



## MGMT 612 (FALL 2021) MANAGING THE EMERGING ENTERPRISE

### PROFESSORS

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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, industries, and markets as they grow and develop over time. We focus attention on the human capital, strategic, and international opportunities and challenges in these contexts. It will provide you with an integrated view of these challenges and show you that successful management in the 21<sup>st</sup> century requires a combination of insights drawn from economics, sociology, psychology and political economy. Our class 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. The last week of the course is an effort to integrate the material across sections first with an integrative case and second with a day of “open discussion” on contemporary events and examples.

The context for our class is the early stages of an enterprise when the firm faces the strategic challenge of being a new entrant in the market and the organizational challenge of needing to scale rapidly. These enterprises have moved past the purely entrepreneurial phase and need to systematically formalize strategies and organizational processes to reach maturity and stability. But they still lack the resources of a mature firm. The class is organized around three distinct but related topics that managers of emerging firms must consider: strategy, human capital, and global strategy.

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 interfaces linking organizational structures, processes, management decisions, and strategy. The practical issues we cover include how to attract and select employees and motivate those you manage. In the process, you will also develop a better understand your own motivation and drivers of

performance at work. 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 effective management of people creates organizational competencies and effectiveness that help make the strategies of operations possible, handing off the discussion to strategy.

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 (or cooperate) 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 and capture strategies, scaling, and boundaries of the enterprise. We will discuss these topics from the perspective of emerging enterprises while taking into consideration the possible strategic reaction of incumbents.

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 focus on the core questions new entrants need to answer in the process of scaling internationally. 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 modify its business model to conditions 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 timely global topics: how to operate in emerging markets with poorly developed institutions and how to manage relations with non-market stakeholders (e.g., regulators) that tend to distrust foreign firms. The module will give you a toolkit to evaluate opportunities for improving a firm performance through internationalization.

## **CLASS SESSIONS AND PARTICIPATION**

**Preparation.** We expect you to read all the assigned materials for each session in advance. All reading materials are available on the course Canvas site (in the Study.net section).

**Attendance and participation.** Active participation in a conceptual class like this one is crucial to learning. Thus, we will track and grade participation every day of class. We will use two simple criteria to evaluate participation: (1) Did you speak up? (2) Was the contribution of high quality? We are not expecting you to say something in every single class, but we will be looking for a pattern of sustained quality participation throughout the course. This can be accomplished by answering the questions we will ask in class, by reacting to the comments of your peers in ways that generate healthy debate, or by asking questions that help us or your peers better explain or understand a concept. Not every comment made in class merits points. For example, answers to some basic questions (e.g. certain facts of from case or reading) are simply a reflection of good preparation. As a general principle, don't worry so much about speaking up to gain points, but focus instead on being well prepared and on paying attention to the dialogue happening during class. Such a focus will naturally lead you to being engaged and participating when you have something useful to say or ask.

**In-class expectations.** We will follow these basic principles to maximize the learning experience:

- Class will start and end on time. *Coming in late and leaving early is disruptive.*
- Electronic devices are not allowed (even for note taking), unless otherwise noted by the professor for an in-class activity

**Students who cannot attend live classes.** If you cannot participate in person due to COVID-related restrictions, ***Please contact the professors immediately. It is your responsibility to let us know well in advance if this applies to you!***

## **GRADING & ASSIGNMENT DETAILS**

Your grade will be composed of the following elements:

- Human & social capital write-up due on September 24<sup>th</sup> by 11:59PM (15%)
- Strategy daily quizzes due during class (15%)
- Global strategy daily quizzes before class (15%)
- Class participation (25%)
- Team project (30%)
  - Proposal due on October 10 by 11:59 pm EST
  - Final paper due on December 15 by 11:59 pm EST

**(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.

- For this assignment, a “theory” is defined as a coherent system of ideas used to explain something. For example, we will cover several theories of motivation. Theories are an extremely useful shorthand for explaining something.

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.

- a. 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).
- b. 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 managed 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 and analyze 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:

- a. 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.
- b. 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 articulate course concepts precisely. Use "expensive real-estate" such as subheadings strategically to identify what theories you are using, as well as how. Be clear and precise about the source, definition, and application of the concept to the particulars of your experience. This is also a writing exercise.
- Drawing explicit links between the concepts you identify and the case material is the key. The goal is to show that you understand the concepts and how they apply to your situation.

The write-up should be printed double-spaced, using a legible font-size (e.g., 11/12). 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 September 24th at 11:59 pm EST (submit via Canvas).**

**(2) Strategy Daily 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 Quizzes:** Short quizzes will be administered *before* each class session to measure preparation and set up the discussion for the day. These quizzes will be due by 11:59 pm the day before each class.

