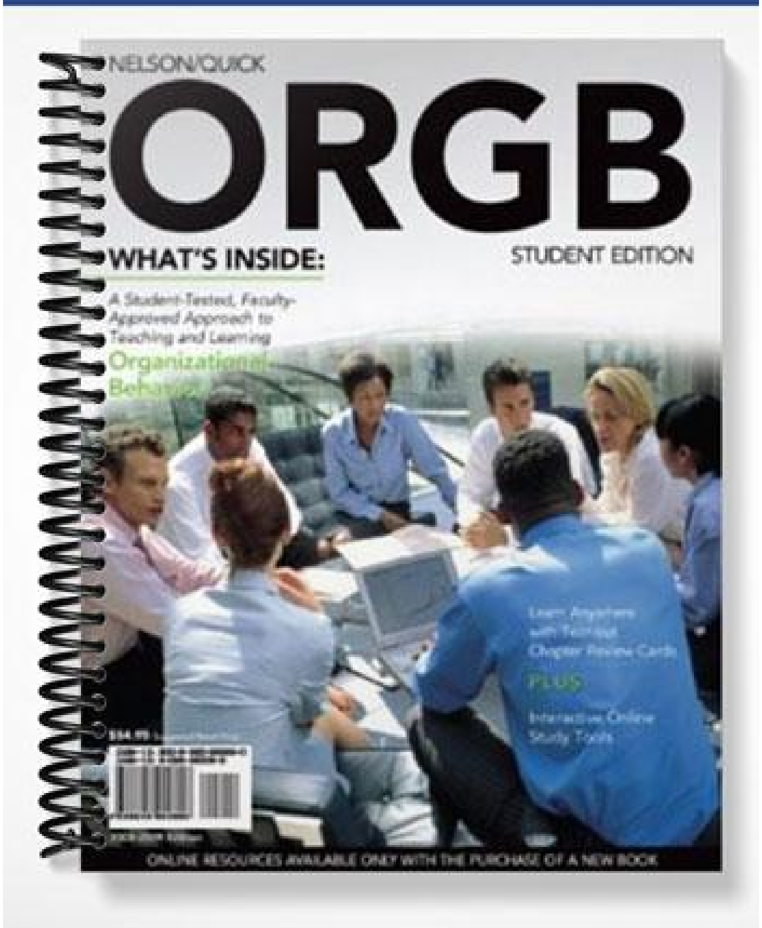
SOLUTIONS MANUAL



2 CHALLENGES FOR MANAGERS

IN THIS CHAPTER, YOU'LL FIND:

LEARNING OUTCOMES

1 Describe the factors that affect organizations competing in the global economy.

Globalization suggests that the world is free from national boundaries and is borderless. In transnational organizations, the global viewpoint supersedes national issues; organizations operate across long distances and employ a multicultural mix of workers. Social and political issues affect global operations and strategy development.

2 Explain how cultural differences form the basis of work-related attitudes.

Individualistic cultures emphasize and encourage individual achievement whereas collectivist cultures view group loyalty and unity as paramount. Other factors affecting work-related attitudes are power distance, uncertainty avoidance, masculinity versus femininity, and time orientation.

Developing cross-cultural sensitivity training, cultural task forces, and global human resource management is critical to success.

3 Describe the diverse groups that make up today's business environment.

Diversity encompasses all forms of differences among individuals, including culture, gender, age, ability, religion, personality, social status, and sexual orientation. Benefits from diversity are: human talent, marketing, creativity and innovation, problem solving, and flexibility. Potential problems are: resistance to change, lack of cohesiveness, communication, conflicts, and decision making.

4 Discuss the role of ethics, character, and personal integrity in the organization.

Ethical theories help us understand, evaluate, and classify moral arguments; make decisions; and then defend conclusions about what is right and wrong. Ethical theories can be classified as consequential, rule-based, or character.

5 Explain five issues that pose ethical dilemmas for managers.

Organizations experience a variety of ethical and moral dilemmas such as employee rights, sexual harassment, organizational justice, whistle-blowing, and social responsibility. Managers can use ethical theories to guide them through moral choices and ethical decisions.

6 Describe the effects of technological advances on today's workforce.

Technological advances have prompted alternative work arrangements, improved working conditions, increased skilled jobs, and brought disadvantaged individuals into the workforce. It has also generated stress, workaholics, and fear of being replaced by technology or being displaced into jobs of lower skill levels.

KEY TERMS

Chapter 2 introduces these key terms in the following order:

transnational organization 17
guanxi 18
expatriate manager 19
individualism 19
collectivism 19
power distance 21
uncertainty avoidance 21
masculinity 21

femininity 21
time orientation 21
diversity 22
glass ceiling 23
consequential theory 27
rule-based theory 27
character theory 27
distributive justice 29
procedural justice 29
whistle-blower 29
social responsibility 29
technology 31
expert system 31
robotics 31
telecommuting 32
reinvention 33

REVIEW QUESTIONS: SUGGESTED ANSWERS

1. *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.

2. *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.

3. *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.

4. *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.

5. *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.

6. *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.

7. *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.

DISCUSSION & COMMUNICATION QUESTIONS & ANSWERS

1. *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.

2. *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.

3. *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.

4. *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.

5. *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 work-forces assist in seeing traditional problems in a new frame of reference. Today's workforce is definitely more diverse than past workforces.

6. *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.

7. *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.

8. *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.

9. *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.

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 <u>because of</u> age. The student portion of the activity is on a handout at the end of this chapter.

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.

ETHICAL DILEMMA – TEACHING NOTES

The purpose of the Ethical Dilemmas is to encourage students to develop their awareness of ethical issues in the workplace and the managerial challenges they present. The dilemmas are set up to present situations in which there is no clear ethical choice. The goal for the instructor is to guide students through the process of analyzing the situation and examining possible alternative solutions. There are no "right" answers to the questions at the end of each scenario, only opportunities to explore alternative generation and generate discussion of the appropriateness of each alternative. The student portion of the activity is on a handout at the end of this chapter.

