

Stanford January 9, 2008

Global Organizations PP168

PUBLPOL 168, Sec 01

Winter 2008 (5 units)

Days/Times/: TTH 10:00 AM-11:50 AM, Education School Room 128

Instructor: Dr Eva M Meyersson Milgrom

SIEPR, Room 150

Landau Bldg

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1. An Overview

Managing organization across nations, cultures and different kinds of socioeconomic and political institutions is an art. Managing global organization in a changing environment is a challenge. The main focus of this course is on the management of *diversity* in global organizations. Diversity, which is defined as the degree of heterogeneity in interest, beliefs values and language, has effects on the organization's capacity to act as a cohesive unit and to innovate and process novel information. We will identify the advantages and disadvantages of diverse groups and most importantly how to create flexibility to change in response to vital changes in the environment. This course examines global management of diversity at many levels and multiple arenas, from Polar expeditions to Tribal courts like the Gacacas.

This course *covers* topics such as:

1. How does diversity influence the various dimensions of performance, including decision making and information processing in particular?
2. How does heterogeneity with respect to demographic characteristics such as ethnicity, age, socioeconomic status, gender and diversity affect the ability to achieve homogeneity in interests beliefs and values?
3. How do we manage global diversity through group composition, informal rules such as repeated interactions and formal rules such as variation in payoffs?

This course will present useful *analytical concepts* from the disciplines within the social sciences such as economics, political science, social psychology and sociology.

This course provides *tools* for

- a. Choosing the degree of internal diversity, given diverse institutional environments
- b. Promoting diversity/ avoiding diversity,
- c. Accepting/resisting/adapting to differing local rules
- d. Designing organizations to be flexible in a changing environment

The course will draw on *films* and *literature* from both research and fiction.

Two of the three films will be shown outside class, evenings between 5 and 6.30 pm, the time schedule below and will take place in Landau Bldg 3 floor Room 350. OBS doors to bldg closes

at 5 pm. Call 50 575 2646 if you are running late. Please prepare a 1 page review write up see assignment questions for each of the movies 1 and 2. The discussion of Women of Hezbollah will be structured by questions posted among the assignments questions.

- (1). 12 Angry Men Monday 21th of January 2007, 5 pm, 1 hour 36 minutes (snacks will be served).
- (2.) East is East Tuesday 28th of January 2007, 5 pm, 96 minutes (snacks will be served).
- (3.) Women of Hezbollah, Thursday 7th of January *during session*, 60 minutes.

2. Teaching style

Class sessions consist of lectures, guest lectures, and team based case presentations. There will be guest speakers from a variety of organizations such as Google, Yahoo, Facebook and IRC.

3. Grading

The purpose of grading is two fold. One is the usual evaluation of your performance for academic purposes. The second is to encourage active discussion in the classroom. In line with these objectives, your grade for the course will be based on the following components:

Individual Assignments and Class Participation	35 %
Case Group Projects	25 %
Term paper /Exam	40 %

4. Term Project/Paper or exam

Each student will write a Term Paper, no more than 10 pages, double spaced
Deadline for *Preliminary* Final Term Paper is end of class last session. Final version Friday 15th of March at noon.

5. Groups and Case Assignments

Groups will consist of 2 students and will be formed at the third session on a rotation basis. Each Group will prepare and submit case analyses of 2-3 pages, single space.

Submission format: Electronic form as Word or PDF files
Submission date: The day before the corresponding class session, no later than 12 pm
Submit by email to: eva@meyersson.com

6. Individual Class Assignments

Each student will write up a review of 2 of the films. Some of you will be presenting in class. The films will be shown as specified above but can be seen independently. Some Movies can be borrowed either from Dr Meyersson Milgrom or at the Green library.

7. Other Administrative Details

If you have to miss a class during the semester, please let me know in advance, if possible, by means of a written note.

If you miss a class, please find out from your classmates what material was covered, what additional assignments were given and what items may have been distributed in class. I will make sure that everybody is involved in the class discussion. If you prefer not to be called upon during some class session, please let me know in advance.

As a courtesy to your classmates and to me, please be in class on time.
You will not need any technical equipments such as computers or cellphones during the lectures.
All lectures will be posted on line the evening before.

