Chapter 13

Meeting the Challenge of Diversity

Chapter Outline

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Annotated Learning Objectives

After studying this chapter, students should be able to:

1. Explain the dimensions of employee diversity and why ethnorelativism is the appropriate attitude for today’s organizations.
There are two important dimensions of employee diversity. The primary dimensions of diversity include inborn differences or differences that have ongoing impact throughout one’s life.

These are age, ethnicity, gender, physical abilities, race, and sexual orientation. These dimensions are core elements through which people shape their self-image and worldview. Secondary dimensions of diversity can be acquired or changed throughout one’s lifetime. These dimensions tend to have less impact than those of the core but nevertheless have impact on a person’s self-definition and worldview. These dimensions include education, religious beliefs, military experience, geographic location, income, work background, parental status, and marital status.

Ethnorelativism is the belief that groups and subcultures are inherently equal. This is an appropriate attitude for today’s corporations because as the workforce changes, organizations will come to resemble a global village.

2. **Discuss the changing workplace and how to effectively manage a culturally diverse workforce.**

The importance of cultural diversity and employee attitudes that welcome cultural differences will result from the inevitable changes taking place in the workplace, in our society, and in the economic environment. These changes include globalization and the changing workforce. In the past, the United States was a place where people of different national origins, ethnicities, races, and religions came together and blended to resemble one another. Opportunities for advancement were limited to those workers who fit easily into the mainstream of the larger culture. Now organizations recognize that everyone is not the same and that the differences people bring to the workplace are valuable. Companies are learning that these differences enable them to compete globally and to acquire rich sources of new talent. Most organizations must undertake conscious efforts to shift from a monoculture perspective to one of pluralism.

Management activities required for a culturally diverse workforce starts with top managers who can help shape organizational values and employee mindsets about cultural differences. In addition training programs can promote knowledge and acceptance of diverse cultures and educate managers on valuing the differences.

3. **Understand the challenges minority employees face daily.**

The single biggest challenge facing companies is the changing composition of the workforce. The average worker is older now, and many more women; people of color, and immigrants are entering the workforce. For many career women and minorities, their experience suggests that no matter how many college degrees they earn, how many hours they work, how they dress, or how much effort and enthusiasm they invest, they are never perceived as “having the right stuff.” Forty-five percent of blacks surveyed believe that blacks are treated less fairly than whites on the job. Many minority workers feel they have to become bicultural in order to succeed.

4. **Explain affirmative action and why factors such as the glass ceiling have kept it from being more successful.**
Since 1964, civil legislation has prohibited discrimination in hiring based on race, religion, sex, or national origin. Affirmative action is a policy requiring employers to take positive steps to guarantee equal employment opportunities for people within protected groups. Affirmative action was developed in response to workplace conditions 30 years ago. Because of widespread prejudice and discrimination, legal and social coercion were necessary to allow women, people of color, immigrants, and other minorities to become part of the economic system.

Part of the reason affirmative action has been less than successful is attributed to what is called the glass ceiling. The glass ceiling is an invisible barrier that separates women and minorities from top management positions. They can look up through the ceiling and see top management, but prevailing attitudes are invisible obstacles to their own advancement. Glass walls bar experience in areas such as line supervisor positions that would enable women and minorities to advance vertically.

Evidence of the glass ceiling is the distribution of women and minorities clustered at the bottom levels of the corporate hierarchy. A recent study shows that 97 percent of the top managers in the U.S. are white, and at least 95 percent of them are male.

5. **Describe how to change the corporate culture, structure, and policies and how to use diversity awareness training to meet the needs of diverse employees.**

Managers can prepare their organizations to accommodate diversity in the future. First, organization leaders and managers must come to terms with their own definitions of diversity and be encouraged to think beyond race and gender issues to consider factors such as education, background, and personality differences. Once a vision for a diverse workplace has been created and defined and managers truly accept the need for a program to develop a diverse workplace, action can begin. A program to implement such a change involves three major steps: (1) building a corporate culture that values diversity; (2) changing structures, policies, and systems to support diversity; and (3) providing diversity awareness training. For each of these efforts to succeed, top management support is critical, as well as holding all managerial ranks accountable for increasing diversity.