1. Preparation (preclass)

Read the background on the International Orientation Scale and the case study "Office Supplies International—Marketing Associate," complete the ratings and questions, and fill out the self-assessment inventory.

2. Group Discussions

Groups of four to six people discuss their answers to the case study questions and their own responses to the self-assessment.

3. Class Discussion

Instructor leads a discussion on the International Orientation Scale and the difficulties and challenges of adjusting to a new culture. Why do some people adjust more easily than others? What can you do to adjust to a new culture? What can you regularly do that will help you adjust in the future to almost any new culture?

In order to address the Ethical Dilemmas, a brief discussion of the referenced ethical theories is necessary.

Rule-Based or Utilitarian Ethical Theory

Utilitarian theory was first formulated in the eighteenth century by Jeremy Bentham and later refined by John Stuart Mill. Utilitarians look beyond self-interest to consider impartially the interests of all persons affected by an action. The theory emphasizes consequences of an action on the stakeholders. The stakeholders are those parties affected by the outcome of an action. Utilitarians recognize that trade-offs exist in decision making. Utilitarian theory is concerned with making decisions that maximize net benefits and minimize overall harms for all stakeholders. It is similar to cost-benefit analysis decision making. The ultimate rule to follow is the "Greatest Good for the Greatest Number."

Virtue-Based Ethical Theory

Virtue theory dates back to the ancient Greek philosophers, especially Plato and Aristotle. Judgment is exercised not through a set of rules, but as a result of possessing those dispositions or virtues that enable choices to be made about what is good and holding in check desires for something other than what will help to achieve this goal. Thus, virtue-based ethics emphasizes certain qualities that define appropriate behavior and the right action to take. Unlike the other standard ethical theories discussed, virtue theory does not establish a set of criteria to evaluate potential decisions. Rather, it emphasizes the internal characteristics of an individual with whom we would want to enter into a relationship of trust. The ultimate goal is for "the decision maker to do the right thing in the right place at the right time in the right way."

Rights-Based Ethical Theory

The evolution of rights theory dates back to the seventeenth century in writings of Thomas Hobbes and John Locke. Modern rights theory is associated with the eighteenth-century philosopher Immanuel Kant. Rights theory assumes that individuals have certain entitlements that should be respected such as freedom of speech, the right of privacy, and due process. Kant's theory establishes an individual's duty as a moral agent toward others who possess certain rights. It is based on a moral principle that he calls the categorical imperative. One version of the categorical imperative emphasizes the universality of moral actions. The principle is stated as follows: "I ought never to act except in such a way that I can also will that my maxim (reason for acting) should become a universal law." The ultimate guiding principle is, "I should only act in a way in which I would be happy if everyone in that situation would act the same."

Justice-Based Ethical Theory

Formulations of justice theory date back to Aristotle and Plato in the fifth century B.C. An important modern contributor to the theory of justice is John Rawls. The major components of justice theory are equity, fairness, and impartiality. These concepts require that actions taken reflect comparative treatment of individuals and groups affected by the action. The ultimate question here is, "Are the processes by which decisions are made and the outcomes of those decisions equitable, fair, and impartial?"

Suggested answers for the questions at the end of each chapter scenario are provided in this instructor's manual. They are by no means exhaustive, nor are they meant to be the "correct" answers. Each student must decide for himself or herself which alternative most clearly agrees with his or her value system.

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.

SELF-ASSESSMENTS – WHAT ABOUT 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. The student portion of the activity is on the review card in the student edition of ORGB and on a handout at the end of this chapter.

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. The student portion of the activity is on the review card in the student edition of ORGB and on a handout at the end of this chapter.

EXPERIENTIAL EXERCISES

2.1 INTERNATIONAL ORIENTATIONS

This exercise is a difficult one. Student handouts are at the end of this chapter. 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. A student handout is at the end of this chapter.

2.3 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 place 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*, 6th *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

This case can be found online as an electronic assignment with a related multiple choice quiz, and the full case with open-ended questions *and* quiz (for which the answers follow) is on a handout at the end of this chapter.

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.

Answers for Quiz (found online at www.4ltrpress.cengage.com/orgb)
True/False

1. F: In the past, business that Timberland conducted across national borders would have been referred to as "international" activity, implying that the company's nationality was held strongly in consciousness. See page 17.
2. T: Understanding microcultural differences is key for Timberland as it competes in the global marketplace. See page 18.
3. F: Appreciating the customs and rules for doing business in another country is essential to global success for companies like Timberland. See page 18.
4. T: Timberland's PreciseFit System is an example of how companies can succeed by adapting to rapidly changing technology and finding creative ways to incorporate new technologies. See page 31.

Multiple Choice

5. a: In transnational organizations, the global viewpoint supersedes national issues.
6. e: Chinese business was shaped by all of these things. See page 18.
7. d: An expatriate manager is one who works in a country other than his or her home country. See page 19.
8. a: Corporate social responsibility is an organization's obligation to behave ethically in its social environment. See page 29.

VIDEOS

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

In today's global marketplace, managers must routinely interact with people of different cultures, languages, beliefs, and values. Recognizing diversity and the unique way people of different backgrounds communicate is essential to success in the international arena.

Whirlpool Corporation, the No. 1 name in home appliances, has a long history of managing diversity. Since its establishment in 1911, Whirlpool has become a global corporation with manufacturing locations on every major continent. Approximately 60 percent of Whirlpool's 68,000 employees work outside of North America, and those within North America represent a diverse mix of people.

Building a cohesive team of diverse individuals is one of the great challenges of management. The leaders of Whirlpool are committed to cultivating a broad workforce, and that means eliminating glass ceilings and biases that discourage certain groups from participating fully in the company. Attaining these objectives is the job of Whirlpool's award-winning diversity program. To enter the program, workers join the particular employee-network group with which they self identify. Once joined to a network, workers have access to career resources and training opportunities.