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

## ETHICS AND USE OF PRIOR MATERIALS

We will follow the university's policies on academic integrity. No group work is allowed for individual assignments. All submitted assignments will automatically be checked for plagiarism by a software program (see <https://guides.library.upenn.edu/copyright/plagiarism>).

## COURSE OUTLINE

### Tue, Aug 31 Course Introduction (all three professors present)

**Reading:** Syllabus – be familiar with it.

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

#### HSC Class 1: Motivating Individual Performance (Thursday September 2nd)

- **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*, 12<sup>th</sup> 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 7)

- **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*, 12<sup>th</sup> 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 9)**

- 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 14)

- 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-attrition cycle and the implications of recruiting and selection for organizational culture and performance. The SG Cowen case provides an opportunity to analyze one company's MBA recruiting and selection practices; to "select" two of their applicants for hire; and to examine our own beliefs and assumptions about what makes for an effective hire.

Questions:

How will we get demographic diversity in organizations given how we hire?

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.

Prasanna Tambe, Peter Cappelli, and Valery Yakubovich. Artificial Intelligence in Human Resources: Challenges and a Path Forward. *California Management Review*, 2019.

- Case: **Outfit7: Start-up Hiring Decision**

1. Who would you hire and why?
2. What are the implications of the hiring decision for the business going forward?

## HSC Class 5: Driving Performance (Thursday, Sep 16)

- 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, September 21st)**

- 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:

Peter Cappelli. 2020. “ Stop Over-Engineering People Management.” *Harvard Business Review*, September-October 2020. Cover story

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 23rd.* This is a computer simulation. Where you will be running a start-up airline. It needs to be done in a team of up to four people – you can pick them - so schedule at least two hours this week when you are available to do it. The simulation will be loaded on every



Huntsman computer. Please submit a screenshot of the final scores when you finish, including the members of your team, to our TA [Kalie.Wertz@temple.edu](mailto:Kalie.Wertz@temple.edu).

- 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, September 23<sup>rd</sup>)**

**\*\*\* Team report from People Express simulation exercise due at beginning of class \*\*\***

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- 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 world history. 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-Heftler, “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: September 24<sup>th</sup> at 11:59 pm EST (via Canvas)**

## **PART II: STRATEGY MODULE (Professor Hsu)**

### **Tue, Sep 28 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:** Analyze the attractiveness of entry into the venture capital industry at the time Andreessen Horowitz is considering entry using the 5 Forces framework.

### **Thu, Sep 30 "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 5 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?

**Optional podcasts** (value chain strategy companies):

Classpass: <https://www.npr.org/2020/06/25/883560732/classpass-payal-kadokia>

StitchFix: <https://www.npr.org/2019/09/10/759594143/stitch-fix-katrina-lake>

**Thu, Oct 7 Disruption Strategy (Strategy Class #4)**

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

J. Gans. 2020. "To Disrupt or Not to Disrupt?" *Sloan Management Review*, Spring, pp. 40-45.

**Study questions:** What are the main benefits and challenges for new ventures in adopting a disruption strategy? 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.

**Optional podcasts** (disruption strategy companies):

Warby Parker (Wharton-related): <https://www.npr.org/2018/03/26/586048422/warby-parker-dave-gilboa-neil-blumenthal>

Peloton: <https://www.npr.org/2019/04/05/710439824/live-episode-peloton-john-foley>

Impossible Burger: <https://www.npr.org/2020/04/22/841269281/impossible-foods-pat-brown>

Stripe: <https://www.npr.org/2020/03/06/812853591/stripe-patrick-and-john-collison-2018>

Away luggage: <https://www.npr.org/2019/03/08/701651787/away-jen-rubio>

**TEAM PAPER PROPOSAL DUE: October 10 by 11:59 pm (via Canvas)**

**Tue, Oct 26 Blue Ocean Strategy (Strategy Class #5)**

**Reading:** 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?

**Optional podcasts** (blue ocean strategy companies):

Allbirds (Wharton-related): <https://www.npr.org/2019/06/07/730695224/allbirds-tim-brown-joe-zwillinger>

S'well: <https://www.npr.org/2020/04/03/826838601/swell-sarah-kauss>

Dyson: <https://www.npr.org/2019/07/19/743512256/dyson-james-dyson>

Canva: <https://www.npr.org/2019/01/24/688299882/canva-melanie-perkins>

La Colombe coffee (local interest): <https://www.npr.org/2020/07/17/892312195/la-colombe-coffee-roasters-todd-carmichael-and-j-p-iberti>

## Thu, Oct 28 Corporate Scope & Expansion Strategy (Strategy Class #6)

**Reading:** P. Ghemawat and J. Rivkin. 2010. "Choosing Corporate Scope," Strategy and the Business Landscape (3<sup>rd</sup> ed.), Ch. 6, *Read* pp. 123 – 139; *Skim* pp. 139-147.

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

*Optional:* J. Seabrook, "Scooter City," *The New Yorker*, April 26 & May 3, 2021, pp. 28-36.