8. Office hours

I will be available after every class. My office hours are *Tuesdays 2-2.30 pm*. If you need to see me any other time please contact me for an appointment.

9. Schedule and Reading List

The assigned readings from academic books and journals are to be browsed for ideas, rather than read for technical details.

Required Readings and cases are found in the course reader at the bookstore.

Recommended Readings can be obtained from the instructor.

The difference between required and recommended reading is that the students are expected to be able to discuss the required readings in class at the specified session, whereas the recommended reading is meant for those students with special interest in the area or that have been assigned special articles for presentation in class.

What can you do with diversity?

Session 1. (T Jan 8) Introduction: The Tradeoffs Between Decision Making and Information Processing.

Recommended Readings

The tradeoffs of Social Control and Innovation in Groups and Organizations - *Charlan Jeanne Nemeth and Barry M. Staw, Advances in Experimental Social Psychology Vol.22, 1989, pp. 175-210 Academic Press*

Architectural Innovation: the Reconfiguration of Existing Product Technologies and the Failure of Established Firms - *Rebecca M Henderson and Kim B Clark, Administrative Science Quarterly, 35 (1990): 9-30. Cornell University*

Session 2. (Thu Jan 10) Social Contracts, Social Exclusion and Inclusion. Who can you trust?

Required Readings

Trust and Discrimination in a Segmented Society: An Experimental Approach - *Chaim Fershtman and Uri Gneezy, Quarterly Journal of Economics 2001 (Feb)*

Behind the Veil in Arabia - *Unni Wikan 1982 pp.141-167. Chicago University Press*

Inequality and Happiness. Why are Europeans and Americans different? - *Alberto Alesina, Rafael di Tella and Robert MacCulloch. Mimeo. Harvard University Department of Economics 2001*

Recommended Readings

Discrimination and Nepotism: The Efficiency of the Anonymity Rule - *Chaim Fershtman, Uri Gneezy and Frank Verboven. 2002 mimeo Tel Aviv University, Chicago Graduate School of Business and Catholic University of Leuven*

Community Enforcement of Informal Contracts: Jewish Diamond Merchants in New York - *Barak D Richman mimeo Harvard Law School*

Dispute Prevention Without Courts in Vietnam - *McMillan, John and Christopher Woodruff. Journal of Law, Economics & Organization V15 N3*

Who Trusts Others? - *Alberto Alesina and Eliana La Ferrara CEPRE working paper No. 2646*

Session 3. (T Jan 15) Network Effects on Social Diversity and IntegrationRequired Readings

The Strength of Weak Ties: A Network Theory Revisited by Mark Granovetter (1983) in Randall Collins (Ed.) *Sociology theory* vol 1, pp. 201-233. San Francisco: Jossey-Bass.

Information Flow Through Strong and Weak Ties I Intra-organizational Social Networks - Noah Freidkin, *Social Networks* 3 1982 273-285

Recommended Readings

Social Capital Structural Holes versus Network Closure as Social Capital - Ronald S Burt pp 31-55 in *Social Capital Theory and Research* Nan Lin Karen Cook and Ronald S Burt 2001 Aldine De Gruyter New York

Trust in Ethnic Ties: Social Capital and Immigrants - Victor Nee and Jimmy Sanders. Chapter 13 pp 374-392 in *Trust in Society Vol II in the Russell Sage Foundation Series on Trust* (Ed.) Karen S. Cook, New York: Russell Sage Foundation

Meritocracy and Social Networks - Trond Petersen, Ishak Saporta, Marc-David L. Seidel. *American Journal of Sociology* Vol. 106 No. 3 Nov 2000. pp.763-816

Session 4. (Th Jan 17) The Case of the Religious Network Groups by Ray Friedman HBS #99045

The Mechanism for Social Inclusion and Exclusion

Session 5. (T Jan 22) Cognitive Dissonance, Group Think, Social ClosureRequired Readings

Cognitive Dissonance and Utility Maximization a General Framework - Gilad, Benjamin Stanley Kaish and Peter D Loeb *Journal of Economic Behavior and Organization* 1987 *JEBOD* 8(1) 61-72

Session 6. (Th Jan 24) Case solutions: Student presentation HBS Case # 9-905-061 FBI Mission Extended). Student preparation for this session includes the movie “12 Angry Men” movie shown Monday 21 evening at 5 PM in the Landau Bldg 3 floor.