Though the diversity program is designed for employees, it also helps Whirlpool achieve specific business objectives, such as understanding the needs and desires of its global customer base. "Whirlpool has recognized that having diverse people making decisions and giving input to the factors that we consider on a daily basis is extremely important to the business," says Kathy Nelson, VP of Consumer & Appliance Care at Whirlpool. "It's important because we need to make sure that the people who are making business decisions are reflective of who our consumers are."

Mark McLane, director of Global Diversity and Inclusion, sees diversity as a vehicle through which Whirlpool can find innovative solutions to problems. "The greatest strength of our employee base today is its diversity—the diversity of thought and what that brings to our innovation processes," McLane remarks. "We've embedded innovation throughout the entire org anization, we've really leveraged the strengths of each individual Whirlpool employee."

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 PART 1: SUGGESTED ANSWERS

BP: FACING MULTIPLE CHALLENGES (A)

This case can be found online as an electronic assignment with a related multiple choice quiz, and the full case with open-ended questions *and* quiz (for which the answers follow) is on a handout at the end of this chapter.

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 Kovytka 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, (b0 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.

Answers for Quiz (found online at www.4ltrpress.cengage.com/orgb)
True/False

1. T: See page 6.
2. T: See page 17.
3. F: What were once called multinational organizations are now referred to as transnational organizations. In transnational organizations, the global viewpoint supersedes national issues. See page 17.
4. F: This is an example of what can happen when an organization fails to provide socially responsible actions involving worker safety. See page 30.

Multiple Choice

5. e: Global competition has challenged organizations like BP to do all of these things. See page 10.
6. a: Corporate social responsibility is an organization's obligation to behave ethically in its social environment. Current concerns include protecting the environment. See page 29.
7. b: In cultures with a high power distance, formality is the rule and authority is seldom bypassed. See page 21.
8. a: In cultures with low power distance, people at various power levels are less threatened by, and more willing to trust, one another. Managers are given power only if they have expertise. See page 21.

DIVERSITY DIALOGUE—STUDENT HANDOUT

"You're Hired!"…NOT…if You're Over 40

Donald Trump's hugely popular series, "The Apprentice" was mired in controversy at the beginning of its sixth and final season. R. Joseph Hewett, a 51-year-old technology manager, alleged in an age-discrimination lawsuit that he never got a chance to hear the words, "You're fired!" because the show's organizers and producers felt he was too old to compete.

Hewett maintained that he was unjustifiably turned down for the reality show given his "many years of experience managing large commercial properties." Among his qualifications, Hewett graduated magna cum laude from college and worked as a technology manager at a commercial real estate company. He was also 49 years old at the time he applied for the show in 2005. In his lawsuit, Hewett asserted that only two of the finalists in the first six seasons of show had been over 40 years of age, a claim that a Trump spokesman did not deny. According to the Trump organization, while they actively sought participants from "all age groups," few applicants were over the age of 40.

Hewett reached a settlement with the Trump organization that in his words was "satisfactory to all." Hewett stated that the lawsuit was never about a disgruntled applicant trying to get back at Trump's organization but was an opportunity to advocate on behalf of an entire class of people whom Hewett believed had been aggrieved.

1. Was Hewett justified in bringing age-discrimination litigation against "The Apprentice"? Why or why not?

2. What could the Trump organization have done to encourage more people over 40 to apply for the show?

SOURCE: M. Pratt. "Apprentice reject who claimed age discrimination settles suit," *The Associated Press* (22 May 2007).

ETHICAL DILEMMA—STUDENT HANDOUT

Jill Warner, President of Ace Toys, sat looking at the monthly profit and loss statement. For the fifth month in a row, the company had lost money. Labor costs were killing them. Jill had done everything she could think of to reduce costs and still produce a quality product. She was beginning to face the fact that soon she would no longer be able to avoid the idea of out-sourcing. It was a concept that Jill had done everything to avoid, but it was beginning to look inevitable.

Jill felt strongly about making a quality American product using American workers in an American factory. But if things continued the way they were, she was going to have to do something. She owed it to her stockholders and board of directors to keep the company financially healthy. They had entrusted her with the future of the company, and she could not let them down. It was not her money or company to do with as she pleased. Her job was to make sure that Ace Toys flourished.

However, if she chose to outsource the production segment of the company, only management and the sales force would keep their jobs. How could she face the 500 people who would lose their jobs? How would the small community that depended on those 500 jobs survive? She also worried about the customers who had come to depend on Ace Toys to produce a safe product that they could give to their children with confidence. Would that quality suffer if she sent production halfway around the world? How could she ensure that the company she hired to produce their toys would live up to Ace's standards? Would the other company pay a fair wage and not employ children? The questions seemed endless, but Jill needed to decide how to save the company.

Questions

1. Is sending jobs out of the country unethical?

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

WHAT ABOUT YOU 2.1—STUDENT HANDOUT

Student handouts for activities and exercises

Think of a country you would like to work in, do business in, or visit. Find out about its culture, using Hofstede's dimensions as guidelines. You can use a variety of sources to accomplish this, particularly your school library, government offices, faculty members, or others who have global experience. You will want to answer the following questions:

1. Is the culture individualistic or collectivist?

2. Is the power distance high or low?

3. Is uncertainty avoidance high or low?

4. Is the country masculine or feminine in its orientation?

5. Is the time orientation short-term or long-term?

6. How did you arrive at your answers to the first five questions?

7. How will these characteristics affect business practices in the country you chose to investigate?

Careers in management have taken on a global dimension. Working in transnational organizations may well give managers the opportunity to work in other countries. *Expatriate managers*, those who work in a country other than their home country, benefit from having as much knowledge as possible about cultural differences. Because managers are increasingly exposed to global work experiences, it is never too early to begin planning for this aspect of your career.

