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Chapter 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. Three major challenges facing managers include the following: globalizing the firm's operations to compete in the global village; leading a diverse workforce; and encouraging positive ethics, character, and personal integrity. Globalization has created a

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borderless 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. 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 readings this chapter, students 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. What were once called multinational organizations (organizations that did business in several countries) are now referred to as transnational organizations, indicating that the global viewpoint supersedes national issues. Transnational organizations such as 3M, Dow Chemical, and Coca-Cola operate worldwide across long distances and employ a multicultural mix of workers. Social and political upheavals have led organizations to change the way they conduct business as a result of thinking globally. The opening of trade barriers is a third issue that affects organizations competing in a global economy. One key for any company competing in the global marketplace is to understand diverse cultures. Whether managing culturally diverse individuals within a single location or managing individuals at remote locations around the globe, organizations must appreciate the differences among cultures. Geert Hofstede and his colleagues identified five dimensions of cultural differences that formed the basis for work-related attitudes:

- Individualism versus collectivism
- High power distance versus low power distance
- High uncertainty avoidance versus low uncertainty avoidance
- Masculinity versus femininity
- Long-term orientation versus short-term orientation

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

In cultures where individualism predominates, the social framework is loose, and employees put loyalty to themselves and their families ahead of loyalty to their company and work group. Cultures characterized by collectivism, on the other hand, are tightly knit social frameworks in which individual members depend strongly on others and group decisions are valued and accepted.

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In countries with a high power distance, bosses are afforded more authority, which is seldom bypassed, titles are used, and formality is the rule. In societies with low power distance, people believe in minimizing inequality.

Cultures with high uncertainty avoidance are concerned with security and tend to avoid conflict. Cultures with low uncertainty avoidance tolerate ambiguity better.

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

Cultures also differ in time orientation. A culture's values may be oriented toward the future (long-term orientation) or toward the past and present (short-term orientation).

In today's multicultural environment, it is imperative that organizations help their employees recognize and appreciate cultural differences. One way companies do this is through cultural sensitivity training. Another way to develop sensitivity is by using cross-cultural task forces or teams. The globalization of business affects all parts of the organization, but particularly human resource management. Human resource managers must adopt a global view of human resource planning, recruitment and selection, compensation, and training and development.

3 Describe the challenges and positive influences diversity brings to today's business environment.

Diversity encompasses all forms of difference among individuals, including surface-level differences such as gender, national origin, age, and race and deep-level differences such as personality, religion, social status, and sexual orientation. The main benefits of diversity are as follows:

- It helps firms attract and retain the best available human talent.
- It aids marketing efforts.
- It promotes creativity and innovation.
- It improves problem solving.
- It enhances organizational flexibility because it makes an organization challenge old assumptions and become more adaptable.

People must also recognize diversity's potential problems. Five problems that are particularly notable are as follows:

- Resistance to change
- Lack of cohesiveness
- Communication problems

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- Interpersonal conflicts
- Slower decision making

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

Ethical theories help people understand, evaluate, and classify moral arguments; make decisions; and then defend conclusions about what is right and wrong. Ethical theories can be classified as the following:

- Consequential theories—these theories of ethics emphasize the consequences or results of behavior.
- Rule-based theories—these theories of ethics emphasize the character of the act itself, not its effects, in arriving at universal moral rights and wrongs.
- Character theories—these theories of ethics emphasize the character of the individual and the intent of the actor instead of the character of the act itself or its consequences.

5 Explain five issues that pose ethical dilemmas for managers.

Contemporary organizations experience a wide variety of ethical and moral dilemmas, which may be addressed as follows:

- Employee rights—drug testing, free speech, downsizing and layoffs, and due process are but a few of the employee rights issues that managers face.
- Sexual harassment—according to the Equal Employment Opportunity Commission, sexual harassment is unwelcome verbal or physical sexual attention that affects an employee's job conditions or creates a hostile working environment.
- Organizational justice—distributive justice concerns the fairness of outcomes that individuals receive. Procedural justice concerns the fairness of the process by which outcomes are allocated.
- Whistle-blowing—whistle-blowers are employees who inform authorities of wrongdoings by their companies or coworkers.
- Social responsibility—corporate social responsibility is an organization's obligation to behave ethically in its social environment.
- Code of ethics—most mature professions guide their practitioners' actions and behavior with codes of ethics.

Key Terms

Transnational organization (p. 17)
Guanxi (p. 17)

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Expatriate manager (p. 18)
Individualism (p. 19)
Collectivism (p. 19)
Power distance (p. 21)
Uncertainty avoidance (p. 19)
Masculinity (p. 21)
Femininity (p. 21)
Time orientation (p. 21)
Diversity (p. 22)
Glass ceiling (p. 23)
Consequential theory (p. 28)
Rule-based theory (p. 28)
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Distributive justice (p. 30)
Procedural justice (p. 31)
Whistle-blower (p. 31)
Social responsibility (p. 31)

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Review Questions and Answers

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

   Hofstede's five dimensions of cultural differences that affect work attitudes are polarized concepts of the following:
   - Individualism versus collectivism
   - High power distance versus low power distance
   - High uncertainty avoidance versus low uncertainty avoidance
   - Masculinity versus femininity
   - Long-term orientation versus short-term orientation

   The United States is a country that is extremely individualistic, tolerant of uncertainty, weak on power distance, masculine, and short-term orientated.

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

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

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

The glass ceiling is a transparent barrier that keeps women from rising above a certain level in organizations. In the United States, it has been rare to find women in positions above middle management. Although growth in opportunities for women to attain executive positions has recently stagnated, the situation is improving for women in the boardroom.

Corporations that shatter the glass ceiling share several practices:

- Upper managers demonstrate support for the advancement of women.
- Leaders incorporate practices into their diversity management programs to ensure that women perceive the organization as attractive.
- Women are represented on standing committees addressing key strategic business issues and are targeted for participation in executive education programs.
- Systems are put in place to identify women with high potential for advancement.

4. What are the potential benefits and problems of diversity?

The main benefits of diversity are as follows:

- It helps firms attract and retain the best available human talent.
- It improves marketing efforts.
- It promotes creativity and innovation.
- It results in better problem solving.
- It enhances organizational flexibility because it makes an organization challenge old assumptions and become more adaptable.

Five problems that are particularly notable with diversity at work are as follows:

- Resistance to change
- Lack of cohesiveness
- Communication problems
- Interpersonal conflicts
- Slower decision making

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

Contemporary organizations experience a wide variety of ethical and moral dilemmas such as employee rights, sexual harassment, organizational justice, whistle-blowing, social

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responsibility, and codes of ethics.

6. Describe the difference between distributive and procedural justice.

   Distributive justice concerns the fairness of outcomes that individuals receive in an organization, while procedural justice concerns the fairness of the process by which outcomes are allocated.

Discussion and Communication Questions and Suggested Answers

1. How can managers be encouraged to develop global thinking?

   All managers can enhance their perspectives by participating in cross-cultural sensitivity workshops or training offered by organizations that will help their employees recognize and appreciate cultural differences. Another way is to use cross-cultural task forces or teams. Because cultural differences are constantly in flux, it is important for managers to foster up-to-date knowledge of relevant cultural trends. 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?

   Students' answers will vary. Expert systems are computer-based applications that use a representation of human expertise in a specialized field of knowledge to solve problems. They 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 would be only as good as the human expert who provided the decision rules for the program.

