 pm.** 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.

(4) Team project (details at the end of the syllabus).

GRADING

- Human & social capital write-up due on Friday, Sep 20 (13.33%).
- Strategy daily quizzes (13.33%).
- Global strategy memo due on Sunday, December 1 by 11:59 pm (13.33%).

- Class participation (30%).
- Team project (30% total; 5% for presentations, 25% for paper)
 - Proposal due on Oct 4
 - Presentations on Dec 3 and Dec 5
 - Final paper due on Dec 13

FACULTY LUNCHESES

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 put away. **This includes tablets, laptops, phones, and any device that can cause a distraction.**

COURSE OUTLINE

Introduction: Overview of the Semester (Tuesday, August 27; all three professors present)

PART I: HUMAN & SOCIAL CAPITAL MODULE (Professor Cappelli)

HSC Class 1: Motivating Individual Performance (Thursday, Aug 29)

- **Description:** We begin with an obvious truism about human behavior in organizations – that people will behave according to what actions they perceive are being rewarded. We then begin our exploration of the theme “behavior is not that simple” by pointing out how often organizations “reward A while hoping for B”. We also introduce various motivation theories from the behavioral sciences and contrast them with more economics-based views of motivation (e.g. agency theory) which emphasize financial incentives and contract-based goal alignment.
- **Readings:** Steven Kerr, “On the Folly of Rewarding A While Hoping for B,” *Academy of Management Journal*, Vol. 18, pp. 769-83.

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.
- **Case:** **Automated Travel Systems**
 1. How did ATS get itself in this situation?
 2. What should they do at the end of the case?

HSC Class 2: Designing Reward Systems (Tuesday, Sep 3)

- **Description:** Here we focus on the design of reward systems, keeping in mind various cognitive processes that affect motivation. We introduce concepts from equity theory, which describes how individuals assess the ratio of outcomes (pay, recognition) in relation to inputs (of effort, skill, experience) for themselves in comparison with others. We then consider the actions (and shifts in perception) individuals may undertake to establish a sense of equity. The case discussion emphasizes how the compensation and reward system of an organization must balance incentive and equity concerns. We also explore the role of the labor market in constraining the kinds of compensation systems firms can implement. Please come prepared with examples of reward systems you have encountered and we will examine them for cross-industry and cross-cultural differences.
- **Readings:** Elliot Aronson, “The Rationalizing Animal,” *Psychology Today*, p. 67-77.

Edward Lazear, “Relative Compensation,” Chapter 3 in *Personnel Economics*, Cambridge, MA: MIT Press, 1995, pp. 25-37.

Stephen P. Robbins & Timothy A. Judge, “Equity Theory,” from *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.
- **Case:** **Brainerd, Bennis, and Farrell – Partnership model**

1. How should the lawyers listed at the back of the case (A-F) be paid?
2. Please meet with a team of colleagues (3-4, you create them) and decide how to apportion 100 points between them. Come to class ready to present and defend your choice.

HSC Class 3: Designing Jobs (Thursday, Sep 5)

- **Description:** We next examine job design – one important source of implicit rewards at work. We compare Frederick Taylor’s scientific management approach, first put forth in the early 1900s but still influential today, with Hackman and Oldham’s job design theory, which analyzes the five characteristics of a job that contribute to its motivational potential. We then explore how poor job design can kill motivation even when explicit incentives are well-designed – or how even an excellent job design can’t overcome poor incentives or poor leadership.
- **Readings:** “Frederick Winslow Taylor: Father of Scientific Management,” selection from *Business: The Ultimate Resource*, Cambridge, MA: Perseus Publishing, pp. 1054-55.

J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, “A New Strategy for Job Enrichment,” *California Management Review*, Vol. 17, pp. 57-71.
- **Case:** **Jennifer Henderson and the International Division at Trustworthy Trust**
 1. Why are analysts such as Henderson demoralized?
 2. How do you explain the motivation level of senior managers? What do you draw upon for your assessment?
 3. What recommendations would you offer the Executive Vice President Marshall Wilde?