Session 7. (T Jan 29) Social distance, Comparison and Status theoriesRequired Readings

Status Construction Theory Chapter - Cecilia Ridgeway, prepared for *Contemporary Social Psychological Theories* edited by Peter J. Burke forthcoming

A Theory of Social Comparison Processes - Festinger Leon pp117 -141 from *Journal: Human Relations* 1954.

An Empirical analysis of “Acting White” by Roland G Fyer Jr and Paul Torelli mimeo 2005

Recommended Readings

Comparison Theory Chapter - Guillermina Jasso, prepared for *Contemporary Social Psychological Theories*, edited by Peter J. Burke

Distributive Justice and CEO compensation, Guillermina Jasso and Eva M Meyersson Milgrom-Working paper 2003

Status, comparison processes in Mergers and Acquisitions chapter 15 Intergroup Relations and Organizational Mergers by Deborah J. Terry pp. 229-249 in *Social Identity processes in Organizational contexts* eds Michael A Hogg and Deborah J. Terry Psychology Press

Session 8. (Th 31) Discussion of film, East is East, on Pakistan immigrants in England. Shown Tuesday the 28th of January in Landau Bldg 5PM.

Session 9. (T Feb 5) Stereotyping, and Self theories of Intelligence

Required Readings

A Threat in the Air: How Stereotypes Shape Intellectual Identity and Performance - *Claude M Steele in American Psychologist 1997 Vol 52 No6 613-629*

Self-Theories of Intelligence *Carol S. Dweck in Elliot Aronson, Reading About the Social Animal, New York: Worth. Adapted from: Messages That Motivate. In J. Aronson Ed. 2002. Improving academic achievement. New York: Academic Press.*

Recommended Readings

Chapter 5. Business and Leadership. Enron and the Talent Mindset in Carol Dweck Dweck, C.S. (2006). *Mindset*. New York: Random House

Thin Ice: Stereotype Threat and Black College Students - *Claude M. Steele Atlantic Monthly, Aug 1999*

Stereotype Threat and the Test Performance of Academically Successful African Americans - *Claude M. Steele and Joshua Aronson pp. 401-427 in C Jencks and M Phillips Eds. Black White test score gap Brookings Institute Press (1998)*

Under Suspicion of Inability: Stereotype Threat and Women 's Math Performance - *Spencer Steven J, Claude M Steel and Diane M Quinn, 1999 Journal of Experimental Social Psychology 35:4-28*

Session 10. (Th Feb 7) Movie Women of Hezbollah

Sustaining Diversity

Session 11. (T Feb 12) Redneck Mentality and Integration of Diversity. Group Demography and Team Performance.

Required Readings

Orchestrating Impartiality: The Impact of Blind Auditions on Female Musicians - *Claudia Goldin and Cecilia Rouse American Economic Review Sept 90(4) pp.715-41 2000.*

The More, the Better? A Four-Nation Study of the Inclusion of Women in Symphony Orchestras. - *J. Richard Hackman and Jutta Allmendinger Copyright The University of North Carolina Press Social Forces December 1995, 74(2):423-460*

Recommended Readings

How Affirmative Action Became Diversity Management - *Erin Kelly and Frank Dobbin American Behavioral Scientist Vol. 41 No 7 April 1998 pp 960-984*

Work Group Demography, Social Integration and Turnover - *O'Reilly C.A., D.F. Caldwell and W.P Barnett, 1989, Administrative Science Quarterly 34:21-37*

Session 12. (Th Feb14) London Orchestra. HBS(A) 9-494-034, 9-400-075(B)

Session 13. (T Feb 19) Intrinsic, Extrinsic Motivation. On Incentives

Personnel Economics for Managers Chapter 12 - *pp 303-339, Edward P. Lazear, 1998, New York NY: John Wiley and Sons, Inc.*

Gneezy, U., and A. Rustichini "A Fine Is a Price" *Journal of Legal Studies*, vol. XXIX, 1, part 1, 2000, 1-18.

Session 14. (Th Feb 21) **Catastrophy management:** Columbia's final mission HBS DVD multimedia case 9-305-032

Session 15. (T Feb 26) Pay, Tournaments and Performance

Required Readings

Do women shy away from competition in *Quarterly Journal of Economics* forthcoming.