3. Why do you think some companies encourage alternative work arrangements?

   Technological advances have prompted the advent of alternative work arrangements or the nontraditional work practices, settings, and locations that are now supplementing traditional workplaces. 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

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organization with a strong "made in America" identity compete in the global marketplace?

One key for any company competing in the global marketplace is to understand diverse cultures. The globalization of business and changing demographic trends present organizations with a culturally diverse workforce, creating both challenge and risk. 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. Members also understand that they need not surrender their company loyalty to interact and negotiate with others.

Chief executive officers of U.S. corporations have cited three challenges that managers must overcome to remain competitive:

- Globalizing the firm's operations to compete in the global village
- Leading a diverse workforce
- Encouraging positive ethics, character, and personal integrity

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

   Diversity helps organizations in many ways. Some organizations recognize the potential benefits of aggressively working to increase the diversity of their workforces. People work best when they are valued and when diversity is taken into account. When people feel valued, they build relationships and work together as a team. Managing diversity helps companies become more competitive. The population is much more diverse than it has ever been. Whether the business is service- or product-oriented, the constituents and clients of the company must be understood in order to satisfy their needs. New ideas come from analyzing old problems differently. Diverse workforces assist in seeing traditional problems in a new frame of reference.

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 its 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 and other cultures? On what do you base your agreement or disagreement?

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Students' answers will vary as per their work experience and cultural identity. Often students will perpetuate stereotypes in their answers of other countries, yet rationalize the weaknesses of their own society. It might be interesting for instructors to ask students from other cultures what their stereotypes were about the U.S. before arriving to the country, and if those perceptions have been reinforced since being here.

One point worth mentioning to students is that Hofstede's study, although monumental, was completed almost 35 years ago. The study is currently being updated with cooperation from participating countries.

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

   Students' answers will vary depending upon the challenge they choose. Instructors should encourage students to use specific answers in support of their position. This exercise can generate an interesting discussion in class as students present potentially different perspectives on why an issue is important to managers.

9. Have each student find someone whose culture is different from your own. This might be a classmate, an international student, or a Native American at your university. Have students ask their interviewees about their cultures using Hofstede's dimensions of (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. Have students share this information in class.

   Students' answers will vary. 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. Instructors should discuss why they were surprised by this information.

Ethical Dilemma

The purpose of 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 instructors 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 but only opportunities to explore alternatives. Students can generate discussions on the appropriateness of

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each alternative. The student portion of the activity is provided on a handout at the end of this chapter guide.

Darcy has a number of options that are open to her, which include the following: she can fire either Ryan or his boss, Natalie, or she can take some less drastic measure against them, or she can take no action at all.

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

   Consequential Theory

   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-Based Theory

   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 or 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 Theory

   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 he should put in place a process to ensure that other project managers are not given foreign assignments without receiving adequate cultural training. This course of

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action is likely to please Hisa and perhaps facilitate future business between the two firms. It is also likely to please Natalie, who believes that Ryan is solely to blame for the current situation. Ryan will not be pleased, but he 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 it is thus the most ethical course of action under the consequential theory.

The 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 transnational organizations may 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 should 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 should answer the seven questions provided in the exercise. Once the research is completed and the questions are answered, students can be divided into 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 provided 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?

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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 provided on the review card in the student edition of ORGB and on a handout at the end of this chapter guide.

Issues in Diversity

The U.S. Supreme Court—Another Good Ol' Boy Ivy League Network?

In recent times, the U.S. Supreme Court has become more diverse than it ever was. Its demographic makeup became more diverse in August 2010 when Elena Kagan was sworn in as the 112th justice. Three of the nine justices are women; in August 2009, the Senate confirmed Sonia Sotomayor. Ruth Bader Ginsburg was appointed by President Bill Clinton in 1993. One justice is African American—Clarence Thomas was nominated by President George H.W. Bush in 1991 to fill retiring justice Thurgood Marshall's seat on the bench. In 2010, five justices are younger than 65 years of age—Samuel Alito, Clarence Thomas, John Roberts, Elena Kagan, and Sonia Sotomayor. Be that as it may, one could argue Kagan's confirmation to the Supreme Court resulted in a less diverse court. When Kagan was sworn in, she became the second woman appointed by President Obama since taking office, and she became the eighth of nine justices with an Ivy League education. An obsession with the Harvard-Yale pedigree, perhaps? If so, President Obama is not alone with this "obsession" when it comes to identifying candidates to serve on the nation's highest court. Only retiring Justice John Paul Stevens studied law at a school other than Harvard or Yale. Additionally, in terms of geographic and religious diversity, two Supreme Court justices hail from states other than New York, New Jersey, or California; and none of the justices are Protestants.

1. If a recruitment source has been proven successful in the past for yielding highly qualified talent, what is the harm in continuing to draw from that source to recruit employees?

   A potential problem with continuing to recruit employees from the same source is the loss of diversity in ideas and approaches to issues. Drawing from a variety of sources can yield a greater variety of ideas as people from different backgrounds look at things differently. Of course, it is important to ensure that all new employees possess similar high level of quality.

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2. Is having a diversity of backgrounds in organizations as important as having demographic diversity? Why or why not?

   Diversity of backgrounds has a strong potential to increase innovation and creativity within organizations. While demographic diversity may also do the same, the likelihood is less because people of different sexes, ages, cultures, etc. may have the same backgrounds. It is not the differences in demographics that bring about diversity of ideas but the differences in background within those demographics that result in such diversity.

SOURCES: T. Padgett, "Is the Supreme Court Too Packed with Ivy Leaguers?," Time (May 12, 2010), accessed at http://www.time.com/time/nation/article/0,8599,1988877,00.html ; Biographies of current justices of the Supreme Court, accessed at http://www.supremecourt.gov/about/biographies.aspx.

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. Listed below are some points that the students may mention:

- 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 provided 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.

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2. and 3. Do students expect it to be easier to transition into the Australian culture than the French or Japanese cultures? The "country difficulty," that is, the extent to which the foreign country differs from one's own, should be considered in all expatriate cases. But, the Australian transfer would definitely pose less of a language barrier than the French or Japanese transfers.

4. There are many possible types of training. For example, the couple could listen to lectures, see films, read books, etc., about the host country. Likewise, the couple could take language and culture training, go visit the country for a short stay to "test the waters," or talk to people who have been on expatriate assignments in the same country.

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

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

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

International Orientation Scale

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

There are two major limitations of the scale that should be addressed in a class discussion. First,

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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, so 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, introductory 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. Instructors should ask students to provide examples of ethical issues related to technology, quality, workforce diversity, and globalization. They 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 provided 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 the exercise can be performed on larger groups as well.

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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 to be 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 put marks 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, or confess to it. In short, students may do 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 or 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 them? What distinguishes them? How confident are they that the peanut is their 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?

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This question allows for a short discussion on surface traits versus substantive traits, and observable traits versus implied traits also work 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, and get them to know your peanut.

   When Peter tells you about Paul, you often learn more about Peter than you do about 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 to help clients more honestly express themselves.

4. Ask students if anyone wants to trade peanuts because they like someone else's peanut better.

   (This is known in Freudian psychology as peanuts-envy.) Point out how attached a person can get to something that is his or hers 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 a 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 depend on the risk-taking level of the participants and the skill of the instructor. Even so,

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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.

