

# 2 CHALLENGES FOR MANAGERS

## CHAPTER SCAN

This chapter focuses on the changes and accompanying challenges those changes will bring about in the coming decade. Four major challenges facing managers include globalizing the firm's operations, leading a diverse workforce, encouraging ethical behavior, character, and integrity, and fostering technological innovation. Globalization has created a boundaryless market in which all firms, large and small, must compete. Cultural diversity within the United States encompasses all forms of differences among individuals, including age, gender, race, and ability. Technological change is one of the keys to strategic competitiveness, but it is also complex and risky. Ethical issues compound the complex challenges of management, and involve things such as white-collar crime, computer use, employee rights, sexual harassment, romantic involvement at work, organizational justice, whistle-blowing, and social responsibility.

## LEARNING OBJECTIVES

After reading this chapter, you should be able to do the following:

1. Describe the dimensions of cultural differences in societies that affect work-related attitudes.
2. Explain the social and demographic changes that are producing diversity in organizations.
3. Describe actions managers can take to help their employees value diversity.
4. Discuss the assumptions of consequential, rule-based, and character theories of ethics.
5. Explain six issues that pose ethical dilemmas for managers.
6. Understand the alternative work arrangements produced by technological advances.
7. Explain the ways managers can help employees adjust to technological change.

## KEY TERMS

Chapter 2 introduces the following key terms:

character theory	power distance
collectivism	procedural justice
consequential theory	reinvention
distributive justice	robotics
diversity	rule-based theory
expatriate manager	social responsibility
expert system	technology
femininity	telecommuting
glass ceiling	time orientation
<i>guanxi</i>	transnational organization
individualism	uncertainty avoidance
masculinity	whistle-blower

## THE CHAPTER SUMMARIZED

### I. THINKING AHEAD: GENENTECH, INC. – Do Business and Science Mix?

### II. MANAGEMENT CHALLENGES IN A NEW TIME

Recent surveys indicate that U.S. firms are encountering unprecedented global competition. Chief executives note their primary challenges as (1) globalizing the firm's operations to compete in the global village, (2) leading a diverse workforce, (3) encouraging positive ethics, character, and personal integrity, and (4) advancing and implementing technological innovation in the workplace. Successful organizations respond to these challenges as opportunities instead of threats. The United States faces tough competition from countries such as Canada, Germany, Japan, and the United Kingdom.

### III. THE GLOBAL VILLAGE

The concepts of globalization have helped to define the terms organizations use to determine the level of activity in the global marketplace.

*Globalization* implies that the world is free from national boundaries, whereas *international* carries with it a connotation of nationality. **Transnational organizations** must assume global viewpoints that supersede national issues.

### A. Changes in the Global Marketplace

Numerous global, social, and political changes have led organizations to change the way they conduct business and encourage their members to think globally. A few of these changes are the unification of East and West Germany, the European Union, the political changes in Russia and opening of business ventures in Russia and China, and NAFTA. Business ventures in China have helped to emphasize the importance of *guanxi*, or networking, in order to accomplish personal and business goals.

### B. Understanding Cultural Differences

In order to compete globally, and because cultural differences affect work-related attitudes, organizations must understand diverse cultures. Hofstede's research focused on the differences among cultures in work-related settings and found five dimensions of cultural differences that formed the basis for work-related attitudes.

#### 1. Individualism vs. Collectivism

People in **individualist** cultures have primary concern for themselves and their families. People in **Collectivist** cultures belong to tightly knit social frameworks and depend on extended families. Group decisions are valued and accepted.

#### 2. Power Distance

**Power distance** is the degree to which a culture accepts unequal distribution of power. High power distance cultures are more accepting of unequal power distributions; low power distance cultures are less accepting.

#### 3. Uncertainty Avoidance

**Uncertainty avoidance** is the degree to which a culture tolerates ambiguity and uncertainty. Cultures with high uncertainty avoidance place importance on security and tend to avoid conflict. People are more willing to take risks in cultures with low uncertainty avoidance.

#### 4. Masculinity vs. Femininity

In cultures that are characterized by **masculinity**, assertiveness and materialism are valued. Cultures that are characterized by **femininity** emphasize relationships and concern for others.

## 5. Time Orientation

The **time orientation** value determines the long-term or short-term orientation of a culture. Long-term orientation is toward the future, whereas short-term orientation is toward the past and present.

## 6. U.S. Culture

The United States scored the most individualistically of all the countries measured. The U.S. ranked low on power distance, and is a masculine culture with a short-term time orientation.

There is an increase in organizational cooperation for training employees for cultural sensitivity. Cross-cultural task forces or teams are increasing. Employees are more often being trained to be expatriates. Integrity, insightfulness, risk taking, the courage to take a stand, and the ability to bring out the best in people are key competencies for **expatriate managers**.

## C. Developing Cross-Cultural Sensitivity

As organizations compete in the global marketplace, employees must become more skilled at working with individuals from diverse cultural backgrounds. Cultural sensitivity training is a popular method for helping employees recognize and appreciate cultural differences. Human resource managers must prepare employees to live outside their native countries, and must also help foreign employees learn to interact with U.S. culture.

## IV. THE DIVERSE WORKFORCE

**Diversity** encompasses all forms of differences among individuals, including culture, gender, age, ability, religion, personality, social status, and sexual orientation. Motivation and communication skills must be adapted to account for diversity.

## A. Cultural Diversity

Cultural diversity is increasing due to the globalization of business. Demographic changes significantly affect diversity as well. Population shifts have dramatically increased the proportion of Hispanic and African-American workers in the labor force. The challenge for managers is to capitalize on the wealth of differences provided by cultural diversity.

