

SOLUTIONS MANUAL



2 CHALLENGES FOR MANAGERS

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CHAPTER OVERVIEW

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

LEARNING OUTCOMES

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

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 challenges and positive influences diversity brings to 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

transnational organization 17
guanxi 18
expatriate manager 19
individualism 21
collectivism 21
power distance 21
uncertainty avoidance 21
masculinity 21
femininity 22
time orientation 22
diversity 22
glass ceiling 24
consequential theory 27
rule-based theory 27
character theory 27
distributive justice 29
procedural justice 29
whistle-blower 29
social responsibility 30
technology 31
expert system 31
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telecommuting 32
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POWERPOINT GUIDE

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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.

ETHICAL DILEMMA

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 guide](#).

Darcy has a number of options open to her, including firing either Ryan or his boss, Natalie, or taking some less drastic measure against them, or taking no action at all.

1. Using consequential, rule-based, and character theories, evaluate Darcy’s options.

Consequential – Firing Ryan will appease Hisa, please Natalie, and is likely to facilitate future business between the two firms. However, reprimanding Ryan and reassigning him may accomplish the same things. Firing or reprimanding Natalie might please Ryan, but is unlikely to appease Hisa or allow for the possibility of future business between the two firms. Doing nothing won’t make anyone happy and will almost certainly preclude future business dealings between the two firms. At the same time, firing Ryan may cause considerable problems among other project managers in the firm who could potentially find themselves being sent to a foreign country without adequate cultural training.

Rule – Ryan is directly responsible for insulting the Japanese business people, and Natalie is indirectly responsible. If Darcy fires or reprimands Ryan, her action will most readily be seen by Hisa as the right thing to do. Firing or reprimanding Natalie may also be seen as right by Hisa, but the failure to fire/reprimand Ryan will probably be seen as wrong and is likely to outweigh the rightness of actions taken against Natalie. Doing nothing will almost certainly be seen as wrong by Hisa and his staff.

Character – If accountability is an important character trait for Darcy, she will probably feel compelled to fire or reprimand Ryan, or possibly Natalie, and not doing so will seem unethical to her.

2. What should Darcy do? Why?

The best answer might be that Darcy should reprimand Ryan and reassign him back in the United States, and put in place a process to ensure that other project managers are not given foreign assignments without first receiving adequate cultural training. This course of action

is likely to please Hisa and perhaps facilitate future business between the two firms. It is also likely to please Natalie, who believes Ryan is solely to blame for the current situation. Ryan will not be pleased, but will be better off than if he had lost his job altogether. This course of action seems to provide the greatest good for the greatest number of people, and is thus the most ethical course of action under the consequential theory.

This same course of action observes the moral rule of accountability by holding Ryan accountable for his lack of sensitivity to cultural differences. In this way, this course of action represents an ethical option under the rule theory.

Finally, holding Ryan accountable by reprimanding and reassigning him shows that Darcy possesses and acts in accordance with a character trait most people find positive. Moreover, putting in place a process to prevent similar situations from occurring in the future shows Darcy's intention to improve the company's way of doing business – another character trait most consider positive. Thus, this course of action represents the most ethical choice for Darcy under the character theory as well.

SELF-ASSESSMENTS – WHAT ABOUT YOU?

2.1 PLANNING FOR A GLOBAL CAREER

Careers in management have taken on a global dimension. Working in trans-national organizations may well give managers the opportunity to work in other countries. Expatriate managers, those who work outside their home countries, 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 one's career. This exercise asks students to begin gathering information about a country in which they would like to work, including information on its culture.

Students choose countries they would like to work in, do business in, or visit, and find out all they can about the countries' cultures, using Hofstede's dimensions as guidelines. Then, students answer the seven questions provided in the exercise. Once the research is completed and the questions answered, students can be placed in small groups for discussion or the topic may be used as the basis for a full-class discussion on Hofstede's cultural dimensions.

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 guide](#).

2.2 HOW MUCH DO YOU KNOW ABOUT SEXUAL HARASSMENT?

While somewhat ambiguous, sexual harassment is defined in the eyes of the beholder. This exercise offers ten True/False statements to students to determine how much they know about sexual harassment. Once students have completed the exercise, they can be placed in small groups for discussion of their results, followed by a class discussion about the topic, including many of the misconceptions that exist about sexual harassment in the workplace. This might also be a good opportunity to 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 guide](#).

ISSUES IN DIVERSITY: YOU'RE HIRED...NOT...IF YOU'RE OVER 40

Donald Trump's hugely popular reality series, *The Apprentice*, was mired in controversy at the beginning of its sixth and final season. R. Joseph Hewett, a fifty-one-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 forty-nine 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 forty 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 forty.

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

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

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

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

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

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.

SOURCE: M. Pratt, "Apprentice Reject Who Claimed Age Discrimination Settles Suit," *The Associated Press* (May 22, 2007).

EXPERIENTIAL EXERCISES

2.1 INTERNATIONAL ORIENTATIONS

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

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

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

[Student handouts are at the end of this chapter guide.](#)

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&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.
3. 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.
4. This gives the students an opportunity for some personal reflection on their own international orientations.
5. 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.

6. 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 guide.](#)

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 placed in a large bowl that is then passed to each participant, who is asked to choose a peanut and to wait for additional instructions.
2. Each person has one minute to get to know his or her peanut. Students cannot mark on their peanut, open it, or alter it in any way. They may sniff it, talk to it, lick it, fondle it, argue with it, confess to it - in short, whatever will aid them in getting to know it better.
3. The peanuts are returned to the bowl along with those extra peanuts that had not been selected. The peanuts are then emptied onto a table or in the middle of the floor and participants are instructed to "find your peanut."
4. If anyone cannot locate his or her peanut, he or she is invited to check everyone else's peanut and to negotiate ownership. (A short intervention by the instructor on the vagaries of "peanut napping" may be appropriate here.)

Instructor's Notes

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

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

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

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

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

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

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

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

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

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

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

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

Part of the debriefing hinges upon comments by the students. In fact, the instructor should be prepared to follow-up virtually any comment or side-comment with discussion. Most participants report that the experience is fun, energizing, light-hearted, and even charming. A brief warning before proceeding with debriefing: this exercise lends itself to words that are highly conducive to short gags and double-entendres. These flights into marginal humor provide part of the fun of this exercise and can be promoted or suppressed according to the composition of the group.

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

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

SOURCE: 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.

ADDITIONAL EXAMPLES

IBM USES THE WORLD AS A CLASSROOM

Traditional management development is done in a classroom and IBM still trains managers that way. IBM's Corporate Service Corps, modeled on the U.S. Peace Corps, aims to turn top management trainees into global citizens. The program helps future leaders understand how the world works, shows them how to network, and shows them how to work collaboratively with people who are far away. Teams of 8-10 spend three months learning about their host countries, and then are sent around the world, working with local governments, universities, and business groups to do anything from upgrading technology for a government agency to improving public water quality.

