



MANAGEMENT 6110: MANAGING THE ESTABLISHED ENTERPRISE

Spring 2023, Mondays and Wednesdays

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The management of large, established enterprises creates a range of multi-faceted challenges for the general manager. A general manager needs to understand the internal workings of a firm, how to assess and create a strategy, and how to take into account increasing globalization. While these issues are distinct, they are very much intertwined. As a result, this course will provide you with an integrated view of these challenges and show you that successful management requires a combination of insights drawn from economics, sociology, psychology and political economy. The course has three main parts, and two “bookend” events. The course starts with a class in which you will meet your entire teaching team and receive a roadmap for this semester-long journey.

The first part of the course will deal with fundamental issues of strategy, examining issues central to the long- and short-term competitive position of an enterprise. We will develop a set of analytical frameworks that enable you to explain performance differences among firms and that provide a structure for strategic decisions to enhance firms’ future competitive positions. We will cover both strategy at the business unit level, introducing tools of industry analysis and competitive positioning, and at the corporate level, examining the economic logic for firms to diversify across businesses and for vertical integration decisions across stages of the industry value chain.

The second part of the course explores the successful management of individuals and groups. We stress the fact that organizational life is built around a complex interplay of social forces. Networks of cooperation, systems of power and influence, and reward systems shape how people and organizations manage and are managed. In this part of the course, we will create a framework for analyzing the impact of these social forces on individuals, groups, and organizations. In particular, we study how to motivate those you manage. Moreover, we will study how to develop and implement systems of human and social capital practices – and organizational cultures aligned with those systems - that achieve competitive advantage through the management of people.

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

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

TEXT AND READINGS

Course readings are available on Canvas through Study.Net. The readings listed on the course outline below should be read and prepared before each class session.

PLEASE NOTE

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

ASSIGNMENTS, QUIZZES AND EXAMS

Final Paper Proposals due: Tuesday, January 31st by noon
Strategy Memo: Tuesday, February 14th by noon
Human and Social Capital paper: Tuesday, March 21st by noon
Global Strategy multiple-choice tests (6): after each class session
Final Paper Presentations: 17th and 19th of April
Final Paper: Thursday, April 20th by noon.

Please submit all assignments via Canvas.

CLASS SESSIONS AND PARTICIPATION

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

We expect you to participate actively in class to help your learning and that of your peers. A productive learning environment requires active engagement of all class members. Three factors determine good class participation. First, given thorough and careful preparation, you should be able to identify the important managerial issues related to the case and/or readings. Second, you should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. You should be able to show how a particular concept is illustrated in the case or suggest how the substantive problem presented in the case can be solved. Third, you should be able to analyze constructively the positions your classmates take. Quality, not quantity, will determine the effectiveness of your comments. "Airtime hogs" will not be rewarded.

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions. Specifically, according to the MBA office, there is no recruiting reason for which you should miss class. If you cannot come to class, you should notify your instructor by email in advance of the class. We will use the check-in app for all our classes. (More details to follow in the first class.)

Finally, in order to facilitate lively, in-depth discussions and out of respect for each other, there are two simple ground rules regarding mobile devices and laptop computers: 1) please remember to turn off your phone, and 2) no laptops or tablets open during class.

CASE DISCUSSIONS AND EXERCISES

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

FACULTY LUNCHES

We have scheduled a number of informal lunches with the course faculty. These are totally optional. You may sign up for lunch on the Canvas page for your section.

ETHICS AND USE OF PRIOR MATERIALS

It is never appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, or summaries of readings.

GRADING

Your grade will be based on:

- Class participation (20%), graded by all three instructors and equally weighted across sessions. Because participation is a critical part of the learning experience, unexcused absences will be heavily penalized.
- Three individual assignments – a Human and Social Capital action plan (20%), a Strategy memo (20%), and Global Strategy multiple-choice quizzes (20%).
- The final project, which includes a team presentation (5%) in class and a team project write-up (15%).
- To ensure consistency in grading across assignments, we assign final letter grades after z-scores for each assignment and ranking students based on total z-score. The letter grades are distributed according to the curve set by the MBA office.

It is possible to fail this class.