## B. Gender Diversity

Women made up over 60 percent of the labor force in 2004, and by the year 2020, a balance of genders is expected in the workforce. Women continue to receive less compensation for work, and the transparent barrier referred to as the **glass ceiling** continues to keep many

women (and minorities) from rising above a certain level in organizations. Women comprised only 13.6 percent of corporate board members in 2003.

One place women are making progress is in ownership of entrepreneurial companies. Women now own nearly 10.4 million American businesses, employing more than 12.8 million people and generating \$1.9 trillion in sales.

### C. Age Diversity

The number of middle-aged Americans is rising dramatically, resulting in an older workforce. This will place emphasis on intergenerational work situations. This will also have an impact on benefits and policies relating to an aging workforce. By 2030, people over age sixty-five will comprise 20 percent of the population.

### D. Ability Diversity

The number of disabled individuals in the workforce has increased dramatically because of the passing of the Americans with Disabilities Act in 1992. This law stipulates that employers should make reasonable accommodations to assist disabled individuals to become contributing employees.

### E. Differences are Assets

Managing diversity is one way in which organizations can become more competitive. Part of the challenge of managing diversity lies in attempting to combat prejudices and discrimination. As the workforce becomes more diverse in the next decade, it will be imperative that companies appreciate diversity.

### F. Diversity's Benefits and Problems

Diversity management can help organizations attract and retain human resources, enhance marketing efforts, promote creativity and innovation, improve problem solving, and enhance organizational flexibility.

There are five problems associated with diversity: resistance to change, lack of cohesiveness, communication problems, interpersonal conflicts, and slowed decision making.

## V. ETHICS, CHARACTER, AND PERSONAL INTEGRITY

There is plenty of evidence that ethical problems are still a major concern in corporations. The toughest of these problems include employee theft, environmental issues, conflicts of interest, and sexual harassment. Managers have the responsibility of initiating programs to improve the ethical climate.

**Consequential theories** of ethics emphasize the consequences or results of behavior. In contrast, **rule-based** theories of ethics emphasize the character of the act itself rather than its effects. The third type of ethical theory, **character theory**, emphasizes the character of the individual and the intent of the actor.

A. Employee Rights

Employee rights encompass many current issues, such as drug testing, free speech, due process, smoking policies, AIDS/HIV disclosure, and even questions regarding activities away from the organization.

B. Sexual Harassment

Sexual harassment includes verbal or physical unwelcome sexual attention that affects job conditions or creates a hostile work environment, and consists of three types of harassment: gender harassment, unwanted sexual attention, and sexual coercion.

C. Romantic Involvements

As the number of women in the workplace increases, the resulting interaction between men and women means that organizations must address a number of issues related to the occurrence of romantic relationships at work. Hierarchical and utilitarian romances are especially problematic in the workplace.

D. Organizational Justice

Organizational justice includes both distributive justice, which deals with the fairness of outcomes received, and procedural justice, which involves the fairness of the outcome allocation process.

E. Whistle-Blowing

Employees who inform authorities of wrongdoing by their companies or coworkers are referred to as whistle-blowers.

F. Social Responsibility

The obligation that an organization feels to behave in ethical ways within its social environment is referred to as **social responsibility**.

G. Codes of Ethics

Increasing numbers of organizations are implementing codes of ethics. One of the more concise tests of ethical and moral questions is the simple four-way test created by Rotary International in 1904 (see Figure 2.2).

## VI. TECHNOLOGICAL INNOVATION

**Technology** consists of the intellectual and mechanical processes used by an organization to transform inputs into products or services that meet organizational goals. The difficulty of successfully integrating technology into the workplace at an ever-increasing pace has been considered a major factor that has limited economic growth in the United States. The Internet is an example of a technology advance that has dramatically impacted the way organizations do business.

The development of **expert systems** in the workplace has benefited inexperienced workers with a training tool for gaining knowledge and checking their assumptions against the knowledge based system.

**Robotics** represents another advance in technology that has changed the way companies operate. However, robots require a large investment that does not pay off in the short term.

It is important to note that half of all new technologies fail to meet expectations, and as a result, some firms have chosen to de-engineer.

### A. Alternative Work Arrangements

Advances in technology have made possible a variety of alternative work arrangements. One of these alternative work arrangements involves transmitting work from a home computer to the office using a modem, and is known as **telecommuting**. Telecommuting helps employees gain flexibility and avoid traffic while working from the comfort of home. Disadvantages of this approach include distractions, isolation, and reduced identification with the organization. Satellite offices and virtual offices offer two additional alternative work arrangements.

### B. Emerging Managerial Realities

Managers will need to adapt and make effective use of new technologies. The need to help workers manage stress, and to motivate, coach, and counsel workers will add complexity to managers' roles. Computerized monitoring of employee performance can be beneficial in many ways, but also holds great potential for abuse.

### C. Helping Employees Adjust to Technological Change

**Reinvention** is the term for creatively applying new technology. Managers face a substantial challenge in leading organizations to adopt new technologies more humanely and effectively.

## VII. MANAGERIAL IMPLICATIONS: BEATING THE CHALLENGES

## VIII. LOOKING BACK: GENENTECH, INC. – You Can't Do Everything for Everybody

## YOU

### 2.1 PLANNING FOR A GLOBAL CAREER

If you have time in class, give students the opportunity to share what they have learned about the various countries they have investigated. This is a great opportunity to broaden students' perspectives. This challenge could also be assigned to groups rather than individuals.