THE ETHICS OF SELLING TOBACCO PRODUCTS

Louis Camilleri got his dream job as CEO of Phillip Morris International (PMI), based in Switzerland overlooking Lake Geneva and the Alps of Savoie. What he left behind were 129 lawsuits involving the tobacco business in the United States. In his new position, he is able to sell cigarettes to the world and develop new products. However, even in the international arena there are forces aligning against smoking. Smoking carries health risks and the scientific evidence is well established. However, that does not always stop people from smoking. Camilleri argues that even if PMI shut down all of its production facilities, the tobacco industry would go underground because there would be continuing demand for tobacco products.

THE LIKELIHOOD TO COMMIT SEXUAL HARASSMENT

Not all sexual harassment is male against female but that is the dominant pattern. Further, not all males are equally likely to sexually harass a female. A recent study investigated the effect of male differences in likelihood to sexually harass in terms of how they evaluated the job performance and attractiveness of high-performing and low-performing females. The researchers used an experimental design in which ninety-two twenty-year-old males were asked questions that assessed their tendency to sexually harass a female. Based on their answers, they were classified as high or low in the likelihood to sexually harass. Independently, the researchers had separate groups of ten and eleven males judge good and poor job performance descriptions and high and low attractiveness in a series of female photographs. The ninety-two males were then asked to rate the job performance and the attractiveness of females based upon the job performance descriptions and the photographs. The results showed that males high in likelihood to sexually harass reported much less performance rating distinction between high and low performing females than low in likelihood to sexually harass males. This suggests that those more likely to sexually harass may focus on female attractiveness rather than job performance data in completing performance ratings of females. Further, males less likely to sexually harass appear to focus on job performance data and are not distracted by attractiveness.

SOURCE: J. A. Lee, J. L. Welbourne, W. A. Hoke, and J. Beggs, "Examining the Interaction Among Likelihood to Sexually Harass, Ratee Attractiveness, and Job Performance," *Journal of Management* 35 (2009): 445-461.

CASE STUDIES AND SUGGESTED RESPONSES

These cases, with a related multiple choice quiz and open-ended questions, can be found on-line, or on a [handout at the end of this chapter guide](#).

THE TIMBERLAND COMPANY: CHALLENGES AND OPPORTUNITIES

Linkage of Case to Chapter Material

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

This case describes how the Timberland Company pursues both business interests and social/environmental interests. Timberland is committed to market success and corporate profitability, but in achieving these goals the company also is committed to what it calls the pillars of its corporate social responsibility (CSR) strategy. These pillars are: become carbon neutral by 2010; design recyclable products; have fair, safe, and non-discriminatory workplaces; and focus employee service on community greening. Timberland pursues a variety of programs and initiatives that fulfill the requirements of these strategic pillars.

Suggested Answers for Discussion Questions

1. Jeffrey Swartz's approach to running Timberland is based on the belief that business success is compatible with 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. According to the Timberland Web site, "Our place in this world is bigger than the things we put in it. So we volunteer in our communities. Making new products goes hand in hand with making things better. That means reducing our carbon footprint and being as environmentally responsible as we can."

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 responsibilities.

2. How has the Timberland Company incorporated the four pillars of its corporate social responsibility (CSR) strategy into its day-to-day operations?

The four pillars of Timberland's corporate social responsibility (CSR) strategy are: become carbon neutral by 2010; design recyclable products; have fair, safe, and non-discriminatory workplaces; and focus employee service on community greening. More detail about each of these pillars follows.

- Become carbon neutral by 2010. Timberland “lists the carbon footprint—or how much fossil fuel it took to create each pair of footwear—on every shoebox.”
 - Design recyclable products. Timberland manufactures biodegradable boots and shoes.
 - Have fair, safe, and non-discriminatory workplaces. Timberland tries to constructively engage suppliers who commit labor infractions; rather than immediately discharging such suppliers, Timberland works with suppliers to change their policies so as to keep the workers employed.
 - Focus employee service on community greening. An integral part of the corporate culture of Timberland is the *Path of Service*. This program provides employees with paid time off to do volunteer work in their community—and to do it during the busy workweek. Every Timberland employee around the globe receives 40 hours of paid volunteer time a year. Employees also can apply for longer-term service sabbaticals.
3. How does Timberland's CSR strategy and day-to-day operations respond to the globalization, diversity, and ethics challenges that it faces?

As indicated in the suggested answer to the first discussion question, the Timberland Web site states, “Our place in this world is bigger than the things we put in it. So we volunteer in our communities. Making new products goes hand in hand with making things better. That means reducing our carbon footprint and being as environmentally responsible as we can.” And as indicated in the suggested answer to the second discussion question, the four pillars of Timberland's corporate social responsibility (CSR) strategy are: become carbon neutral by 2010; design recyclable products; have fair, safe, and non-discriminatory workplaces; and focus employee service on community greening. Taken together, these two items provide evidence that Timberland gives due consideration to the issues of globalization, diversity, and ethics in the formulation and implementation of its business strategy.

The use of resources and energy has obvious ethical 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 environmental responsibility in all of its operations and dealings around the world.

Specific evidence of how Timberland's commitment to social and environmental responsibility influences the ways in which it deals with the diversity, globalization, and

ethics challenges can be found in the following case facts:

- Timberland seeks to reduce the company's ecological imprint with regard to energy and packaging materials, and to make customers aware of these efforts.
- Timberland promotes fair, safe, and non-discriminatory workplaces around the globe.
- Timberland partners with other businesses in the community outreach program known as *Endless Possibilities*, which provides supportive environments for young women in distress.
- Timberland partners with the nonprofit organization City Year, which engages people who are 17 to 24 years old in community service and leadership development projects in the United States and South Africa.

Swartz asserts there is considerable value in community involvement and volunteerism in that it not only helps others in need but also strengthens Timberland's business from within and enables it to accomplish the regular business agenda and more. Timberland notes, "[w]e recognize that doing well while doing good helps the community and provides tangible benefits for the Timberland brand as more consumers look for brands that share their values."

4. Consider the ethical, diversity, 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 ethical challenges into opportunities is evident in the company's concern with its ecological footprint regarding energy usage and the materials contained in its packaging. Timberland has addressed a combination ethical/diversity challenge through its involvement in *Endless Possibilities*, a program that helps young women in distress. The company also has responded to the ethical, diversity, and global challenges in tandem through: (1) its promotion of fair, safe, and non-discriminatory workplaces around the globe; (2) its partnership with City Year, which engages people who are 17 to 24 years old in community service and leadership development projects in the United States and South Africa; and (3) its *Path of Service* program that provides employees around the world with paid time off to do volunteer work in their community.

