

Global Organizations: Managing Diversity and The Matrix of Change

PUBLPOL 168/268, Sec 01

Soc 168/268

Winter 2016 (4 units)

Days/Times: Mon, Weds

Mon, Wed 11:30AM - 13:20PM at ART 360 in the McMurtry Building

Teacher: Dr Eva M Meyersson Milgrom

SIEPR, Room 337

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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, central banks 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, firm strategy and degree of diverse institutional environment

- b. Promoting diversity/ avoiding diversity,
- c. Accepting/resisting/adapting to differing local rules
- d. Given Firm Strategy designing organizations to be flexible in a changing environment

1. Content

The course will draw on *films, business school cases, text book and research articles.*

2. Teaching style

Class sessions consist of lectures, guest lectures, and team based case presentations.

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 (including Quiz and Class Participation)	35 %
Case Group Projects	10 %
Term paper (individual assignment)	50 %

4. Quiz and Final Term Paper (individual assignments)

The Quiz, on Roberts' book, will take place 25th of January, in class, and will consist of 5 questions. No open books or resources will be allowed. You are expected to use your computer to write your answers. And email them back to me after exactly 45 minutes. This is a diagnostic test.

In addition each student will write up a final term paper. More information about the papers will be giving by the beginning of February.

The final term paper should be no more than 12 pages, double spaced. Final term paper is due 18th of March at noon. Be prepared to talk about your term paper in class the 14th or 16th of March (5 min).

5. Groups and Case Assignments

Groups will consist of 2-4 students and will be formed at the third session. Each group will prepare and submit a 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 noon

Submit by email to: eva@meyersson.com

Case on "Religious Networks" due at noon 10th of February.

Case on "FBI" due at noon, 6th of March.

6. Other Individual Class Assignments

Each student will write up a commentary of the two films, no more than 3 pages single space. Please be prepared to present your assignment in class. Make sure you refer to syllabus literature when you discuss the film. Apply arguments from articles into your analysis by referring to the authors. Make sure you develop your arguments and thoughts.

You will watch the movie at your own discretion and if you have a problem finding the film, (usually at Greens Library) talk to instructor. Please plan ahead since the movies might in high demand.

Due date for first film assignment "East is East", is at noon 12th of January. Due date for second film "12 Angry Men" is at noon 23rd of February.

No hand in necessary for the Firestone discussion.

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 *Monday 2-2.30 pm*. If you need to see any other time please contact me for an appointment, work 723 0188 or at 650 575 2646.

9. Schedule and Reading List

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

A Framework: The Fit Between Strategy and Organization Design

Session 1. (Mon 4 Jan) Matching firm strategy with organization design. The Tradeoffs Between Decision Making and Information Processing. A Toolbox.

Required Readings

Chapter I and II in "the modern firm. organizational design for performance and growth", by *john roberts*. Oxford University Press, Oxford, 2004.

The Difference. How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies, by *Scott E. Page* pp x-18. Princeton University Press, Princeton. 2007

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*

Differences in Beliefs, Interests and Preferences

Session 2. (Wed 6 Jan) Who can you trust part I?

Required Readings

Discrimination in a Segmented Society: An Experimental Approach - *Chaim Fershtman and Uri Gneezy, Quarterly Journal of Economics 2001 (Feb)*
 Discrimination and Nepotism: The Efficiency of the Anonymity Rule by *Chaim Ferchtman, Uri Gneezy, and Frank Verboven. Journal of Legal Studies vol.34 June 2005.*
 The Organization of Firms Across Countries by Nicholas Bloom, Raffaella Sadun and John van Reenen *The Quarterly Journal of Economics 2012, 1663-1705.*

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*

Session 3. (Mon 11 Jan) Who Can't You Trust part II?

Required Readings

Identifying barriers to Muslim integration in France. *David Laitin and Marie-Anne Valfort, PNAS December 28 2010 vol. 107 No. 52.*
 POW Camp Survivors, *Chapter 5 in Heroes & Cowards. the Social Face of War, by Dora L. Costa & Matthew E. Kahn.*

Differences in Norms and Values

Session 4. (Wed 13 Jan) Culture and Diversity. **Discussion of film "East is East"**

Required Readings

Inequality and Happiness. Why are Europeans and Americans different? - *Alberto Alesina, Rafael di Tella and Robert MacCulloch. Mimeo. Harvard University Department of Economics 2001.*
 Beyond the United States and Japan: Testing Yamagishi's Emanicipation theory of Trust across 31 nations by *Mirona A. Gheorghiu , Vivian L. Vignoles and Peter B. Smith in Social Pshychology Quarterly 2009, Vol 72, No 4, pp 365- 383.*
 Behind the Veil in Arabia - *Unni Wikan 1982 pp.141-167. Chicago University Press*

Session 5. (Wed 20 Jan) Intrinsic, Extrinsic Motivation. On Incentives.