### 2.2 HOW MUCH DO YOU KNOW ABOUT SEXUAL HARASSMENT?

This challenge provides an opportunity to discuss many of the misconceptions that exist about sexual harassment in the workplace. As this challenge is discussed, the instructor might also provide students with information about any educational and counseling resources available on campus with regard to sexual harassment.

## DIVERSITY DIALOGUE

### “YOU’RE HIRED!” ... NOT ... IF YOU’RE OVER 40

Some students will answer that Hewett was justified in bringing about litigation. They should cite The Age Discrimination in Employment Act of 1967 (ADEA) which protects employees and job applicants 40 years of age and older from employment discrimination based on age. This includes hiring, firing, promotions, compensation, benefits, layoffs, and training. However, the burden of proof for discrimination claims is on the plaintiff who must show that he or she was adversely affected because of age.

Students who answer that Hewett was not justified in bringing an ADEA claim may suggest that Hewett did not meet the applicant criteria for being considered a contestant on the show. This is a valid argument provided that The Apprentice was able to show that it applies applicant criteria consistently to all prospective contestants.

Some suggestions for broadening the inclusion of older workers include adding an equal opportunity in employment statement to all print media and expanding recruiting efforts by placing advertisements with known organizations that cater to older individuals such as the AARP. Students may have other ideas.

## CHAPTER SUMMARY

- To ensure that their organizations meet the competition, managers must tackle four important challenges: globalization, workforce diversity, ethical behavior, and technological change at work.

- The five cultural differences that affect work-related attitudes are individualism versus collectivism, power distance, uncertainty avoidance, masculinity versus femininity, and time orientation.
- Diversity encompasses gender, culture, personality, sexual orientation, religion, ability, social status, and a host of other differences.
- Managers must take a proactive approach to managing diversity so that differences are valued and capitalized upon.
- Three types of ethical theories include consequential theories, rule-based theories, and character theories.
- Ethical dilemmas emerge for people at work in the areas of employee rights, sexual harassment, romantic involvements, organizational justice, whistle-blowing, and social responsibility.
- Alternative work arrangements, facilitated by technology, are changing the way work is performed.
- Through supportive relationships and training, managers can help employees adjust to technological change.

## REVIEW QUESTIONS: SUGGESTED ANSWERS

### *1. What are the potential benefits and problems of diversity?*

Diversity management may serve as a vehicle for attracting and retaining human resources, enhancing marketing efforts, promoting creativity and innovation, improving problem solving, and enhancing flexibility. Potential problems of diversity include resistance to change on the part of current employees, group cohesiveness may take longer to develop, and diversity may lead to communication problems, interpersonal conflict, and a slower decision-making process.

### *2. Why do employees fear technological innovations, and how can managers help employees adjust?*

Employees may view technological innovations as decreasing their quality of work life and increasing pressure. They may fear that technological innovations will displace them from their jobs. Managers can help employees adjust by providing information on how technological innovations will affect employees and by allowing employees to have input into decision making regarding workplace technology.

### *3. What is the reality of the glass ceiling? What would it take to change this reality?*

The reality of the glass ceiling is that women are not promoted to top management positions at the same rates as men and often are not paid equitably. Efforts to change this reality should include training managers to be aware of biases and stereotypes, and other proactive stances toward the management of diversity.

### *4. Describe the difference between distributive and procedural justice.*

Distributive justice addresses the perceived fairness of outcomes, while procedural justice addresses the perceived fairness of procedures used to determine outcomes.

*5. What are the primary sources of diversity in the U.S. workforce?*

The U.S. workforce is characterized by diversity of all types: culture, gender, age, personality, sexual orientation, religion, ability, and social status.

*6. What are some of the ethical challenges encountered in organizations?*

Employee theft, environmental issues, issues of comparable worth of employees across job categories, conflicts of interest at work, and sexual harassment are just some of the ethical challenges encountered in organizations.

*7. What are Hofstede's five dimensions of cultural differences that affect work attitudes? Using these dimensions, describe the United States.*

The dimensions are polarized concepts of the following: (1) individualism/collectivism, (2) high power distance/low power distance, (3) high uncertainty avoidance/low uncertainty avoidance, (4) masculinity/femininity, and (5) long-term orientation/short-term orientation.

The United States is extremely individualistic, tolerant of uncertainty, weak on power distance, masculine, and short term in regard to time orientation.

## **DISCUSSION AND COMMUNICATION QUESTIONS: SUGGESTED ANSWERS**

*1. Why do some companies encourage alternative work arrangements?*

Alternative work arrangements may allow companies to reduce overhead costs by reducing the amount of office space needed. Alternative work arrangements may also serve as a tool to attract a diverse group of employees and to better allow employees to meet personal needs while maintaining a job.

*2. Do you agree with Hofstede's findings about U.S. culture? Other cultures? On what do you base your agreement or disagreement?*

This answer will vary by work experience and by cultural identity of the students. Often students will perpetuate stereotypes in their answers of other countries, yet rationalize the weaknesses of their own society. It is interesting to ask students from other cultures what their stereotypes were about the U.S. before arriving, and if those perceptions have been reinforced since being here.

One item worth mentioning to students is that Hofstede's study, although monumental, was completed almost 25 years ago. The study is currently being updated with cooperation from participating countries.

3. *What effects will the globalization of business have on a company's culture? How can an organization with a strong "made in America" identity compete in the global marketplace?*

Globalization will help in understanding needs of current constituents, as well as future clients. By learning about various cultures, organizational members are able to understand that other companies' missions and objectives are not vastly different from their own, and that they need not surrender their company loyalty to interact and negotiate with others.

