



MANAGEMENT 621: MANAGEMENT OF PEOPLE IN ORGANIZATIONS

Fall 2011

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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. Management 621 will introduce you to topics such as motivating employees, designing jobs and reward systems, managing individual performance, and group decision-making. The concepts covered in this course will help you gain insight into how to motivate and lead those you manage as well as better understand your own motivation and performance at work.

Managerial and professional careers involve frequent changes in responsibilities, so the course also provides concepts for analyzing how managerial approaches may vary in different organizational and industry settings. We will discuss, based on these analyses, how to develop and implement organizational structures and processes for high performance, as well as HR systems that achieve competitive advantage through the management of people.

After working for several years, individuals often have developed a number of insights into how people behave in organizations, and how organizations in turn shape that behavior. We will draw upon your experiences to develop ways of understanding and analyzing the issues around the management of people covered in this course.

The “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” (preterm). We will develop linkages with these courses as appropriate.

TEXT AND READINGS

The course readings and cases are collected in a course pack available from Wharton Reprographics on Study.net. You may order a printed copy from Wharton Reprographics. You will receive various handouts throughout the course, the cost of which will be charged to you separately. We estimate that the handout cost will be under \$20.

COMMUNICATION

The primary means of communication outside of class is the course web page on webCafé. You can reach the webCafé room for the course at <http://webcafe.wharton.upenn.edu>.

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.

GRADING

Your grade will depend both on developing a deep knowledge of the concepts and on applying this knowledge in class discussion, the course paper and the final exam.

Factor	Weight
Participation	20%
Course paper: Written analysis of previous employment	40%
Final exam	40%
Total	100%

CLASS SESSIONS AND PARTICIPATION

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

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

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions. Specifically, according to the MBA office, there is no recruiting reason for which you should miss class. If you cannot come to class, you should notify your instructor by email in advance of the class. Finally, in order to facilitate lively, in-depth discussions and out of respect for each other, there are two simple ground rules regarding mobile devices and laptop computers: 1) please remember to turn off your phone, Blackberry and/or other communication devices; and 2) no laptops open during class.

CASE DISCUSSIONS

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

LEARNING TEAMS

We will use learning teams, at your instructor's discretion, for group exercises during the course. We expect teams to meet face-to-face for these assignments, which involve discussion and decisions. There are two primary team assignments: 1) allocation of compensation "points" to partners in the law firm case Brainerd, Bennis, and Farrell (for **Thursday, November 3rd**) and 2) a brief simulation exercise linked to the People Express case that we will cover on **Thursday, December 8th**, tied to the topic of "human resources for organizational performance."

For the Brainerd, Bennis, and Farrell case, please meet with your learning team to allocate 100 points representing the division of residual profits among the eight partners, identified as A through H in the exhibit at the end of the case. Be prepared to post your team's allocation of compensation points at the start of class on **Thursday, November 3rd**.

For the People Express simulation, we will describe the exercise in class Thursday, December 1, and then we ask that your learning team meet to run the simulation on a computer in Huntsman Hall before class on Thursday, December 8. We recommend that you plan for the learning team to meet for up to two hours. The first 15 to 30 minutes would be given to planning your management of the simulation exercise, and then, once you start the simulation, take no more than 90 minutes to complete it. Please bring the results of the simulation to class on **Thursday, December 8th**.

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).

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.

The write-up should be printed double-spaced, using a normal font-size. The maximum length is 1,000 words (plus or minus 5%). Please include a word count on the front page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid the mid-semester crunch. This is feasible because the raw material (your work experience) is readily available to you and each class session will introduce new concepts that are potentially applicable. The paper is due at the beginning of class on **Tuesday, November 22nd**.

FINAL EXAM

A course final examination is intended to help you integrate and build upon concepts and themes about the management of people 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 well in advance. The final will be held from **6 to 8 pm. on Wednesday, December 14th**.