HSC Class 4: Recruiting and Selecting Employees (Tuesday, Sep 10)

- **Description:** In this class, we turn our attention to employee recruitment and selection. 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 these strategies into place. We then explore the attraction-selection cycle and the implications of recruiting and selection for organizational culture and performance. The Outfit7 case provides an opportunity to analyze one company’s hiring practices so examine your own beliefs and assumptions about what makes for an effective hire.

Question: *Would you follow a recommendation from an algorithm about who to hire?*

- **Readings:** Peter Cappelli. Your Approach to Hiring is All Wrong. *Harvard Business Review*. May-June 2019.

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

- Case: **Outfit7: Start-up Hiring Decision**
 1. Who would you hire and why?
 2. How will the choice shape the company going forward?

HSC Class 5: Driving Performance (Thursday, Sep 12)

- Description: Here we emphasize the power of group norms and information provided by coworkers, subordinates, and bosses as influences on individual behavior. These social influences can, if well-managed, help align group and individual goals with organizational goals, yield higher performance than individuals provide, especially when tasks are complex and demand complementary skills, and build a common language and shared experience base to facilitate coordination and creativity. If poorly managed, however, group norms and information can foster inappropriate conformity and compliance, diminishing individual, team, or organizational effectiveness and integrity. We explore both the potentially positive and the potentially negative consequences of social influence in this class and take a close look at how managers create (and respond to) groups that are “hot” – lively, high-achieving, dedicated groups, usually small, whose members are turned on to an exciting and challenging task.
- Readings: “Social Influence,” from Thomas Gilovich, Dacher Keltner, and Richard E. Nisbett, *Social Psychology*, NYC: WW Norton and Co., two excerpts, pp. 213-230 and pp. 240-253.
- Case: **Soul of a New Machine**
 1. Why is the Eclipse group working so hard?
 2. In what ways does West give and receive feedback from his group and the organization?
 3. Do you think West’s leadership of the group is successful in the short-run? In the long-run? What are the risks involved in his style?

HSC Class 6: Improving Organizational Processes (Tuesday, Sep 17)

- Description: A central topic in management is how to change organizations. We consider the processes needed to make changes stick as well as the organization of work and the human resource policies associated with “lean” production systems pioneered by Toyota. These practices are increasingly seen as useful in many contexts for improving quality and productivity.
- Readings: James P. Womack, Daniel T. Jones, and Daniel Roos, “How Lean Production Can Change the World,” *New York Times*, pp. 20ff.

James N. Baron and Michael T. Hannan, "Organizational Blueprints for Success in High-Tech Start-Ups," *California Management Review*, Vol. 44, No. 3, pp. 8-36.

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

Start the People Express simulation below for Sept 21.

- Case: **Leaping Tiger**
 1. What would your plan be for turning around this guest house?
 2. Specifically, how would you try to ensure that quality customer experiences we put in place and executed over time?

HSC Class 7: Aligning Human Resources and Business Strategy (Thursday, Sep 19)

***** Team report from People Express simulation exercise due at beginning of class *****
[This is a computer simulation. You will be running a start-up airline. It needs to be done in a team, so schedule at least two hours this week when you are available to do it. The simulation will be loaded on every Huntsman computer.]

- Description: In this capstone session, we highlight the alignment (or misalignment) between human resources systems and business strategy as a source of competitive advantage. We also discuss debates over whether there is "one best way" for all companies in all industries to organize their systems for managing people. In the case discussion, we will untangle the factors behind the high performance of Southwest Airlines, perhaps the most successful airline in the U.S. over the past 10-15 years. We will compare Southwest with examples, past and present, of airlines that have taken different approaches to combining their "managing people" practices with their business model and operational practices, and discuss the significance of these differences for achieving sustainable competitive advantage in this very tough industry.
- Readings: Peter Cappelli and Anne Crocker-Hefter, "Distinctive Human Resources Are Firms' Core Competencies," *Organizational Dynamics*, Vol. 24, No. 3.