INDIVIDUAL ASSIGNMENT DETAILS

Strategy Memo

Due by Noon on Tuesday, February 14th

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

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

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

Human Capital Paper

Due by Noon on Tuesday, March 21st

Your assignment is to examine your last job (or an earlier job) and use the concepts and principles from the Human & Social Capital section of the course to analyze and explain your work experience. You will use your prior job as the case material that allows you to demonstrate your understanding of course concepts and principles, drawing on sessions 9 to 15 in which we cover motivation, reward systems, job and work design, onboarding and appraising performance in a time of work-from-home (or hybrid) arrangements, organizational and cultural change, and how to achieve competitive advantage through systems of human and social capital that are aligned with strategy. Some readings provide concepts and theories for explaining individual behavior (e.g. expectancy and equity theories, job design), while others apply at an organizational level (e.g. ASA, culture).

The choice about what work issues to cover and what concepts and principles to apply is yours. In evaluating your answer, we will look to see whether the concepts and principles that 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. the concepts and principles 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 the course readings and class discussions by applying them to your experience. You will want a lively and detailed description of your past job, and also to show good appreciation for and application of course concepts and principles:

- **Demonstrate an understanding of four theories and concepts** from class sessions 9 to 15 by making specific links between those theories/concepts and key elements of your job experience.
- Demonstrate your understanding of the similarities, complementarities, or inconsistencies among the concepts and principles.
- Explain why the concepts and principles that you have chosen are important and useful for understanding and perhaps for suggesting changes to your prior job or organization.

Several guidelines for preparing the paper:

- Keep in mind that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of people in positions like yours.
- You will want to be concise and make careful choices about what aspects of your work to focus upon.
- Remember to identify course concepts and principles specifically, and then draw explicit links between the concepts/principles that you identify and your work experience.
- It may be useful to develop a comparative aspect to the paper, e.g. by comparing how your job experience varied for two different tasks; before and after a change in your boss; before and after a change in your job; or before and after a restructuring. Keep your examples within one company.
- The paper should be double-spaced using 12-point Times New Roman Font. The maximum length is 1,000 words (please include a word count on the front page). We recommend that you begin work on the paper early.

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

Global Strategy Multiple Choice Quizzes

A multiple-choice quiz with three (3) questions will be made available on Canvas at 5pm on class days, for a total of six (6) quizzes. Students will have 72 hours to answer the questions.

There are no make-up quizzes. If you miss a quiz, you will receive a zero for that quiz.

This is an individual assignment, and should be completed individually. It is open-book.

THE FINAL PAPER

Due by Noon on Thursday, April 20th

The final paper should be written by **teams of 5-6**, randomly assigned at the beginning of the semester. Your assignment is to use theories and concepts from the course to analyze a thesis about the activities of a given firm located in a given country. You will **develop a thesis about a firm's activity** in a particular domain and analyze it 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 performance, 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 performance as well as the sustainability of these drivers over time.

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 analyze and support / refute your thesis statement). **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).**

Please consider the following topic areas and questions to explore in your report:

- Industry analysis, both globally and in the focal national market;
- Overall assessment of this firm's competitive advantage – its sources, distinctiveness, imitability, and the sustainability of its competitive position.
- 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? How this firm is 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?
- 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;
- Is this company considering a global expansion or contraction? Does it make sense for the company to expand globally at this time? Why or why not?

- If the company were to expand globally beyond its current geographic scope, which regions make the most sense? (CAGE framework and/or Institutional assessment) Why?
- How much adaptation of product attributes or marketing does this company do as it moves across different geographies? Should it do more? Less?
- Global strategy (i.e., Aggregation, Adaptation or Arbitrage) of the firm in the focal market differentiating by product or function as appropriate, and including mode of entry and sequence of entry by which the firm entered the focal market where appropriate;
- Impact of different national employment laws, policies, institutions, and norms on the focal firm when it operates in different countries (Institutional Voids);

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.
- 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 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.
 - Compare and contrast how two or more different theories or frameworks can be applied to your focal firm. Be sure you make it clear to us which theory you felt provided more insight.

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

A one page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data should be submitted on Canvas by **Tuesday, January 31st**. Between February 1 and February 28, you should meet with your TA to discuss your topic and progress.