**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, Nov 2 Entrepreneurial Strategy Wrap-Up (Strategy Class #7)

**Case:** Pressed Juicery (Wharton case)

## PART III: GLOBAL MODULE (Professor Hernandez)

### Tue, Nov 4 Why should firms (not) internationalize? (Global Class #1)

**Reading:**

1. Introduction & Summary of ADDING Framework (in "Summary of Global Strategy Frameworks")

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?

**Thu, Nov 9    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 (BEFORE CLASS: Download the spreadsheet that goes with this case from Canvas (Files > Global Module > Uber Spreadsheet.xlsx).)
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?

**Tue, Nov 11    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?

## Thu, Nov 16 How should firms internationalize—Entry Mode? (Global Class #4)

**Reading:**

1. Summary of BBB framework in “Summary of Global Strategy Frameworks”

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 its 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?

**Tue, Nov 18 Putting the Core Global Strategy Frameworks Together (Global Class #5)**

Our purpose in this class is to integrate and consolidate the four core global strategy frameworks we covered during our first weekend together. We'll focus on understanding how the ADDING, CAGE, AAA, and BBB frameworks connect with each other to help you develop a coherent and comprehensive global strategy.

**Reading:**

Review the "Summary of Global Strategy Frameworks" and my slides from the first four global classes.

**Case:**

"Akamai's Localization Challenge" MIT Case 16-175

**Study Questions:**

1. Why did Akamai expand into foreign markets? Are there any benefits of internationalization the company is leaving on the table?
2. Look at Figure 2. What do you notice about the sequence of locations Akamai entered? What types of risks did the company take on through its location choices?
3. What kind of strategy did Akamai follow internationally for its "upstream" (e.g. R&D) vs. "downstream" (marketing, sales) activities? Why is Akamai struggling to serve local (small) customers compared to large (global) customers?
4. "With the exception of Brazil, Akamai operated in all markets without a local partner." Does this make sense? Should Akamai be relying on local partners in certain markets? Which ones?

**Thu, Nov 30 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?

**Tue, Dec 2 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?

**TEAM PROJECT DEADLINES**

**Thu, Dec 7 Team project presentations (in class)**

**Tue, Dec 9 Team project presentations (in class)**

**Wed, Dec 15 Team paper due by 11:59 pm (via Canvas)**



## Team Project

You will be randomly assigned to a team for purposes of this project. Your assignment is to analyze a company of your choice from the lenses of the three major themes of this course: strategy, human and social capital, and global. The purpose of the project is twofold: (a) to showcase your ability to apply concepts (frameworks, theories, models) covered in class to a real company and (b) to integrate concepts covered in separate modules by exploring the relations and interactions across strategic, human/social capital, and global issues faced by your chosen company. While we will be teaching each module separately and sequentially for didactic purposes, management is a holistic discipline in which strategic, human, and international factors have to be dealt with jointly. This project gives you a chance to develop and showcase such a holistic view.

This assignment has two deliverables:

1. **Proposal** (due October 10th): You will submit, via Canvas, a very brief document (1-page maximum) proposing the company your team will analyze, offering a rough outline of the main topics and concepts you intend to cover, and providing a sense of what sources of information you will draw upon. This proposal will not be graded, but you will receive feedback on whether the choice of company is appropriate and some brief comments on your proposal. The most important issue at this point is to make sure you select a company that fits with the “emerging” theme of MGMT 612: choose an emerging company (e.g. startup or relatively young) or choose an emerging issue faced by a more established company (e.g. entry into a new product space, adoption of a novel technology, etc.).

You may not select any of the companies that we will be covering during case discussions in class.

In addition, the following companies are off limits because they have been analyzed so thoroughly in the media. ActivisionBlizzard, AirBnb, Beyond Meat, Bonobos, Blue Bottle, Casper, Chipotle, Chobani, DoorDash, Etsy, Expedia, FitBit, GitHub, GoPro, Groupon, GrubHub, GymPass, Impossible Foods, Jet.com (Walmart e-commerce) Kind, Lending Club, LinkedIn, Lululemon, Netflix, NVIDIA, Peloton, Regeneron, Rent the Runway, Shake Shack, Shopify, Spotify, Square, Stripe, TaskRabbit, Tesla, Tough Mudder, Uber, Warby Parker, Wayfair, Wealthfront, WeWork, Yelp.

A company can only be studied by one team within each section of MGMT 612. If multiple teams within a section propose studying the same company, we will randomly choose one of the teams.

make it harder for you to deliver on the criteria outlined above. We expect all team members to contribute to the presentation (most if not all members should present, and all should help prepare the presentation). We will provide logistical details—schedule, time limits, etc.—as the presentation day approaches.