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 can spend three months learning about their host countries and then they 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 was able to sell cigarettes to the world and develop new products. However, even in the international arena there were 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 argued 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 whether a male's likelihood to sexually harass affects how they evaluated the job performance and attractiveness of

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high-performing and low-performing females. The researchers used an experimental design in which ninety-two 20-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 from 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 men with low likelihood to sexually harass females. 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 Study and Suggested Responses

Netflix—Push and Pushback in Streaming Video

Linkage of Case to Chapter Material

The case focuses on the efforts of Netflix to become a key player in the emerging video streaming market. Reed Hastings, the Netflix CEO, believes that Internet video streaming will substantially displace online DVD rentals; he forecasts that as soon as mid-2013, "the business that generates most of Netflix's revenue today [mid-2009] will begin to decline, as DVDs delivered by mail steadily lose ground to movies sent straight over the Internet." Consequently, Hastings is "quickly trying to shift Netflix's business—seeking to make more videos available online and cutting deals with electronics makers so consumers can play those movies on television sets."

The Netflix business transformation is occurring within the context of four major managerial challenges. First, Netflix is entering into deals with manufacturers of various video devices to deploy technology that enables user-friendly, ease-of-access to the Netflix streaming service. Second, Netflix faces growing competition from businesses such as Amazon.com and Google Inc. in the video streaming market as all three companies race to dominate the digital delivery of TV shows and films, thereby encroaching on turf traditionally controlled by cable- and satellite-television providers. Third, Netflix is becoming involved in developing original programming; this threatens the pay TV industry, which is a key source of revenue for major media companies.

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The major media companies, not particularly happy with this Netflix initiative, are pushing back to various degrees by restricting Netflix's access to their programming. Fourth, studios are increasing the fees they charge Netflix for access to the studios' content. This fee increase is occurring because studio executives believe that Netflix's pricing system is devaluing the studios' content; at least one studio executive characterizes Netflix as "cannibalistic."

The four specific managerial challenges faced by Netflix can be related to the three generic managerial challenges—globalization, managing diversity, and ethics—that are discussed in Chapter 2. Globalizing the firm's operations to compete in the global village challenges managers to deal with an evolving and changing global marketplace and to deal with the cultural differences and sensitivities that are inherent in the global marketplace. Leading a diverse workforce challenges managers to deal with the issues associated with all forms of individual differences including gender, age, sexual orientation, social status, religion, ability, personality, and culture. Encouraging ethics, character, and personal integrity should be involved in all managerial decisions and actions, thereby challenging people to do what is fair, right, and just in dealing with the organization's various stakeholders.

Suggested Answers for Discussion Questions

1. Briefly describe each of the four major challenges that Netflix faces. Which of these four challenges will be the most difficult to address? Why? Which challenge will be the easiest to address? Why?

   The four major challenges facing Netflix are as follows:
   - It is entering into deals with manufacturers of various video devices to deploy technology that enables user-friendly, ease-of-access to the Netflix streaming service.
   - It is facing growing competition from businesses such as Amazon.com and Google Inc. in the video streaming market as all three companies race to dominate the digital delivery of TV shows and films, thereby encroaching on turf traditionally controlled by cable- and satellite-television providers.
   - It is becoming involved in developing original programming; this threatens the pay TV industry, which is key source of revenue for major media companies. The major media companies, not particularly happy with this Netflix initiative, are pushing back to various degrees by restricting Netflix's access to their programming.
   - Studios are increasing the fees they charge Netflix for access to the studios' content. This fee increase is occurring because studio executives believe that Netflix's pricing system is devaluing the studios' content; at least one studio executive characterizes Netflix as "cannibalistic."

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Paying the increased fees is a challenge that should not be extraordinarily difficult to address. The higher fees could necessitate an increase in Netflix's own price structure, which, in turn, could have an effect on demand for its distribution services. Deploying technology that enables user-friendly, ease-of-access to the Netflix streaming service is another challenge that should be relatively easy to address. Netflix has already negotiated some deals with manufacturers to deploy this technology. Netflix should be able to readily continue in this direction. The other two challenges would be much more difficult to address. However, dealing with the growing competition in the video streaming market would not be as difficult as developing original programming. Netflix would need to invest considerable resources to maintain a dominant position in the video streaming market, but video streaming is already an area of Netflix expertise. Netflix's development of original programming requires a major investment and is a major effort in a quite different direction from distributing video either through DVD rental or online streaming.

2. How do each of the four major challenges faced by Netflix relate to the generic managerial challenges of dealing with globalization, diversity, and ethics?

   The three generic managerial challenges are globalization, managing diversity, and ethics. Globalizing the firm's operations to compete in the global village challenges managers to deal with an evolving and changing global marketplace and to deal with the cultural differences and sensitivities that are inherent in the global marketplace. Leading a diverse workforce challenges managers to deal with the issues associated with all forms of individual differences including gender, age, sexual orientation, social status, religion, ability, personality, and culture. Encouraging ethics, character, and personal integrity should be involved in all managerial decisions and actions, thereby challenging people to do what is fair, right, and just in dealing with the organization's various stakeholders.

   Globalization, managing diversity, and ethics are linked to all of the challenges that confront Netflix; some links are more obvious than others. Technology deployment is occurring with manufacturers around the world. The growing competition in the video streaming market is going global as well; and the development of original programming in competition with major media companies transcends the borders of the United States. The fee increases to Netflix are not just for content produced in America but for all of the studios' content—no matter where it is produced. Diversity is, by definition, inherent in any workforce and is therefore relevant to any challenge that Netflix faces. Moreover, with Netflix's global connections, the need to recognize and respond effectively to diversity issues is ever present. Finally, every managerial challenge has ethical implications and every response to every managerial challenge should be infused with ethics, character, and personal integrity.

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3. Explain how Netflix already has or might be able to convert the four major challenges into meaningful opportunities for the company.

   Netflix is addressing the technology deployment challenge head-on. "Among the large and expanding base of devices streaming from Netflix are Microsoft's Xbox 360, Nintendo's Wii and Sony's PS3 consoles; an array of Blu-ray disc players, Internet-connected TVs, home theater systems, digital video recorders and Internet video players; Apple's iPhone, iPad, and iPod touch, as well as Apple TV and Google TV." Netflix needs to continue in this direction.

   To meet the competition, Netflix must develop ways of attracting and retaining subscribers. Netflix needs to develop its brand as the preferred video streaming alternative. As a side note, Netflix's ill-fated decision in mid-2011 to alter its subscription pricing structure is not the way to develop a market advantage over the competition.

   Perhaps Netflix should cease its pursuit of original programming. This would enable the company to concentrate on its core business of distributing digital media rather than stretching itself thin by getting into a different, though related, business. In addition, such an action could help in repairing relationships with the major studios and perhaps help in resolving the fees issue.

4. What advice would you give to Reed Hastings regarding handling the pushback from competitors and other affected businesses?

   Perhaps the best advice is Netflix needs to focus on its core competency, which is the distribution of digital media, and not get distracted into pursuing other related businesses. Netflix also needs to work vigorously to repair damaged relationships with content suppliers.

   The students should be encouraged to be creative as well as practical in providing suggestion as to what course of action Netflix could or should pursue. The students should be pushed to think through and logically justify their suggested course(s) of action.

SOURCE: 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.