You will present your projects in Classes 23-24, in a randomly generated order. All team slide decks should be **uploaded to Canvas prior to Class 23** (even if you are presenting in Class 24). In these presentations, every member of the team must present.

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.

COURSE OUTLINE

Class 1: Introduction to Managing the Established Enterprise (18th of January)

- Readings: “Walmart to Try Thinning Store Manager Ranks” *The Wall Street Journal*, May 2 2019.
“Thinking Outside the Box: As American shoppers move online, Walmart fights to defend its dominance.” *The Economist*, June 2nd 2016.
“What Do Chinese Consumers Want? Walmart Can’t Figure It Out.” *The Wall Street Journal*, June 11, 2022.

Class 2: Industry Positioning & Competitiveness (23rd of January)

- Readings: Porter, Michael E. 2008. “The Five Competitive Forces that Shape Strategy.” *Harvard Business Review*, January, pp. 79-93.
- Case: Cola Wars Continue: Coke and Pepsi in 2010 (9-711-462)
 1. Why, historically, has the soft drink industry been so profitable?
 2. Compare the economics of the concentrate industry to that of the bottling industry: Why is the profitability so different?
 3. How has the competition between Coke and Pepsi affected the industry’s profits?
 4. How can Coke and Pepsi sustain their profits in the wake of the flattening demand and the growing popularity of non-CSDs?

Class 3: Complementors (25th of January)

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

Class 4: Value Creation & Appropriation (30th of January)

- Readings: Brandenburger, Adam, and Harborne Stuart. 1996. “Value-Based Business Strategy.” *Journal of Economics and Management Strategy* 5 (1): 5–24.

- Videos: A Definition of Value: <http://vimeo.com/61143220>
How the Pie is Divided: <http://vimeo.com/61225993>

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

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

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| Tuesday, January 31st One-page team paper proposal due by noon |
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Class 5: Positioning & Activity Systems (1st of February)

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

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

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

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

Class 6: Competitive Interactions (6th of February)

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

1. How does competitor analysis proposed by Porter fit into the notion of second-order thinking in the video?

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

2. Should Philips establish a U.S. plant at the beginning of 1983 or wait a year before deciding? Why or why not? (You need to crunch numbers here!) Do not try to draw a game tree! In this case, solving the problem without a tree is much easier.

Class 7: Corporate Strategy (8th of February)

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

- Case: **The Walt Disney Company: The Entertainment King, 9-701-035**

Please make sure you understand the “two tests” Ghemawat and Rivkin are describing.

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

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

Class 8: Strategic Planning and Strategy Wrap-Up (13th of February)

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

Gavetti, Giovanni, and Jan Rivkin. “Analogical reasoning at Lycos”

1. What are the pitfalls of analogical reasoning?
2. Read the Lycos mini-case. Do you buy the analogy to traditional media Lycos’s management team used to arrive at their decision? Does this analogy provide Lycos’s managers with valid guidance?

Tuesday, February 14th

STRATEGY MEMO DUE AT NOON

Class 9 (HSC #1): Motivating Individual Performance (15th of February)

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 which emphasize financial incentives and contract-based goal alignment. We use these theories as a lens on the Nordstrom case.

1. Who sets performance goals, and how are they set?
2. How does Nordstrom meet the needs of different employees?
3. What are the major positive and negative effects of how Nordstrom motivates employees?

Stephen P. Robbins and Timothy A. Judge, excerpts from “Motivation” (needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12th edition

Steven Kerr, “On the Folly of Rewarding A While Hoping for B,” *Academy of Management Journal*

Case: Nordstrom

Class 10 (HSC #2): Designing Reward Systems (20th of February)

We will discuss reward systems at Netflix and its distinctive culture and management practices. Start with their Powerpoint presentation “Freedom and Responsibility Culture”. Skim the whole thing (many slides but a quick read), noting in particular the sections “Pay Top of Market” and “Promotion and Development”, slides 92-117. The excerpt on equity theory provides perspective on the difficult balance in reward system design between incentive and equity concerns. The short reading on “rationalization” provides insight into ways people adjust to perceived inequities.