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

- Case: **Southwest Airways: Sustainable Start-up**
 1. What is Southwest's strategy? How would it answer the question, "What business are we in?" Why has it been successful for so long?
 2. 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. How would you describe the culture of the organization?
 5. What would cause Southwest to fail?

HSC PAPER DUE: Friday, Sep 20 at 11:59 pm (via Canvas)

PART II: STRATEGY MODULE (Professor Hsu)

Tue, Sept 24 Industry Positioning & Competitiveness (Strategy Class #1)

Reading: 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 question: How is the 5 Forces framework valuable in light of the successful entry of Andreessen Horowitz in the venture capital industry?

Thu, Sept 26 "Judo" Strategy (Strategy Class #2)

Reading: 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?

Tue, Oct 1 Value Chain Strategy (Strategy Class #3)

Reading: 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?

Thu, Oct 3 Disruption Strategy (Strategy Class #4)

Reading: 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: What are the main benefits and challenges for new ventures in adopting a disruption strategy? Without coordinating with colleagues, please come to class with at least one example of a successful or failed new venture disruption strategy along with your speculation as to the root cause for the outcome.

Tue, Oct 22 Blue Ocean Strategy (Strategy Class #5)

Readings: 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?

Thu, Oct 24 Corporate Scope & Expansion Strategy (Strategy Class #6)

Reading: P. Ghemawat and J. Rivkin. 2010. “Choosing Corporate Scope,” *Strategy and the Business Landscape* (3rd ed.), Ch. 6, pp. 123 – 147.

Case: Electric Scooter Wars (Wharton case, April 2019)

Study questions: on what basis will Lime, Bird and others in the electric scooter market compete going forward? Who is likely to “win” the war, and why?

Tue, Oct 29 Entrepreneurial Strategy Wrap-Up (Strategy Class #7)

Case: Pressed Juicery (Wharton case)

PART III: GLOBAL MODULE (Professor Hernandez)

Thu, Oct 31 Why should firms (not) internationalize? (Global Class #1)

Reading:

1. Introduction and summary of ADDING Framework from “Summary of Global Strategy Frameworks” Document.

2. If needed, review the concept and calculation of net present value (NPV) analysis: “A Refresher on Net Present Value” by Amy Gallo (<https://hbr.org/2014/11/a-refresher-on-net-present-value>). If you have a strong background in NPV analysis, you can skip this.

3. OPTIONAL Research Example: Chang, Kogut, and Yang (2016) “Global diversification discount and its discontents: A bit of self-selection makes a world of difference.” *Strategic Management Journal*, 37(11): 2254-2274.

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

Study questions:

1. What made Haier so successful in China during its startup phase (from 1984 to the mid 1990’s)?
2. Do those same factors help Haier succeed internationally as the company matures (post mid 1990’s)?
3. Did Haier make the right decision by globalizing first into developed markets?

Tue, Nov 5 Where should firms internationalize? (Global Class #2)

Reading:

1. Pankaj Ghemawat, “Distance Still Matters,” *Harvard Business Review*, Sep. 2001
2. 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:

1. “Uber Growth: The Globalization of a Startup” Wharton School Case (Download the spreadsheet that goes with this case from Canvas (Files > Global Module > Uber Spreadsheet.xlsx. Bring your laptop/tablet with the spreadsheet to class.)
2. “Uber to Sell Its Southeast Asia Business to Grab, a Regional Rival” *New York Times*, 25 March 2018.

Study Questions:

1. How did Uber choose foreign markets in its first several years?
2. Do you agree with Uber’s attempts to standardize its globalization playbook? Why?
3. What types of CAGE “distances” are most (and least) impactful for expanding Uber’s business into new countries?
4. Why did Uber scale back its foreign expansion ambitions—selling its operations in China, Russia, and SE Asia?