Video

Profile on Theo Chocolate: Ethics and Social Responsibility

Unlike leading candy manufacturers that deliver sweets in high volume, Theo produces award

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winning organic chocolate in small batches. The company boasts a bean-to-bar production method that uses cocoa beans grown without pesticides and without harm to farmers or the environment. At Theo Chocolate, the terms *organic* and *fair trade* are no mere marketing buzzwords. Organic means that the cocoa beans are grown naturally and harvested in ways that preserve habitats and the balance of the ecosystem; fair trade is a business approach that ensures equity between buyers, as well as fair treatment of workers.

Discussion Questions and Solutions

1. What practices at Theo Chocolate illustrate the concept of *social responsibility*?

   Corporate social responsibility is the obligation of an organization to behave in ethical ways in the social environment in which it operates. For Theo Chocolate, social responsibility centers on protecting the environment and the farmers who produce cocoa beans. Socially responsible practices at Theo Chocolate include the following:
   - Sourcing ingredients that are grown organically without pesticides
   - Ensuring that growers earn a living wage and have access to education for their families
   - Promoting habitat preservation and reforestation in cocoa growing regions
   - Using green energy sources to power the chocolate factory
   - Purchasing sustainable packaging
   - Educating the public about social and environmental accountability

   To implement a philosophy of sustainability, managers at Theo Chocolate weave environmental and social concerns into strategic decisions and measure progress toward sustainability goals.

2. What does Vice President Debra Music mean when she says that Theo is a "triple bottom line" company? What happens if Theo's social objectives conflict with the organization's economic objectives?

   In the video, Debra Music says, "We see ourselves as a triple bottom line company, which means we value people, the planet, and profit in equal measure. None of those things suffer at the expense of something else." The triple bottom line is a green corporate performance measure that evaluates a company's success in terms of "people, planet, and profits." Developed by corporate social responsibility leader John Elkington, the triple bottom line concept differs from the traditional bottom line in that it attempts to judge a company's success by three measures instead of by the singular measure of profitability.

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Despite the idealism inherent in the triple bottom line, every company's foundational social responsibility is to be profitable. Without economic sustainability, all other concerns of the company end in bankruptcy. For companies like Theo, the challenge is to find ways to effectively align social and economic objectives. Social entrepreneurs usually attempt to organize strategic plans in such a way that the pursuit of profit simultaneously achieves the firm's social objectives.

3. What does *fair trade* mean to the leaders at Theo, and how does this relate to workers' rights and organizational justice?

   Fair trade is a relationship between producers, sellers, and consumers that is based on the principle of equity. Joe Whinney says that fair trade is important in the chocolate industry because cocoa bean growers have often not received adequate pay; some have even been subject to slave labor. The social benefits of fair trade are far reaching. In particular, fair trade enables farmers to take their livelihoods to the next level by blending the benefits of modern techniques with artisan practices.

   Theo Chocolate's dedication to fair trade shows dedication to two aspects of organizational justice—distributive justice or the fairness of outcomes individuals receive and procedural justice or the fairness of the process by which outcomes are allocated. Whinney states: "What we're really doing is trying to give an alternative to practices that have contributed to social, economic, and environmental degradation. The average cocoa farmer earns less than a dollar a day for his or her entire family, and he or she has very little options in cocoa growing regions to grow other cash crops—as a result, he or she is beholden to an industry that is very oppressive. The cocoa price has been so low compared to the cost of its production that in West Africa, cocoa farmers have had to resort to slavery."

Cohesion Case Part 1: Suggested Answers

DonorsChoose.org: An Online Charity Helps Public Education in America

1. What lessons about leading people and managing organizations are provided by DonorsChoose.org and its founder and CEO, Charles Best?

   Charles Best was very astute in identifying an important challenge that was not being addressed effectively by existing organizations or methods. According to Best, "[t]eachers spend an insane amount of their own money on supplies, but mostly we just saw our students going without the resources that they needed to learn." Best sensed that this was a challenge that many people could identify with and would have an interest in helping to solve. He

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devised an innovative way in which this challenge could be addressed by bringing together the people who wanted to help provide resources with the public educators who needed the resources. "In a move that redefines traditional philanthropy, DonorsChoose uses the Internet to connect teachers directly to donors. Teachers who once spent their own money for supplies, or simply went without, can now turn to donor support to roll out creative lesson plans. Meanwhile, rather than writing checks blindly, donors of any scale can decide which projects they wish to support."

Identifying a challenge, formulating a vision, and getting people to vigorously support that vision are valuable lessons that others can learn from Charles Best. Further, Best's approach is instructive with regard to a person being willing to take a considerable risk to pursue a dream of making a difference in society. Moreover, Best is a model of enthusiasm for and commitment to achieving significant goals.

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

   This question provides students with the opportunity to explore their attitudes and beliefs about involvement with a not-for-profit organization that managerially operates much like a for-profit organization with respect to functions such as planning, organizing, and controlling. Students should be encouraged to consider the value of working for a not-for-profit organization and what the personal advantages and disadvantages would be of doing so. The reasons underlying their expressed attitudes and beliefs should be discussed as well.

3. What challenges did DonorsChoose face as a start-up organization?

   As a social studies teacher at Wings Academy, a public charter high school in the Bronx, New York City, Charles Best became aware that "[t]eachers spend an insane amount of their own money on supplies, but mostly we just saw our students going without the resources that they needed to learn." Best says he "figured that there were people…who wanted to improve public schools but were skeptical about writing a check for $100 and not seeing where their money was going." But how to connect the people who might want to make financial contributions with the teachers who could use those resources? Therein resides the most fundamental challenge confronting Charles Best. He had to devise a system that effectively and efficiently connected donors and teachers in need. Charles Best also faced the challenge of persuading teachers to submit requests to the DonorsChoose website. Additionally, he faced the challenge of generating sufficient financial resources to get his "brainstorm" operational to the point that it could attract donors—and to that end he drew on his own funds.

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4. What challenges does DonorsChoose face in today's environment?

   DonorsChoose is committed to an ambitious mission and vision. Its mission is as follows: "DonorsChoose.org engages the public in public schools by giving people a simple, accountable, and personal way to address educational inequity." Its vision is as follows: "We envision a nation where children in every community have the tools and experiences needed for an excellent education."

   The vigorous pursuit of this vision and mission invokes the challenges that DonorsChoose currently faces. A fundamental challenge is the growing need for financial support of public education in America in light of the funding reductions that have occurred in many states due to the Great Recession, declining state revenues, and multiple pressures on limited governmental resources. Another current challenge concerns maintaining and enhancing the quality of public education when there are numerous signs that quality is being compromised in many public school systems throughout the nation. A third current challenge is the need to grow the donor base in order to accommodate the growing needs for funding projects.

5. How do the challenges that you discussed in questions 3 and 4 relate to the management challenges—globalization; leading a diverse workforce; and ethics, character, and personal integrity—that are discussed in the text?

   Globalization is related to the specific challenges that DonorsChoose has faced in the past and is currently facing in that public education in America is falling behind other nations in preparing its youth to function well in an increasingly complex and competitive world. Because of these global pressures, America must improve the quality of the education—particularly in science and mathematics—provided to its youth. DonorsChoose can help teachers to address this performance gap.

   Leading a diverse workforce is related to all of the past and current challenges facing DonorsChoose. DonorsChoose has a diverse workforce to manage. Plus, it encounters diversity among the teachers submitting project requests and among the donors contributing money to fund projects, not to mention the diversity that exists among the American students who it is trying to benefit.

   Ethics, character, and personal integrity are infused throughout the DonorsChoose organization. This is evident in the process by which DonorsChoose operates, the role model that Charles Best is, and the behavioral expectations for DonorsChoose staffers.