Perhaps there is no better testimony regarding how Timberland has transformed ethical, diversity, and globalization challenges into opportunities than the statement provided by Jeffrey Swartz in the final paragraph of the case. Swartz says, "[t]he social challenges that plague our world won't be solved by government or church alone. For-profit business can be part of the solution, as part of the everyday business agenda. We can earn our quarterly profits and take our share of responsibility for repairing the breaches in society at the same time." Swartz also says, "[w]e believe in our guts that commerce and justice are not separate ideas; that doing well and doing good are not antithetical notions; that being cognizant of this

quarter's earnings is part of what we are responsible for—just as being our brother's and sister's keeper is part of what we are responsible for, every business day.”

RESEARCH IN MOTION: BLACKBERRY BATTLES BACK

Linkage of Case to Chapter Material

Chapter 2 focuses on four key challenges for managers: globalization, managing diversity, technological innovation, and ethics. This case focuses on the challenges presented by technology, and technological innovation. In particular, the case centers on the question of how Research In Motion will respond to various technological innovations introduced by competitor firms.

As described in the case, Research In Motion enjoys a dominant position within the smartphone market. It faces, however, significant competition from other companies, which are offering advanced smartphones on a regular basis. How will RIM respond? While many firms choose to pursue innovation through diversification, RIM opts for a narrow approach – a singular focus on BlackBerry and associated software.

Suggested Answers to Discussion Questions

1. RIM encourages its employees to be different, to take an unconventional path, and to look into the future. How is this emphasis likely to be received in other cultures?

Managers of multi-national corporations need to recognize that there are critical differences among cultures. While some cultures, like the U.S., might place a high premium on individuality, others will not. In cultures that do not, an individual who tries to be different or take an unconventional path will not be celebrated, but looked down upon, perhaps even terminated. Therefore, whatever RIM emphasizes as an organization, it must do so with awareness of cultural differences.

2. RIM has a singular focus – the BlackBerry – and little concern for diversification. How might this organizational focus hurt technological innovation within RIM?

Whether it's software that can help consumers use their BlackBerrys in a new way, or a new BlackBerry model, nearly all of RIM's product and service innovations are rooted in the company's singular focus on the BlackBerry. This can have several negative effects. First, the company will be less able to respond if consumer tastes ever change. At least for a short time, the only new products or services that RIM would be able to offer would be based on the BlackBerry, which may have fallen out of favor with consumers. Second, the singular focus on BlackBerry may cause some stagnation in research. With so much attention and so many resources focused on a single product, the chance that RIM will be able to produce a truly innovative product that dramatically changes the industry is decreased. In other words, most of RIM's research will go into making the BlackBerry better, rather than pursuing unique products and services. Third, RIM risks alienating its employees. Various members of the organization may have brilliant, creative ideas that can help push RIM into exciting new directions. If, however, these ideas are not related to BlackBerry, they are likely to get

ignored, leaving employees dissatisfied with how their ideas are received. What is worse, these individuals may even take their ideas to other firms, strengthening RIM's competitors.

3. Suppose that a RIM researcher invents a product that promises to revolutionize personal communications, but which would involve a fundamental departure from the BlackBerry model. How would you deal with this conflict as a manager?

Students' responses will vary. They may choose to squelch the innovation, since it does not fit with the focus on BlackBerry. They may choose to find a way to use the innovation to enhance the BlackBerry in a significant way. Or, they may choose to have the innovation stand on its own, and advocate for a broadening of RIM's focus.

VIDEOS

LOST IN TRANSLATION

Jet lag conspires with culture shock to force the meeting of Charlotte (Scarlett Johansson) and Bob Harris (Bill Murray). Neither can sleep after their Tokyo arrival. They meet in their luxury hotel's bar, forging an enduring relationship as they experience Tokyo's wonders, strangeness, and complexity. Based on director Sophia Coppola's Academy Award winning screenplay, this film was shot entirely on location in Japan. It offers extraordinary views of various parts of Japanese culture that are not available to you without a visit.

1. While watching this sequence, pretend you have arrived in Tokyo and you are experiencing what you are seeing. Do you understand everything you see?

The complexity of the multilevel Tokyo Train Station overwhelms Charlotte. Notice her confused look as she tries to understand the subway map. She cannot read any signs in Japanese and none of the signs are in English. Your students, except those from Japan, should have an equally bewildering experience while viewing this scene. If your class has students from Japan, you can ask them to comment on the complexity of the station.

2. Is Charlotte bewildered by her experiences? Is she experiencing some culture shock?

Charlotte not only has bewildering experiences in the station but also with aspects of Japanese culture. She watches the young bride-to-be and her party walk toward the temple wearing clothing unfamiliar to her. She also experiences Kyoto's exotic beauty.

3. What aspects of Japanese culture appear in this sequence? What do you see as important values of Japanese culture? Review the earlier section, "Understanding Cultural Differences," to gain some insights about these questions.

The role of religion in Japanese culture comes through clearly in this scene. Charlotte observes monks praying in a Tokyo temple. When she gets to Kyoto, she again sees religious observance at a temple. She participates in this cultural tradition by buying and placing a prayer sheet on the branch of a bush.

CITY OF GREENSBURG, KANSAS: ETHICS AND SOCIAL RESPONSIBILITY

1. In what ways do the activities of Greensburg exemplify good ethics and social responsibility? Explain.

Greensburg's decision making is thoroughly dedicated to the ideals of social responsibility, especially the concepts of sustainable development and stakeholder responsibility. Sustainable development is a pattern of resource use that strives to meet current human needs without compromising the ability of future generations to meet their own needs. Stakeholder responsibility holds that leaders and other employees have obligations to a range of identifiable groups that are affected by the achievement of an organization's goals. Despite these considerations, building a "green town" involves certain risks. Reasons cited against building green include high cost of materials, the climate-dependency of wind and solar power, and the uncertain return on investment related to green building materials. Effective social responsibility balances economic sustainability with environmental sustainability.

2. What are the potential consequences of rebuilding Greensburg without concern for green practices?

Greensburg could have ceased to exist as town if it failed to evolve. Going green may be a smart way to attract forward-thinking residents and businesses. If the town had chosen not to build energy-efficient buildings, energy costs would possibly spiral out of control in the future as oil prices rise. If the town managed to survive, alternative energy capabilities would be embraced eventually, but then the buildings wouldn't be energy-efficient. Future generations would be forced to fund the greening of Greensburg and would possibly resent that their interests were not taken into consideration when the town was rebuilt after the tornado.