6. **Explain the importance of addressing sexual harassment in the workplace.**

People in all groups are struggling to identify how to relate to people who are different from them. Most employees genuinely want to learn how to handle work relationships without being affected by stereotypes and prejudices, and they are becoming more sensitive to what others need and want in work relationships. Younger and older, women, men, people of color, white, disabled, able-bodied, gay men and lesbians, heterosexuals, and others are all struggling to define new ways of relating in the workplace. Understanding what people want enables them to relate to one another with authenticity and acceptance. Understanding these needs helps managers to respect and accept others on their own terms. Everyone, not just minorities, has needs and wants that can be met in a workplace that acknowledges and values diversity.
Considerable focus has been placed on the problems, rights, and working conditions of visible minorities, women, blacks, Asians, Hispanics, the aged, and the disabled. But members of invisible minorities continue suffering prejudice, alienation, and isolation. Invisible minorities are individuals who share a social stigma that is not visibly recognizable. Concern about unmasking the stigma so that it becomes visible becomes the major social dynamic for these groups. The potential social stigma toward invisible minorities dominates their working and social relationships. For example, gays and lesbians, unwed parents, atheists, children of gays and lesbians, family members of people with AIDS, members of recovery programs for alcohol, drugs, or eating disorders often feel they must carefully guard their real lives.

As companies focus on diversity issues and establish programs dealing with various groups and subcultures, management can also develop an awareness of, and sensitivity to, the experiences of people in less visible minority groups.

7. **Define the importance of multicultural teams and employee network groups for today’s globally diverse organizations.**

The importance of multicultural teams and employee network groups is essential in today’s global marketplace. Multicultural teams, teams that are made up of members from diverse national, racial, ethnic, and cultural backgrounds, provide even greater potential for enhanced creativity, innovation, and value. A team made up of people with different perspectives, backgrounds, and cultural values creates a healthy mix of ideas, which sometimes encourages more reluctant people to speak out. Diversity can stimulate a health level of conflict that leads to greater creativity and better decisions. Multicultural teams are more difficult to manage because of the increased potential for miscommunication and misunderstanding.

Employee network groups are based on social identity, such as gender or race, and are organized by employees to focus on concerns of employees from that group. The idea behind network groups is that minority employees can join together across traditional organizational boundaries for mutual support and to extend member influence in the organization. An important characteristic of network groups is that employees, not the organization, form them and membership is voluntary. There has been a rapid growth of employee network groups for minorities who have faced barriers to advancement in organizations.

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**Lecture Outline**

**Suggested Opening Remarks**

Wal-Mart is facing a potentially devastating gender-discrimination lawsuit. CEO Lee Scott has publicly vowed to work harder to equalize pay and promote more women to management positions. At the company’s 2004 annual meeting, Scott announced that executives’ bonuses will be cut 7.5 percent this year and 15 percent next year if Wal-Mart fails to meet its goals of promoting women and minorities in proportion to the number who apply for management positions. Scott has also set up a 140-person compliance office to ensure that the new goals are met easily. Top executives want to revise structures, policies, and processes so they are unequivocally fair without losing the
culture that makes Wal-Mart special. Some believe, however, that massive culture change is the only way to solve the deep-rooted problems that led to the lawsuit. There are indications that top Wal-Mart managers have long been aware that some of the company’s policies and practices might create barriers for women and minorities. It is likely that legal action will ultimately force the company to make big changes designed to create a more inclusive work environment.

I. VALUING DIVERSITY

Why do managers say their companies value diversity?

Managers value diversity to give access to a broader range of opinions, to reflect a diverse customer base, to obtain the best talent in a competitive environment, and to demonstrate the company’s commitment “to do the right thing.”

A survey found that 91 percent of job seekers think diversity programs make a company a better place to work; nearly all minority job seekers prefer to work in a diverse workplace.

Many managers are ill-prepared to handle diversity issues; the challenge is particularly great when working with people from other countries and cultures.

Managers are ill prepared to handle diversity; many Americans grew up in racially unmixed neighborhoods and had little exposure to people substantially different from themselves.

The issues related to cultural diversity are real.

A. Dimensions of Diversity

Workforce diversity means an inclusive workforce made up of people with different human qualities or who belong to various cultural groups.

From the perspective of individuals, diversity means including people different from themselves.

It is important to remember that diversity includes everyone, not just racial or ethnic minorities.

Diversity can be divided into primary and secondary dimensions:

Primary dimensions are core elements through which people shape their self-image and world view such as: age, race, ethnicity, gender, mental or physical ability, and sexual orientation.

Secondary dimensions that can be acquired or changed throughout one’s lifetime include: education, religion beliefs, military experience, geographic location, income, work background, parental status, and marital status.

These dimensions tend to have less impact than those of the primary dimensions but have an impact on a person’s self-definition and worldview.
The challenge for today’s managers is to recognize that each person can bring value and strengths to the workplace based on his or her own unique combination of diversity characteristics.

**Discussion Question #3:** Have you been associated with an organization that made assumptions associated with a monoculture? Describe the culture.