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6. DonorsChoose describes its mission as follows: "DonorsChoose.org engages the public in public schools by giving people a simple, accountable and personal way to address educational inequity." Its vision is articulated as follows: "We envision a nation where children in every community have the tools and experiences needed for an excellent education." How does this mission and vision guide DonorsChoose in addressing the challenges that you discussed in the preceding three questions?

   The vision and mission of DonorsChoose guides all that it does in responding to its challenges and in conducting its ongoing operations. The DonorsChoose mission is supported by a strategy of "harness[ing] the Internet to connect teachers with donors." Charles Best's long-term hope is that people who become involved with DonorsChoose will realize the magnitude of public school underfunding, and as a result "will become grass-roots advocates for steering more resources to schools."

   The day-to-day operations of DonorsChoose also indicate how it is responding to the aforementioned challenges. Specifically, the operating paradigm is as follows:

   - "[P]ublic school teachers from every corner of America post classroom project requests on DonorsChoose.org. Requests range from pencils for a poetry writing unit, to violins for a school recital, to microscope slides for a biology class."
   - "Then, you can browse project requests and give any amount to the one that inspires you. Once a project reaches its funding goal, we deliver the materials to the school."
   - "You'll get photos of your project taking place, a thank-you letter from the teacher, and a cost report showing how each dollar was spent. If you give over $100, you'll also receive hand-written thank-you letters from the students."
   - "At DonorsChoose.org, you can give as little as $1 and get the same level of choice, transparency, and feedback that is traditionally reserved for someone who gives millions. We call it citizen philanthropy."

7. What particular aspects of DonorsChoose.org would other organizations—either nonprofit or for-profit organizations—do well to emulate? Explain your answer.

   Possible aspects to emulate would include clearly understanding the challenges the organization faces, being adept at finding ways of addressing those challenges, establishing a clear vision and mission, and working vigorously to fulfill that vision and mission. Students should be encouraged to identify other possible aspects for emulation.

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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 that contains information on the specifics of the project and a timetable for the project's 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

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

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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. 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?

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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.

Scoring
All of the items are true except item 10, which is false. While somewhat ambiguous, sexual harassment is defined in the eyes of the beholder. Give yourself 1 point for each correct answer. Scores can range from 0 (poorly informed about sexual harassment) to 10 (well informed about sexual harassment). This score reflects how much you know about sexual harassment. If your score was less than 5, you need to learn more about sexual harassment.

SOURCE: See W. O'Donohue, Ed., Sexual Harassment (Boston: Allyn and Bacon, 1997) for theory, research, and treatment.

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Issues in Diversity

The U.S. Supreme Court—Another Good 'Ole Boy Ivy League Network?

In recent times, the U.S. Supreme Court has become more diverse than it ever was. Its demographic makeup became more diverse in August 2010 when Elena Kagan was sworn in as the 112th justice. Three of the nine justices are women; in August 2009, the Senate confirmed Sonia Sotomayor. Ruth Bader Ginsburg was appointed by President Bill Clinton in 1993. One justice is African American—Clarence Thomas was nominated by President George H.W. Bush in 1991 to fill retiring justice Thurgood Marshall's seat on the bench. In 2010, five justices are younger than 65 years of age—Samuel Alito, Clarence Thomas, John Roberts, Elena Kagan, and Sonia Sotomayor.

Be that as it may, one could also argue that Kagan's confirmation to the Supreme Court resulted in a less diverse court. When Kagan was sworn in, she not only became the second woman appointed by President Obama since taking office, she became the eighth of nine justices with an Ivy League education. An "obsession with the Harvard-Yale pedigree"? Perhaps. If so, President Obama is not alone with this "obsession" when it comes to identifying candidates to serve on the nation's highest court. Only retiring Justice John Paul Stevens studied law at a school other than Harvard or Yale. Additionally, in terms of geographic and religious diversity, only two Supreme Court justices hail from states other than New York, New Jersey, or California; and none of the justices are Protestants.

Questions

1. If a recruitment source has been proven successful in the past for yielding highly qualified talent, what is the harm in continuing to draw from that source to recruit employees?
2. Is having a diversity of backgrounds in organizations as important as having demographic diversity? Why or why not?

SOURCE: T. Padgett. "Is the Supreme Court Too Packed with Ivy Leaguers?," *Time* (May 12, 2010). http://www.time.com/time/nation/article/0,8599,1988877,00.html.; Biographies of current justices of the Supreme Court, http://www.supremecourt.gov/about/biographies.aspx.

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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 he has lived and worked in Buffalo for his entire life. Jonathan's parents are first-generation German Americans. His grandparents, although deceased, spoke only German at home and had 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 had 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.

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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

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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*

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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 =====

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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

1. Do any of these scores surprise you?
2. Would you like to improve your international orientation? If so, what could you do to change various aspects of your life?

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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).

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Experiential Exercise

Ethical Dilemmas

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

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

2. Your boss has told you that you must reduce your work group by 30 percent. Which of the following criteria would you use to lay off workers?
   a. Lay off older, higher paid employees.
   b. Lay off younger, lower paid employees.
   c. Lay off workers based on seniority only.
   d. Lay off workers based on performance only.

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

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

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

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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 the 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?

SOURCE: 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.

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Case Study

Netflix: Push and Pushback in Streaming Video

Reed Hastings, along with fellow software executive Marc Randolph, co-founded Netflix in 1997. The business, becoming operational in April 1998 in Scotts Valley, California, offered seven-day online rentals of movies in the then-relatively unknown DVD format.[i] Although Netflix's DVD rentals business has prospered, Hastings, the Netflix CEO, thinks this core business is doomed.[ii] Hastings believes that Internet video streaming will substantially displace online DVD rentals; he forecasts that as soon as mid-2013, "the business that generates most of Netflix's revenue today [mid-2009] will begin to decline, as DVDs delivered by mail steadily lose ground to movies sent straight over the Internet."[iii]

Hastings aims to have Netflix be a key player in this emerging market. So he is "quickly trying to shift Netflix's business—seeking to make more videos available online and cutting deals with electronics makers so consumers can play those movies on television sets."[iv] The Netflix initiatives are not taking place without some pushback from actual and potential competitors and suppliers.

The company's website provides an interesting perspective on Netflix's ambitions. The website states: "With more than 23 million members in the United States and Canada, Netflix, Inc. … is the world's leading Internet subscription service for enjoying movies and TV shows. For $7.99 a month, Netflix members can instantly watch unlimited movies and TV episodes streamed over the Internet to PCs, Macs and TVs. Among the large and expanding base of devices streaming from Netflix are Microsoft's Xbox 360, Nintendo's Wii and Sony's PS3 consoles; an array of Blu-ray disc players, Internet-connected TVs, home theater systems, digital video recorders and Internet video players; Apple's iPhone, iPad and iPod touch, as well as Apple TV and Google TV. In all, more than 200 devices that stream from Netflix are available in the U.S. and a growing number are available in Canada."[v]

As it seeks to transform its business model from the online rental of DVDs to subscriptions for streaming video, Netflix is encountering and responding to at least four major challenges—technology deployment; growing competition in the streaming video market; getting involved in original programming and the associated reaction of major media companies; and the cost of accessing content.

