The Wharton School University of Pennsylvania Fall, 2008

Management 621. MANAGEMENT OF PEOPLE AT WORK

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PURPOSE OF THE COURSE

The purpose of this course is to provide a framework for analyzing the issues associated with managing people in the workplace. Management 621 will introduce you to topics such as motivating employees, managing performance, understanding careers, and the interface between "managing people" decisions and strategy. The concepts covered in this course will help you better understand 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 several years of work in an organization, 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 management of people at work.

The "managing people" issues in this course have links to issues developed in Management 654, "Corporate Strategy" (Quarter 2), OPIM 631, "Operations Management: Quality and Productivity" (Quarter 3) and to Management 652, "Foundations of Leadership and Teamwork" (Quarters 1 & 4). We will develop linkages with these and other courses as appropriate.

CLASSROOM PARTICIPATION

All course sessions involve active classroom discussion based on the readings and cases, with a focus on both theoretical questions and practical implications. You should be prepared both to share your ideas and to listen to and interpret issues presented by others. Effective discussion depends on your willingness to take risks in communicating ideas and to be supportive of and responsive to others.

Regular participation in discussions is expected, and you should carefully prepare the readings and cases for every class session. You can expect some cold-calling, though the frequency will differ by instructor. The quality of your contribution counts for more than the quantity. Comments that move a discussion forward in a productive direction are particularly welcome; this requires careful listening as well as the ability to make connections to the comments of others.

Please sit in the seats assigned by Wharton Grad for this quarter. With the help of the seating charts, we can track participation much more easily. Name cards must be consistently displayed during class, and it is essential that you attend all course meetings. We will observe the guidelines for classroom conduct established at the start of this semester, e.g. class will start and stop on time; no late entry to class; no departure and return in the middle of class; cell phones, laptops, and other electronic devices must be turned off.

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

LEARNING TEAMS AND CASE PRESENTATIONS

Learning teams are integral to the work of Management 621. Each learning team will be responsible for presenting one of the cases. A central purpose of the presentation is to link course theories/ concepts to the case material. This is most often accomplished through dramatization of some key incidents in the case, although other approaches (e.g. a standard presentation) are also acceptable. Your instructor will advise teams on what approach will be most useful for a particular class session. The team's classroom presentation must not exceed 10 minutes. The instructor will then lead the discussion that follows.

The case presentation should be engaging, but keep in mind that the main purpose of your presentation is to educate and inform your classmates. You will want to be sure that the presentation brings out the key substantive issues and points of the case and also connects with the session's readings and the course's general themes. It is often useful to conclude your presentation with a focus on a critical unresolved issue or question, inviting commentary and suggestions from your classmates. You should think of this assignment as entrusting your team with teaching the class for the 10 minutes in which you are making your presentation, and approach it accordingly, with the goal of adding value to the other activities in that day's class session. Presentations that are lacking in substance, or that distract or offend with irrelevant language, allusions, or references will not be viewed as meeting the assignment.

The case preparation should also be accompanied by a brief written analysis (1-2 pages in length, single-spaced) that addresses the questions about the case found in the syllabus. These case write-ups are to be posted to webCafe, in the e-room assigned to your particular cluster; your instructor will provide additional details. They serve, in part, as a convenient record of the cases covered in the course that can be reviewed in preparation for the final exam.

FEEDBACK TO THE INSTRUCTOR DURING THE COURSE

Each instructor will choose some mechanism for eliciting feedback from students during the course. The exact form of this feedback will be announced on the first day of class.

COURSE READINGS

All required course readings and cases are contained in the course-pack available from Wharton Reprographics. You will receive various handouts throughout the course, the cost of which will be added to your bursar's bill. We estimate that the handout cost will be under $10.

COURSE PAPER: WRITTEN ANALYSIS OF PREVIOUS EMPLOYMENT

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); politics in performance appraisal (Longenecker and Gioia)).

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 **a minimum of three theories/concepts** from Sessions 1-8 by making specific links between theories/concepts and key elements of your job experience.

2. Explore (and demonstrate your understanding of) the similarities, complementarities, or inconsistencies among the theories and concepts (i.e., do the theories/concepts fit together and reinforce each other or do they disagree? How do they complement each other? Conversely, how are they inconsistent or conflicting?)

3. Explain why the theories or concepts you've chosen are important and useful for understanding (and perhaps for suggesting changes to) your prior job or organization.