The Cost of Affirmative Action by Muriel Niderle and Lise Westerlund mimeo 2007

Recommended Readings

Gneezy, U., and A. Rustichini "Gender and Competition at a Young Age," *American Economic Review Papers and Proceedings*, May 2004, 377-381.

Pay for Performance: Strategic Human Resources. Framework for General Managers Chapter 11 - pp 243, 264-283, James N Baron and David M. Kreps, 1999, New York: John Wiley and Sons Inc

Session 16. (Th Feb 28) Management of global diversity. HBS Cases Lincoln Electric Company 9-376-028 and Lincoln electric: Venture Abroad 9-398-095.

Session 17. (T March 4) Influence activities and conflicts at the workplace.

Required Readings

Strikes, Scabs and Tread Separations: Labor Strife and the Production of Defective Bridgestone/Firestone Tires by Alan B Krueger and Alexandre Mas, Princeton University mime. 2002.

Influence Cost and Equity. Moral Hazard and Performance Incentives: Influence Cost - Paul R. Milgrom and John Roberts, *Economics, Organization & Management*. Chapter 6 pp.192-194. 1992, Prentice-Hall, Inc.

Recommended readings

The Efficiency of Equity in Organizational Decision Processes - Paul Milgrom and John Roberts *The American Economic Review* 1990 Vol 80 no 2 pp154-159

Session 18. (Th March 6) ABB's Relay Business: building and Managing A Global Matrix HBS 9-394-016. Guest lecture TB

Session 19. (T March 11) A Summary of course.

Session 20. (Th March 13) Term Papers presentation from tentative drafts

Term Paper: Suggestions

Alternative 1. Education, Skill and the International Labor Market.

Alternative 2. Incentives in Truth and Reconciliations Commissions.

Alternative 3. Term paper based on the theme "Managing Competence in Polar Explorations: Skill or luck?"

Here are suggestions of themes used in the 2006 class

Alternative 1. Term paper based on the theme "Truths about Truth and Reconciliations Commissions".

Example: Participation in Gacaca and National Reconciliation January report 2003 and 2005.

Handouts and book suggestions

Justice on the Grass : Three Rwandan Journalists, Their Trial for War Crimes and a Nation's Quest for Redemption (Hardcover)

After Arusha: Gacaca justice in post-genocide Rwanda. : An article from: African Studies Quarterly by Alan Erin Tiemessen.

Rwanda's Gamble: Gacaca and a New Model of Transitional Justice (Paperback) by Peter E Harrell.

Closing the Books: Transitional Justice in Historical Perspective (Paperback) by Jon Elster

Alternative 2. Term paper based on the theme “Managing Competence in Polar Explorations: Skill or luck?” Choose books from any of the groups below for your term paper and make sure you also refer to the relevant required/recommended list above when doing your write up.

Recommended books and articles

Public versus Private Initiative in arctic Exploration: The Effects of Incentives and Organizational Structure by Jonathan M. Karpoff in Journal of Political Economy 2001 vol 109 no 1.

Amundsen (Competence and thoroughness aided by luck?)

- Scott and Amundsen - Roland Huntford (Also issued as "The Last Place on Earth")
- The South Pole - Roald Amundsen

Scott (Incompetence that led to disaster?)

- Scott and Amundsen - Huntford
- Triumph and Tragedy - Robert Scott
- The Worst Journey in the World - Apsley Cherry-Garrard
- A First Rate Tragedy - Diana Preston
- The Coldest March - Susan Solomon

Shackleton (Initial incompetence offset by later competence and heroism?)

- Shackleton - Roland Huntford
- South - Ernest Shackleton
- Endurance - Caroline Alexander
- Endurance - Alfred Lansing

Alternative 3. Why some information is hard to spread and other easy

Philip Gourevitch: We wish to inform you that tomorrow we will be killed
Walter Laquer The Terrible Secret

Alternative 4. The difference between governance of organizations and secret organizations

Terrorist organizations: talk to Professor Meyersson Milgrom

American Mafia and or Mafia: bringing down the mob By Thomas Reppetto

Alternative 5 Spies, due to failed organizations or rotten eggs?

The Body of Secrets by James Bamford

Anthony Blunt by Miranda Carter