One challenge involves fostering the deployment of technology that enables user-friendly, ease-of-access to the Netflix streaming service. Netflix has been entering into deals with game-console makers, television manufacturers, and Blu-ray disc player makers to include software in

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their respective products that would provide access to the Netflix streaming service. Netflix has similar applications that run on iPhones and iPads.[vi]

Another challenge is the growing competition that Netflix faces from businesses such as Amazon.com. In February 2011, Amazon "amplified its competition with Netflix by offering Amazon Prime members the ability to stream videos at no extra charge."[vii] "Amazon's subscription push is a challenge to rivals such as Netflix Inc. and Google Inc. as they race to dominate digital delivery of TV shows and films, encroaching on turf traditionally controlled by cable- and satellite-television providers."[viii] However, Netflix is still in a superior competitive position. At over 20,000 titles, Netflix's library of streaming titles is four times as large as Amazon's library, but that differential is likely to decrease as Amazon enters more deals with movie studios.[ix]

Still another challenge is the initiative of Netflix to get into original programming. "Netflix recently struck a deal for exclusive first-run rights to a new show created by David Fincher called 'House of Cards.' That deal marks Netflix's first foray into original programming and has been viewed as another step in the company's challenge to the pay-TV industry, which has become a key source of revenue for major media companies."[x] The major media companies, not particularly happy with this Netflix initiative, are pushing back. For instance, "CBS Corp.'s Showtime unit said it will remove some of the premium cable network's shows from Netflix Inc.'s streaming video service."[xi] Yet CBS has not pushed back too hard. Netflix has proven to be an important source of new revenue for major media companies like CBS. In fact, "CBS recently signed a separate, two-year distribution deal with Netflix for hundreds of millions of dollars, providing mostly older library content to its streaming service, such as episodes of 'Cheers,' 'Star Trek,' and 'The Twilight Zone.' "[xii]

A final challenge faced by Netflix is the fees that studios charge Netflix for access to the studios' content. "The studios are clearly ready to raise charges. Once intrigued by Netflix, … [the studio executives] now see it as a threat to the value of their content and are tightening the screws."[xiii] The level of studio reaction ranges from relatively mild to quite vitriolic. Time Warner's CEO Jeff Bewkes describes it as an era of experimentation that is coming to an end.[xiv] The president of home entertainment at Universal Studios, Craig Kornblau, has a diametrically opposed view; he characterizes Netflix as "cannibalistic." The *Los Angeles Times* reports that "Kornblau told a gathering of studio executives that Netflix 'can pay us more or we can reduce the quality of what we give them.'"[xv]

As Netflix pushes into the video streaming market, how will competitors and other related business push back; and how will Netflix and Reed Hastings handle the pushback?

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Discussion Questions

1. Briefly describe each of the four major challenges that Netflix faces. Which of these four challenges will be the most difficult to address? Why? Which challenge will be the easiest to address? Why?
2. How do each of the four major challenges faced by Netflix relate to the generic managerial challenges of dealing with globalization, diversity, and ethics?
3. Explain how Netflix already has or might be able to convert the four major challenges into meaningful opportunities for the company.
4. What advice would you give to Reed Hastings regarding handling the pushback from competitors and other affected businesses?

SOURCE: 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.

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Cohesion Case Study Part 1

Donorschoose.Org: An Online Charity Helps Public Education in America

"[F]irst graders in Cynthia Rosato's English-as-a-second-language class at PS 169 in Sunset Park, Brooklyn, earnestly sound out words from books they were deprived of just months ago. … For most of Rosato's 18 years in teaching, books and other materials were appallingly out of reach." Rosato recalls that over 600 children shared a limited number of books, and remembers that things "got to the point where if a kid lost a book, you wanted to cry."[xvi] Rosato's woes are but the tip of the iceberg of the resource challenges facing the public education system in many communities in America.

"In Chicago, a high school social studies teacher needs 10 globes for hands-on geography lessons. Cost: $1,134. In Winston-Salem, N.C., a first-grade teacher wants the technology to let her young readers listen to books on tape. Cost: $667. And in Flushing, N.Y., a fifth-grade teacher at Public School 165 is trying to scare up five beanbag chairs for her library. Cost: $189."[xvii]

How do these teachers acquire the materials and supplies to do the best job possible in educating their students? Charles Best, a young Internet entrepreneur and philanthropist, answers this question in a very tangible way through DonorsChoose.org, a nonprofit organization that he founded in 2000 at Wings Academy, a public charter high school in the Bronx, New York City, where he was a social studies teacher for five years.

Best observes, "[t]eachers spend an insane amount of their own money on supplies, but mostly we just saw our students going without the resources that they needed to learn."[xviii] In the first couple of years of its existence, Best invested most of his salary from Wings Academy in getting DonorsChoose up and running.[xix] Started as a means for getting supplies into public schools in low-income areas, Best says that he figured that there were people … who wanted to improve public schools but were skeptical about writing a check for $100 and not seeing where their money was going.[xx]

DonorsChoose.org initially focused only on public schools in New York City. However, the nonprofit received financial backing in 2004 that enabled it to begin a rapid expansion to Chicago, San Francisco, Los Angeles, and several cities in the Carolinas.[xxi] Since then DonorsChoose has grown nationwide.[xxii]

"In a move that redefines traditional philanthropy, DonorsChoose uses the Internet to connect teachers directly to donors. Teachers who once spent their own money for supplies, or simply

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went without, can now turn to donor support to roll out creative lesson plans. Meanwhile, rather than writing checks blindly, donors of any scale can decide which projects they wish to support. Like eBay … or Amazon.com, DonorsChoose eliminates the middleman."[xxiii]

The DonorsChoose website has evolved into "a clearinghouse for donation requests from individual teachers in underfunded public schools. Featured projects have a specific ask, and donors can search the site for projects that resonate with them."[xxiv] "The website reads like a 'Dear Santa' list from teachers. Educators submit a few paragraphs describing their ideas by way of request. Projects range from as little as $49 (clipboards) to several thousand dollars (laptop computers)."[xxv] For instance, after a one-time state grant expired, a kindergarten teacher in California was trying to raise funds to take her class to the Gallo Center for the Arts in nearby Modesto; her request for $663 was funded.[xxvi] A teacher in Mississippi, which has the highest obesity rate in America, asked for a ping-pong table as a tool to get students moving; and another teacher elsewhere "requested books including R.L. Stine's Goosebumps series, which he thought his young readers (and especially the nonreaders) would love."[xxvii]

According to the DonorsChoose.org website, this is how the program works:

> "[P]ublic school teachers from every corner of America post classroom project requests on DonorsChoose.org. Requests range from pencils for a poetry writing unit, to violins for a school recital, to microscope slides for a biology class.
>
> Then, you can browse project requests and give any amount to the one that inspires you. Once a project reaches its funding goal, we deliver the materials to the school.
>
> You'll get photos of your project taking place, a thank-you letter from the teacher, and a cost report showing how each dollar was spent. If you give over $100, you'll also receive hand-written thank-you letters from the students.
>
> At DonorsChoose.org, you can give as little as $1 and get the same level of choice, transparency, and feedback that is traditionally reserved for someone who gives millions. **We call it citizen philanthropy**."[xxviii]

In the early days, volunteers vetted the teachers' requests and then posted them for donors to browse.[xxix] Today, requests are vetted by a hired staff. Once donors select a project, DonorsChoose staff members (who are paid through grants and corporate sponsorship), purchase, and deliver the materials to the requesting teachers. Thus, 100% of the project donors' contribution goes to the designated project.[xxx]

The DonorsChoose website also enables teachers, students, and schools to alert parents, friends, families, and businesses about the individual projects that teachers need help funding. The

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philanthropically minded can go the website, read about the project and its funding needs, and then make a contribution if they so desire.[xxxi]

As a nonprofit organization that is innovative and well-managed and which enjoys considerable respect in the American business community as well as in other segments of American society, DonorsChoose is committed to an ambitious mission and vision. Its mission: "DonorsChoose.org engages the public in public schools by giving people a simple, accountable and personal way to address educational inequity." Its vision: "We envision a nation where children in every community have the tools and experiences needed for an excellent education."[xxxii]

The DonorsChoose mission is supported by a strategy of "harness[ing] the Internet to connect teachers with donors."[xxxiii] Charles Best's long-term hope is that people who become involved with DonorsChoose will realize the magnitude of public school underfunding, and as a result "will become grass-roots advocates for steering more resources to schools."[xxxiv]

Is the future that Charles Best wants to create through DonorsChoose.org achievable? Or is it a pipe dream?