ETHICS AND USE OF PRIOR MATERIALS

This is a core course for the Wharton MBA. As such, the course covers similar material from year to year. It is **never** appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, summaries of readings or other “cheat sheets.” The ethics matrix developed for the MBA core curriculum is filled out below. We will work with your ethics liaisons to clarify any issues that may emerge.

<i>These policies are the same for all MGMT 621 Professors</i>	
Class/Case Preparation	
Working with Learning Team	Yes
Working with Other Classmates	Yes
Discussing with Other Classmates	Yes
Consulting Material from Former Students (e.g., "cheat sheets," summaries of readings, etc.)	No
Using Material from External Sources (e.g., reports, articles, books, online research, etc.)	No

Individual Assignments (e.g. job analysis paper)	
Working with Learning Team	No
Working with Other Classmates	No
Discussing with Other Classmates	No
Consulting Material from Former Students (e.g., "cheat sheets," solutions, old exams, etc.)	No
Using Material from External Sources (e.g., reports, articles, books, online research, etc.)	No

Team Assignments (e.g. Brainerd, Bennis, Farrell case; People Express simulation)	
Working with Learning Team	Yes
Working with Other Classmates	Yes
Discussing with Other Classmates	Yes
Consulting Material from Former Students (e.g., "cheat sheets," summaries of readings, etc.)	No
Using Material from External Sources* (e.g., reports, articles, books, online research, etc.) * <i>Cite as appropriate.</i>	Yes

Final Exam (proctored)	
Working with Learning Team	You may prepare with any class member, but you must take the exam individually. You may develop a summary, e.g. of course theories, on your own or with other students, but you may only bring to the exam and use a summary that you personally have participated in developing.
Working with Other Classmates	
Discussing with Other Classmates	
Consulting Material from Former Students (e.g., "cheat sheets," summaries of readings, etc.)	No
Using Material from External Sources (e.g., reports, articles, books, online research, etc.)	No
Consulting Textbook / Class Notes	Yes, but no computers

SUMMARY OF CLASS SESSIONS

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|---|-----------------------|
| 1. Introduction to Managing People in Organizations | Thursday, October 27 |
| 2. Motivating Individual Performance | Tuesday, November 1 |
| 3. Designing Reward Systems | Thursday, November 3 |
| 4. Designing Jobs | Tuesday, November 8 |
| 5. Recruiting and Selecting Employees | Thursday, November 10 |
| 6. Managing Individual Performance | Tuesday, November 15 |
| 7. Instructor's Choice | Thursday, November 17 |
| 8. Group Decision-Making in Organizations | Tuesday, November 22 |
| THANKSGIVING BREAK | THURSDAY, NOVEMBER 24 |
| 9. Designing the Organizational Architecture | Tuesday, November 29 |
| 10. Improving Organizational Processes | Thursday, December 1 |
| 11. Creating a High-Performance Culture | Tuesday, December 6 |
| 12. Aligning Human Resources and Business Strategy | Thursday, December 8 |

SUMMARY OF COURSE ASSIGNMENT DATES

Tuesday, November 3:	Team allocation of compensation points for Brainerd, Bennis, Farrell case due at start of class
Tuesday, November 22:	Course paper due at start of class
Thursday, December 8:	Team report on People Express simulation exercise due at the start of class
Wednesday, December 14:	Final examination, 6 to 8 PM

COURSE OUTLINE

Class 1: Introduction to Managing People in Organizations (Thurs 10/27)

- **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. The readings and case will let us consider key issues confronting managers of people at work, now and in the past, to look for similarities and differences.
- **Readings:** Alan Murray, "The End of Management," *Wall Street Journal*, August 21, 2010.
- **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?

Class 2: Motivating Individual Performance (Tues 11/1)

- **Description:** In this session, we will begin our examination of workplace motivation. What is motivation? How can we best understand and explain the forces and factors that motivate us at work? What can and should companies do to enhance their employees' motivation? We will examine Nordstrom, a company that pursues a wide array of methods to motivate its employees, and apply various behavioral theories of motivation to understand and assess Nordstrom's practices.
- **Readings:** Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation" (covers four theories: needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 192-198, 208-210.
- **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?