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**B. Attitudes toward Diversity**

Valuing diversity by recognizing, welcoming, and cultivating differences among people so they can develop their unique talents and be effective organizational members is difficult to achieve.

*Ethnocentrism* is the belief that one’s own group and subculture are inherently superior to other groups and cultures, thus making it difficult to value diversity.

The business world tends to reflect the values, behaviors, and assumptions based on the experiences of a homogeneous, white, middle-class, and male workforce.

Most management theories presume workers share similar values, beliefs, motivations, and attitudes about work and life in general.

Ethnocentric viewpoints produce a *monoculture* that accepts only one way of doing things and one set of values and beliefs.

These assumptions create a dilemma for people of color, women, gay people, disabled, the elderly, and others who feel pressure to conform and are presumed deficient because of differences.

Valuing diversity means ensuring that all people are given equal opportunities in the workplace.

The goal for organizations seeking cultural diversity is *pluralism* rather than a monoculture; *ethnorelativism* is the belief that groups and subcultures are inherently equal.

*Pluralism* means an organization accommodates several subcultures; pluralism seeks to fully integrate into the organization the employees who feel isolated and ignored.

As the workforce changes, organizations will come to resemble a global village.

Most organizations must make a conscious effort to shift from a monoculture to pluralism.

Through training, employees can be helped to accept different ways of thinking and behaving.

Ultimately, employees are able to integrate diverse cultures, which means that judgments of appropriateness, goodness, badness, and morality are no longer applied to racial or cultural differences.
These differences are experienced as essential, natural, and joyful, enabling an organization to enjoy true pluralism and take advantage of diverse human resources.

Ford Motor Company sponsors ten different employee resource groups which come up with recommendations for how to make Ford a better place to work for diverse employees.

**Discussion Question #2:** Some people argue that social class is a major source of cultural differences, yet social class is not listed as a primary or secondary dimension in Exhibit 13.2. Discuss reasons for this.

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II. THE CHANGING WORKPLACE

- *Why has diversity become a business imperative?*

One reason is the dramatic change in the workplace, in our society, and in the economic environment; these changes include globalization and the changing workforce.

Competition is intense as 70 percent of all U.S. businesses are in direct competition with companies overseas.

Companies that succeed in this environment need to adopt radical new ways of doing business, with sensitivity toward the needs of employees with different cultural practices.

Companies that ignore diversity have a hard time competing in today’s marketplace.

The other significant challenge is the changing composition of the workforce and the customer base: older workers, many more women, people of color, and immigrants.

By 2050, 85 percent of entrants into the workforce will likely be women and people of color; already white males represent less than half of the workforce.

The ability of organizations to manage diversity has not kept pace with these demographic trends, thus creating a number of significant challenges for minority workers and managers.
UNLOCKING CREATIVE SOLUTIONS THROUGH PEOPLE

Proctor & Gamble India

A best employ is an organization “that helps its employees realize their true potential… by creating a work environment that is fair motivated, and transparent.” Those words guided the selection of BT-Hewitt’s “Best Employers in India in 2003—and Proctor & Gamble came out on top. The annual survey considers factors such as senior leadership commitment to employee development, how people practices are aligned to meet employee needs, and the connection between attention to people and superior business performance.

P&G India hires local managers but gives them plenty of opportunities for broad global exposure through diverse assignments. The two top priorities are the company’s people and it brands, and leaders have established a strong link between the two.

A. Challenges Minorities Face

A one-best way approach leads to a mindset that views difference as a deficiency or dysfunction.

The dilemma is difficult for white men to understand because most of them are not intentionally racist and sexist; bias often shows up in the workplace in subtle ways.

A study found that 59 percent of minority managers surveyed had observed a racially motivated double-standard in the delegation of assignments.

A study showed that white managers gave more negative ratings to black leaders and white subordinates and more positive ratings to white leaders and black subordinates.

Another problem is that many minority workers feel they have to become bicultural in order to succeed.

Biculturalism is defined as the sociocultural skills and attitudes used by racial minorities as they move back and forth between dominant culture and their own ethnic or racial culture.

Biculturalism affects employees’ access to information, level of respect and appreciation, and relation to superiors and subordinates.

African Americans feel less accepted, perceive themselves to have less discretion on their jobs, receive lower ratings on job performance, and reach plateaus earlier than whites.
UNLOCKING CREATIVE SOLUTIONS THROUGH TECHNOLOGY

Living on BlackPlanet.com

BlackPlanet.com is the most heavily trafficked African American Web destination, with nearly 12 million registered members and 1.5 million different visitors in any given month. At just about any time of the day or night, more than 20,000 people are logged on. In the past five years, African Americans have embraced the Internet at about twice the rate of the general population. The essence of BlackPlanet.com’s success is building connections---taking the grapevine in the black community and extending it to the Internet. The Website caters to black interests, preferences, and needs.