3. Besides lowering energy costs, how else might Greensburg benefit from becoming a green town?

A simple benefit of Greensburg's transformation is that some residents might feel more excited and happy about where they live which could lead to many positive changes. As a green town, Greensburg is getting a lot of press, including its own show on the Discovery Network's Planet Green. All the attention has already helped the town raise money and it will probably bring in more tourists and new businesses. If new green businesses are started in Greensburg, the town could become a place where younger people would want to live and start families.

COHESION CASE PART 1: SUGGESTED ANSWERS

ZAPPOS.COM: THE MULTIPLE CHALLENGES OF GROWING AN UNUSUAL COMPANY

1. What lessons about leading people and managing organizations does Zappos and its CEO, Tony Hsieh, provide?

Several important lessons about leading people and managing organizations are found throughout the case, including the following:

- Provide extraordinary customer service.
- Make customers so happy that they become repeat customers and provide word-of-mouth advertising to their friends.
- Hsieh views “customers as human beings, not just ‘consumers,’ and so makes customer service the defining feature of the brand.”
- As Hsieh says, the Zappos “philosophy is to do what’s right for the customer even if it doesn’t relate to a sale or if it costs a little bit more. We just want to go above and beyond for our customer.”
- Provide fast, free shipping and a generous return policy.
- Focus on maximizing service to customers instead of focusing on maximizing short-term profits.
- Choose a geographical location for the business that is cost effective and which has an abundant labor pool.
- Have modest but useful physical facilities,
- Create and carefully nurture a fun-loving, change-embracing culture.
- Don’t be afraid to be different. For example, the outlandish interior decorations adorning walls and cubicles and the boisterous behavior of employees are different than what is found at many organizations, but these are important elements of the Zappos culture.
- Hsieh’s advice to other business people: “Chase the vision. ... The money and profits will come.”

2. What do you like about Zappos? What do you dislike about Zappos? Explain your answer.

In addressing this question students can use the discussion of the previous question as a starting point. As that suggested answer indicates, there are many lessons provided by Zappos and Tony Hsieh; some of these lessons are sure to vary in degree of appeal to different students. The instructor should press students to explain why they find a particular lesson from the list in question 1 to be useful or not useful (i.e., the reasons for their likes and dislikes). In addition to the lessons discussed in responding to question 1, the students may have other likes or dislikes that they wish to articulate.

3. Which of the management challenges—globalization; leading a diverse workforce; and ethics, character, and personal integrity—have had an important impact on the evolution of Zappos? Explain your answer.

All three of the management challenges have had an impact on the evolution of Zappos.

Various examples—some more direct than others—demonstrate the roles that these management challenges have played in the evolution of the Zappos business.

Globalization exists because Zappos is an online retailer that can be accessed by anyone anywhere in the world who has an Internet connection. Also, Zappos maintains an inventory of approximately 4 million items in its distribution center (DC) in Louisville, Kentucky; many of the items in this inventory come from foreign sources.

Leading a diverse workforce is suggested by the initial geographic location of Zappos in San Francisco, which itself has a very diverse population. Henderson, Nevada, located just outside Las Vegas, where Zappos is now located is a city with a diverse population as well—though probably not as diverse as San Francisco’s. Hsieh himself reflects diversity with regard to race/ethnicity.

Ethics, character, and personal integrity affected the evolution of Zappos in a number of ways. First and foremost is the company’s unflinching commitment to customer service. Hsieh’s efforts to spend money where it has substantial potential benefit (*e.g.*, free overnight shipping and going above and beyond the norm in customer service) and to cut costs (*e.g.*, the Henderson location and modest office complex) also speak to ethics, character, and integrity. Creating and nurturing a culture and workplace in which people are happy, energized, and productive also attests to the character and integrity of Tony Hsieh. Perhaps the most powerful example of the ethos of ethics, character, and integrity at Zappos is provided by the experience of one shopper—unusual but a clear reflection of how Zappos employees deal with customer challenges: “A shopper visited the site to order a pair of shoes as a gift for her husband. Tragically, he was in a fatal car accident later that evening. [Subsequently,] [t]he Zappos call-center representative working on the order return was so touched by the story that she sent the customer a sympathy bouquet of flowers.”

4. How has Zappos CEO Tony Hsieh addressed the management challenges of globalization; leading a diverse workforce; and ethics, character, and personal integrity? Explain your answer.

Discussion of this question is closely aligned to that of the preceding question, but there are three aspects of Hsieh’s approach to management and leadership that must be emphasized. These are:

- Hsieh’s commitment to extraordinary customer service
- Hsieh’s creation and nurturing of a culture that energizes people and makes work fun, which in turn supports the extraordinary customer service.
- Hsieh’s belief in chasing the vision rather than money and profits.

Together these three aspects have helped Hsieh and Zappos to effectively address the management challenges of globalization; leading a diverse workforce; and ethics, character, and personal integrity.

5. Natalie Zmuda, a reporter for Advertising Age, concludes: “It seems that Zappos is really the poster child for this new age of consumer companies that truly are customer focused. A lot of companies like to say they are, but none of them is as serious as Zappos.” Do you agree or disagree with Zmuda’s assertion that Zappos is much different than other consumer companies? Explain the reasoning behind your answer.

In discussing this question, students can draw on parts of the suggested answers to questions 1 and 3. From the suggested answer to question 1, students can cite the following:

- Provide extraordinary customer service.
- Make customers so happy that they become repeat customers and provide word-of-mouth advertising to their friends.
- Hsieh views “customers as human beings, not just ‘consumers,’ and so makes customer service the defining feature of the brand.”
- As Hsieh says, the Zappos “philosophy is to do what’s right for the customer even if it doesn’t relate to a sale or if it costs a little bit more. We just want to go above and beyond for our customer.”
- Provide fast, free shipping and a generous return policy.
- Focus on maximizing service to customers instead of focusing on maximizing short-term profits.

From the suggested answer to question 3, students can use the following example: “A shopper visited the site to order a pair of shoes as a gift for her husband. Tragically, he was in a fatal car accident later that evening. [Subsequently,] [t]he Zappos call-center representative working on the order return was so touched by the story that she sent the customer a sympathy bouquet of flowers.” Collectively, these facts document extraordinary customer service.

Students should be asked to draw on their own experiences and identify instances where they have encountered exceptional customer service, then compare their personal experiences to the customer service description for Zappos. Alternatively, students could do a bit of research on other companies that have excellent reputations for customer service and compare them to Zappos.

6. What particular aspects of Zappos would other organizations do well to emulate? Explain your answer.

Exceptional customer service, an energizing culture that supports excellent customer service and the company’s mission, attention to acting with character and integrity, and letting profits grow out of doing things the right way are key aspects of Zappos that would serve other organizations well. The reasoning behind this statement is very simple, precise, and straight forward: Having committed, energetic workers who act ethically and serve customers well will ensure a continuing and growing stream of business for any organization — and the result will be a continuing and growing stream of profits.