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

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- In a relative comparison (which is how we evaluate these papers), applying more theories is better than applying fewer theories, with two caveats: you need enough rich descriptive material about your job so we can understand it, and you need to cover each theory thoroughly enough that we are sure you know how to apply it. It is definitely possible to include *too many* theories and concepts if they are covered so superficially that your knowledge cannot be convincingly displayed.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of all people in positions like yours.
- Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your work experience. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of describing your job. Show how they apply to your situation.
- It may be useful to develop a comparative angle in the paper, i.e. compare how your job experience varied for two different tasks or compare your job before and after a change in your boss or a company restructuring.
- Comparing and contrasting how two or more different theories can be applied to the **same** aspect of your job situation is another effective strategy. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.
- Don't simply focus on your favorite issue, or spend a lot of time on issues that aren't relevant to this course.

The write-up should be typed or printed 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 course paper is due at the beginning of class on **Tuesday, November 18th**.

FINAL EXAMINATION

A course final examination is intended to help you integrate and build upon concepts and themes about the management of people at work that we have developed during the term. In preparing for the examination, it will be helpful to review your notes and the cases that we have analyzed. It will also be useful to think about how course concepts and arguments can be used to understand and compare the cases, the "managing people" problems they present, the potential solutions, and the management elements that might be appropriately adopted by other organizations.

The format for the final examination is not yet determined but will be announced in class. The final will be held from **3 to 5 pm**. on **Tuesday, December 16th**. You are welcome to bring any course readings and notes to the exam but not laptop computers.

EVALUATION

Course evaluation is based on written work and classroom participation, including both individual contributions and group presentations. In developing the final course grade, course work is weighted as follows:

Course paper	30 percent
Class participation	30 percent
Final examination	40 percent

SUMMARY OF CLASS SESSIONS

1.	Introduction to Managing People in Organizations	Thursday, October 23
2.	Motivating Individual Performance	Tuesday, October 28
3.	Designing Jobs	Thursday, October 30
4.	Designing Reward Systems	Tuesday, November 4
5.	Recruiting and Selecting Employees	Thursday, November 6
6.	Appraising Individual Performance	Tuesday, November 11
7.	Driving Group Performance	Thursday, November 13
8.	Group Decision-Making in Organizations	Tuesday, November 18
9.	Designing the Organization's Architecture	Thursday, November 20
10.	Organizing for Productivity and Quality	Tuesday, November 25
	THANKSGIVING BREAK	**THURSDAY, NOVEMBER 27**
11.	Creating a High-Performance Culture	Tuesday, December 2
12.	Aligning Human Resources and Business Strategy	Thursday, December 4

SUMMARY OF COURSE ASSIGNMENT DATES

Tuesday, November 18 – Course paper due, start of class

Tuesday, December 16 – Final examination, 3 to 5 P.M.

TOPICS AND READINGS

1. INTRODUCTION TO MANAGING PEOPLE IN ORGANIZATIONS October 23

Description: In this class, we emphasize the central goal for the course: to provide students with insights into the complexities of human behavior in organizations. We describe the sequence of topics, from the individual level (motivation, job design, equity issues) to the group level (stimulating effective group performance, group decision-making) and the organizational level (culture, human resource systems and the link to business strategy). We also review course requirements, discuss the Rose Company case, and touch on key issues in the Kanter article.

Readings: Rosabeth Moss Kanter, "The New Managerial Work," *Harvard Business Review*, November-December, 1989, pp. 85-92.

Case: The Rose Company
1. What is the nature of the change in this company?
2. How do the vice presidents feel about the reorganization?
3. What should James Pierce do – and what will he do?

2. MOTIVATING INDIVIDUAL PERFORMANCE October 28

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, 1975, pp. 769-83.

Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation," *Organizational Behavior,* 12th edition, Englewood Cliffs, N.J.: Prentice Hall, 2007, pp. 192-198, 208-210.

Case: Nordstrom Department Store
1. Who sets the performance goals, and how are they set?
2. What are the major positive and negative effects of this incentive system?

3. DESIGNING JOBS October 30

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 from the 1970s, 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, 2002, pp. 1054-55.

J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, "A New Strategy for Job Enrichment," *California Management Review*, Vol. 17, 1975, pp. 57-71.

Case: Hausser Food Products Company

1. Why is the Florida sales team withholding information?
2. If you were Brenda Cooper, what actions would you take?

Case: Jennifer Henderson and the International Division at Trustworthy Trust

1. Why are analysts such as Henderson demoralized?
2. Why do senior managers seem so satisfied?
3. What recommendations would you offer the Executive Vice President Marshall Wilde?

4. DESIGNING REWARD SYSTEMS — November 4

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. 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*, May 1973, p. 67-77.

Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, 2007, pp. 203-207.

Edwin A. Locke, "Linking Goals to Monetary Incentives," *Academy of Management Executive*, 2004, vol. 18: p. 130-133.

Case: Merck & Co. (A).

Put yourself in the role of Steve Darien, who must recommend changes (if any) in the current performance appraisal and salary administration system:

1. Should the performance appraisal and salary administration system be revised?
2. What changes would you recommend and how should they be implemented?
3. What side-effects can you anticipate, and how would you "sell" any proposed changes to your employees?

5. RECRUITING AND SELECTING EMPLOYEES — November 6

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 an effective hire.

Readings: Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", *Human Resource Management*, Winter 2004, Vol. 43: p. 305-318.

Benjamin Schneider, "The People Make the Place," *Personnel Psychology*, Vol. 40, 1987, pp. 437-53.

Case: SG Cowen: New Recruits
1. Who would you hire and why?
2. How will the change in recruiting strategy proposed by Chip Rae affect the nature of the company and its culture?
3. What are the goals of SG Cowen's recruiting and hiring process? Is SG Cowen meeting its goals?

6. APPRAISING INDIVIDUAL PERFORMANCE November 11

Description: We continue on the topic of individual performance, introducing dilemmas that managers face with respect to directing, supporting, and evaluating the work of subordinates: balancing implicit rewards (challenging work assignments, recognition) with explicit rewards (pay); weighing incentives for individual achievement vs. incentives for the group or team; and handling performance appraisal in a way that communicates goals and expectations accurately and motivates improved performance. The case focuses on a situation where cross-cultural issues also complicate a manager's choices on these issues. We will draw on the readings to analyze and understand the tensions that may arise during the performance appraisal process and to discuss approaches that can help deal with those tensions while contributing to the effective management of performance.

Readings: John J. Gabarro and Linda A. Hill, "Managing Performance," Harvard Business School, January, 2002 (9-496-022).

Clinton O. Longenecker and Dennis A. Gioia, "Confronting the 'Politics' in Performance Appraisal," *Business Forum*, Vol. 25, Nos. 3,4, 1998, pp. 17-23.

Case: Karen Leary (A)
1. How would you assess Chung's performance, and how would you rate Leary's management of him and the office?
2. If you were Chung, how might you have more effectively managed your relationship with Leary?

3. If you were Leary, how might you have more effectively managed your relationship with Chung?

7. DRIVING GROUP PERFORMANCE November 13

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.

Reading: "Social Influence," from Thomas Gilovich, Dacher Keltner, and Richard E. Nisbett, *Social Psychology*, NYC: WW Norton and Co., 2006, pp. 213-230; 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?

8. GROUP DECISION-MAKING IN ORGANIZATIONS November 18

***** COURSE PAPER DUE AT BEGINNING OF CLASS *****

Description: Group influences in organizations can be either positive or negative. In this class, we consider situations in which social influences can pull individuals away from alignment with management's goals and result in distorted decision-making dominated by unthinking conformity and compliance with group biases. We also consider approaches to organizing collective conversations that can surface difficult issues and improve both decision-making and strategy implementation.

Readings: Irving L. Janis, "Groupthink," *Psychology Today*, November 1971, pp. 43-46, 74-76.

Michael Beer and Russell A. Eisenstat, "How to Have an Honest Conversation," *Harvard Business Review*, February 2004, pp. 82-29.

In-class exercise: Materials distributed during class

9. DESIGNING THE ORGANIZATION'S ARCHITECTURE November 20

Description: An organization's architecture – its grouping of activities, management layers, authority lines, coordinating devices, and reporting relations – can have a major impact on how employees go about their work. As we saw in the Rose case earlier in the course, requiring all functional managers in the Jackson Plant to report to the General Manager – the position offered James Pierce – created certain advantages for the new manager (e.g., he could integrate all functions in decisions at the plant) but also introduced certain disadvantages (the functional specialists were no longer overseen by those who best knew their expertise). Drawing on the frameworks set forth by Nohria and Galbraith, we focus on strengths and weaknesses of organizational design alternatives, and when each should be used. Shikhar Ghosh, the new CEO of a faltering start-up, set out to restructure the firm to bring greater order and control, but soon found the approach was not working. He proceeded to restructure Appex around several successive designs, each bringing new benefits but also creating fresh problems. Whatever an organization's other features, whether incentive system or company culture, the organization's architectural design has a have significant impact on employee performance. Finding the right design for a given organization is the challenge.

Readings: Nitin Nohria, "Note on Organization Structure," Harvard Business School, 1991.

