Management 621. MANAGEMENT OF PEOPLE AT WORK

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PURPOSE OF THE COURSE

Organizational life is built around a complex interplay of social forces. Networks of cooperation, group conflicts, systems of power and influence, career paths, and reward systems shape how people and organizations manage and are managed. The purpose of Management 621 is to provide a framework for analyzing the impact of these social forces on individuals, groups, and the organization. The course applies that framework to the design and implementation of human resource systems that make it possible to achieve competitive advantage through the management of people; it also incorporates some organizational design issues.

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.

This course introduces general theories of human resources and organizational behavior, and their application to specific managerial problems. Managerial and professional careers involve frequent changes in responsibilities, so the course also provides concepts for analyzing managerial approaches to varied organizational and human resource settings.

The "managing people" issues in this course have links to issues developed in OPIM 631, "Operations Management: Quality and Productivity", Management 652, "Foundations of Leadership and Teamwork," and Management 654, "Corporate Strategy." We will seek to make linkages with these and other courses where appropriate. For example, we will co-sponsor the manufacturing plant visits on Friday, November 19th, and will draw attention (both in class and during the visit) to "management of people" issues and how they interact with technical, operational, and logistical issues (as covered in OPIM 631) to affect quality and productivity performance.

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 the 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. Individuals are called upon from time to time, but most participation is voluntary. Name cards must be consistently displayed during class, and it is essential that you attend all course meetings.

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, and (4) a course of action for designing and implementing solutions.

LEARNING TEAMS AND CASE PRESENTATIONS

Learning teams are integral to the work of Management 621. Several class exercises are conducted through the teams, and they can provide a useful forum for developing case analyses before class meetings.

Each learning team will be responsible for presenting one of the cases. 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 preparation should also be accompanied by a brief written summary of the main points (1-2 pages in length, single-spaced) that is due on the day of the presentation. Copies should be made for distribution to all members of the section. The write-up can be given to the "Faculty & Staff Services" window at Wharton Reprographics and charged to the "course pack allowance" for Management 621. List the section number as well (Cohort A = section 2; B = 4; C = 6; D = 8; E = 10; F = 12; G = 14; H = 16; I = 18; J = 20; K = 22; L = 24.) Use the red form, and ask that copies be double-sided and three-hole-punched.

COURSE READINGS

All course readings are contained in the bulkpack available from Wharton Reprographics. You will receive various handouts throughout the course, the cost of which will be added to your burser's bill at the end of the semester. We estimate that the handout cost will be under $10.

COURSE QUALITY CIRCLE

A single quality circle is formed with two volunteers from each section to review and guide the course work. There will be three meetings during the course; the schedule will be established by each instructor.

COURSE PAPER: WRITTEN ANALYSIS OF PREVIOUS EMPLOYMENT

Your assignment is to examine your last job (or an earlier job) and use the course materials to analyze and explain your work experience. The focus of the assignment is to illustrate the course material using your job. You may use materials from Classes 1-6 and explore such issues as motivation, job design, reward systems, managing individual and group performance, and group and organizational influences on decision-making. The choice about what issues to cover and what 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 course material that best illuminates your job 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. Very good papers will provide the reader with two things: 1) a sense of how the various issues fit together analytically, and 2) a clear feeling for what it was really like to have that job.

Here are a few words of advice based on our past experiences with these papers:

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of all people in positions like yours.
- 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.
- Don't just drop in the names of a few theories or concepts into the midst of describing your job, but show how they apply to your situation.
- 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, or roughly four double-spaced pages. 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 16TH**.

FINAL EXAMINATION

A course final examination is intended to help you integrate and build upon concepts and arguments on 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, their people problems and potential solutions, and 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 1:30 to 3:30 on **December 15**. 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	(including learning team activities)	

SUMMARY OF CLASS SESSIONS

1.	Introduction to Management of People at Work	Thursday, October 28
2.	Motivating Individual Performance	Tuesday, November 2
3.	Designing Jobs	Thursday, November 4
4.	Designing Reward Systems	Tuesday, November 9
5.	Appraising Individual Performance	Thursday, November 11
6.	Groups and Organizational Decision-Making	Tuesday, November 16
7.	Creating a High-Performance Culture	Thursday, November 18
8.	Managing in Knowledge-Intensive Settings	Tuesday, November 23
	THANKSGIVING BREAK	**THURSDAY, NOVEMBER 25**
9.	Organizing for Productivity and Quality	Tuesday, November 30
10.	Responding to Employee Voice	Thursday, December 2
11.	Aligning Human Resources and Business Strategy	Tuesday, December 7
12.	Responsible Management of People at Work	Thursday, December 9