STUDENT HANDOUTS

ETHICAL DILEMMA

Ryan McNamara is called into his manager's office at noon on a Tuesday and told that he is to report to Pryor Sterling Inc.'s Japan office immediately to oversee a crucial project with ties to three of the firm's major international accounts. Ryan has headed up similar projects in the firm's New York office, and he's had some contact with two of the managers in the Japan office.

Natalie Berman, Ryan's manager, gives him a file of information on the specifics of the project and a timetable for completion. She also impresses upon him how important it is that the project be completed seamlessly so the clients involved will be pleased.

He quickly packs a bag, boards a plane, and covers the material on his flight to Tokyo. Once there, Ryan has great difficulty getting a taxi driver to understand where he needs to go, because Ryan doesn't speak any Japanese. When he arrives at the firm's office, he is met by Kaito Ami, a mid-level supervisor also working on the project. Flustered, Ami tells Ryan that Kase Hisa, the executive with whom Ryan is to conference first, hasn't arrived yet. Ryan is immediately grateful, but does not notice Ami's discomfort.

Manager Anan Cho joins the men in the conference room to discuss the project. Ryan walks around the table so that the other men can sit nearer the head, but doesn't realize that he's left the most senior member, Hisa, sitting closest to the door, a clear insult in Japanese culture.

Ryan launches into his project timeline and his immediate goals, never noticing how his actions have translated to the people upon whom he is going to be dependant. Over the course of the next three days, Ryan is frustrated at each turn when people do not react to him with positive energy. He is unable to get the project accomplished, and Pryor Sterling loses one of the international accounts as a result.

When Darcy Jenkins, COO of Pryor Sterling, demands to know what happened, Kase Hisa explains that McNamara insulted him and his staff at every turn and asks that he be fired. Ryan holds his boss, Natalie, accountable for not giving him any information or time to prepare to understand Japanese business customs. Natalie blames Ryan for not being honest about his limited knowledge of Japanese traditions and ultimately failing to get the job done. Darcy is unsure who to hold accountable but knows something needs to be done to prevent this from every happening again.

Questions:

1. Using consequential, rule-based, and character theories, evaluate Darcy's options.
2. What should Darcy do? Why?

WHAT ABOUT YOU?: PLANNING FOR A GLOBAL CAREER

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 internationalization²⁵.

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?: 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

ISSUES IN DIVERSITY

“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.

Questions:

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).

EXPERIENTIAL EXERCISE: INTERNATIONAL ORIENTATIONS

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 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 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.

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 yearlong 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 surprise you?

Would you like to improve your international orientation?

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

SOURCES: Office Supplies International—"Marketing Associate" by Paula Caligiuri. Copyright © 1994 by Paula Caligiuri, Ph.D. Information for the International Orientation Scale can be obtained by contacting Paula Caligiuri, Ph.D. at 732-445-5228 or e-mail: paula@caligiuri.com. Reprinted by permission of the author. Dorothy Marcic and Sheila M. Puffer, *Management International: Cases, Exercises, and Readings* (Eagan, MN: West Publishing, 1994).

EXPERIENTIAL EXERCISE: ETHICAL DILEMMAS

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. Copyright © 1986 by David A. Lax and James K. Sebenius.

CASE STUDY: THE TIMBERLAND COMPANY

The Timberland Company: Challenges and Opportunities

The Timberland Company, headquartered in Stratham, New Hampshire, characterizes itself as “a big company made up of a lot of small parts and incredibly talented people. We make boots, shoes, clothes and gear that are comfortable enough to wear all day and rugged enough for all year. We don’t rest on our accomplishments. If we did, we’d only have ever made one waterproof leather boot.”¹ Timberland sells its products around the world through department stores and athletic stores, as well in company-owned and franchised outlets in the United States, Canada, Latin America, Europe, the Middle East, and Asia.² In 2008, Timberland had \$1.36 billion in revenue with a profit of \$42.91 million.³

According to the Timberland Web site, “Our place in this world is bigger than the things we put in it. So we volunteer in our communities. Making new products goes hand in hand with making things better. That means reducing our carbon footprint and being as environmentally responsible as we can.”⁴ Timberland’s commitment to going beyond market success and corporate profitability is evident in the four pillars of its corporate social responsibility (CSR) strategy. These pillars are as follows: become carbon neutral by 2010; design recyclable products; have fair, safe, and nondiscriminatory workplaces; and focus employee service on community greening.⁵ 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.”⁶ 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.⁷

One example of how this CSR strategy is implemented is provided by the company’s manufacturing of biodegradable boots and shoes. Timberland even “lists the carbon footprint—or how much fossil fuel it took to create each pair of footwear—on every shoebox as a ‘Green Index’ label.”⁸

Another example of Timberland’s commitment to CSR is evident in how its deals with suppliers around the world with regard to fair labor practices and human rights. In addressing its commitment to global human rights, Timberland offers the following explanation: “Our Code of Conduct helps us ensure fair, safe and non-discriminatory workplaces around the world, and to create positive change in communities where Timberland® products are made. By reinforcing

¹ Anonymous, “About Timberland,” Timberland Web Site, http://www.timberland.com/corp/index.jsp?clickid+topnow_corp.txt (accessed July 2, 2009).

² BellwetherReport.com, “Current Research on Timberland Co.,” *M2PressWire* (February 13, 2007), from Newspaper Source database (accessed August 21, 2007).

³ Anonymous, “Timberland Co. (TBL),” *Yahoo! @ Finance*, <http://finance.yahoo.com/q/is?s=TBL&annual> (accessed July 2, 2009).

⁴ Anonymous, “About Timberland.”

⁵ Anonymous, “CSR Strategy,” Timberland Web Site, http://www.timberland.com/corp/index.jsp?page=csr_strategy (accessed July 2, 2009).

⁶ J. Reingold, “Walking the Walk,” *Fast Company* (100) (November 2005): 80.

⁷ *Ibid.*, pp. 80–85.

⁸ D. Rigby and S. Tager, “Learning the Advantages of Sustainable Growth,” *Strategy and Leadership*, 36(4) (2008): 25.

our Code of Conduct, engaging stakeholders, building local capacity, coming up with solutions as needed, and utilizing accurate and transparent reporting, we're doing what we can to improve the quality of life for approximately 175,000 workers in 290+ factories in 35 countries."⁹

Timberland tries to constructively engage suppliers who commit labor infractions. Rather than immediately discharging them, Timberland works with suppliers to change their policies so as to keep the workers employed.¹⁰

Jeff Swartz recalls his introduction to volunteering during the regular workday when he helped out at a center for young adults who were recovering from drug and alcohol addiction in the late 1980s. Acknowledging that it changed his perspective regarding what can be accomplished during the workday, Swartz says, "I learned that serving strengthened our business from within and allowed us to accomplish not only the regular business agenda but more."¹¹ This helped set the course for the future of the Timberland Company.