International executives are executives whose jobs have international scope, whether in an expatriate assignment or in a job dealing with international issues. What kind of competencies should an individual develop in order to prepare for an international career? There seem to be several attributes, all of them centering on core competencies and the ability to learn from experience. Some of the key competencies are integrity, insightfulness, risk taking, courage to take a stand, and ability to bring out the best in people. Learning-oriented attributes of international executives include cultural adventurousness, flexibility, openness to criticism, desire to seek learning opportunities, and sensitivity to cultural differences.[24] Further, strong human capital has a generally positive effect on internationalization[25].

Understanding cultural differences becomes especially important for companies that are considering opening foreign offices, because workplace customs can vary widely from one country to another. Carefully searching out this information in advance can help companies successfully manage foreign operations. Consulate offices and companies operating within the foreign country are excellent sources of information about national customs and legal requirements. Table 2.1 presents a business guide to cultural differences in three countries: Japan, Mexico, and Saudi Arabia.

WHAT ABOUT YOU 2.2—STUDENT HANDOUT

How Much Do You Know about Sexual Harassment?

Indicate whether you believe each statement below is true (T) or false (F).

_____ **1.** Sexual harassment is unprofessional behavior.

_____ **2.** Sexual harassment is against the law in all fifty states.

_____ **3.** Sexual advances are a form of sexual harassment.

_____ **4.** A request for sexual activity is a form of sexual harassment.

_____ **5.** Verbal or physical conduct of a sexual nature may be sexual harassment.

_____ **6.** Sexual harassment occurs when submission to sex acts is a condition of employment.

_____ **7.** Sexual harassment occurs when submission to or rejection of sexual acts is a basis for performance evaluation.

_____ **8.** Sexual harassment occurs when such behavior interferes with an employee's performance or creates an intimidating, hostile, and offensive environment.

_____ **9.** Sexual harassment includes physical contact of a sexual nature, such as touching.

_____ **10.** Sexual harassment requires that a person have the intent to harass, harm, or intimidate.

SOURCE: See W. O'Donohue, Ed., *Sexual Harassment* (Boston: Allyn and Bacon, 1997) for theory, research, and treatment. See http://www.eeoc.gov/stats/harass.html for the latest statistics

EXPERIENTIAL EXERCISE 2.1—STUDENT HANDOUT

Office Supplies International—Marketing Associate

Jonathan Fraser is a marketing associate for a large multinational corporation, Office Supplies International (OSI), in Buffalo, New York. He is being considered for a transfer to the international division of OSI. This position will require that he spend between one and three years working abroad in one of OSI's three foreign subsidiaries: OSI-France, OSI-Japan, or OSI-Australia. This transfer is considered a fast track career move at OSI, and Jonathan feels honored to be in the running for the position.

Jonathan has been working at OSI since he graduated with his bachelor's degree in marketing ten years ago. He is married and has lived and worked in Buffalo all his life. Jonathan's parents are first-generation German Americans. His grandparents, although deceased, spoke only German at home and upheld many of their ethnic traditions. His parents, although quite "Americanized," have retained some of their German traditions. To communicate better with his grandparents, Jonathan took German in high school but never used it because his grandparents had passed away.

In college, Jonathan joined the German Club and was a club officer for two years. His other collegiate extracurricular activity was playing for the varsity baseball team. Jonathan still enjoys playing in a summer softball league with his college friends. Given his athletic interests, he volunteered to be the athletic programming coordinator at OSI, where he organizes the company's softball and volleyball teams. Jonathan has been making steady progress at OSI. Last year, he was named marketing associate of the year.

His wife, Sue, is also a Buffalo native. She teaches English literature at the high school in one of the middle-class suburbs of Buffalo. Sue took five years off from teaching after she had a baby but returned to teaching this year when Janine, their five-year-old daughter, started kindergarten. She is happy to be resuming her career. One or two nights a week, Sue volunteers at the city mission where she works as a career counselor and a basic skills trainer. For fun, she takes both pottery and ethnic cooking classes.

Both Sue and Jonathan are excited about the potential transfer and accompanying pay raise. They are, however, also feeling apprehensive and cautious. Neither Sue nor Jonathan has ever lived away from their families in Buffalo, and Sue is concerned about giving up her newly reestablished career. Their daughter Janine has just started school, and Jonathan and Sue are uncertain whether living abroad is the best thing for her at her age.

Using the following three-point scale, try to rate Jonathan and Sue as potential expatriates. Write a sentence or two on why you gave the ratings you did.

Using the following three-point scale, try to rate Jonathan and Sue as potential expatriates. Write a sentence or two on why you gave the ratings you did.

Rating Scale

1. Based on this dimension, this person would adjust well to living abroad.

2. Based on this dimension, this person may or may not adjust well to living abroad.

3. Based on this dimension, this person would not adjust well to living abroad.

Jonathan's International Orientation

rating dimension	rating and reason for rating
International attitudes Foreign experiences Comfort with differences Participation in cultural events	

Sue's International Orientation

rating dimension	rating and reason for rating
International attitudes Foreign experiences Comfort with differences Participation in cultural events	

Discussion Questions:
Office Supplies International

1. Imagine that you are the international human resource manager for OSI. Your job is to interview both Jonathan and Sue to determine whether they should be sent abroad. What are some of the questions you would ask? What critical information do you feel is missing? It might be helpful to role-play the three parts and evaluate your classmates' responses as Jonathan and Sue.

2. Suppose France is the country where they would be sent. To what extent would your ratings change? What else would you change about the way you are assessing the couple?

3. Now answer the same questions, except this time they are being sent to Japan. Repeat the exercise for Australia.

4. For those dimensions that you rated Sue and Jonathan either 2 or 3 (indicating that they might have a potential adjustment problem), what would you suggest for training and development? What might be included in a training program?