4. *How does a manager strike a balance between encouraging employees to celebrate their own cultures and forming a single unified culture within the organization?*

This is a difficult balance. Any organization that is referenced for a strong culture can be countered with an example of rigidity in their practices and views. The key seems to be separating the personalities from the missions and objectives of the organization.

5. *Some people have argued that in designing expert systems, human judgment is made obsolete. What do you think?*

Expert systems are built on the judgment of experts in a field, to help train and sharpen the decision making of less experienced problem solvers. The best expert system is only as good as the human expert who provided the decision rules for the program.

6. *Why is diversity such an important issue? Is the workforce more diverse today than in the past?*

The population is much more diverse than it has ever been. Whether the business is service- or product-oriented, the constituents and clients of the company must be understood in order to satisfy their needs. New ideas come from analyzing old problems differently. Diverse workforces assist in seeing traditional problems in a new frame of reference. Today's workforce is definitely more diverse than past workforces.

7. *How can managers be encouraged to develop global thinking? How can managers dispel stereotypes about other cultures?*

All managers can enhance their perspectives by participating in cross-cultural sensitivity workshops offered by organizations. Another way is to volunteer for cross-cultural task forces. Students have opportunities to meet and learn about other cultures on campus by attending the festivals and celebrations that are typically held each academic year for student groups.

8. *Find someone whose culture is different from your own. This might be a classmate, an international student, or a Native American at your university. Interview the person about his or her culture, using Hofstede's dimensions. Also ask what you might need to know about doing business in the person's country (e.g., customs, etiquette). Be prepared to share this information in class.*

This provides an excellent opportunity for students to learn about another culture. During class discussion, have students share anything that surprised them in the information that they gathered. Discuss why they were surprised by this information.

9. *Select one of the four challenges (globalization, diversity, ethics, technology,) and write a brief position paper arguing for its importance to managers.*

Encourage students to use specific answers in support of their position. This exercise can generate interesting discussion in class as students present potentially different perspectives on why an issue is important to managers.

## ETHICAL DILEMMA

1. *Is sending jobs out of the country unethical?*

Some students will argue that Jill's first responsibility is to protect Ace's stockholders. Given this as her first priority, she should outsource immediately and anything less would be unethical. Others will argue that no company operates in isolation and an ethical person recognizes that fact, and if outsourcing all operations will destroy a community, then that move is unethical.

2. *Using rule, virtue, rights, and justice theories, evaluate Jill's options.*

**Rule** – From a rule-based perspective, the greatest good for the greatest number would be keeping the company operating and not outsourcing the work. However, utilitarians would say that everyone loses if the company closes, so some kind of compromise needs to be made. One way might be to outsource enough jobs so the company becomes profitable but not all operations. Another way might be for Jill to negotiate with the workers to take a pay cut or reduce their working hours.

**Virtue** – Virtue ethics is difficult to apply in this situation. It looks as if Jill is trying to do the right thing. Her capacities to fully understand the situation or to think outside the box and come up with a creative solution to solve the company's financial problems may be limited, but her intentions are appropriate.

**Rights** – Taking this perspective clearly says that some other answer should be found to solve Ace's problems other than outsourcing. If everyone acted in this way, we would outsource any and all positions that would reduce a business's costs.

**Justice** – Some here would argue that if management has dealt with the employees in a fair and honest manner and a mechanism for reducing costs has not been found, management has the right to look to other options to remain a viable entity. One of those options would be outsourcing.

## EXPERIENTIAL EXERCISES

### 2.1 INTERNATIONAL ORIENTATIONS

The exercise immediately following the case is a difficult one. The students are asked to rate a potential expatriate and his spouse with very little information about the couple. The key to this exercise is to assess the reasons why they made the choices they did. Are they justified, given the information provided? What follow-up questions could the student ask to make more confident ratings? There are many behavioral details the students may attend to in order to make their ratings. The details, however, do not provide the full picture about the couple. Here are some points the students may list:

*Jonathan:* He has never lived outside his hometown. He speaks a second language (i.e., German). He is familiar with some German ethnic traditions. OSI does not have a location in Germany. Jonathan is active and likes people. He organizes OSI's softball and volleyball teams - both of which are American sports.

*Sue:* She has studied English literature. She is a teacher by profession and a trainer at a city mission. At the mission, she interacts with people who are of a lower socioeconomic status. Given that she volunteers her time, she is probably a person who likes to help others. Her interests include ethnic cooking, which indicates that she likes to try new foods.

#### Discussion Questions:

1. This is an opportunity for the students to write questions that could map the international orientation of the couple. What types of questions are they asking? Some critical information they may include is a realistic preview of what the assignment may entail – allowing the couple to self-select out if they so choose. They could discuss the educational opportunities for the couple's daughter and career opportunities for Sue.
- 2 and 3. Do the students expect that the Australian culture would be an easier transition than would the French or Japanese transfers? The "country difficulty," that is, the extent to which the foreign country differs from one's own, should be considered in all expatriate cases. The Australian transfer would have less of a language barrier than would the French or Japanese transfers.
4. There are many possible types of training. For example, the couple could listen to lectures, see films, read books, etc., about the host country. Likewise, the couple could take language and culture training, go visit the country for a short stay to "test the waters," or talk to people who have been on expatriate assignments in the same country.
5. This gives the students an opportunity for some personal reflection on their own international orientations.

6. Dual-career couples will need to find placement for both members or make other arrangements for the spouse (e.g., the spouse could take a sabbatical from work, be transferred to the same country as well, take a break in his or her career). In an age when both men and women have careers, multinational companies must think of more creative ways to satisfy both the expatriate and his or her spouse.