An integral part of the corporate culture of Timberland is the Path of Service. This program provides employees with paid time off to volunteer in their community—and to do it during the busy workweek. Every Timberland employee around the globe receives forty hours of paid volunteer time a year. Employees also can apply for long-term service sabbaticals.¹² And "[c]ompany meetings, which for many businesses include at least one afternoon of golf, are comprised of a day of service instead. . . . Timberland also operates community stores in inner cities and donates a percentage of profits to needy groups."¹³

Another way in which Timberland combines corporate success and social responsibility—along with a commitment to diversity—is through Endless Possibilities, a community outreach program that also involves retail partners Macy's and Dillard's. Endless Possibilities, among many other social initiatives, helps out at "New York-based Inwood House, which provides supportive environments for young women in distress."¹⁴ Endless Possibilities was created to help support the revamping of Timberland's product line to make it more appealing to women. The reasoning behind the connection between the product and social responsibility is that women, as a consumer group, like to know that the products they purchase contribute in some way to the greater good.¹⁵ The team's reasoning paid off not only in terms of Timberland's social activism but also in increased sales and a strengthening of the brand in the eyes of women.¹⁶

Still another way in which the Timberland Company pursues social justice initiatives is through its collaboration with nonprofit organizations. For instance, Timberland's long history of partnering with the nonprofit organization City Year has benefitted both organizations and has helped make employee involvement an integral part of Timberland's corporate culture. City Year engages people who are seventeen to twenty-four years old in community service and leadership development projects in the United States and South Africa—the latter contributing to Timberland's global interests. Participants in the projects commit for one year, and Timberland

⁹ Anonymous, "CSR: Global Human Rights," Timberland Web Site, <http://www.timberland.com/corp/index.jsp?page=ghr> (accessed August 20, 2009).

¹⁰ Reingold, "Walking the Walk," pp. 80–85.

¹¹ J. Swartz, "19. "Take Off from Work," *Time* 172(12) (September 22, 2008): 62.

¹² *Ibid.*

¹³ S. O'Laughlin, "Heart and Sole," *Brandweek* 44(13) (March 31, 2003): 17.

¹⁴ *Ibid.*, p. 16.

¹⁵ *Ibid.*

¹⁶ *Ibid.*

provides clothing and equipment for over 1,000 City Year Corps members each year. Of its partnership with City Year, Timberland notes, “[w]e recognize that doing well while doing good helps the community and provides tangible benefits for the Timberland brand as more consumers look for brands that share their values.”¹⁷

Does being socially responsible lead businesses to be more successful? Or does success provide the necessary resources for being socially responsible? Darrel Rigby and Suzanne Tager, in writing about the advantages of sustainable growth, point out that “[d]irect links between sustainability and profitability are somewhat tenuous; there’s not much conclusive data proving the connection. . . . The cause and effect may simply be that well-run companies also take pains to be good corporate citizens that opt for sustainable practices.”¹⁸

In reflecting on the simultaneous pursuit of commercial success and CSR, Swartz opines, “[t]he social challenges that plague our world won’t be solved by government or church alone. For-profit business can be part of the solution, as part of the everyday business agenda. We can earn our quarterly profits and take our share of responsibility for repairing the breaches in society at the same time.”¹⁹ Swartz also says, “[w]e believe in our guts that commerce and justice are not separate ideas; that doing well and doing good are not antithetical notions; that being cognizant of this quarter’s earnings is part of what we are responsible for—just as being our brother’s and sister’s keeper is part of what we are responsible for, every business day.”²⁰

This case was written by Michael K. McCuddy, The Louis S. and Mary L. Morgal Chair of Christian Business Ethics and Professor of Management, College of Business Administration, Valparaiso University.

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 has the Timberland Company incorporated the four pillars of its corporate social responsibility (CSR) strategy into its day-to-day operations?
3. How does Timberland’s CSR strategy and day-to-day operations respond to the globalization, diversity, and ethics challenges that it faces?
4. Consider the ethical, diversity, and globalization challenges that have confronted Timberland. How has Timberland converted these challenges into opportunities for the company?

¹⁷ S. Migliore, “For-Profits and Nonprofits Achieve Missions Together,” *Nonprofit World*, 25(4) (July/August 2007): 22.

¹⁸ D. Rigby and S. Tager, “Learning the Advantages of Sustainable Growth,” *Strategy and Leadership*, 36(4) (2008): 24.

¹⁹ J. Swartz, “19. Take Off from Work,” *Time* 172(12) (September 22, 2008): 62.

²⁰ Rigby and Tager, “Learning the Advantages of Sustainable Growth,” p. 26.

Quiz:

1. The term _____ refers an organization's obligation to behave ethically in its social environment.

A: corporate social responsibility
B: corporate sociology
C: corporate board
D: corporate morals

ANS:

A: Correct.

B: Incorrect. Review p. 30.

C: Incorrect. Review p. 30.

D: Incorrect. Review p. 30.

2. True or False? Timberland's approach to social issues is an illustration of the consequential theory of ethics.

ANS:

T: Incorrect. Review p. 27.

F: Correct.

3. Which of the following is NOT a component of the Four Way Test for determining whether an organization's behavior is moral/ethical?

A: Is it fair to all concerned?

B: Will it build goodwill and better friendships?

C: Will it produce profit?

D: Is it the truth?

ANS:

A: Incorrect. Review p. 30.

B: Incorrect. Review p. 30.

C: Correct.

D: Incorrect. Review p. 30.

4. True or False? Timberland's social justice initiatives provide no benefit to the company.

ANS:

T: Incorrect.

F: Correct.

5. True or False? Companies that are seen as socially responsible, such as Timberland, have a competitive advantage in attracting applicants.

ANS:

T: Correct.

F: Incorrect. Review p. 30.

6. True or False? Timberland's statement "Our place in this world is bigger than the things we put in it" is a reflection of an short-term time orientation.

ANS:

T: Incorrect. Review p. 22.

F: Correct.