Required Readings

Edward P Lazear and Paul Oyer, 2009. "Personnel Economics" draft of chapter forthcoming in handbook of Organizational Economics, Eds by Bob Gibbons and John Roberts.

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

Session 6. (Mon 25 Jan) Quiz on Roberts

Session 7. (Wed 27 Jan), Organization Structure, Tournaments and Performance

Required Readings

Do women shy away from competition by Muriel Niederle and Lise Vesterlund in *Quarterly Journal of Economics August 2007*, pp.1067-1001 .

Pay Risk, and Productivity by Eva M Meyersson Milgrom, Trond Petersen and Rita Asplund in Finnish Economic Papers Vol 15 No 1 Spring 2002.

Handouts about Organizational Structure.

Chapter 6 in "the modern firm. organizational design for performance and growth", by *john roberts*. Oxford University Press, Oxford, 2004.

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 8. (Mon 1 Feb) Influence activities and conflicts at the workplace.

Required Readings

Chapter I and 2 in "the modern firm. organizational design for performance and growth", by *john roberts*. Oxford University Press, Oxford, 2004.

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.*

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 9. (Wed 3 Feb) **A Class Discussion based on Bridgestone/Firestone** articles.

Required Reading

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

Does Management Matter? Evidence From India. *Nicholas Bloom, Benn Eifert, Aprajit Mahajan, David McKenzie and John Roberts*, mimeo 2011 August.

Session 10. (Mon 8 Feb) Networks Effects on Social Diversity and Integration.

Required 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.

The Cost of Friendship by Paul Gompers, Vladimir Mukharlyamov and Yahi Xuan NBER Cambridge Working paper 18141.

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 11. (Wed 10 Feb) **Case discussion** of The Religious Network Groups HBS by Ray Friedman. HBS #99045.

The Mechanisms for Social Inclusion and Exclusion

Session 12 (Mon 22 Feb) Cognitive Dissonance, Group Think, Social Closure.

Required Readings

Review Back to the Future Retrospective Review of Leon Festinger's A Theory of Cognitive Dissonance.

Intelligence Failures: An Organizational Economics Perspective by Luis Garicano and Richard A. Posner *discussion paper No 5186 August 2005. Important for see session 18.*

Session 13. (Wed 24 Feb) Social distance, Comparison and Status theories. **Discussion of 12 Angry Men Film Review**

Required Readings

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

Stigma and Status: The Interrelation of Two Theoretical Perspectives by Jeffrey W. Lucas and Jo C. Phelan in *Social Psychology Quarterly* X(X) pp 1-12 8th of November 2012.

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

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

Motivation, Social and Pecuniary Values and Performance

Session 14. (Mon 29 Feb)) About motivation and in particular about “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.*

Chapter 4. in "the modern firm. organizational design for performance and growth", by *john roberts*. Oxford University Press, Oxford, 2004.

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: Organization for Performance: Redneck Mentality

Demographics and Diversity

Session 15. (Wed 2 March) **Demographics** and Integration of Diversity. Group Demography and Team Performance. 12-12.45PM. Canceled

Required Readings

Chapter 5 in "the modern firm. organizational design for performance and growth", by *john roberts*. Oxford University Press, Oxford, 2004.

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.*

Male workers, Female Bosses, and Gender Quotas, *SIEPR policy brief December 2010 by Eva M Meyersson Milgrom.*

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*

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 16. (Mon 7 March) **Case solutions:** Student presentation HBS Case # 9-905-061 FBI: Mission Extended.

Required reading

Intelligence Failures: An Organizational Economics Perspective. Luis Garicano and Richard A Posner, discussion paper no 5186.

Summary and conclusion

Session 17. (Wed 9 March) Prep for final term paper.

Session 18. (Mon 14 March) Summary of class

Session 19. (Wed 16 March) Presentation of draft of term papers

Earlier year term papers themes:

1. Enron or Madoff - two scandals about trust and incentives?
2. Incentives in Truth and Reconciliations Commissions.
3. Managing Competence in Polar Explorations: Skill or luck?
4. Information as codes in the underworld and in insurgency organizations
5. The difference between governance of private organizations and secret organizations.
6. Spies, Failed Organizations or Rotten Eggs?
7. What went wrong with BP's safety norms?
8. The organizational design of central banking.
9. The organizational design of the apts Industry.