SUMMARY OF COURSE ASSIGNMENT DATES

Tues., November 16	Course paper due, start of class
Weds., December 15	Final examination, 1:30-3:30

TOPICS AND READINGS

1. INTRODUCTION TO MANAGING PEOPLE IN ORGANIZATIONS October 28

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, employee voice, human resource systems and the link to business strategy). We also review course requirements and cover 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 November 2

Description: We begin with an obvious truism about human behavior in organizations -- that people will behave according to what actions they perceive are being rewarded. We then begin our exploration of the theme "behavior is not that simple" by pointing out how often organizations "reward A while hoping for B". We also introduce various motivation theories from the behavioral sciences and contrast them with more economics-based views of motivation (e.g. agency theory) which emphasize financial incentives and contract-based goal alignment.

Readings: Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal,* Vol. 18, pp. 769-83.

Edward Lazear, "Personnel Economics," Chapter 3, *Relative Compensation* (Cambridge: MIT Press, 1995).

Optional: D. C. Feldman and H. J. Arnold, "Motivating Individual Performance," *Psychology of Motivation*.

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 November 4

Description: We next examine job design -- one important source of implicit rewards at work. We teach Hackman and Oldham's job design theory, which analyzes the five dimensions 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 a poor incentive system or poor leadership.

Readings: Frederick Taylor, "What Is Scientific Management?"

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

Case: 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 9

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.

Readings: Elliot Aronson, "The Rationalizing Animal," *Psychology Today*, May 1973, p. 67-77.

Richard M. Steers, "Cognitive Models of Motivation and Performance: Equity Theory," from Chapter 7 in *Introduction to Organizational Behavior*, third edition. (Boston: Scott, Foresman and Company, 1988), p. 185-191.

Henry P. Sims, Dennis Gioia, and Clinton Longenecker, "Behind the Mask: The Politics of Employee Appraisal," *Academy of Management Executive* Vol. 1, No. 3, 1987, p. 183-193.

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. 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.

Readings: Steven Kerr and John M. Jermier, "Substitutes for Leadership: Their Meaning and Measurement," *Organizational Behavior and Human Performance,* Vol. 22, pp. 375-403.

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?

Case: The Case of the Part-Time Partner

1. If you were a partner at Meeker, Needham, and Ames who was voting on promotions to partnership, for whom (if anyone) would you vote? (Come prepared to cast your vote.)
2. What kinds of associates' behaviors should partners encourage? Why, and how should they do so?

6. GROUPS AND ORGANIZATIONAL DECISION-MAKING November 16

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

Description: Group influences in organizations are not always positive. 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.

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

N.R.F. Maier, "Assets and liabilities in group problem-solving"

L. Berkowitz, "Imitation, Conformity, and Compliance"

In-class exercise: Materials distributed during class

7. CREATING A HIGH-PERFORMANCE CULTURE November 18

Description: With this class, we begin the section of the course that explores systems for managing people at work. Here we explore the sources, and consequences, of a strong, performance-oriented organizational culture. Both the readings and the case document the major turnaround involved in developing a customer-oriented culture at British Airways and thus contain important lessons about organizational change as well.

Readings: Steven Prokesch, “Competing on Customer Service: An Interview with British Airways’ Sir Colin Marshall,” *Harvard Business Review*, November-December 1995, pp. 100-112.

Charles R. Weiser, “Championing the Customer,” *Harvard Business Review*, November-December 1995, pp. 113-116.

Case: Changing the Culture at British Airways

1. Why was it important to change the culture at British Airways?
2. To what extent did the cultural change contribute to British Airway’s turnaround?
3. What further cultural changes are still needed to make the airline even more customer focuses, and how should they be implemented?

8. MANAGING IN KNOWLEDGE-INTENSIVE SETTINGS November 23

Description: In knowledge-intensive settings (such as high-tech start-ups, consulting firms and other professional service firms, financial services, or universities), human capital – in the form of intelligent, skilled, and creative employees -- is often the key source of competitive advantage. Managers in such settings need to understand the basic strategy for effectively developing and deploying human capital but must also put the appropriate reward and work structures in place. Motivation can also not be assumed. Creative leadership is often needed to create the conditions under which high levels of motivation can be sustained over time. In these cases, we will examine all of these aspects -- the strategy for deploying human capital; reward structures and the organization of work; and motivational issues -- and discuss how to manage “knowledge workers” by integrating all three.

Reading: Joe Thomas and Ricky W. Griffin, “The Power of Social Information in the Workplace,” *Organizational Dynamics*, August, 1989.