Other minority groups struggle with biculturalism; Asian Americans who aspire to management positions are frustrated by the stereotype of hard-working but not executive material.

Some Asian Americans feel they have chance for career advancement only by becoming bicultural or abandoning their native cultures altogether.

Hispanics, who passed African Americans in 2003 as the largest minority, live in communities with high concentrations of Hispanics and maintain their language and traditions.

Discussion Question #1: If you were a senior manager at a company such as Mitsubishi, Allstate Insurance, or Wal-Mart, how would you address the challenges faced by minority employees?

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B. Management Challenges

Managers can look at different areas of the organization to see how well they are doing in creating a workplace that values and supports diversity.

Exhibit 13.3 illustrates some of the key areas of management challenge for dealing with a culturally diverse workforce.

One step is to ensure that their organization’s human resources systems are designed to be bias-free, dropping the perception of the middle-aged white male as the ideal employees.

For example, today the FBI has thousands of female and minority agents; top leaders focus on ways to allow those people the opportunity to move up the ranks.

Increased career involvement of women means that firms must deal with issues such as work-family conflicts, dual-career conflicts, sexual harassment, and childcare.
Demands for equal opportunities for the physically and mentally disabled are growing; for the most part these workers are tracked into low-skill, low-pay jobs available to others.

The growing immigrant population presents other challenges; most immigrants used to come from Western Europe, but now about 84 percent come from Asia and Latin America.

Organizations face the issues of race, ethnicity, and nationality to provide a prejudice-free workplace but also must develop educational programs to help immigrants acquire skills.

III. AFFIRMATIVE ACTION

➤ What is Affirmative Action?

Affirmative action refers to government-mandated programs that focus on providing opportunities to women and members of minority groups who have previously experienced discrimination.

These policies were designed to facilitate recruitment, retention, and promotion of minorities and women; affirmative action has made the workplace more fair and equitable.

However, salaries and promotion opportunities for women and minorities continue to lag behind those of white males.

Affirmative action was developed in response to conditions 40 years ago. Because of prejudice and discrimination, legal and social coercion were necessary to allow women, people of color, immigrants, and other minorities to be part of the economic system.

Affirmative action is high controversial today because the situation has changed as more than half the workforce consists of women and minorities.

Some members if nonprotected groups argue that affirmative action is no longer needed and leads to reverse discrimination.

Even the beneficiaries off affirmative action programs disagree as to their value because of the stigma of incompetence often associated with affirmative action hires.

Recent court decisions have weakened affirmative action’s clout while still upholding its value.

IV. THE GLASS CEILING

Exhibit 13.4
What is the glass ceiling?
The *glass ceiling* is an invisible barrier that separates women and minorities from top management positions.

They can look up through the ceiling and see top management, but prevailing attitudes are invisible obstacles to their own advancement.

Women and minorities are excluded from informal manager networks and don’t get access to the type of general and line management experience required for moving to the top.

*Glass walls* serve as invisible barriers to important lateral movement within the organization.

Women represent only 15.7 percent of corporate officers in America’s 500 largest corporations, up from 12.5 percent in 2000.

Women and minorities also earn less money; black men earn about 22 percent less, white women 28 percent less, and Hispanic men 36 percent less than white males.

College-educated black and Hispanic women earn about 46 percent less, and black and Hispanic men about 30 percent less, than white men with bachelor’s degrees.

Another related issue is homosexuality; many gay and lesbian workers believe they will not be accepted as they are and risk losing their jobs or chances for advancement.

Gays and lesbians often fabricate heterosexual identities to keep their jobs or avoid running into the glass ceiling they see other employees encounter.

A. The Opt-Out Trend

There is also the *opt-out trend*; highly-educated, professional women are deciding that corporate success isn’t worth the price in terms of reduced family and personal time.

Women don’t want corporate power and status in the same way that men do, and clawing one’s way to the top has become less appealing.

Critics argue that this is just another way to blame women themselves for the dearth of female managers at higher levels.

A recent survey of 103 women voluntarily leaving executive jobs in *Fortune* 1000 companies found that corporate culture was cited as the Number 1 reason for leaving.

The greatest disadvantages of women leaders stem largely from prejudicial attitudes and a heavily male-oriented corporate culture.

**Discussion Question #8:** Why do you think a large number of women are opting out of the corporate world? Discuss whether this trend is likely to continue over the next 15 to 20 years.
B. The Female Advantage

Some women are better managers because of a more collaborative, less hierarchical, relationship-oriented approach in tune with a global, multi-cultural environment.