Jay R. Galbraith, Chapter 4: "Linking Processes to Coordination Needs," in *Designing Organizations*, Jossey-Bass, 2002, pg. 38-55.

Case: Appex Corporation

1. What challenges faced Shikhar Ghosh when he joined Appex?
2. How important were the structural changes he introduced, to what degree did they address problems or create new ones, and which changes were necessary?
3. How would you confront the challenges facing Appex at the case's end?

10. ORGANIZING FOR PRODUCTIVITY AND QUALITY November 25

Description: In this class, we look at the organization of work and the human resource policies associated with "lean" or "flexible" production (as contrasted with traditional "mass production" approaches) and the link to quality and productivity outcomes. We teach the NUMMI case, emphasizing the "people" side of the production system, e.g. teams, job rotation, training, standardized work, and other human resource policies. Please note that the OPIM 631 faculty will teach a related case in the next quarter, focusing on the manufacturing and logistics aspects of Toyota Production System. The integrating theme across these courses is how crucially inter-dependent "people" policies (social system) and manufacturing policies (technical system) are.

Readings: James P. Womack, Daniel T. Jones, and Daniel Roos, "The Rise of Lean Production," chapter 3 from *The Machine That Changed the World*¸ Free Press, 1990, pp. 47-69.

Jon Gertner, "From 0 to 60 to World Domination," *New York Times*, February 18, 2007, Section 6, pp. 34ff.

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

Case: Maryann Keller, "A Tale of Two Plants: NUMMI Teamwork vs. GM Bureaucracy," in *Rude Awakening*, William Morrow, 1989, pp. 145-158.

1. What key decisions did Toyota make in deciding how to manage the NUMMI joint venture plant?
2. Why did teams prove to be successful at NUMMI and not at Van Nuys?
3. Why has General Motors had so much difficulty learning and diffusing the lessons of NUMMI to its own operations?

***** THANKSGIVING BREAK November 27 *****

11. CREATING A HIGH-PERFORMANCE CULTURE December 2

Description: Here we explore the sources, and consequences, of a strong, performance-oriented organizational culture. The readings provide definitions and frameworks for thinking about organizational culture and point out how difficult culture change can be. The case, Mary Kay Cosmetics, reveals how a strong performance-oriented culture emerges from the early choices of the firm's founder and is reinforced through the skillful use of ritual and ceremony. We will discuss the ways in which a manager's job involves the creation and shaping of meaning for a firm's employees. We will also consider the transferability of an organization's high-performance culture to settings very different from those in which it arose.

Readings: James N. Baron and Michael T. Hannan, "Organizational Blueprints for Success in High-Tech Start-Ups," *California Management Review,* Vol. 44, No. 3, 2002, pp. 8-36.

Charles O'Reilly, "Corporations, Culture, and Commitment: Motivation and Social Control in Organizations," *California Management Review*, Summer 1989, p. 9-25.

Case: Mary Kay Cosmetics Inc. (and excerpts from Mary Kay Cosmetics: Asian Market Entry)

1. What are the artifacts, the espoused values, and the underlying assumptions of the culture at Mary Kay Cosmetics?
2. How does Mary Kay use ritual and ceremony to create a high-performance culture? What are the strengths and weaknesses of this approach to achieving performance?
3. How readily do you think the organizational culture at Mary Kay could be transferred, as it expands globally?

12. ALIGNING HUMAN RESOURCES AND BUSINESS STRATEGY December 4

Description: We highlight both successful and unsuccessful cases in which the alignment (or misalignment) between human resources systems and business strategy is the central issue. 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 try to untangle the factors behind the early success of new airline JetBlue – was it the business strategy? the HR system? – and compare it to the past example of People Express (the first new airline formed after industry deregulation in the 1980s – we will describe in class) and the current example of Southwest Airlines, perhaps the most successful airline in the U.S. over the past 10 years. JetBlue resembles both People Express and Southwest Airlines in its basic business model and HR philosophy, but the specifics of each airline's strategy and HR practices vary; we'll discuss the significance of the similarities and 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, 1996.

Jeffrey Pfeffer, "Producing Sustainable Competitive Advantage Through the Effective Management of People," *Academy of Management Executive*, 1995, Vol. 9: p. 55-69.

Jody Hoffer Gittell, excerpts from *The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance*, New York: McGraw-Hill, 2003, pp. xi-xiii; 3-6; 18-24; 54-55.

Case: JetBlue Airways: Starting from Scratch

***** FINAL EXAMINATION Tuesday, December 16, 3 to 5 pm. *****