2. **Team Paper** (due December 15th): The paper is your main deliverable for the project and worth the most points (25% of your final grade). It should be between 6,000 and 6,500 words maximum (approximately 25 pages long double spaced, 12-point Times New Roman

font, 1-inch margins). You are allowed to include additional materials (tables, charts, figures) in an appendix that does not count toward the length limit.

This project and paper are intentionally somewhat open ended because each company and the issues it faces are unique, and thus you should tailor your analysis accordingly. We prefer not to straitjacket you into a certain format or to tell you exactly what kinds of concepts to use to evaluate the company. 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. We will evaluate your paper based on whether the concepts you use in the analysis are relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation), applied appropriately (i.e. fit the context you describe), and connected within and across the strategic, human, and global portions of the paper.

With that in mind, here are some tips and guidelines based on several years of collective experience with this assignment:

- Be analytical and evaluative! Because you will choose a company that you find interesting, it will be tempting to get carried away with telling the story of the company or with describing its product or business model. Be careful not to “drink the Kool-Aid” and see everything the company does as good. This is especially the case for young/startup companies that don't have a long track record of performance. To avoid these pitfalls, remember that the purpose of the assignment is to evaluate (not describe) the company: take a stand and defend it using class concepts.
- The paper must cover concepts from all three modules of the class. But not all modules need to receive equal coverage. Do not think that the more concepts, theories, and frameworks you apply, the better. Indeed, if you tried to apply all the concepts covered across all three modules of MGMT 612, you would end up with a shallow paper full of buzzwords! Instead, apply a handful of concepts from each module according to the issues most salient and interesting for your company. Remember to mention course concepts specifically. We shouldn'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—show how they apply.
  - An important corollary: Beware of over-relying on one favorite or easy-to-use framework. This can lead to a myopic and un insightful analysis. For example, we see this happen frequently with the use of Porter's 5 Forces in the strategy portion of papers and presentations. Teams engage in an overly lengthy and tedious coverage of the 5 Forces model because it is easy to apply and familiar. This often comes at the expense of many other issues that are much more interesting and relevant to the specific company you have chosen. While the 5 Forces may be very important in some cases, they may not in others. The same applies to any framework.
- These first two points lead to our next recommendation: you do not need to cover everything about the company or its history (although providing adequate context is

important). The best papers focus on one or very few key events or challenges or opportunities, and then take a holistic look at the chosen issue from the three angles represented by each module. For example, one team may choose to focus on their company's choice to enter a new product space, another team may focus on the challenges of scaling from 100 to 2,000 employees, and another on their company's difficulties in expanding into foreign markets. In all three cases, those companies are likely facing or faced other issues that the wisest teams chose to not focus on.

- Rely on data and documented facts as much as possible. Surely you will do your own fact-finding using Google and other sources with which you are familiar. An excellent list of sources of information on companies, industries, and countries is available at <http://guides.library.upenn.edu/mgmt612>. Gathering some “primary” data through interviews and discussions with company insiders can be a powerful way to add richness and insight to your paper, though doing so is not required. Inasmuch as you provide quantitative and qualitative data to support your ideas, do not expect the reader to “crunch the numbers” that you display exhibits to see what is really happening. You have to provide the data *and* the analysis.
- Make sure to choose a company for which you can get sufficient data and information. This is often a challenge for the human and social capital aspects of the firm because information about the internal workings of a company are not always disclosed—especially for very young firms. In the past, teams get around that challenge by having an inside connection to the company, by conducting interviews with key personnel, and by using the Wharton alumni network to gain access.
- Because many young or emerging enterprises have not internationalized, students commonly ask if the chosen company needs to have global operations. The short answer is no, the company need not have international operations. You can still apply the frameworks of the global module to determine if it might make sense for the company to internationalize certain activities and, if internationalization makes sense, which locations, strategies, and entry modes would be most appropriate.
- In addition to applying concepts from each module independently (e.g. Porters 5 Forces, motivation theories, CAGE), you should demonstrate the ability to integrate concepts *across* modules (e.g. What implications does a certain strategy have for human and global issues? How does the company culture support the firm's general strategy? As the firm scales globally, can it and should it replicate the organizational- and people-related systems it currently uses?). Such integration can be interspersed throughout the paper or concentrated in one designated portion of the paper. As you work on such integration, don't just state that concept A affects concept B—be explicit about why those interactions across issues arise and how the company should deal with the interactions.
- Have a section in the paper in which you bring it all together by providing clear conclusions and recommendations.

- Make sure to appropriately cite and give credit for any material upon which you draw. To avoid plagiarism, follow these guidelines:  
<https://guides.library.upenn.edu/copyright/plagiarism>.

We believe the team project is an excellent vehicle for you to consolidate your learning from a complex and multidimensional class like MGMT 612, and we hope that these guidelines help make this a rewarding assignment. You and your team should feel free to reach out to the TAs and the professors with any additional questions.