5. Reflect on your own life for a moment and give yourself a rating on each of the following dimensions. Try to justify why you rated yourself as you did. Do you feel that you would adjust well to living abroad? What might be difficult for you?

rating dimension	**rating and reason for rating France, Japan, Australia (or other)**
International attitudes Foreign experiences Comfort with differences Participation in cultural events	

6. Generally, what are some of the potential problems a dual-career couple might face? What are some of the solutions to those problems?

7. How would the ages of children affect the expatriate's assignment? At what age should the children's international orientations be assessed along with their parents?

International Orientation Scale

The following sample items are taken from the International Orientation Scale. Answer each question and give yourself a score for each dimension. The highest possible score for any dimension is 20 points.

Dimension 1: International Attitudes

Use the following scale to answer questions Q1 through Q4.

1 *Strongly agree*

2 *Agree somewhat*

3 *Maybe or unsure*

4 *Disagree somewhat*

5 *Strongly disagree*

Q1. Foreign language skills should be taught as early as elementary school. _____

Q2. Traveling the world is a priority in my life. _____

Q3. A year-long overseas assignment (from my company) would be a fantastic opportunity for my family and me. _____

Q4. Other countries fascinate me. _____

Total Dimension 1 _____

Dimension 2: Foreign Experiences

Q1. I have studied a foreign language.

1 Never

2 For less than a year

3 For a year

4 For a few years

5 For several years

Q2. I am fluent in another language.

1 I don't know another language.

2 I am limited to very short and simple phrases.

3 I know basic grammatical structure and speak with a limited vocabulary.

4 I understand conversation on most topics.

5 I am very fluent in another language.

Q3. I have spent time overseas (traveling, studying abroad, etc.).

1 Never

2 About a week

3 A few weeks

4 A few months

5 Several months or years

Q4. I was overseas before the age of 18.

1 Never

2 About a week

3 A few weeks

4 A few months

5 Several months or years

Total Dimension 2 _____

Dimension 3: Comfort with Differences

Use the following scale for questions Q1 through Q4.

1 *Quite similar*

2 *Mostly similar*

3 *Somewhat different*

4 *Quite different*

5 *Extremely different*

Q1. My friends' career goals, interests, and education are . . . _____

Q2. My friends' ethnic backgrounds are . . . _____

Q3. My friends' religious affiliations are . . . _____

Q4. My friends' first languages are . . . _____

Total Dimension 3 ______

Dimension 4: Participation in Cultural Events

Use the following scale to answer questions Q1 through Q4.

1 *Never*

2 *Seldom*

3 *Sometimes*

4 *Frequently*

5 *As often as possible*

Q1. I eat at a variety of ethnic restaurants (e.g., Greek, Polynesian, Thai, German). _____

Q2. I watch the major networks' world news programs. _____

Q3. I attend ethnic festivals. _____

Q4. I visit art galleries and museums. _____

Total Dimension 4 ______

Self-Assessment Discussion Questions:

Do any of these scores suprise you?

Would you like to improve your international orientation?

If so, what could you do to change various aspects of your life?

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EXPERIENTIAL EXERCISE 2.2—STUDENT HANDOUT

Ethical Dilemmas

Divide the class into five groups. Each group should choose one of the following scenarios and agree on a course of action.

1. Sam works for you. He is technically capable and a good worker, but he does not get along well with others in the work group. When Sam has an opportunity to transfer, you encourage him to take it. What would you say to Sam's potential supervisor when he asks about Sam?

2. Your boss has told you that you must reduce your work group by 30 percent. Which of the following criteria would you use to lay off workers?

a. Lay off older, higher paid employees.

b. Lay off younger, lower paid employees.

c. Lay off workers based on seniority only.

d. Lay off workers based on performance only.

3. You are an engineer, but you are not working on your company's Department of Transportation (DOT) project. One day you overhear a conversation in the cafeteria between the program manager and the project engineer that makes you reasonably sure a large contract will soon be given to the ABC Company to develop and manufacture a key DOT subsystem. ABC is a small firm, and its stock is traded over the counter. You feel sure that the stock will rise from its present $2.25 per share as soon as news of the DOT contract gets out. Would you go out and buy ABC's stock?

4. You are the project engineer working on the development of a small liquid rocket engine. You know that if you could achieve a throttling ratio greater than 8 to 1, your system would be considered a success and continue to receive funding support. To date, the best you have achieved is a 4 to 1 ratio. You have an unproven idea that you feel has a 50 percent chance of being successful. Your project is currently being reviewed to determine if it should be continued. You would like to continue it. How optimistically should you present the test results?

5. Imagine that you are the president of a company in a highly competitive industry. You learn that a competitor has made an important scientific discovery that is not patentable and will give that company an advantage that will substantially reduce the profits of your company for about a year. There is some hope of hiring one of the competitor's employees who knows the details of the discovery. Would you try to hire this person?

Each group should present its scenario and chosen course of action to the class. The class should then evaluate the ethics of the course of action, using the following questions to guide discussion:

1. Are you following rules that are understood and accepted?

2. Are you comfortable discussing and defending your action?

3. Would you want someone to do this to you?

4. What if everyone acted this way?

5. Are there alternatives that rest on firmer ethical ground?

Scenarios adapted from R. A. DiBattista, “Providing a Rationale for Ethical Conduct from Alternatives Taken in Ethical Dilemmas,” *Journal of General Psychology* 116 (1989): 207–214; discussion questions adapted with the permission of The Free Press, a Division of Simon & Schuster, Inc. from *The Manager as Negotiator: Bargaining for Cooperation and Competitive Gain* by David A. Lax and James K. Sebenius 0-02-918770-2.