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

Stephen P. Robbins & Timothy A. Judge, “Equity Theory,” from *Organizational Behavior*, 12th edition

Elliot Aronson, “The Rationalizing Animal,” *Psychology Today*

Case: Netflix Freedom and Responsibility Culture (company document)

Class 11 (HSC #3): Designing Jobs and Organizing Work (22nd of February)

We next examine job design – one important source of intrinsic 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 – and how employees often take initiative to “craft” their jobs for more motivation and better outcomes.

1. Why are analysts such as Henderson demotivated and 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 Executive Vice President Marshall Wilde?

Talya Bauer & Berrin Erdogan, “Motivating Employees Through Job Design.” Section 6.2 in *Organizational Behavior: Bridging Science and Practices*, Flat World Publishing. Pg. 170 - 177

Case: Jennifer Henderson and the Unhappy Analysts at Trustworthy Trust

Exercise: Before class, fill out the Job Diagnostic Survey of Hackman and Oldham (posted at Files tab in the “H&SC Extras” folder) for your first job after college – and be ready with your calculation of that job’s Motivating Potential Score (MPS) at the start of class. You will meet in teams to explore ways to improve the motivation in those jobs.

Class 12 (HSC #4): Recruiting and Selecting Employees (27th of February)

Recruiting, selecting, and retaining employees who have the right mix of motivation, talent/skill, capacity for career development, and fit to the culture is crucial for organizational effectiveness. Researchers have identified a number of strategies likely to yield fair, valid, and effective hiring decisions. We review these strategies and discuss possible reasons why many companies do not put them into place. We also explore the Attraction-Selection-Attrition (ASA) cycle and the implications for organizational culture and performance.

The SG Cowen case provides an opportunity to analyze one company’s recruiting and selection practices and to “select” two of their applicants to hire. The Yelp case shows how a firm’s recruiting and hiring practices can lead to biased outcomes on multiple dimensions – and sets out the ideas of Rachel Williams, Yelp’s first Head of Diversity and Inclusion, on how to improve those outcomes.

1. How will the change in recruiting strategy proposed by Chip Rae affect SG Cowen and its culture?
2. Who would you hire and why? What recommendations would you make to Chip Rae to improve SG Cowen’s recruiting in the future?
3. How will Rachel Williams’s ideas, gathered after a “listening tour”, affect each stage of the Attraction-Selection-Attrition cycle at Yelp? How likely are they to be effective, in your view?

Benjamin Schneider, “The People Make the Place”

Optional: Miranda Bogen, “All the Ways Hiring Algorithms Can Introduce Bias,” Harvard Business Review

Case: SG Cowen: New Recruits

Case: Managing Diversity and Inclusion at Yelp

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| February 28 through March 12: No Classes |
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Class 13 (HSC #5): Onboarding and Performance Appraisal during “Work from Home” (13th of March)

While the world discovered how many knowledge tasks can be undertaken and completed via technology-mediation during “work from home”, certain employee experiences are challenging to re-create without the opportunity for face-to-face social interaction. We will consider how to “onboard” new employees in a Zoom world, emphasizing how crucial this process is for building employee engagement and keeping the organization’s culture strong.

We will also discuss appraisal of individual employees as an important but difficult-to-manage component of any effective performance management system, including: why performance appraisal is crucial to maintaining motivation and aligning incentives and why nobody likes the appraisal process. We will also consider how to tackle performance appraisal in the “work from home” era -- when you can’t directly observe an employee’s work process and have to focus on work outcomes instead while dealing with the tricky nuances of delivering feedback virtually.

Talya N. Bauer and Berrin Erdogan, “Organizational Socialization: The Effective Onboarding of New Employees,” *APA Handbook of Organizational Psychology*, pp. 51-57.

Peter Cappelli and Anna Tavis, “The Performance Management Revolution,” *Harvard Business Review*

Karen J. Bannen, “6 Things That Worry New Employees About Virtual Onboarding,” *SHRM.org*, June 2020.

Julie Weed, “How to Manage Performance Appraisals in the Work-from-Home Era,” *New York Times*, December 21, 2020

Class 14 (HSC #6): Improving Processes via Cultural and Organizational Change (15th of March)

A central topic in management is how to bring about organizational change via a combination of changing culture and improving processes. We consider the dramatic case of NUMMI, the General Motors-Toyota joint venture plant in California that reopened a closed GM plant to achieve industry-leading productivity and quality in Toyota’s first implementation of “lean” production in the U.S. The challenges of changing organizational culture are highlighted in Edgar Schein’s “iceberg” model. We apply Schein’s model and the lessons of NUMMI to the Tiger Leaping Guest House case.