Thu, Nov 7 How should firms internationalize—Strategy? (Global Class #3)

Reading:

1. Summary of AAA framework (part of the “Summary of Global Strategy Frameworks” document.)
2. OPTIONAL Research Example: Siegel JI, Larson BZ. 2009. Labor Market Institutions and Global Strategic Adaptation: Evidence from Lincoln Electric. *Management Science* 55(9): 1527–1546.

Cases: (NOTE: Each is a brief mini-case rather than a full-length case)

1. “How Amazon Adapted Its Business Model to India” by Vijay Govindarajan and Anita Warren, *Harvard Business Review*.
2. “Netflix, Amazon Take Divergent Paths to Reach Indian Audience” by Shalini Ramachandran, *Wall Street Journal* (1 Nov 2016).
3. “The Globalization of R&D by US Multinationals: What Are the Effects at Home?” by Theodore Moran and Lindsey Oldenski (<https://piie.com/blogs/realtime-economic-issues-watch/globalization-rd-us-multinationals-what-are-effects-home>)

Study Questions:

1. What are the differences in the global strategies of Amazon, Netflix, and the US firms doing R&D abroad described in the mini-cases?
2. How do these companies create and capture value in each case?
3. What risks is each company taking by the kind of strategy they are following in foreign markets?

Tue, Nov 12 How should firms internationalize—Entry Mode? (Global Class #4)

Reading:

1. “The Resource Pathways Framework,” Chapter 1 of *Build, Borrow, or Buy: Solving the Growth Dilemma* (by Laurence Capron and Will Mitchell).
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.

Cases (each is a mini-case):

1. “An Insider’s Account of the Yahoo-Alibaba Deal,” by Sue Decker, *Harvard Business Review* (August 2014)
2. “How a 10-month-old startup's founders convinced investors to give them millions of dollars to buy a 93-year-old German razor factory,” *Business Insider*, 13 June 2015
3. “Lyft, Didi, Ola And GrabTaxi Partner In Global Tech, Service Alliance To Rival Uber,” *TechCrunch*, 3 December 2015

Study Questions:

1. Why did Yahoo! go from building its own operation in China, to acquiring another firm, to partnering with Alibaba? Do you agree the Alibaba partnership was successful?
2. Why did Harry’s acquire Feintechnik? Why not manufacture it’s own razors or, if Feintechnik makes unusually good razors, sign a simple supply contract to get the razors it needs?
3. Why did Lyft, Didi, Ola, and GrabTaxi establish an alliance? Why not build their own ridesharing services in foreign markets, like Uber has done?

Thu, Nov 14 Global Alliance Networks and Innovation (Global Class #5)

1. “Comparing Network Advantage: Sony versus Samsung,” Chapter 2 in *Network Advantage* by Henrich Greve, Tim Rowley, and Andrew Shipilov.

2. “The First Step to Successful Innovation? Choosing the Right Partners,” *Knowledge@Wharton*: <http://knowledge.wharton.upenn.edu/article/the-first-step-to-successful-innovation-choosing-the-right-partners/>

3. OPTIONAL Research Example: Hernandez, E. & Balachandran, S. (2018), “Networks and Innovation: Accounting for Structural and Institutional Sources of Recombination in Brokerage Triads,” *Organization Science*, 29(1): 80-99.

Case: “Tesla Motors: Disrupting the Auto Industry?” INSEAD Case CS-EN-0-01-2016

Study Questions:

1. What is the difference between the first, second, and third degree network perspectives?
2. Focus your reading of the Tesla case on its partnerships across the world. Does Tesla have a “hub and spoke” or an “integrated” network? (See the “Tesla infographic” available on the global module folder on Canvas.)
3. How does Tesla’s position in its global alliance network affect its ability to innovate and disrupt the auto industry?