As attitudes and values change, the qualities women seem to possess may lead to a gradual role reversal in organizations.

Women of all races and ethnic groups are outpacing men in earning bachelor’s and master’s degrees.

Recent research found a correlation between balanced gender composition in companies and higher organizational performance.

Discussion Question #4: What is the glass ceiling, and why do you think it has proved to be such a barrier to women and minorities?

V. CURRENT RESPONSES TO DIVERSITY

What is the current response to diversity?

Today’s companies are searching for inclusive practices that go well beyond affirmative action to confront obstacles that prevent women and minorities from advancing.

However, the path toward promotion to top ranks has remained closed for the most part.

To prepare for and respond to a diverse world, managers are expanding diversity beyond race and gender to consider ethnicity, age, physical ability, religion, and sexual orientation.

Once managers create and define a vision for a diverse workplace, they can assess the current culture and systems within an organization.

Actions to develop an inclusive workplace involve:

- Building a corporate culture that values diversity.
- Changing structures, policies, and systems to support diversity.
- Providing diversity awareness training.
A. Changing the Corporate Culture

When the underlying culture of an organization does not change, all the other efforts to support diversity fail.

Managers can start by actively using symbols for the new values, such as encouraging and celebrating the promotion of minorities and disciplining employees who display behavior that doesn’t fit a diverse workplace.

To promote positive change, managers have to first change their own assumptions and attitudes.

Culture change starts at the top, and organizations know as diversity leaders have CEO’s with a strong commitment to making diversity part of the mission.

Companies are addressing the issue of changing culture in a variety of ways.

Some are using surveys, interviews, and focus groups to identify how cultural values affect minorities and women.

Others have set up structured networks of people of color, women, and other minority groups to identify the issues in the workplace and recommend changes.

B. Changing Structures and Policies

Many leading companies are changing structures and policies to facilitate and support a diverse workforce.

A survey found that 85 percent of companies surveyed have formal policies against racism and sexism, and 76 percent have structured grievance and complaint processes.

Increasingly, companies such as Ernst & Young and Allstate Insurance, are tying managers’ bonuses and promotions to how well they diversify the workforce.

Discussion Question #6: In preparing an organization to accept diversity, do you think it is more important to change the corporate culture or to change structures and policies? Explain.

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1. Recruitment

To revitalize recruitment, a company should examine employee demographics, the composition of the labor pool, and the customer base.

Managers can then work towards a workforce composition that reflects the labor pool and the customer base.

A new approach to recruitment means better use of formal recruiting strategies, offering internship programs, and accessing untapped labor pools.

Nationwide Scholars Program brings in Hispanic and African American college students for a three-year program that includes summer internships and mentoring.

2. Career Advancement
The successful advancement of diverse group members’ means organizations must eliminate the glass ceiling.

One of the most successful structures to accomplish this is through mentoring.

A *mentor* is a higher ranking, senior organizational member who is committed to providing upward mobility and support to a protégé’s professional career.

Mentoring provides minorities and women training and inside information on the norms and expectations of the organization.

Research indicates that those who advance the furthest all share one characteristic—a strong mentor or network of mentors who nurture their professional development.

The solution is for organizations to overcome some of the barriers to mentor relationships between white males and women and minorities.

3. Accommodating Special Needs

Many top managers are often unaware of the special needs of employees who: are single parents, are non-English-speaking, and have elderly parents.

Alternative work scheduling may be important for these groups of workers.

Many organizations are struggling with *generational diversity*, striving to meet the needs of workers at different ages and life cycles.

Another issue is that racial/ethnic minorities and immigrants have had fewer educational opportunities than other groups; increasing employee education will continue.

Changing organizational structures and policies is important because it demonstrates a concrete commitment to supporting diversity.

C. Diversity Awareness Training

*Diversity awareness training* is a program to help people become aware of their own cultural boundaries, their prejudices and stereotypes, so they can learn to work and live together.

Diversity awareness programs help people learn how to handle conflict in a constructive manner, which tends to reduce stress and negative energy in diverse work teams.

People vary in their sensitivity and openness to other cultures; the model shows six stages of diversity awareness, ranging from a total lack of awareness to complete understanding of differences.

A basic aim is help people recognize that hidden and overt biases direct their thinking about specific individuals and groups.

Many diverse awareness programs are designed to help people of varying backgrounds communicate with one another and to understand people from other groups.

One of the most important elements in diversity training is to bring together people of differing perspectives so that they can engage in learning new interpersonal communication skills with one another.