7. In general, younger children have an easier time adapting to living abroad. Older children, especially teenagers, have a more difficult time adjusting. For example, they resent being moved so far from their friends. For this reason, multinational companies should allow the entire family (not just the expatriate) ample opportunity to self-select in or out of the foreign position. This needs to be decided as a family because any member may impact the success of the expatriate when he or she is abroad.

### International Orientation Scale

The International Orientation Scale is an index of behaviors that are related to one's acceptance of, and interest in, other cultures. From the criterion-related validity study conducted, it was found that International Orientation is related to how well individuals adjust to living abroad, and how much they will interact with host nationals. The International Orientation Scale has also been found to be related to tolerance of ambiguity, interpersonal orientation, optimism, personal need for structure, and openness to challenges. The IOS was not related to self-monitoring or time urgency.

There are two major limitations of the scale that should be addressed in class discussion. First, there are no established norms for the scale. For this reason, one cannot say, "he or she falls above or below normal" on the scale. As yet, the scale is only intended to guide one's thinking about international orientation and to generate awareness for self-assessment.

The second major limitation of the scale is that the items were generated with an American population. Likewise the reliability and validity evidence was established on an American population. The behaviors of Dimensions Two, Three, and Four were generated from experiences that Americans may either have or choose to have in their lives. As one can imagine, it would be inappropriate to assess (or even worse, interpret) non-Americans who have had little or no opportunity to have the types of experiences on the IOS.

The items of Dimension One (i.e., International Attitudes) are reverse scored. The rest of the scores can be added and used for personal reflection. As mentioned in the previous paragraph, there are no established norms, such that the scores cannot indicate some specific deficit or talent the student has. The scores can be used as a means to think about one's own international orientation (e.g., one's answers to the self-assessment discussion questions.)

\*Experiential Exercise 2.1 is by Paula M. Caligiuri, Department of Psychology, Pennsylvania State University. Used with permission. In Dorothy Marcic and Sheila Puffer, *Management International*, West Publishing, 1994.

## 2.2 ETHICAL DILEMMAS

This is a simple, beginning overview of ethical issues. As students become more familiar with ethical issues, these could be revisited for elaboration. This exercise serves as an initial icebreaker, beginning orientation for group work, and an introduction to ethical issues. After discussing the questions provided, the five themes of the book could be discussed in terms of ethical issues related to these new challenges. Ask students to provide examples of ethical issues related to: technology, quality, workforce diversity, and globalization. You may want to help begin the conversation with the following issues: security and privacy with technology, promotion of a lesser qualified minority to meet requirements, providing entertainment for potential clients from another country, and altering the information for the Malcolm Baldrige Award.

## ALTERNATIVE EXPERIENTIAL EXERCISE

### NUTTY BUDDY: AN EXERCISE IN INDIVIDUAL DIFFERENCES

This exercise requires a bag of peanuts-in-the-shell. Students do not need an additional handout to complete this exercise. This exercise may be used as a team-builder or an icebreaker for the beginning of the semester. The time necessary for the exercise and debriefing is about twenty minutes and is ideal for group sizes of 10-25, although it easily accommodates larger groups as well.

- (1) The instructor rummages through a bag of peanuts-in-the-shell, choosing peanuts most similar in shape and size. Peanuts having clearly evident defining characteristics, such as split shell, an attached stem, discoloration, three nuts rather than two, etc., should be discarded. The selection process should yield approximately one-fourth more peanuts than number of participants. The qualifying peanuts are placed in a large bowl that is then passed to each participant, who is asked to choose a peanut and to wait for additional instructions.
- (2) Each person has one minute to get to know his or her peanut. Students cannot mark on their peanut, open it, or alter it in any way. They may sniff it, talk to it, lick it, fondle it, argue with it, confess to it - in short, whatever will aid them in getting to know it better.
- (3) The peanuts are returned to the bowl along with those extra peanuts that had not been selected. The peanuts are then emptied onto a table or in the middle of the floor and participants are instructed to "find your peanut."
- (4) If anyone cannot locate his or her peanut, he or she is invited to check everyone else's peanut and to negotiate ownership. (A short intervention by the instructor on the vagaries of "peanut napping" may be appropriate here.)

### Instructor's Notes

This exercise is an adaptation from the old Gestalt-learning exercise, "know your lemon," to help participants become more aware of nonverbal cues in perception. This exercise illustrates issues of individual differences and diversity in organizational life, as well as stereotypes and prejudice.

The following excerpt is a typical debriefing/application sequence of questions and discussion items. The purpose is to move students in a logical manner to a clearer, gut-level understanding and appreciation of differences among people and between themselves and others.

(1) Ask students to analyze their peanuts carefully. How are they able to recognize it? What distinguishes it? How confident are you that this peanut is *your* peanut?

Amazingly, typically 90+% of participants are absolutely confident.

(2) Next, ask students to compare their peanut with a neighbor's peanut. How are they similar? How are they different? Is one peanut more identifiable than another?

After all, kids have been comparing their peanuts for decades, maybe centuries. This question allows for a short discussion on surface traits versus substantive traits, and observable traits versus implied traits also works well here. Some people possess characteristics that make them more salient as employees, leaders, influencers, etc.

(3) Have students introduce their peanut to the other person and the other person's peanut should be introduced to them. Get to know their peanut, get them to know your peanut.

When Peter tells you about Paul, you often learn more about Peter than you do Paul. Sometimes it is easier for people to talk through another person than to be direct themselves. This characteristic has been used successfully in puppet therapy with children and in psychodrama with adults, in order to help clients more honestly express themselves.