Class 3: Designing Reward Systems (Thurs 11/3)

- Description: Here we focus on the design of reward systems, keeping in mind various cognitive processes that affect motivation. We introduce concepts from equity theory, which describes how individuals assess the ratio of outcomes (pay, recognition) in relation to inputs (of effort, skill, experience) for themselves in comparison with others. We then consider the actions (and shifts in perception) individuals may undertake to establish a sense of equity. The case discussion emphasizes how the compensation and reward system of an organization must balance incentive and equity concerns. We also explore the role of the labor market in constraining the kinds of compensation systems firms can implement.
- 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 & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.
- Case: **Brainerd, Bennis, and Farrell**
 1. How should the lawyers listed at the back of the case (A-H) be paid?
 2. Please meet with your learning team and decide how to apportion 100 points between them. Come to class ready to present and defend your choice.

Class 4: Designing Jobs (Tues 11/8)

- Description: We next examine job design – one important source of implicit rewards at work. We utilize Hackman and Oldham's job design theory, which analyzes the five characteristics of a job that contribute to its motivational potential. We also examine Seligman's arguments about the conditions under which work can be a source of deep personal satisfaction, more than a job. In lieu of a conventional case, we will discuss examples of jobs, both bad and good, chosen from your own experience.
- Readings: J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, "A New Strategy for Job Enrichment," *California Management Review*, Vol. 17, pp. 57-71.

Martin E. P. Seligman, Chapter 10: "Work and Personal Satisfaction," in *Authentic Happiness*. Free Press, pages 165 – 184.
- Case: Please reflect on these questions about your past job experiences:
 1. Consider the worst job you've ever had, or perhaps a job in your most recent workplace that seemed particularly dissatisfying and dispiriting. Apply Hackman et al.'s framework to the job. What would you change? Are such changes feasible? If not, why not? If so, why haven't such changes been implemented to date?
 2. Seligman argues that using your signature strengths at work, to advance a greater good, turns work into a calling. To what extent do you employ your signature strengths at work? When do you experience flow? When does your work feel like a calling?

Class 5: Recruiting and Selecting Employees (Thurs 11/10)

- Description: In this class, we turn our attention to employee recruitment and selection. Researchers have identified a number of strategies likely to yield fair, valid, and effective hiring decisions. We review these strategies and discuss possible reasons why many companies do not put these strategies into place. We then explore the attraction-selection-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.
- Readings: Benjamin Schneider, "The People Make the Place," *Personnel Psychology*, Vol. 40, pp. 437-53.

Optional: Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", *Human Resource Management*, Vol. 43: p. 305-318.
- 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 SG Cowen's goals for its recruiting process? Is SG Cowen meeting its goals?

Class 6: Managing Individual Performance (Tues 11/15)

- 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 (and rationalizations) that may arise during the performance appraisal process and to discuss approaches that can help deal with those issues while contributing to the effective management of performance.
- Readings: John J. Gabarro and Linda A. Hill, "Managing Performance," Harvard Business School (9-496-022).

Elliot Aronson, "The Rationalizing Animal," *Psychology Today*, p. 67-77.
- Case: **Karen Leary**
 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?

Class 7: Special Topic: Instructor's Choice (Thurs 11/17)

- Description: Each instructor will inform you on Day 1 of the course about the special topic and the plan for this session.

Class 8: Group Decision Making in Organizations (Tues 11/22)

***** 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. At the same time, we will discuss the assets that groups bring to problem-solving and decision-making and how to leverage those most effectively.
- Readings: Irving L. Janis, "Groupthink," *Psychology Today*, pp. 43-46, 74-76.