Diversity awareness training is an important part of a cultural overhaul at Denny’s Restaurants.
Discussion Question #9: As a manager, how would you accommodate the special needs of different groups—such as single parents, older workers, or employees with poor English language skills—without appearing to show favoritism?

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VI. DEFINING NEW RELATIONSHIPS IN ORGANIZATIONS

The outcome of diversity is an increased incidence of close personal relationships in the workplace, which can have both positive and negative results for employees as well as the organization.

Two issues of concern are emotional intimacy and sexual harassment.

A. Emotional Intimacy

Close relationships between men and women often have been discouraged in companies for fear that they would disrupt the balance of power and threaten organizational stability.

This opinion grew out of the assumption that organizations are designed for rationality and efficiency, which was best achieved in a non-emotional environment.

A recent study of friendships sheds interesting light on this issue. Called non-romantic love relationships, the friendships resulted in trust, respect, constructive feedback and support in achieving work goals.

However, when such relationships do become romantic or sexual in nature, real problems can result.

Romances that require the most attention from managers are those that arise between a supervisor and a subordinate.

Of the companies surveyed, 70 percent have policies prohibiting romantic relationships between a superior and a subordinate.

B. Sexual Harassment

Sexual harassment is illegal. As a form of sexual discrimination, sexual harassment in the workplace is a violation of the 1964 Civil Rights Act.

Sexual harassment in the classroom is a violation of the Education Amendment of 1972; the following categorize various forms of sexual harassment:

- Generalized. This form involves sexual remarks and actions not intended to lead to sexual activity
- Inappropriate/offensive. Though not sexually threatening, it causes discomfort in a coworker and limits freedom and ability to function at work.
• **Solicitation with a promise of reward.** This action treads a fine line as attempt to “purchase” sex with the potential for criminal prosecution.

• **Coercion with threat of punishment.** The harasser coerces a coworker into sexual activity by using the threat of power.

• **Sexual crimes and misdemeanors.** These acts, if reported, would be considered felony crimes and misdemeanors.

  Between 1992 and 2002, the EEOC shows a 150 percent increase in the number of sexual harassment cases filed annually; 10 percent were filed by males.

  The Supreme Court has held that same-sex harassment as well as harassment of men by female co-workers is just as illegal as harassment of women by men.

  Companies have been swift to fire employees for circulating pornographic images, surfing pornographic Web sites, or sending offensive e-mails.

**VII. GLOBAL DIVERSITY**

Managers must develop new skills and awareness to handle global diversity, cross-cultural understanding, ability to build networks, and understanding of geopolitical forces

Two significant aspects of global diversity programs involve employee selection and training and communication differences

A. Selection and Training

  Careful screening, selection, and training of employees to serve overseas increase the potential for corporate global success.

  *Expatriates* are employees who live and work in a country other than their own.

  Expatriates receive cross-cultural training that develops language skills and provides cultural and historical orientation.

  **MANAGER’S SHOPTALK**

  *A Guide for Expatriate Managers in America*

  • Americans are very informal
  • Americans are very direct
  • Americans are very competitive
  • Americans are independent and individualistic
  • Americans dislike silence.
  • Americans are questioners.
  • Americans value punctuality
  • Americans value cleanliness
Do you agree that these statements provide a good introduction to American culture for the non-native?

Equally important is honest self-analysis by overseas candidates and their families; Is your spouse interrupting a career? Is family separation involved? etc. Employees working overseas must adjust to all of these conditions---new environment, quality of living, and changes in personal comfort.

Managers going global may find their management style needs adjustment to succeed in a foreign country.

B. Communication Differences

Exhibit 13.7

People from some cultures tend to pay more attention to the social context of their verbal communication than Americans.

Social context includes social setting, nonverbal behavior, and social status.

In a high-context culture, communication is used to enhance personal social relationships, and meaning is derived more from context (social setting, status, and nonverbal behavior) than from explicit words.

Relationships and trust are more important than business; the welfare and harmony of the group are valued.

A high-context interaction requires more time because a relationship has to be developed, and trust and friendship must be established (e.g., Asian and Arab countries).

In a low-context culture, people use communication primarily to exchange facts and information; meaning is derived primarily from words.

Business transactions are more important than building relationships and trust; individual welfare and achievement are more important than the group.

Low-context cultures tend to be American and Northern European. Within North America, cultural subgroups vary in the extent to which context is important.

White females, Native Americans, and African-Americans tend to prefer high-context communication.

White males and people doing the hiring in organizations are from low-context cultures which conflicts with the people from a high-context culture.

Overcoming these differences in communication is a major goal of diversity awareness training.

Discussion Question #7: If a North American corporation could choose either high-context or low-context communications, which do you think would be best for the company’s long-term health? Discuss.

