

***Journey of Inquiry: Study trip to India, spring break 2018, 21<sup>st</sup> to 31<sup>st</sup> of March 2018***

**Syllabus for 2018 winter quarter preliminary**

Stanford, 2018-02-13

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**Global Organizations: Managing Diversity and The Matrix of Change**

PUBLPOL 168/268, Sec 01

Soc 168/268

Winter 2018 (4 units)

Days/Times: Mon, Wed

Mon, Wed 11:30AM - 13:20PM at History Corner 200 room 201

Teacher: Dr Eva M Meyersson Milgrom  
SIEPR, Room 337  
Cynthia and John Gunn SIEPR Building  
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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. Designing organizations around organization strategy in a flexible way 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. Guest speakers this year will focus on the theme of India: entrepreneurship, culture and the socioeconomic/politico/ system.

### 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)	20 %
Case Group Projects	20 %
Term paper (individual assignment)	60 %

### 4. Quiz and Final Term Paper (individual assignments)

The Quiz, on Roberts' book, will take place **5<sup>th</sup> of February**, 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 down your answers and email them back to me after exactly 45 minutes. This is a diagnostic test of your familiarity with our framework.

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 16<sup>th</sup> March at noon. Be prepared to talk about your term paper in class the 7<sup>th</sup> of March (5 min). Your term paper can be part of the research you do for the task you do in India, an opEd about the corporate governance system. I will hand out research material to prepare for the India trip.

### 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, double 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](mailto:eva@meyersson.com)

Case on Bridgestone Feb 8<sup>th</sup>. Due day before at noon.

Case on "FBI" due at noon March 6<sup>th</sup> due day before at noon.

Student India report, based on the students' opEds due at end of study trip, 31<sup>st</sup> of March. Teaching assistants, TA responsible for the final report. TAs for the class are Mathias Jimenez [mathiasj@stanford.edu](mailto:mathiasj@stanford.edu), Boaz Abramson [boaza@stanford.edu](mailto:boaza@stanford.edu). India trip TA is also Udai Baisiwala [udai@stanford.edu](mailto:udai@stanford.edu).

## **6. Other Individual Class Assignments**

Each student will write up a commentary of the two films, no more than 2 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.

Date for first film assignment "East is East", is at noon **21<sup>st</sup>** of January due date the day before at noon. Date for second film "12 Angry Men" is at noon **21<sup>st</sup>** of February, due the day before at noon. Send in to instructor email: [emilgrom@stanford.edu](mailto:emilgrom@stanford.edu).

## **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 me 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.

**10. Obs we have our last session Th 8<sup>th</sup> of March 19.00 at 903 Cottrell Way Stanford campus. We have our last session on the 8 of March. Dinner will be served and please email instructor any food restrictions.**

**11. The Journey of Inquiry, a study trip to India will focus on the organizational design of the corporate governance system of India and its changing environment. We will visit entrepreneurs and their companies/conglomerates, VCs, stock markets, the congress and regulators. We will also get a chance to visit cultural and historic sites, attend Indian plays, music concerts and dance performances. The trip will take about 10 days and you will be back on the day before the spring quarter starts. This is an all Stanford funded trip.**

## A Framework: The Fit Between Strategy and Organization Design

**Session 1.** (Mon 8 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, 2007.

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

## Organization Design and Institutions

**Session 2.** (Wed 10 Jan) Institutions and Culture The Organization of Firms Across Countries by Nicholas Bloom, Raffaella Sadun and John van Reenen *The Quarterly Journal of Economics* 2012, 1663-1705,

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

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

**Session 3.** (Wed 17 Jan) Who can you trust part I?

### Required Readings

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

Discirmination and Nepotism: The Efficiency of the Anonymity Rule by *Chaim Ferchtman, Uri Gneezy, and Frank Verboven*. *Journal of Legal Studies* vol.34 June 2005.

**Session 4.** (Mon 22 Jan) Who Can't You Trust part II? **Discussion of film "East is East"**

### Required Readings

Identifying barrriers 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*.

## Motivation: social and pecuniary incentives

**Session 5.** (Wed 24 Jan) Coordination I. 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.

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

## Organizational design and self selection on the labor market

**Session 6.** (Mon 29 Jan) Coordination II. Corporate Culture *A Mock Quiz*

### 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.

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

**Session 7.** (Wed 31 of Jan) **US and Them**, Discrimination and Self-selection on the labor market. Discussion on Quotas and Affirmative Action. **Guest Speaker:** Arber Tasimi, Postdoc at Department of Psychology, Stanford University (Do babies have moral?).

Required Readings: "[New Perspectives on Gender](#)", Marianne Bertrand forthcoming in Orley Ashenfelter and David Card eds, *Handbook of Labor Economics*, December 2010, volume 4B, pp. 1545-1592.

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

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

**Session 8.** (Mon 5 Feb) Quiz on Roberts

## And Its Social and Economic Consequences for the Workplace

**Session 9.** (Wed 8 Feb) Influence activities, conflicts at the workplace. **Bridgestone/Firestone Plus Vaden Nurse information about India**

### Required Readings

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.*

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.

#### Reference Readings

Downes, Patrick E. and Choi Daejeong. 2014 Employee reactions to pay dispersion: A Typology of Existing Research. *Human Resource Management Review*. No 24, 53-66.

## The Social Mechanisms for Social Inclusion and Exclusion

**Session 10.** (Wed 14 Feb) Cognitive Dissonance, Group Think, Social Closure. **Guest speaker: Anjini Kochar**, conversation on India, Development and Poverty.

#### Required Readings

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

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

**OBS extra session Thursday February 15<sup>th</sup>:** 16.30 to 17.30, Adil Zainulbhai, Chairman, Quality Council of India and former Chairman, McKinsey India in Education bldg #210. And tea the same afternoon at SIEPR. Please see Udai's email.

**Session 11.** (Wed 21 Feb) Social distance, Comparison and Status theories.

#### 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 pp. 117 –130 from Journal: Human Relations 1954.*

## Beliefs, Interests and Diversity

**Session 12.** (Mon 26 Feb) ) About: Beliefs “stereotyping”, and “self theories of intelligence”. TED talk Paul Bloom. **Discussion of 12 Angry Men Film Review.**

#### 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.

## Networks as Enabler of Integration and Differentiation

**Session 13.** (Wed 28 of 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.

**Session 14.** (Mon 5 March) **Guest lecturer Professor** Romain Wacziarg the Political Economy of India. **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.

A tool box for India, handouts on India. A set of articles and books.

Books: Nine Lives by William Dalrymple Vintage books Random House NY 2011.

Corporate Governance in India by Sarkar Jayati, Sarkar, Subrata. Sage Publication Thousand Oaks 2012. See specific chapter on canvas.

### Recommended reading

Stages of Capital: Law, Culture, and Market Governance in late Colonial India. E-duke books scholarly collection.

## Presentation of drafts of term paper and the India report

**Session 15. (Wed 7 March)** Presentation of draft of student final term paper student presentation (of the Corporate Governance system of India).

*Session 16. (Th 8 March Evening 19.00) On India.* Preparation for India Trip, 903 Cottrell Way Stanford campus. Themes: A. Case group preparation for meetings in India. B. Travel logistics for India.

**Earlier year's term paper 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.