CASE STUDY: RESEARCH IN MOTION

Research in Motion: Blackberry Battles Back

Nearly a decade ago, Mike Lazaridis, co-CEO of Research in Motion, handed out Blackberrys to various corporate officials in order to create some buzz. From those beginnings, RIM has dominated the \$12 billion smartphone market in the US, doubling its global market share in 2008 from 7 percent to 14 percent. The BlackBerry is preferred by many IT managers, and RIM has a strong position in the marketplace. However, given the lightning strike advances that occur in technology, no company can assume that its position in the market is safe. Success in advanced technologies requires active offensive strategies as well as turf protecting defensive ones.²¹

The assaults on RIM's dominant position are coming from several fronts. The company must compete with Apple, Nokia, and even Google in the consumer market. The competition has laid siege to RIM's turf and the company needs new products and new weapons to defend itself against the onslaught. BlackBerry has battled back with three new smartphones: the Pearl Flip, the Bold, and the Storm, a touch screen phone aimed to compete directly with Apple's iPhone.

BlackBerry has responded to the competition in the corporate market, as well. To make itself more indispensable to its corporate clients, RIM has produced software that lets the client seamlessly move between the office phone and the BlackBerry. A call that begins in the car can end in the office with no one being the wiser. Good news for RIM is the number of CIOs and corporations that have passed up the iPhone because of security issues.

There are companies that pursue success through a process of diversification. There are other companies that pursue success through a laser-like single-mindedness. RIM has pursued the latter strategy under the guidance of co-founder and co-CEO Mike Lazaridis. The company has a singular vision. The focus is BlackBerry, just BlackBerry. RIM is not distracted by any notions of diversification. While some people would say that this is a weakness, Lazaridis' view is that RIM has nailed a trend judging by the growth of smartphones in today's world. The company is clear, focused, and on track with its singular vision.²²

Singular vision is only one of the ingredients for success according to Lazaridis. Another is the encouragement not to be afraid of taking an unconventional path. Being different may be a very good characteristic, enabling a person or a company to stand out based on a distinctive competence or set of characteristics. Another success factor looking into the future, which requires dreaming, and rigorous research and analysis. These elements lay the foundation for smart risk taking.

Smart risks can pay off nicely in the marketplace. Lazaridis believes that RIM's singular vision is the firm's key strength and a key contributor to the growth of the BlackBerry smartphone. From great vision and big dreams followed by the hard, concrete thinking through research, analysis, and planning came RIM's success in the marketplace. RIM is not complacent however. The company contributed \$150 million in venture capital to the Toronto-based BlackBerry Partners Fund to spur new software development. RIM is still on the move.

Discussion Questions:

²¹ J. Hempel, "BlackBerry Battles Back," *Fortune* (November 24, 2008): 45.

²² A. Abkowitz, "The BlackBerry Boss," *Fortune* 159(8) (April 27, 2009): 20; G. Marchial, "Betting on the BlackBerry," *BusinessWeek* (Issue 4128) (April 27, 2009): 68.

1. RIM encourages its employees to be different, to take an unconventional path, and to look into the future. How is this emphasis likely to be received in other cultures?
2. RIM has a singular focus – the BlackBerry – and little concern for diversification. How might this organizational focus hurt technological innovation within RIM?
3. Suppose that a RIM researcher invents a product that promises to revolutionize personal communications, but which would involve a fundamental departure from the BlackBerry model. How would you deal with this conflict as a manager?

Quiz:

1. Which of the following is NOT a negative effect technology has on organizations?

- A: eye, neck and back strain.
- B: secret monitoring of employees.
- C: workaholism.
- D: rapid communication.

ANS:

- A: Incorrect. Review p. 33.
- B: Incorrect. Review p. 33.
- C: Incorrect. Review p. 33.
- D: Correct.

2. The term _____ refers to organizations in which the global viewpoint supersedes national issues.

- A: international
- B: supply-side
- C: transnational
- D: free trade association

ANS:

- A: Incorrect. Review p. 17.
- B: Incorrect. Review p. 17.
- C: Correct.
- D: Incorrect. Review p. 17.

3. The term _____ refers to the intellectual and mechanical processes used by an organization to transform inputs into products or services.

- A: technology.
- B: resources.
- C: capabilities.
- D: production.

ANS:

A: Correct.

B: Incorrect. Review p. 31.

C: Incorrect. Review p. 31.

D: Incorrect. Review p. 31.

4. True or False? RIM's singular focus on the BlackBerry is an expression of low uncertainty avoidance.

ANS:

T: Incorrect. Review p. 21.

F: Correct.

5. True or False? Expert systems are applications that use a representation of human expertise in a specialized field of knowledge to solve problems.

ANS:

T: Correct.

F: Incorrect.

6. Which of the following is not a challenge that organizations face in a global economy?

A: opening of trade barriers.

B: political upheavals.

C: cultural differences.

D: labor unions.

ANS:

A: Incorrect. Review p. 17-18.

B: Incorrect. Review p. 17-18.

C: Incorrect. Review p. 17-18.

D: Correct.

7. True or False? Managers do not need to give modern employees help in adjusting to changes in technology.

ANS:

T: Incorrect. Review p. 34.

F: Correct.

COHESION CASE STUDY PART 1

Zappos.com: The Multiple Challenges of Growing an Unusual Company

“Imagine a retailer with service so good its customers wish it would take over the Internal Revenue Service or start up an airline. It might sound like a marketing fantasy, but this scenario is reality for ... Zappos.com.”²³ Headquartered in Henderson, Nevada, just a twenty-minute drive from the Las Vegas Strip, Zappos (a word play on *zapatitos*, the Spanish word for shoes)²⁴ is an “e-commerce ‘service provider’ of shoes, apparel, handbags, accessories and more, representing about a thousand brands.”²⁵ Zappos also has a distribution center in Louisville, Kentucky where it maintains an inventory of approximately 4 million items and from which it provides rapid shipment to its customers.²⁶

In 1999, Tony Hsieh (pronounced shay), the CEO of Zappos, invested \$500,000 in a start-up online shoe store known as Shoesite.com that was founded in San Francisco by Nicholas Swinmurn, who was having trouble finding shoes that would fit him in his local mall.²⁷ In 2000, Hsieh became co-chief executive with Swinmurn.²⁸ When Swinmurn left the company in 2006, Hsieh became the sole chief executive.²⁹

Zappos wasn't Tony Hsieh's first entrepreneurial venture. Prior to Zappos, he cofounded LinkExchange, an online advertising cooperative, which Microsoft bought in 1998 for \$265 million.³⁰ Then he cofounded a venture capital investment firm called Venture Frogs.³¹

In its early days, Zappos could not afford to spend money on marketing; consequently, the company's “sales strategy involved making customers so happy that they bought again or told their friends or both. ... The defining aspect of the Zappos customer experience—free shipping and free returns—was concocted out of necessity. Hsieh figured that there was no other way to get people to try the [online] site.”³²

In 2004, Zappos, relocated from San Francisco to Las Vegas because “attracting and keeping high-quality customer service representatives was too difficult and expensive in the Bay Area.”³³ Las Vegas, with lower real estate prices and an abundant labor pool, seemed to be an ideal location.³⁴

²³ N. Zmuda, “Zappos,” *Advertising Age* (Midwest Region Edition) 79(39) (October 20, 2008): 36.