Thomas Malone and Robert Laubacher, “The Dawn of the E-lance Economy,” *Harvard Business Review* Sep/Oct 1998.

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?

***** THANKSGIVING BREAK November 25 *****

9. ORGANIZING FOR PRODUCTIVITY AND QUALITY November 30

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 will coordinate our teaching of this class with faculty from OPIM 631, "Quality and Productivity. 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. The OPIM faculty will help set the stage for their discussion of the manufacturing and logistics aspects of Toyota Production System, in the following week. The "integration" theme across these courses is how crucially inter-dependent the "people" policies (social system) and manufacturing policies (technical system) are. In this spirit, we will also debrief the manufacturing plant tours from the previous week.

Readings: James P. Womack, Daniel T. Jones, and Daniel Roos, "How Lean Production Can Change the World," *New York Times*, September 13, 1990, pp. 20ff.

Robert E. Cole, "The Quality Revolution," *Production and Operations Management*, Winter, 1991, pp. 118-120.

John Paul MacDuffie and John F. Krafcik, "Integrating Technology and Human Resources for High-Performance Manufacturing: Evidence from the International Auto Industry," in *Transforming Organizations*, edited by Thomas A. Kochan and Michael Useem (New York: Oxford University Press, 1992), pp. 209-226.

Case: Maryann Keller, "A Tale of Two Plants: NUMMI Teamwork vs. GM Bureaucracy," in *Rude Awakening*, (New York: 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?

10. RESPONDING TO EMPLOYEE VOICE — December 2

Description: Here we consider the universal issue of management responsiveness to employee "voice", i.e. employee concerns, grievances, and ideas for improvement. The case is a classic description of a situation in which management has failed to be responsive to employees in a variety of areas: compensation and benefits, career paths, supervisory behavior, due process in disciplinary matters. We examine the positive consequences, in terms of employee commitment and understanding of organizational goals, of effective mechanisms of employee voice, and the negative consequences, including poor morale, high turnover, low commitment, and labor unrest, when employee voice is neglected or ignored.

Readings: Jeffrey Pfeffer, "Can You Manage with Unions?" in *The Human Equation: Building Profits by Putting People First*, (Boston: Harvard Business School Press, 1998, pp. 225-251).

Case: First National Bank of Lake City (A)

1. Why are employees at the bank seeking representation by a union?

2. What is your evaluation of the bank's response to the union organizing campaign? How should it react?
3. What could the bank have earlier done to respond to employee concerns? What can be done now?

11. ALIGNING HUMAN RESOURCES AND BUSINESS STRATEGY December 7

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 make clear that there is no "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 and ultimate failure of People Express – was it the business strategy? the HR system? -- and compare it (in class) to the current example of Southwest Airlines, a successful airline following many of the same HR policies as People Express.

Readings: Peter Cappelli and Anne Crocker-Hefter, "Distinctive Human Resources Are Firms' Core Competencies," *Organizational Dynamics*, Vol. 24, No. 3, 1996.

Larry Hunter, "Choices and the High-Performance Workplace," from *Mastering Management* series, *Financial Times*, 1996.

Case: People Express (A)

1. What was the business strategy, managerial objectives, and assumptions about managing people underlying the design of People Express's human resource system?
2. What are the strengths and weaknesses of this approach?
3. How might the firm have achieving a better fit between its strategy and its human resource system? What different strategies would fit with the HR system? What different HR systems would fit the original strategy?

12. RESPONSIBLE MANAGEMENT OF PEOPLE AT WORK December 9

Description: Our closing class explores the issues of "downsizing" and restructuring as a way to weave together a variety of issues throughout the course, from motivation to group processes and HR systems, with a focus on the leadership challenges presented by this kind of organizational change. The "downsizing decision" case prompts discussion about the best strategies for restructuring but also about the courage and vision required for leaders to make this a revitalizing rather than demoralizing and counterproductive action. The Sears case, focusing on the restructuring challenges facing CEO Arthur Martinez soon after he was hired, provides a recent example to prompt discussion of these issues.

Reading: Cappelli, Peter, Michael Useem et al. "The Why of Restructuring," "General Trends in Restructuring," and "The Outcomes of Restructuring," from *Change at Work* (executive summary, 1998), distributed by National Policy Association.

Case: The Case of the Downsizing Decision

1. How would you characterize the culture and management of Universal Products?

2. As Andrew Jordan, what would you do in light of the analyst's report and the memos that you have received?

FINAL EXAMINATION **1:30- 3:30, Wednesday, December 15th.**