(4) Ask students if anyone wants to trade peanuts, because they like someone else's peanut butter, or better.

(This is known in Freudian psychology as peanuts-envy.) Point out how attached we can get to something that is ours in such a short time. What might that tendency say about us as people? Themes of possessiveness, intolerance, and even attribution work well here.

(5) Ask students to relay what their peanut would say about them if it could talk. (It might say that they are tough nuts to crack, but what else might it say?)

Depending on the previous discussion, the facilitator may or may not want to encourage such self-disclosure.

Part of the debriefing hinges upon comments by the students. In fact, the instructor should be prepared to follow-up virtually any comment or side-comment with discussion. Most

participants report that the experience is fun, energizing, light-hearted, and even charming. A brief warning before proceeding with debriefing: this exercise lends itself to words that are highly conducive to short gags and double-entendres. These flights into marginal humor provide part of the fun of this exercise and can be promoted or suppressed according to the composition of the group.

As can be seen from the questions, the discussion can unfold in a variety of directions over a broad range of issues. The richness and learning possible from this exercise often depends on the risk-taking level of the participants and the skill of the instructor. Even so, the exercise is almost goof-proof.

One interesting phenomenon often occurs, especially in extended workshops. Participants often carry their peanut around with them, refer back to it, make jokes including it, and truly personalize it. A few people eat their peanuts, much to the chagrin (and even disgust) of others. For most participants, the peanut becomes a "Linus' blanket."

\*Christopher Taylor, *Organizational Behavior Teaching Review*, Vol. 13, (4) 1988-89, 123-124. Used with permission.

## EXTRA EXPERIENTIAL EXERCISES

The following alternative exercises to supplement the material in the textbook can be obtained from:

Marcic, Dorothy, Seltzer, Joseph, & Vaill, Peter. *Organizational Behavior: Experiences and Cases*, 6<sup>th</sup> Ed. South-Western College Publishing Company, 2001.

**Personality Assessment: Jung's Typology.** p. 11-16. Time: 15-20 minutes

Purpose: To determine personality according to Jung's Personality Typology.

**The Owl: Cross-Cultural Sensitivity.** p. 253. Time: 50 minutes or more

Purpose: To experience and understand how cultural values influence behavior and relationships.

**Ethics in International Business.** p. 261-263. Time: 50 minutes.

Purpose: To examine ethical foundations of bribery in an international setting.

## CASE QUESTIONS: SUGGESTED ANSWERS

### THE TIMBERLAND COMPANY: CHALLENGES AND OPPORTUNITIES

### Linkage of Case to Chapter Material

Chapter 2 focuses on four key challenges for managers: globalization, managing diversity, technological innovation, and ethics. All four of these challenges are directly reflected in the case. The ethical challenge is a dominant theme of the case. Indeed the ethical challenges are intertwined with the technological, diversity, and globalization challenges, which is as it should be since there are potential ethical considerations in everything that organization members do.

### Suggested Answers for Discussion Questions

1. *Jeffrey Swartz's approach to running Timberland is based on the belief that business success is compatible with a corporate social and environmental responsibility. Do you share this belief? Why or why not?*

Jeffrey Swartz, as the CEO of Timberland, profoundly believes that corporate financial success and corporate social and environmental responsibility are compatible phenomena. Swartz says the best way to pursue social objectives is through a publicly traded company rather than through a privately owned company or a nonprofit organization because it forces commerce and justice — business interests and social/environmental interests — to be enacted in a public and transparent manner. The case shows how social and environmental responsibility permeates all of Timberland's activities. Indeed, Timberland is committed to using “the resources, energy, and profits of a publicly traded footwear-and-apparel company to combat social ills, help the environment, and improve conditions for laborers around the globe.” Timberland has enjoyed financial success although it has experienced some diminution of that success in recent years due to increased competition globally, particularly from Nike and Adidas; an average annual revenue growth of 7.5 percent, compared to the industry average of 9.0; and a deceleration in revenue growth.

The students should discuss their beliefs regarding the extent to which the pursuit of profit is compatible with a moral commitment to social and environmental responsibility. In order to maximize profits and accumulate wealth on behalf of shareholders, must corporations sacrifice a commitment to social and environmental responsibility? Or can corporations enhance their profitability and wealth creation by addressing social and environmental concerns? A growing body of evidence demonstrates that profitability and wealth creation are enhanced — particularly over the long term — when the organization has a genuine commitment to strategically relevant social and environmental responsibility.

2. *How does Timberland's commitment to social and environmental responsibility influences the ways in which it deals with the diversity, technology, and globalization challenges that it faces?*

As indicated in the suggested response to the preceding discussion question, Timberland is committed to using “the resources, energy, and profits of a publicly traded footwear-and-apparel company to combat social ills, help the environment, and improve conditions for laborers around the globe.” This clearly indicates that Timberland's commitment to social and environmental

responsibility influences how it deals with diversity, technology, and globalization. The use of resources and energy has obvious technological implications. Improving conditions for laborers around the globe is a clear indication of an appreciation for and commitment to diversity. Globalization is manifest in Timberland's commitment to social and environment responsibility in all of its operations and dealings around the world.

Further evidence of how Timberland's commitment to social and environmental responsibility influences the ways in which it deals with the diversity, technology, and globalization challenges can be found in the following:

- Use of innovative technology to better customize products for individual consumers.
- Efforts to reduce the company's ecological imprint with regard to energy and packaging materials, and to make customers aware of these efforts.
- Adherence to the company's Global Human Rights Standards in an effort to improve the quality of life for its business partners' employees.
- Swartz's sales presentation to executives from McDonald's Corporation wherein he promoted Timberland's corporate culture and what the company was doing in terms of social, environmental, and labor commitments, with the expectation that Timberland's culture would rub off on McDonald's, thereby helping McDonald's to build a unified, purposeful, motivated workforce.