Discussion Questions

1. What lessons about leading people and managing organizations are provided by DonorsChoose.org and its founder and CEO, Charles Best?
2. What do you like about DonorsChoose.org? What do you dislike about DonorsChoose.org? Explain your answer.
3. What challenges did DonorsChoose face as a start-up organization?
4. What challenges does DonorsChoose face in today's environment?
5. How do the challenges that you discussed in questions 3 and 4 relate to the management challenges—globalization; leading a diverse workforce; and ethics, character, and personal integrity—that are discussed in the text?
6. DonorsChoose describes its mission as follows: "DonorsChoose.org engages the public in public schools by giving people a simple, accountable and personal way to address educational inequity." Its vision is articulated as follows: "We envision a nation where children in every community have the tools and experiences needed for an excellent education." How does this mission and vision guide DonorsChoose in addressing the challenges that you discussed in the preceding three questions?
7. What particular aspects of DonorsChoose.org would other organizations—either nonprofit or for-profit organizations—do well to emulate? Explain your answer.

SOURCE: 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.

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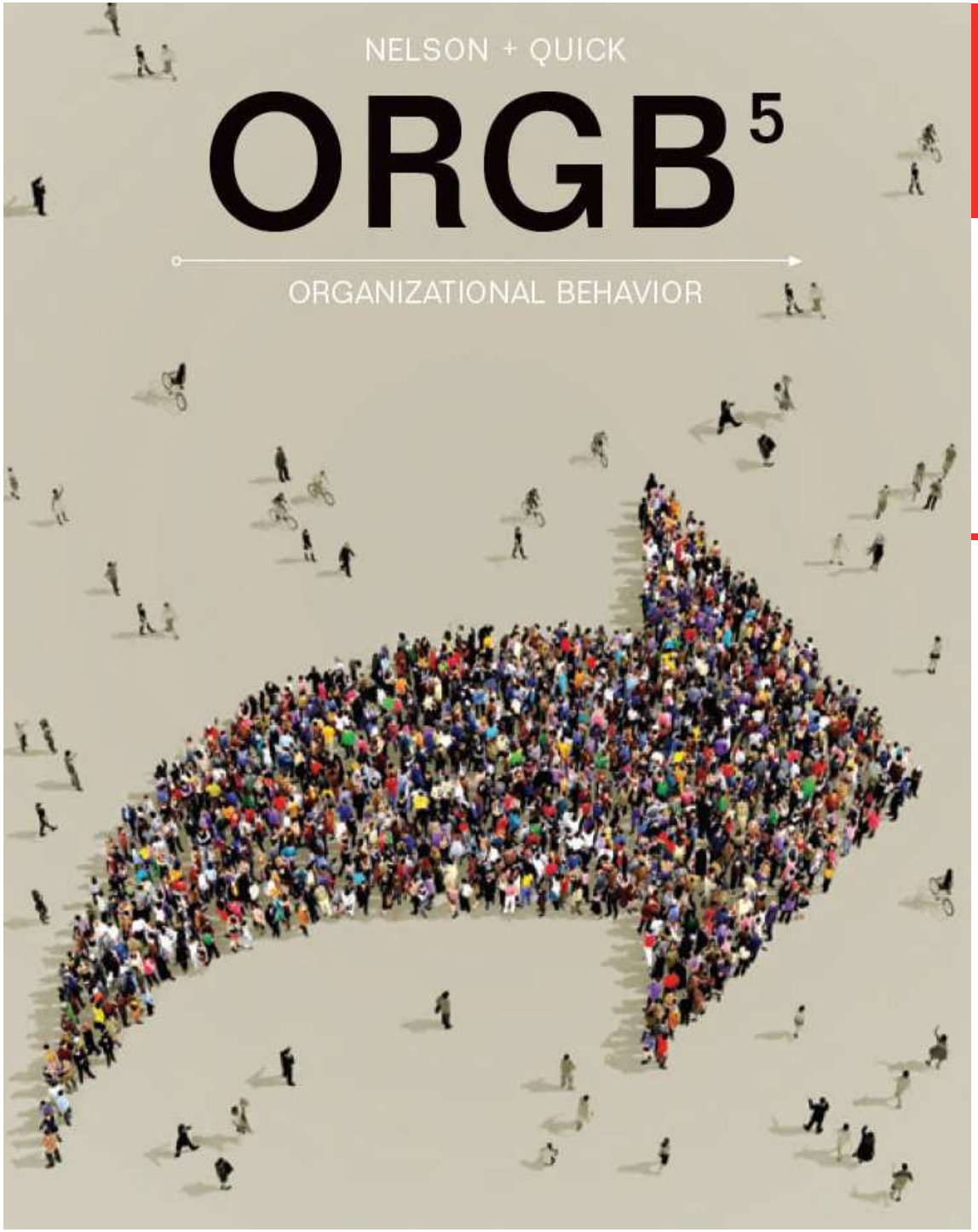

2

Challenges for Managers

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LEARNING OUTCOMES

1. Describe factors that affect organizations competing in the global economy
2. Explain how cultural differences form the basis of work-related attitudes
3. Describe challenges and positive influences diversity brings to today's business environment
4. Discuss role of ethics, character, and personal integrity in the organization
5. Explain five issues that pose ethical dilemmas for managers

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LO - 2.1

Describe Factors that Affect Organizations Competing in the Global Economy

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Three Challenges

Globalization

Diversity

Ethics

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Factors that Affect Organizations Competing in the Global Economy

- Globalization - Refers to a world free from national boundaries
  - ***Transnational organization****: Global viewpoint supersedes national issues*
- Social and political changes
  - *Require organizations to change the way they conduct business*
  - *U.S. companies are exploring opportunities to conduct business in China*
    - **Guanxi**: Chinese practice to build social exchange networks

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Understanding Cultural Differences

- Microcultural differences help understand the global work environment
- Changing careers
  - ***Expatriate manager****: Works in a country other than his or her home country*
  - *International executives - Jobs with international scope*