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VIII. DIVERSITY IN A TURBULENT WORLD

Management believes that diversity initiatives help maintain a competitive advantage.

Some specific benefits include improving employee morale, decreasing interpersonal conflict, facilitating progress into new markets, and increasing the organization's creativity.

Two popular mechanisms for leveraging diversity in today's organizations are multicultural teams and employee network groups.

A. Multicultural Teams

Multicultural Teams are made up of members from diverse national, racial, ethnic, and cultural backgrounds.

That provides even greater potential for enhanced creativity, innovation, and value in today’s global marketplace.

A team made up of people with different perspectives, backgrounds, and cultural values creates a healthy mix of ideas and greater creativity.

Multicultural teams are more difficult to manage because of the increased potential for miscommunication and understanding.

Multicultural teams typically have more difficulty learning to communicate and work well together, but with effective cross-cultural training and good management, the problems seem to dissipate over time.

Discussion Question #10: Discuss the advantages and disadvantages of multicultural teams. Why would an organization that plans to implement multicultural teams want to provide encouragement and support to diverse employee network groups?

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B. Employee Network Groups

Employee Network Groups are based on social identity, such as gender or race that are organized by employees to focus on concerns of employees from that group.

The idea behind network groups is that minority employees can join together for mutual support and to extend member influence in the organization.

Employees, not the organization, form network groups, and membership is voluntary; however, successful organizations support and encourage network groups.

Although network groups seem to be in direct opposition to the trend toward multicultural teams, the two mechanisms actually work quite well together.
Discussion Question #5: *What is the glass ceiling, and why do you think it has proved to be such a barrier to women and minorities?*

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Lecture Example File

**How to Start an Employee Network Group**

**Overview:**

One of the first steps toward achieving workplace equality for lesbians and gays is to form an employee group. Many workplaces have long been hospitable to employee groups for African Americans and other minorities. More recently, lesbian and gay employee groups have sprung up in workplaces as conduits of information, clearinghouses of information and resources, and single points of contact for employers who wish to know the primary concerns of their gay employees. Further, lesbian and gay employee groups can serve the organization by helping it explore and implement ways to better reach out to the gay community as potential customers, clients and/or employees.

**Implementation:**

- Get together at least three people who are interested in forming a group whose primary goal is sexual orientation workplace issues. Then, find out what the organization's policy toward sanctioning and/or funding such groups.
- If there is a process in place, follow it.
- Frequently, this process will involve finding a sponsor in management for the group. Remember, sometimes the wisest choice is not necessarily an already known ally. Sometimes getting an open-minded skeptic on board will have greater long-term benefits.
- If there is no process in place, ask if you can create one. Then:
  1. Create a mission statement for your group;
  2. Formulate goals for your group;
  3. Draw up a tentative plan to accomplish your goals;
  4. Draft a budget;
  5. Create a timeline for goal attainment;
  6. Create a tentative structure for the group; and
  7. Give the group a name.

**Frequently Asked Questions:**

- *What are some potential goals for a lesbian and gay employee group?*
  Typically, the first goal is to ensure that the organization's non-discrimination policy includes sexual orientation. The next goal could be adding sexual orientation issues to the organization's diversity education programs. Another important goal is achieving full domestic partner benefits for same-sex spouses. After that might come winning public demonstration by the organization that it
supports all employees, regardless of orientation. (This might take the form of allowing the group to march with the company's banner at a gay pride or it might entail a corporate contribution to a gay non-profit group.) Another laudable goal is to convince the company's chief executive to publicly endorse the Employment Non-Discrimination Act, a bill to outlaw job discrimination based on sexual orientation.

- **How do we do reach out to others in our company? And what do we do about closeted employees?** These are critical, yet difficult, aspects of forming a gay group in a country where most people can lose their jobs merely for being gay. The important thing is to work with your managers so that the organization's leaders understand they have a responsibility to create a workplace where everyone can be open and honest without fear of personal or professional recrimination. Use every communications vehicle allowed in the organization — i.e., the Internet, newsletters, bulletin boards, and company gatherings — to post information about the group and its upcoming events. Make available a safe way (a voice mail box, snail mail box, or e-mail box) for people to reach out without necessarily identifying themselves by name. If the organization will not allow you to use its communications vehicles, consider taking out an ad or placing an announcement in your local gay newspaper. Make sure that there is a person in management, ideally in the human resources department, who supports the organization's desire to reach out — someone whose name is posted within the company and who is a "safe" person to reach out to.