3. *Consider the ethical, diversity, technology, and globalization challenges that have confronted Timberland. How has Timberland converted these challenges into opportunities for the company?*

Timberland has transformed its various challenges into opportunities in a variety of ways. An opportunity orientation is clearly indicated by Jeffrey Swartz's belief that the best way to pursue social objectives is through a publicly traded company rather than through a privately owned company or a nonprofit organization because it forces business interests and social/environmental interests to be enacted in a public and transparent manner. Converting both ethical and technical challenges into opportunities is evident in the company's concern with its ecological footprint regarding energy usage and the materials contained in its packaging. Not only has Timberland made genuine efforts to minimize its ecological footprint, but its current and planned full-disclosure labeling also publicly demonstrates an opportunity orientation. Timberland has also addressed a combination ethical/diversity challenge through the implementation of its Global Human Rights Standards, which govern the company's relationships with suppliers. Timberland works at constructively engaging suppliers who commit labor infractions so as to keep the workers employed. Moreover, all of the preceding has been done in the context of the company's worldwide operations.

4. *What are some advantages and disadvantages of Timberland's attempts to influence suppliers and customers regarding corporate social and environmental responsibility? How can these influence efforts help Timberland as it seeks to deal with its own ethical, diversity, technology, and globalization challenges?*

Some of the specific advantages of Timberland's efforts to influence others regarding social and environmental responsibility include: fostering the development of supplier and customers relationships; lessening energy usage and other resource usage; fostering a favorable public perception of the company and its products; and helping to improve working conditions for people around the world. An overarching advantage might be demonstrating that a business can do good (*i.e.*, be active in social and environmental causes) and do well (*i.e.*, be financially successful) at the same time.

Some key disadvantages include: the potential backlash to the company and its products based on the perception that it is forcing its values on others; the risk of a short-term negative impact on the company's financial success; and potential investor objections to social and environmental activities that are viewed as diminishing returns to the shareholders.

Timberland's attempts to influence others regarding social and environmental responsibility indicate that it is assuming a leadership role in this domain. By being a social and environment responsibility leader rather than follower (or resister), Timberland can more proactively and vigorously address its own ethical, diversity, technology, and globalization challenges.

## TAKE 2

### BIZ FLIX

#### **MR. BASEBALL (1992)**

Jack Elliott (Tom Selleck) lacks cultural sensitivity and clearly did not have any cross-cultural pre-departure training before arriving in Japan. His behavior in this scene is a model of how **not** to behave in another culture. How many cultural errors does Jack make in this brief scene? The following lists them in their order of appearance.

- **Holding his chopsticks incorrectly.** Eating with chopsticks often is difficult for a Westerner. People in cultures that use chopsticks usually will understand that you cannot use them well; simply ask for a fork.
- **Loudly slurping his noodles.** Japanese culture accepts as polite some noise while eating. Bringing the noodles from the bowl with chopsticks and slowly drawing them into one's mouth while making a subtle slurping noise is acceptable behavior. Jack's loud slurping while sucking the noodles into his mouth is unacceptable.
- **Asking for the sake.** Hiroko's father (Ken Takakura) has priority in serving because he is her father and senior to Jack. Hiroko (Aya Takanashi) faces a dilemma at that moment about whom to serve first. Serving himself and pushing away Hiroko's sake pitcher was another of Jack's errors. In traditional homes, the women at the table typically serve the men.
- **Sticking his chopsticks into his rice.** One should never do this, as it is considered bad luck.

Jack also shows physical discomfort from sitting on the floor. His long legs do not easily go under him, a practice that likely he had not tried before this moment. If he intends to have a long, successful visit in Japan, and play successfully for the Chunichi Dragons, Jack will need to learn more about Japanese culture and begin adapting to it. The rest of the film tells his story.

## WORKPLACE VIDEO

### MEETING THE CHALLENGE OF DIVERSITY AT WHIRLPOOL

#### *1. What are the three main objectives of Whirlpool's diversity networks?*

The three main objectives of Whirlpool's diversity networks are (1) to be a resource to the employee, (2) to be a resource to the community, and (3) to tie back into the business. Specifically, each employee network is charged with recognizing what's important to the company's consumer base and bringing that information to bear on business decisions in a structured and goal-setting type of manner. The networks are also charged with reaching out to new employees.

#### *2. What challenges do managers at Whirlpool face in establishing a diverse workplace? How might they respond to these challenges?*

Challenges related to diversity include resistance to change, lack of cohesiveness, communication problems, interpersonal conflict, and slowed decision making. In addition, many companies have an alarming disparity in compensation and advancement opportunities afforded to women and minorities—the "glass ceiling." Managers may respond to these challenges in a variety of ways. For example, management might conduct a critical review of policies, promotion structures, and recruiting systems with an eye to spotting hidden bias. Managers may also develop companywide training on cultural awareness—such as discussing Hofstede's Five Dimensions of Cultural Differences or the impact of gender on workplace attitudes and behavior. The main thing is for managers to communicate that differences are assets.

#### *3. Do you think that Whirlpool's encouragement of employee networks always leads to a culture of diversity and the formation of effective multicultural teams? Why or why not?*

The video paints a rosy picture of employee networks at Whirlpool. However, diversity has its challenges. An argument could be made that employee networks encourage self-segregation of differing groups and therefore prevent multicultural mixing. Depending on how groups are run, they could devolve into "complaining sessions" instead of becoming productive forums. If employees have a perception that a group is not truly inclusive, that perception will have an impact on the group's usefulness. Nevertheless, if employees perceive that a network is inclusive and focused on the benefit of all members, the group should achieve positive results, such as the formation of effective multicultural teams.