CASE STUDY—STUDENT HANDOUT

The Timberland Company: Challenges and Opportunities

The Timberland Company, headquartered in Stratham, New Hampshire, makes and markets footwear, apparel, and accessories. Its footwear includes hiking boots, boat shoes, sandals, outdoor casual footwear, and dress shoes. The apparel line includes socks, shirts, pants, and outerwear, whereas accessories involve such products as watches, sunglasses, and belts. Timberland sells its products around the world through department stores and athletic stores and operates over 220 company-owned and franchised outlets in the United States, Canada, Latin America, Europe, the Middle East, and Asia.

Timberland has a strong international operation with a growing market in China; however, it has experienced increased labor costs and tariffs in Europe. In 2006 the tariff issue became very important due to the sourcing of approximately 30 percent of Timberland's total volume from factories in China and Vietnam. The company's international strength has been offset somewhat by its declining market fortunes in the United States. Timberland also faces increased competition globally, particularly from Nike and Adidas. From 2001 to 2005, Timberland had an average annual revenue growth of 7.5 percent, compared to the industry average of 9.0 percent during the same period. Moreover, revenue growth has been decelerating. In 2006 Timberland had $1.6 billion in revenues that reflected growth in the business segments serving casual, outdoor and industrial consumers. However, the boot business declined due to significant fashion changes that diminished demand for those products.

Although Timberland experienced some market difficulty in 2006, it was still recognized as a great place to work. The company was honored by Working Mother magazine as "One of the Best Places to Work for" and by Fortune magazine as "One of the 100 Best Companies to Work for."

Timberland develops and uses technology to further its business interests and to benefit its customers and distributors. For example, Timberland uses innovative technology that enables customers to customize their footwear online. Timberland's configuration software allows shoppers to "specify so many product details — including colors, hardware, laces and typefaces for monogramming — that more than one million combinations are possible for any one base [footwear] style." The results of the customization are visualized instantaneously on the customer's own computer. A company spokesperson observed, "… no one else out there has this technology. It was really important to us to include that because the challenge in the online environment is trying to replicate that tactile-visual experience of an offline environment."

Another application of innovative technology occurred in the summer of 2005 with Timberland's test of its PreciseFit System in 54 stores, in Europe, Asia, and the United States. The PreciseFit System, tested in the men's casual footwear category, enables Timberland to exactly fit footwear for the 60 percent of men who can't get an optimal fit otherwise and for those men — about 35 percent of the market — who have a half-size or greater difference between their left foot and right foot. Each pair of shoes comes with inserts that fit full and half-sizes in narrow, medium, and wide widths, thereby enabling retailers to more easily service hard-to-fit customers, maintain a smaller inventory, and have fewer lost sales.

In addition to its efforts to run the business more effectively and efficiently, to provide customers with continually improving service, and to meaningfully support suppliers and distributors, Timberland is also committed to social and environmental causes. 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." Jeffrey Swartz, Timberland's CEO, believes 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 commerce and justice — business interests and social/environmental interests — to be enacted in a public and transparent manner. Timberland's social and environmental commitments and efforts are evident in its products and operations as well as in its relationships with suppliers and customers. In terms of its products and operations,

Timberland practices full-disclosure labeling on its footwear. Every footwear box has a label describing the ecological impact with respect to the amount of energy used in by the manufacture and distribution of that particular product. Timberland's goal is to decrease its ecological footprint by increasing the use of wind or solar power in the manufacture and distribution of its products. Future plans for full-disclosure packaging include labeling that details the environmental impact of the chemicals and organic materials contained in Timberland's products.

In dealing with suppliers around the world, Timberland promotes fair labor practices and human rights. According to the company's Global Human Rights Standards, "[w]e're equally committed to improving the quality of life for our business partners' employees. Through our Code of Conduct program, Timberland works to ensure that our products are made in workplaces that are fair, safe and nondiscriminatory. Beyond training factory management, educating factory workers, and auditing for compliance with our Code of Conduct, we also partner with nongovernmental organizations and international agencies such as Verité, CARE, and Social Accountability International to help us develop programs focused on continuous improvement and sustainable change." How does Timberland operationalize these standards? One way is that it tries to constructively engage suppliers who commit labor infractions. Rather than immediately discharging such suppliers, Timberland works at getting the suppliers to change their policies so as to keep the workers employed.

Timberland engages in similar influence attempts with its customers. For instance, in making a sales presentation to executives from McDonald's Corporation regarding the possibility of Timberland becoming the contract supplier of new uniforms for the fast food giant, Jeffrey Swartz, Timberland's CEO, used a novel approach. To the surprise of the McDonald's executives, he did not provide product prototypes or pitch the company's creativity or craftsmanship. Instead, he talked enthusiastically about Timberland's corporate culture and what the company was doing in terms of social, environmental, and labor commitments. Swartz's message was that he expected Timberland's culture would rub off on McDonald's, thereby helping McDonald's to build a unified, purposeful, motivated workforce.

Can commerce and justice — business interests and social/environmental interests — peacefully coexist and mutually reinforce each other for Timberland and its stakeholders over the long term?

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?
2. How does Timberland's commitment to social and environmental responsibility influence the ways in which it deals with the diversity, technology, and globalization challenges that it faces?
3. Consider the ethical, diversity, technology, and globalization challenges that have confronted Timberland. How has Timberland converted these challenges into opportunities for the company?
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?

Quiz

True/False

_____1. In the past, business that Timberland conducted across national borders would have been referred to as "global" activity, implying that the company's nationality was held strongly in consciousness.

_____2. One key for Timberland as it competes in the global marketplace is to understand microcultural differences.

_____3. Bringing American customs and rules for doing business to operations in other countries is essential to global success for companies like Timberland.

_____4. Timberland's PreciseFit System is an example of how companies can succeed by adapting to rapidly changing technology and finding creative ways to incorporate new technologies.