1. What would your plan be for turning around this guest house?
2. Specifically, how would you ensure that new processes are put into place to generate high quality customer experiences – and to execute these consistently over time?

John Shook, “How to Change a Culture: Lessons from NUMMI,” *Sloan Management Review*

Edgar Schein, “Organizational Culture”

Case: Tiger Leaping Guest House

Class 15 (HSC #7): Aligning People and Business Strategy (20th of March)

In this capstone session, we will review Pfeffer's reading on the 7 key elements of high-performance work systems and discuss the importance of choosing "bundles" of practices that are internally consistent and well-aligned with business strategy.

Our case is Southwest Airlines, focusing on its founding imprint and its emergence as a high performing firm; then on its distinctive culture and management practices that are well-aligned with strategy; and finally on the challenges facing Southwest as its long-time strategy no longer provide as much competitive advantage as in the past. We will also revisit the Netflix case, another example of close alignment between the HR system and strategy (albeit very different from Southwest) for further insights.

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

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

Optional: MacDuffie, John Paul. "Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry"

Case: Southwest Airlines: Using Human Resources for Competitive Advantage

Tuesday, March 21st

HSC PAPER DUE BY NOON

Class 16 (Global #1): Mapping the Global Arena (22nd of March)

- Readings: Thomas L. Friedman, "It's a Flat World, After All" *New York Times Magazine* April 3, 2005.
Pankaj Ghemawat, "Why the World Isn't Flat," *Foreign Policy*, March-April 2007, 54-60.
Optional reading: "The Future of Global Consumer Markets with Mauro Guillén," *Wharton Magazine*, Fall 2016.
- Case **Grolsch:** Pankaj Ghemawat and Jordan Mitchell "Grolsch: Growing Globally" IESE Case SM-1529-E 0-308-029
 1. What are the arguments in favor and against a "Flat World"?
 2. What are the reasons for Grolsch to expand globally?
 3. What consumer trends should Grolsch be most aware of in its decision to expand globally?

Class 17 (Global #2): The Institutional Environment in Global Markets (27th of March)

- Readings: Douglass C. North. (1991) "Institutions." *Journal of Economic Perspectives*. 5(1): 97-112
Video (watch before class) Daron Acemoglu on Why Nations Fail. (MIT Channel on Youtube). **Click [here](#) to watch.**

Podcast (listen before class) "Is the U.S. Really Less Corrupt than China – and How About Russia?" (Freakonomics Podcast, Episode 481). **Click [here](#) to listen.**

Optional reading. Daron Acemoglu, Simon Johnson, and James A. Robinson. (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91(5): 1369-1401.

Case: **Corruption in International Business:** Robert E. Kennedy and Rafael Di Tella. (2001). Corruption in International Business (A). HBS Case 9-701-128.

1. What are "institutions" according to North (1991)? Define.
2. What explains the relationship between settlers' mortality in the colonial period and countries' current economic development?
3. What are the four types of "corruption" described by Yuen Yuen Ang in the Freakonomics episode?

Class 18 (Global #3): Distances in Global Markets (29th of March)

- Readings: Pankaj Ghemawat (2001) "Distance Still Matters: The Hard Reality of Global Expansion," *Harvard Business Review* 79(8): 137-147

Tarun Khanna. (2014) "Contextual Intelligence," *Harvard Business Review*, September: 2-11

Optional movie: "American Factory" (2019, Netflix). **Click [here](#) to check.**

Case: **European Super League:** "Why the European Super League failed," *The Economist*, April 24, 2021.

Video (watch before class) Deutsche Welle TV on: "Why US sports are more socialist than European football." (DW Channel on Youtube). **Click [here](#) to watch.**

1. Why is CPA (Country Portfolio Analysis) a bad way to evaluate where a business should internationalize?
2. What are the key features of the CAGE framework?
3. Using the CAGE framework, explain why the European Super League failed.

Class 19 (Global #4): International Strategies and Governance Structures (3rd of April)

- Readings: Pankaj Ghemawat (2007) “Managing Differences: The Central Challenge of Global Strategy,” *Harvard Business Review* 85(3): 58-68.