**COHESION CASE: SUGGESTED ANSWERS****BP: FACING MULTIPLE CHALLENGES (A)***1. What lessons about leading people and managing organizations does BP provide?*

Perhaps the most obvious lesson is that leaders of organizations must “walk the walk” as well as “talk the talk.” The actions of BP officials with respect to safety management and environmental management appear to be at least somewhat at odds with the company’s expressed commitment to the environment. The *Beyond Petroleum* branding positioned the company as being environmentally friendly, yet the Alaska pipeline spill and the Whiting, Indiana refinery pollution discharge controversy created havoc with this image, even to the extent of an Illinois Congressman suggesting that BP apparently means “Back to Pollution.” Related to this “walk the walk” as well as “talk the talk” admonition is the lesson that leaders have a responsibility for acting with the utmost integrity.

An additional important lesson is that organizations must keep a watchful eye on their operations, giving appropriate attention to maintenance and safety. Therein, technology must be used in an effective and timely fashion. Organizations also need to seek out and/or develop innovative technologies to address ongoing and developing problems. For example, the use of new technologies could provide a means for controlling — indeed, hopefully diminishing — environmental pollution.

Another important lesson is for managers to be concerned with containing costs but not to be so obsessed with cost cutting that important organizational activities, such as process safety, are given inadequate attention.

A final lesson to be derived from this case is the impact of global economic and political issues on the operations of a business. What happens elsewhere in the world can have a dramatic effect on resource availability. Moreover, financial investments can be at substantial risk due to a hostile political environment as well.

*2. Which of the management challenges — globalization; leading a diverse workforce; ethics, character, and personal integrity; and technological innovation — have had the greatest impact on BP in the past few years? Explain your answer.*

Arguably, the challenge with the greatest impact on BP in the past few years has been in the ethics arena. The accidents at the Grangemouth, Scotland; Texas City, Texas; and Whiting, Indiana refineries brought into question BP’s concern for process safety relative to cutting costs so as to enhance profitability. The Alaskan oil pipeline spill and the proposal to increase the level of ammonia and suspended solids discharged by the Whiting refinery into Lake Michigan also brought BP’s ethical commitment into public question. These latter incidents were particularly impactful on the public in light of BP’s *Beyond Petroleum* branding that emphasized environmental commitment and the development of alternative energy sources. A growing segment of the public wondered if BP was guilty of corporate hypocrisy with its *Beyond*

### *Petroleum branding.*

These ethical challenges arose in part due to BP not adequately meeting its technological challenge. For instance, BP did not give adequate attention to process maintenance at both the Texas City and Whiting refineries. Moreover, the company failed to conduct a smart-pig inspection of the Alaska pipeline since 1992, something that, according to industry standards, should have been done once every five years.

Additionally, BP has been impacted by the vagaries of its investments in global energy resources, particularly in the Kovytko gas fields in Russia and in the oil fields of Venezuela. TNK-BP is barred from exporting gas from Russia, yet there is an insufficient domestic market within Russia for the volume of production required by the license granted to TNK-BP by Russia. Also, Venezuelan President Hugo Chavez is nationalizing his country's oil production, thereby unilaterally abrogating contracts with BP and other international oil companies.

### *3. Which of the management challenges are likely to have the greatest impact on BP's future operations? Explain your answer.*

Building on the suggested answer to the preceding discussion question, the argument can be made that ethics and integrity may well be the greatest challenge facing BP in the immediately foreseeable future. BP's leadership must overcome the negative public perceptions that have evolved recently. The company can ill-afford an anti-environmental corporate image when it has branded itself as an environmentally-conscious and environmentally-friendly company.

Other challenges are important to BP's future as well. The company must address the safety issues that have been uncovered in the aftermath of the refinery and pipeline accidents. Adequate resources need to be channeled toward process and equipment safety. BP must also deal with the threat to its energy investments in Russia and Venezuela. It must also be vigilant regarding the potential disruption of energy supplies elsewhere in the world

### *4. What advice would you give Tony Hayward as he takes over the helm of BP? Why would you give this advice?*

Tony Hayward should be advised to address these challenges directly and vigorously. He must lead the company in (a) reaffirming its commitment to the environment and the development of alternative energy sources, (b) strengthening the core oil exploration business and its refinery and distribution operations, and (c) enhancing safety — all done while maintaining the company as a profitable entity. In short, Tony Hayward must “talk the talk” as well as “walk the walk” of a global business leader committed to sustainability of the triple bottom line of economic, environmental, and social success.

### *5. What can BP do to transform its challenges into opportunities?*

BP must be proactive and genuine in dealing with its challenges. The company needs to vigorously pursue appropriate actions for dealing with each of the challenges it faces, and these

actions must be considered in relation to one another due to their interconnectedness. As indicated in the suggested response to the preceding question, BP must reaffirm its commitment to the *Beyond Petroleum* branding, and take appropriate actions to demonstrate that it is operating in accordance with that branding. Failure to do so — or jettisoning the branding altogether — would likely produce harmful, if not disastrous, consequences for the company. BP's energy exploration and development activities and its pipeline and refinery operations must be conducted with constant vigilance of adhering to the *Beyond Petroleum* brand — both in its reality and its imagery. Doing so will likely enhance the company's capability to remain a highly profitable, major, global presence in the oil industry.