Multiple Choice

_____5. Timberland, as a company that does business in other countries, would have once been called a multinational organization, but would now be referred to as a(n) ________________________.

a. transnational organization
b. world-wide operator
c. international operator
d. multicultural organization
e. borderless organization

_____6. Business ventures in China have become increasingly attractive to U.S. companies like Timberland, but it can be difficult to understand the Chinese way of doing business, which was shaped by:

a. the Communist Party

b. socialism
c. feudalistic values
d. *guanxi*, a practice that involves building networks for social exchange
e. all of the answers are correct

_____7. A Timberland manager who is an American citizen but works at a one of the company's outlets in the Middle East may be referred to as a(n):
a. foreign-office manager
b. long-distance manager
c. contractor
d. expatriate manager
e. overseas operator

_____8. Timberland's commitment to using the resources, energy, and profits of their company to combat social ills, help the environment, and improve conditions for laborers around the globe is an example of:
a. corporate social responsibility
b. distributive justice
c. procedural justice
d. employee rights
e. social justice

SOURCES: Current Research on Timberland Co., M2PressWire (February 13), www.BellwetherReport.com (accessed August 21, 2007, from Newspaper Source database); The Timberland Company: Company Profile, DataMonitor, reference code 4905, pp. 1-8, www.datamonitor.com (accessed August 2006); 2006 Annual Report, Timberland, p. 3, http://sec.edgar-online.com/2004/05/12/0001047469-04-016994/Section7.asp (accessed February 11, 2008); Power, D. (205) Timberland Kicks Up Customization, Women's Wear Daily (October 12), Vol. 190, No. 78, p. 10; Leand, J. (2006) Timberland Launches PreciseFit, SGB (February), Vol. 39, No. 2, p. 9; Reingold, J. (2005) Walking the Walk, Fast Company (November), Issue 100, p. 80; Frazier, M. (2007) Timberland 'Walks the Walk', Advertising Age (June 11), Vol. 78, No. 24, p. S8; Global Human Rights Standards (2007), The Timberland Company, http://www.timberland.com/timberlandseve/content.jsp?pageName=timberlanserve_inform (accessed August 21, 2007).
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COHESION CASE STUDY PART 1—STUDENT HANDOUT

BP: Facing Multiple Challenges (A)

During its slightly more than 100-year history, BP p.l.c. has grown from a local oil company into a global energy group that employs over 96,000 people and, on a daily basis, serves approximately 13 million customers in over 100 nations around the world. In the early 1900s, struggling against the elements and a variety of disappointments, George Reynolds and a group of explorers searched for seven years before discovering oil in Persia. To capitalize on their discovery, the Anglo-Persian Oil Company was formed. This company would eventually become BP. In the years leading up to World War I, the British government sought to secure a reliable source of oil for its navy, consequently becoming a major investor in the Anglo-Persian Oil Company. Although British Petroleum was created by a German firm to market products in Britain, Britain seized those assets during World War I and sold them to the Anglo-Persian oil Company. Thus, British Petroleum became a company largely owned by the British government.

Over the ensuing decades British Petroleum continued to grow; then in the 1970s political changes in the Middle East had profound effects on world oil supplies. Nearly every oil-rich nation in the Middle East announced the immediate or impending nationalization of their petroleum resources. These moves by the Middle Eastern nations profoundly influenced British Petroleum's subsequent corporate strategy, which to that point had been entirely focused on the supply of Middle Eastern oil. About the same time, British Petroleum discovered and began developing a major oil field in Prudhoe Bay, Alaska and an oil field off the coast of Scotland. Development of the Prudhoe Bay oil field and building the Trans-Alaska pipeline system taught BP about "the value of dealing with potentially contentious environmental considerations at the very start of major projects."

With no refineries or distribution outlets in the United States, BP acquired a stake in Standard Oil of Ohio (SOHIO) in order to bring Alaskan products to market. In 1987 two major events occurred for BP. First, BP acquired complete ownership and control of SOHIO and incorporated it into BP America. Second, the British government completed privatization of BP, selling the last of the BP shares it owned. As a government-owned entity, BP was a rigid, hierarchical company. However, this dramatically shifted subsequent to complete privatization as the company was split into 150 business units with managers' pay being linked to their unit's profitability. In this milieu, an aggressive and entrepreneurial corporate culture was born.

Enter John Browne

In 1995, John P. Browne became CEO of BP and began pursuing a strategy of vigorous growth through mergers and acquisitions. During the next several years, BP acquired Amoco, ARCO, and Burmah Castrol while also negotiating oil deals in Russia. In the process, BP was transformed into a global force in the oil industry, becoming the second largest major oil company in the world behind ExxonMobil. Browne was the first leader in the oil industry to acknowledge the problem of climate change and the need for the oil industry as a whole to recognize this problem and deal with it appropriately and effectively. BP also became engaged in significant efforts to develop alternative energy sources, including biofuels, solar energy, and hydrogen fuels. By 2003, under Browne's guidance and with the help of advertising company Ogilvy & Mather, BP rebranded itself — BP was to stand for *Beyond Petroleum*. With this orientation, BP reinforced its commitment to the environment and the development of alternative energy sources.

Current Challenges and Opportunities

In the past few years, however, BP has encountered several challenges that have threatened its expressed commitments to the environment and the development of alternative energy sources. Some of these challenges are in the United States; others are elsewhere in the global community. Most prominent among the American challenges are safety issues, charges of market manipulation, and environmental pollution.

In March 2005, an explosion at BP's Texas City, Texas refinery — the company's largest in the United States — claimed 15 lives and injured 180 people. An investigation by the United States Chemical Safety Board attributed the explosion to BP management's "check- book mentality" with its emphasis on cutting costs, and to the failure of management to acknowledge warnings of safety problems and provide effective safety oversight. Another investigation, headed by James Baker, a noted American elder statesman and solver of complex problems, concluded that the safety budget was inadequate and safety staff was overstretched. BP was faulted for not learning the lessons of poor safety management following refinery accidents in Grangemouth, Scotland in 2000. To BP's credit, it has offered to settle all lawsuits arising from the Texas City disaster and initially set aside $1.6 billion for victim compensation. This is in contrast to ExxonMobil, which is still engaged in a legal battle over liability for the 1989 Alaskan oil spill from the Exxon Valdez.