Oliver Williamson (1991). “Strategizing, Economizing, and Economic Organization,” *Strategic Management Journal* 12 (Special Issue: Fundamental Research Issues in Strategy and Economics): 75-94.
- Case: **Apple and Flextronics:** Cam Simpson. “An iPhone Tester Caught in Apple's Supply Chain,” *Bloomberg Businessweek*. November 7th, 2013.

Zara: Kasra Ferdows, Michael A. Lewis, and Jose A. D. Machuca (2004). “Rapid-Fire Fulfillment,” *Harvard Business Review*, 82(11): 104-110.
 1. What does the AAA framework stand for?
 2. What is the key “A” feature that Apple is operating in Southeast Asia? What is the risk of badly managing this feature?
 3. How could Zara outperform its competitors despite having a lower level of “arbitrage” than its competitors?

Class 20 (Global #5): International Strategies and Entry Modes (5th of April)

- Readings: Irma Hunt, Allison Watts, and Sarah K. Bryant (2018) “Walmart’s international expansion: successes and miscalculation,” *Journal of Business Strategy* 39(2): 22-29.

Video (watch before class) Cheddar on: “Why Walmart Failed in Germany” (Cheddar Channel on Youtube). **Click [here](#) to watch.**

Optional Reading. Witold Henisz and Oliver Williamson (1999). “Comparative Economic Organization – Within and Between Countries,” *Business and Politics* 1(3): 261-278.
- Case: **Walmart in China:** Ali Farhoomand and Filip Ziolk. “Walmart in China: Challenging Alibaba’s New Retail.” Asia Case Research Centre, University of Hong Kong Case 19/643C
 1. Did it make sense for Walmart to enter foreign markets in the sequence it did?
 2. What are the reasons Walmart failed in Germany? Use CAGE and AAA frameworks
 3. How would you rate Walmart’s strategy for China? Will they have a good chance of success? Why/why not?

Class 21 (Global #6): Political Risk, Institutional Voids, and Business Groups (10th of April)

- Readings: Tarun Khanna, Sinha K. Palepu (2005) “Strategies that Fit Emerging Markets,” *Harvard Business Review*.

Tarun Khanna, Sinha K. Palepu (2006) “Emerging giants,” *Harvard Business Review*.

Optional Reading. Witold Henisz and Bennet Zelner. (2010). “The Hidden Risks in Emerging Markets,” *Harvard Business Review*.
- Case: **Tata Group:** Tarun Khanna, Sinha K. Palepu, Richard J. Bullock. “House of Tata: acquiring a global footprint,” HBS Case, 2008. (*)
 1. What are Institutional Voids?
 2. Why are business groups critical for overcoming institutional voids in emerging markets?
 3. How would you rate Tata’s decision to acquire Land Rover and Jaguar? Why?

Class 22 (Global #7): Climate Change, Inclusive Innovation, and Stakeholder Management (12th of April)

- Readings: Mark Kramer; Rishi Agarwal, Aditi Srinivas. “Business as Usual Will Not Save the Planet” *Harvard Business Review*. June 12th, 2019.

Raghav Narsalay, Leandro Pongeluppe, David Light (2015) “The Hidden Pitfalls of Inclusive Innovation,” *Stanford Social Innovation Review*. Winter: 48-53

“Amazon Case Study: Natura’s Supply Chain.” *Americas Quarterly*. May 12th, 2021.

Podcast (listen before class) “The Simple Economics of Saving the Amazon Rain Forest” (Freakonomics Podcast, Episode 428). **Click [here](#) to listen.**
- Case: **Natura:** Dirk Boehe; Leandro Pongeluppe; Sérgio Lazzarini. “Natura and the development of a sustainable supply chain in the Amazon region.” Insuper Case, 2013.
 1. In your opinion, what are the key global problems business leaders can help solve?
 2. In which sense is the Amazon Rainforest conservation a market failure problem?
 3. What are the key strategies Natura used in its Amazonian supply-chain that help to overcome this failure and benefit the company?

Class 23 and 24: Final Paper Presentations (17th and 19th of April)

Thursday, April 20th

FINAL PAPER DUE AT NOON