Norman R.F. Maier, "Assets and Liabilities in Group Problem-Solving," *Psychological Review*, pp. 239-49.
- In-class Exercise: Materials distributed during class

***** THANKSGIVING BREAK November 24 *****

Class 9: Designing the Organizational Architecture (Tues 11/29)

- Description: An organization's architecture – its strategic groupings, management layers, authority lines, coordinating devices, and reporting relations – can have a major impact on how employees go about their work. Drawing on the Nohria note on organizational structure (and the optional Galbraith readings on cross-boundary coordination mechanisms), we today focus on the strengths and weaknesses of various design alternatives for Appex Corporation, and when each should be used. Shikhar Ghosh, the new CEO of a faltering start-up, set out to restructure the firm to bring in greater order and control, drawing on 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 is found to 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 (9-491-083).

Optional: Jay R. Galbraith, Chapter 4: "Linking Processes to Coordination Needs," in *Designing Organizations*, Jossey-Bass, pg. 39-55.

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?

Class 10: Improving Organizational Processes (Thurs 12/1)

- Description: We look at the organization of work and the human resource policies associated with the improvement of organizational processes. We focus on the Toyota Production System (TPS), emphasizing the “people” side of the production system, e.g. teams, job rotation, training, standardized work. Please note that the OPIM 631 faculty will teach a related case in the next quarter, focusing on operational and logistics aspects of TPS. The integrating theme across these courses is how crucially inter-dependent “people” policies (social system) and operational policies (technical system) are. While TPS arose in a manufacturing context, it is finding applications in many other industries, most recently health care. Our case discussion will focus on one such initiative at a Seattle hospital, allowing us to analyze how and where TPS principles and practices apply best in this setting and where they encounter barriers.
- Readings: James P. Womack, Daniel T. Jones, and Daniel Roos, “How Lean Production Can Change the World,” *New York Times*, pp. 20ff.

Eric Svaan and Ravi Anupindi, “A Brief Note on the Toyota Production System,” Ross School of Business, University of Michigan
- Case: **Virginia Mason Medical Center**
 1. What is Gary Kaplan trying to achieve at Virginia Mason?
 2. How does the Toyota Production System fit into his strategy?
 3. What is your view of the “people are not cars” debate?
 4. Is Kaplan’s approach transferable to other hospitals?

Class 11: Creating a High-Performance Culture (Tues 12/6)

- Description: Here we explore the sources, and consequences, of a strong, performance-oriented organizational culture. The reading provides concepts for thinking about organizational culture and point out how difficult culture change can be. We will examine the case, Mary Kay Cosmetics, as cultural anthropologists, attentive to 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: Charles O’Reilly, “Corporations, Culture, and Commitment: Motivation and Social Control in Organizations,” *California Management Review*, p. 9-25.
- Case: **Mary Kay Cosmetics Inc.**
 1. What are the artifacts, the espoused values, and the underlying assumptions of the culture at Mary Kay Cosmetics? What are the strengths and weaknesses of this culture?
 2. How does Mary Kay use ritual and ceremony to create a high-performance culture?
 3. How readily do you think the organizational culture at Mary Kay could be transferred, as it expands globally? How well do you think it can adapt to the cultural norms of the present-day?

Class 12: Human Resources for Organizational Performance (Thurs 12/8)

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

- **Description:** In this capstone session, we highlight the overall system for managing human resources as a difficult-to-imitate source of organizational performance and sustainable competitive advantage. We also discuss debates over whether there is “one best way” for all companies in all industries to organize their systems for managing people. In the case discussion, we will untangle the factors behind the high performance of Southwest Airlines, perhaps the most successful airline in the U.S. over the past 10-15 years. We will compare Southwest with examples, past and present, of airlines that have taken different approaches to combining their “managing people” practices with their business model and operational practices, and discuss the significance of these differences for achieving sustainable competitive advantage in this very tough industry.

- **Readings:** 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: Using Human Resources for Competitive Advantage**
 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?

***** FINAL EXAMINATION**

Wednesday, December 14, 6 to 8 pm. ***