In March 2006, a significant oil spill occurred on BP's Prudhoe Bay pipeline due to its corrosion. Standard operating procedure in the industry is for pipelines to be inspected every five years with "a smart-pig" — a high-tech device used for testing the internal wear and tear of the pipeline. Although BP had conducted external inspections, the company admitted that it had not conducted a smart-pig inspection of the Alaska pipeline since 1992, a test that would have enabled the company to monitor the pipeline's health over time. Jon Birger, writing in *Fortune* magazine, observes that "BP's current pipeline woes are receiving disproportionate attention because of when and where they occurred — at a time of high prices and in a place where every accident is an argument against further Alaska drilling."

In June 2006, the Commodity Futures Trading Commission (CFTC), which oversees energy trading in the United States, charged BP's North American subsidiary and traders with manipulating the propane market in February 2004. Although it denied any wrongdoing, BP nonetheless fired some of the traders who were involved in the alleged scandal.

BP's Whiting, Indiana refinery has been the scene of more than one major controversy in 2006 and 2007. In November 2006, United States health and safety regulators imposed a $384,000 fine on BP for deficient lights and wiring, wrongly set heat alarms, and untested fire hydrants. In April 2007, a fire at the Whiting refinery cut daily production in half. The fire was caused by a compressor unit that was inspected shortly before the outbreak of the fire. Employees at the refinery had previously "complained of a 'run until it breaks' approach at the plant."

The Whiting refinery, BP's second largest in the United States, is located along the shores of Lake Michigan in Northwest, Indiana, just a few miles east of the Indiana/Illinois border. In late spring of 2007, BP sought and received a permit from Indiana regulators to increase the amount of pollutants that the Whiting refinery discharges into Lake Michigan. The permit allows

BP to discharge an average of 1,584 pounds of ammonia and 4,925 pounds of suspended solids into Lake Michigan on a daily basis, both significant increases over current discharge levels. The additional pollutants are viewed as a threat to human health as well as fish and wildlife. Chicago and numerous other communities take their drinking water from Lake Michigan. The Whiting refinery is already one of the largest sources of industrial pollution discharged into Lake Michigan. An Illinois Congressman commented that BP apparently stands for "Back to Pollution."

In addition to its American challenges, BP faces significant energy supply challenges on a global basis. Perhaps the most notable are with respect to deals in Russia and Venezuela. Under Browne, BP partnered with TNK to develop energy resources in Eastern Siberia. Investors now worry that BP may be pressured by the Russian government into giving up some of its interests in the Kovytka gas fields. Officials of the Russian government charge that TNK-BP has not fulfilled the terms of its license due to underproduction in the Kovytka fields. BP counters that since TNK-BP is barred from exporting gas from Russia, there is no market for the volume of production required by the license. BP's energy exploration and oil supplies may also be significantly disrupted in Venezuela, as President Hugo Chavez implements his strategy of nationalizing that country's oil production. Although in late June 2007, ExxonMobil and Conoco Phillips decided to pull out of Venezuela, BP, along with three other international oil companies decided to "stick it out [in Venezuela] despite the unilateral abrogation of their contracts."

BP's handling these challenges will determine whether they become opportunities for future growth of the company or threats to its future success. BP's approach to dealing with these challenges will be influenced, perhaps even complicated, by the mantle of executive leadership changing on May 1, 2007, with John Browne's resignation and Tony Hayward's assumption of the CEO position. As J. Robinson West, head of a Washington-based energy consulting firm, observed, "BP is the most challenged of the super majors at this time."

Discussion Questions

1. What lessons about leading people and managing organizations does BP provide?
2. Which of the management challenges — globalization; leading a diverse workforce; ethics, character, and personal integrity; or technological innovation—have had the greatest impact on BP in the past few years? Explain your answer.
3. Which of the management challenges — globalization; leading a diverse workforce; ethics, character, and personal integrity; or technological innovation— are likely to have the greatest impact on BP's future operations? Explain your answer.
4. What advice would you give Tony Hayward as he takes over the helm of BP? Why would you give this advice?
5. What can BP do to transform its challenges into opportunities?

Quiz
True/False

_____1. The task of an organization like BP can be described as its mission, purpose, or goal for existing.

_____2. In the past, business that BP conducted across national borders would have been referred to as “international” activity, implying that the company’s nationality was held strongly in consciousness.

_____3. BP is now considered a multinational organization, which means that it does business in several countries and its global viewpoint supersedes national issues.

_____4. BP’s failure to acknowledge warnings of safety problems and provide effective safety oversight was blamed for the 2005 explosion at a Texas City refinery that killed 15 people. This is an example of what can happen when an organization fails to provide procedural justice for its employees.

Multiple Choice
_____5. Global competition challenges companies like BP to:
a. become more customer focused
b. meet changing product demands
c. meet changing service demands
d. exceed customers’ expectations of quality
e. all of the answers are correct

_____6. BP’s efforts to develop alternative energy sources, including biofuels, solar energy, and hydrogen fuels demonstrate:
a. corporate social responsibility
b. organizational justice
c. corporate consequential theories
d. personal integrity
e. all of the answers are correct

_____7. As a government-owned entity, BP was a rigid, hierarchical company, which reflected a culture with:
a. low power distance
b. high power distance
c. low uncertainty avoidance
d. feminine characteristics
e. all of the answers are correct

_____8. After BP was privatized and the company was split into 150 business units and managers' pay became linked to their unit's profitability, the organization's company shifted to reflect a culture with:

a. low power distance

b. high power distance

c. time orientation

d. high uncertainty avoidance

e. all of the answers are correct

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