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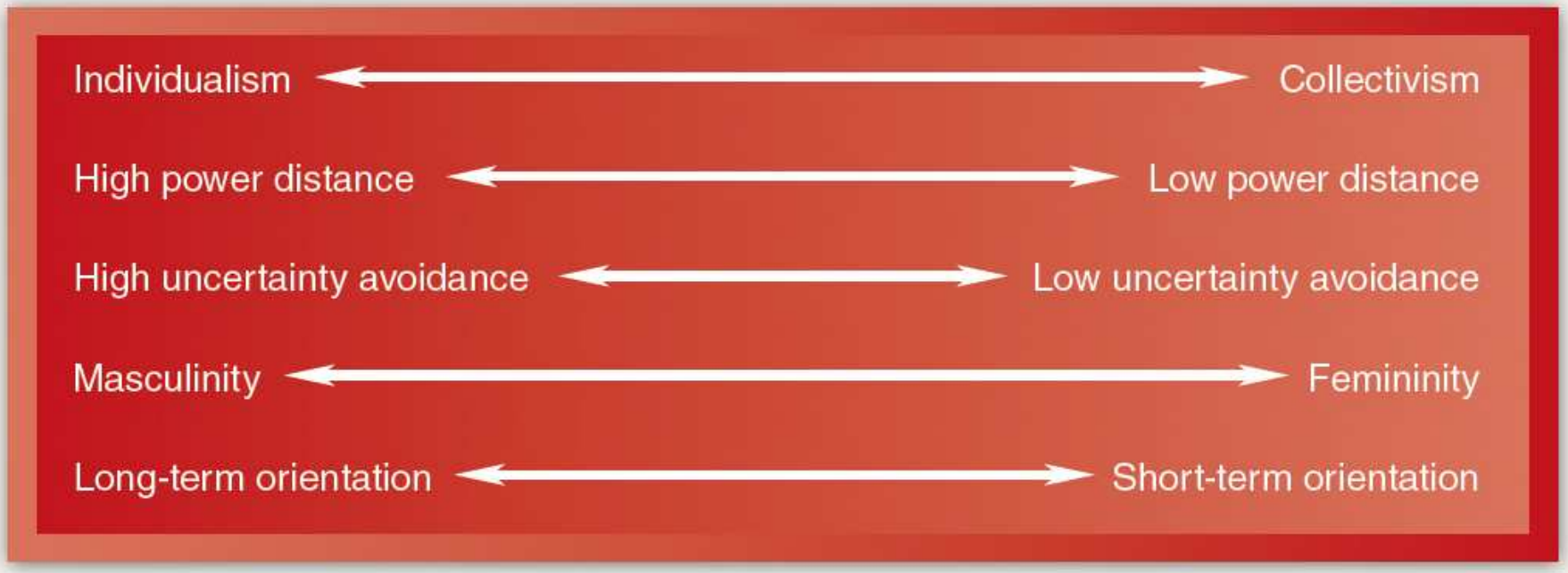
Figure 2.1 Hofstede's Dimensions of Cultural Differences



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LO - 2.2

Explain How Cultural Differences Form the Basis of Work-related Attitudes

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Cultural Differences and Work-Related Attitudes

Individualism	Collectivism
• *People are part of loose social frameworks* • *Primary concern is for oneself and one's family*	• *Individuals belong to tightly knit social frameworks* • *Dependence on extended families and high regard for group decisions*

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Cultural Differences and Work-Related Attitudes (continued 1)

Power distance

- *Degree to which a culture accepts unequal distribution of power*

Uncertainty avoidance

- *Degree to which a culture tolerates ambiguity and uncertainty*

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Cultural Differences and Work-Related Attitudes (continued 2)

Masculinity versus femininity

- ***Masculinity***: *Cultural orientation where assertiveness and materialism are valued*
- ***Femininity***: *Cultural orientation where relationships and empathy are valued*

Time orientation

- *Identifies whether a culture's values are future oriented or past and present oriented*

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LO - 2.3

Describe Challenges and Positive Influences Diversity Brings to Today's Business Environment

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Diversity

- All forms of individual differences like:
  - *Ability*
  - *Age*
  - *Culture*
  - *Gender*
  - *Personality*
  - *Religion*
  - *Sexual orientation*
  - *Social status*

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Ethnic Diversity

Challenge

- *Use opportunities provided by cultural diversity*

Risk

- *Prejudices and stereotypes may prevent managers and employees from developing interactions which could benefit the organization*

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Gender, Age, and Ability Diversity

Gender

- ***Glass ceiling**: Transparent barrier that prevents women from rising above a certain level in organizations*

Age

- *Positively impacts organizational profitability*

Ability

- *Disabilities Act of 1992 - Employers must make reasonable accommodations allowing workers with disabilities to perform jobs*

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Table 2.2 The Benefits and Problems of Diversity

BENEFITS	PROBLEMS
> Attracts and retains the best talent	> Resistance to change
> Improves marketing efforts	> Lack of cohesiveness
> Promotes creativity and innovation	> Communication problems
> Results in better problem solving	> Interpersonal conflicts
> Enhances organizational flexibility	> Slower decision making

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LO - 2.4

Discuss Role of Ethics, Character, and Personal Integrity in the Organization

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Ethical Theories

Consequential theory

- *Emphasizes the consequences or results of behavior*

Rule-based theory

- *Emphasizes the character of the act rather than its effects*

Character theory

- *Emphasizes the character, personal virtues, and intent of the individual*

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LO - 2.5

Explain Five Issues that Pose Ethical Dilemmas for Managers

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Employee Rights Issue

Technology and privacy

Confidentiality

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Sexual Harassment

Unwelcome verbal or physical sexual attention

- *Affects an employee's job conditions*
- *Creates a hostile working environment*

Types

- *Gender harassment - Crude comments or behavior that convey hostility toward a particular gender*
- *Unwanted sexual attention - Unwanted luring or repeated pressure for dates*
- *Sexual coercion - Demands for sexual favors through job-related threats or promises*

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Organizational Justice

Distributive justice

- *Fairness of the outcomes that one receives in an organization*

Procedural justice

- *Fairness of the process through which the outcomes are allocated in an organization*

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Individual and Organizational Responsibility

Whistle-blower

- *Employee who notifies authorities about the misconducts of his/her firm or coworkers*

Social responsibility

- *Organization's duty to behave ethically in social environment*
  - *Protecting the environment*
  - *Promoting worker safety*
  - *Supporting social issues*
  - *Investing in the community*

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Theo Chocolate

- What practices at Theo Chocolate illustrate the concept of social responsibility?
- What does Vice President Debra Music mean when she says that Theo is a “triple bottom line” company?
- What happens if Theo’s social objectives conflict with the organization’s economic objectives?
- What does fair trade mean to the leaders at Theo and how does this relate to workers’ rights and organizational justice?

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KEY TERMS

- Character theory
- Collectivism
- Consequential theory
- Distributive justice
- Diversity
- Expatriate manager
- Femininity
- Glass ceiling
- Guanxi
- Individualism
- Masculinity
- Power distance
- Procedural justice
- Rule-based theory
- Social responsibility
- Time orientation
- Transnational organization
- Uncertainty avoidance
- Whistle-blower

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SUMMARY

- Factors that affect organizations competing in the global economy are:
  - *Social and political chances and cultural differences*
- Five dimensions of cultural differences are:
  - *Individualism vs collectivism, power distance, uncertainty avoidance, masculinity versus femininity, and time orientation*
- Diversity makes the firm more popular and innovative but can lead to interpersonal conflicts and frictional environment

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SUMMARY

- Theories of ethics - Consequential, rule-based, and character
- Ethical dilemmas can be in the form of:
  - *Employee rights*
  - *Sexual harassment*
  - *Organizational justice*
  - *Whistle blowing*
  - *Social responsibility and code of ethics*

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