²⁴ Anonymous, “Business: Keeper of the Flame; Face Value,” *The Economist* 391(8627) (April 18, 2009): 75.

²⁵ M. Zager, “Zappos Delivers Service ... With Shoes on the Side,” *Apparel Magazine* (January 2009), <http://www.apparelmag.com?ME2/dirmod.asp?sid=23B25809...> (accessed June 9, 2009).

²⁶ Ibid.

²⁷ H. Coster, “A Step Ahead,” *Forbes* (June 2, 2008), <http://www.forbes.com/global/2008/0602/064.html> (accessed June 20, 2009); Zager, “Zappos Delivers Service.”

²⁸ Coster, “A Step Ahead.”

²⁹ Ibid.

³⁰ K. Magill, “New Dogs Learn Old Tricks,” *Multichannel Merchant* 24(9) (September 2007): 21.

³¹ Ibid.

³² M. Chafkin, “Get Happy: How Tony Hsieh Uses Relentless Innovation, Stellar Service, and a Staff of Believers to Make Zappos.com and E-commerce Juggernaut—and One of the Most Blissed-out Businesses in America,” *Inc.* 31(4) (May 2009): 71.

³³ B. Morrissey, “Communal Branding: How These Web 2.0 Companies Build Good Relationships to Build Their Brands,” *Adweek* 49(16) (May 12, 2008): 9.

³⁴ O'Brien, “Zappos Knows How to Kick It.”

Zappos doesn't do anything quite the way other companies do.³⁵ For instance, the three company's headquarters, which is located in a nondescript office park, are quite modest on the outside.³⁶ But inside is a different story! "There are the outlandish decorations adorning walls and cubicles, including jungle creepers that hang from the ceiling and a menagerie of toy monkeys and other creatures. There are the boisterous employees, some of whom rattle cowbells, shake pompoms and bellow greetings as visitors pass their desks. ... But this is no exercise in nostalgia. Instead, Zappos is the site of an ambitious business experiment ... [with] a corporate culture that allows Zappos to prosper by providing world-beating customer service, no matter what business it is involved in."³⁷ Emulating Amazon.com, Zappos has expanded beyond selling shoes, venturing into clothes, bedding, toys, cookware, electronics, and more.³⁸

Zappos gets rave reviews for "its fast, free shipping—90% of orders arrive the next business day—and a 365-day return policy that allows footwear fans to order a bunch of shoes, try them on and return those that don't suit or fit. Three-quarters of sales are from repeat customers."³⁹ Hsieh views "customers as human beings, not just 'consumers,' and so makes customer service the defining feature of the brand."⁴⁰

To gain another perspective on how Zappos differs from other companies, consider the unusual experience of one shopper, a clear reflection of how Zappos employees deal with customer challenges: "A shopper visited the site to order a pair of shoes as a gift for her husband. Tragically, he was in a fatal car accident later that evening. [Subsequently,] [t]he Zappos call-center representative working on the order return was so touched by the story that she sent the customer a sympathy bouquet of flowers." Hsieh says the Zappos "philosophy is to do what's right for the customer even if it doesn't relate to a sale or if it costs a little bit more. We just want to go above and beyond for our customer."⁴¹

Hsieh believes that the success of Zappos is a direct reflection of the culture he has built and nourished. "A fun-loving, change-embracing culture drives the Zappos engine. Carefully nurtured by Hsieh, it provides a new workplace template for the future."⁴² Hsieh's advice to other businesspeople: "Chase the vision. ... The money and profits will come."⁴³

In 2000, Zappos had sales of \$1.6 million; in 2008, the company's sales surpassed \$1 billion.⁴⁴ After several years of breaking even, Zappos turned a profit in both 2007 and 2008.⁴⁵ Tony Hsieh explains Zappos' growth this way: "We're aligned around one mission—to provide the best customer service possible. Rather than focus on maximizing short-term profits, we focus on how we can maximize the service to our customers. We are a service company that happens to

³⁵ Zager, "Zappos Delivers Service."

³⁶ Chafkin, "Get Happy", p. 72.

³⁷ Anonymous, "Business."

³⁸ Coster, "A Step Ahead."

³⁹ Ibid.

⁴⁰ B. Morrissey, "Communal Branding: How These Web 2.0 Companies Build Good Relationships to Build Their Brands," *Adweek* 49(16) (May 12, 2008): 9.

⁴¹ S. Murphy, "Culture Conscious," *Chain Store Age* 83(9) (September 2007): 55.

⁴² Anonymous, "Retail's Power 25: The 25 Most Influential People in Retailing," *Chain Store Age* 84(1) (January 2008): 3A.

⁴³ Coster, "A Step Ahead."

⁴⁴ 24. C. R. Bell and J. R. Patterson, "Imaginative Service," *Leadership Excellence* 26(5) (May 2009): 10.

⁴⁵ Anonymous, "Business."

sell shoes.”⁴⁶ Hsieh sees the emphasis on customer service “as creating a platform for future growth.”⁴⁷

As *Advertising Age* writer Natalie Zmuda observes, “It seems that Zappos is really the poster child for this new age of consumer companies that truly are customer focused. A lot of companies like to say they are, but none of them is as serious as Zappos.”⁴⁸

This case was written by Michael K. McCuddy, The Louis S. and Mary L. Morgal Chair of Christian Business Ethics and Professor of Management, College of Business Administration, Valparaiso University.

Discussion Questions:

1. What lessons about leading people and managing organizations does Zappos and its CEO, Tony Hsieh, provide?
2. What do you like about Zappos? What do you dislike about Zappos? Explain your answer.
3. Which of the management challenges—globalization; leading a diverse workforce; and ethics, character, and personal integrity—have had an important impact on the evolution of Zappos? Explain your answer.
4. How has Zappos CEO Tony Hsieh addressed the management challenges of globalization; leading a diverse workforce; ethics, character, and personal integrity; and technological innovation? Explain your answer.
5. Natalie Zmuda, a reporter for *Advertising Age*, concludes, “It seems that Zappos is really the poster child for this new age of consumer companies that truly are customer focused. A lot of companies like to say they are, but none of them is as serious as Zappos.” Do you agree or disagree with Zmuda’s assertion that Zappos is much different than other consumer companies? Explain the reasoning behind your answer.
6. What particular aspects of Zappos would other organizations do well to emulate? Explain your answer.

⁴⁶ Bell and Patterson, “Imaginative Service.”

⁴⁷ Anonymous, “Business.”

⁴⁸ Zmuda, “Zappos.”