THANKSGIVING BREAK (NO CLASS)

Tue, Nov 19 Class 22: 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.)
3. How would you modify the business models of WIZZING and M-PESA if you were to take these products into other emerging markets?

Thu, Nov 21 Class 23: Managing Non-Market Stakeholders (Global Class #7)

Case: “Uber’s Challenges in Foreign Markets (A)” (Wharton School Case)

Study Questions:

1. What were Uber’s main challenges in foreign markets as of late 2014?

2. Who were the key stakeholders making demands on Uber in each market? What did they want? Did Uber do 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?

GLOBAL MEMO DUE: Sunday, Dec 1 at 11:59 pm (via Canvas)

TEAM PROJECT DEADLINES

Tue, Dec 3: Team project presentations

Thu, Dec 5: Team project presentations

Fri, Dec 13: Team paper due by 11:59 pm (via Canvas)

Term Team Project

The project should be worked on in a team of six students, **which will be randomly assigned early in the semester**. Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm located in a given country, vis-à-vis the firm's employment practices and organizational and human-resource systems, its corporate strategy, and its global strategy. Essentially, in this assignment, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such competitive strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual and group performance, improving organizational processes, and links between the HR system and business strategy; and global strategies of aggregation, adaptation and arbitrage, the role of business groups and the tension between shareholder value maximization and stakeholder demands.

This assignment requires you to prepare a **report** (25 pages in length) and a **presentation** summarizing its main themes and findings. For both, you should consider the drivers of the firm's recent relative performance as well as the sustainability of these drivers over time. To ensure that the project meets the course objectives, each project team would submit a brief project **proposal** (through Canvas) that will include the name of the company, the industry that the company is in and the course topics that will be covered in the project..

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

Note that we have created an "off-limits" list for focal firms this year. Each year, certain firms are popular choices, selected by multiple student teams. To maximize the range and variety of firms analyzed for this assignment (and to avoid repetition in team presentations for students and faculty alike), we establish an "off-limits" list each time the course is taught. Typically the list is based on firms that were chosen by two or more teams in previous years. For this year's course, the "off-limits" list includes: Airbnb, Bonobos, Chipotle, FitBit, GoPro, Groupon, Lending Club, Linked In, Lululemon, Shake Shack, Spotify, Square, Tesla, Tough Mudder, Uber, Netflix, and Yelp. Additionally, any firm that we studied as a focal case will be off-limits.

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

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- The paper must cover material from all three modules of class, including concepts/frameworks from each module. However, not all modules need to receive equal coverage. Your decision of what to emphasize will depend on the issues most salient and interesting for your company. Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your case. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.

- Do not expect the reader to “crunch the numbers” that you display in your exhibits to see what is really happening; this is the difference between a case and a paper: you have to provide the data *and* the analysis.
- When facing a choice as to whether to narrow your paper to a more focused topic, recognize the benefits of this strategy in terms of richness, thoroughness and completeness but balance these benefits against the costs of reduced data availability and difficulty in legitimately speaking to all three elements of the course. Choose the narrowest possible topic that offers sufficient data and allows you to describe and integrate a discussion on corporate strategy, human and social capital and global strategy.
- It may be useful (though it is not required) to
 - Develop a comparative angle in the paper, i.e. compare your firm to another firm in the same country or your firm’s operations in the focal country to those in another country. Doing so, however, enhances the risk of spreading yourself too thin so be cognizant of this risk if you choose this approach.
 - Compare and contrast how two or more different theories or frameworks can be applied to the same case. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

Please 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 countries (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.

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

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

You will also do a presentation to the faculty and your classmates of your report's primary themes and conclusions. As noted above, the presentation will count for 5% of your course grade; the paper is worth 25%. 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.

You may want to explore and draw from the following sources of information (this is a partial list, to which we will be adding other suggested resources). An updated list of the available sources is available at <http://guides.library.upenn.edu/management612>.