- **What do we do about the objections of some employees who don't want to see us organize and work for our goals?** Education programs sponsored and supported by the organization are the best way to do this. Senior managers must make known that this group is sanctioned and approved by the organization. Also, this group's goals and mission must be in keeping with the overall goals, which should be to ensure the productivity, profitability and safety of the workplace for everyone to the betterment of the organization as a whole and to every person who works there.

**Answers To End-Of-Chapter Discussion Questions**

1. **If you were a senior manager at a company such as R. R. Donnelley, Allstate Insurance, or Texaco, how would you address the challenges faced by minority employees?**

   As a senior manager, it would be very important to establish an affirmative action policy. This policy would create equal opportunities for minorities since they are a protected class. This policy should be widely communicated and become part of the culture of the organization to create the practice of hiring and promoting minorities from a protected class. The equal opportunity procedure should be reassuring to
everyone in the organization. A glass ceiling would be eliminated and a genuine and sincere effort to promote minorities should be reassuring.

2. Some people argue that social class is a major source of cultural differences, yet social class is not listed as a primary or secondary dimension in Exhibit 14.1. Discuss reasons for this.

As illustrated in Exhibit 14.1, the inner circle or primary dimensions of diversity are those inborn differences over which the individual has no control and through which individuals shape their self-image and world view. Primary dimensions include age, ethnicity, gender, physical abilities, race, and sexual orientation. Secondary dimensions, which can be acquired or changed, include marriage, education, work experience, war experience, etc. These areas likewise shape self-image and the world view, but are, to a great extent, controlled by the individual. Social class is an arbitrary term and therefore difficult to assign. Some argue that social class is inborn, while others argue that society designates social class and that it is capable of being changed. Many successful people change social class as they move up in their careers. In addition, arguments persist as to whether a person would be assigned to various classes. At what point is an individual a member of the middle, upper-middle, or upper class? These questions block the inclusion of social class in either primary or secondary dimensions.

3. Have you been associated with an organization that made assumptions associated with a monoculture? Describe the culture.

This question may be difficult for many students. A number of students will quickly answer no, assuming the question refers to extremist organizations. However, a thoughtful analysis of student experiences with organizations (including fraternities and sororities), political or religious groups, or work environments may reveal to what extent all members shared the same values and attitudes and accepted only one way of doing things. A closer look may reveal specific incidents or a life-long pattern of association with certain cultures, to the exclusion of other experiences, values, or beliefs.

4. Do you think any organization can successfully resist diversity today? Discuss.

Organizations find it increasingly necessary and beneficial to deal with diversity. The makeup of the work force is changing radically so that by the year 2000, it is estimated that only 15 percent of new job applicants will be white, native-born males, while one-fourth of the U.S. population will be of African, Asian, or Hispanic descent. In addition to addressing diversity within the work force, companies must deal with the growing consumer power of diverse groups. The needs and concerns of older Americans, African-Americans, Hispanics, the physically challenged, the environmentally aware, and others, are ignored at the peril of companies that find themselves boycotted or entangled in lawsuits. At the international level, 70 percent of U.S. companies compete directly with overseas companies. Expanding globalization means even those companies that focus on local or regional sales or services may suddenly find themselves in competition with expanding companies or
products from other countries. Companies will increasingly face diversity in one or more of these critical areas, and the successful companies will be those which value diversity and respond to the need of diverse groups.

5. *What is the glass ceiling, and why do you think it has proved to be such a barrier to women and minorities?*

The glass ceiling is an invisible barrier that prevents women and minorities from advancing to top management positions. As corporations grew, a monoculture developed within the top levels of management, whereby white, male managers hire and promoted employees who mirrored their own looks, actions, thoughts, beliefs, and backgrounds, and with whom they felt comfortable. The experiences of women and minorities were considered different, incompatible, and in the eyes of some, inferior. There developed a concern or a firm belief within these monocultures that these groups would not “fit in” with the dominate culture. As a result, women and minorities moved to a certain level within the company, but further progress was blocked. The women’s movement, the Civil Rights movement, and actions by the courts are slowly forcing cracks in the glass ceiling. Many companies are taking the lead in opening new opportunities for women and minorities. However, some companies have found alternative barriers, simply replacing the glass ceiling with “glass walls,” which bar important lateral movement necessary for top management preparation.

6. *In preparing an organization to accept diversity, do you think it is more important to change the corporate culture or to change structures and policies? Explain.*

In responding to this question students might consider a number of factors, including the corporate situation under which the change is taking place. For example, if changes are being made in response to pending lawsuits or a court mandate, the company will proceed with changes in structure or policy that allow quick response and immediate indication of the company’s future direction in dealing with this issue. However, under normal conditions, change in corporate culture is preferable. Students might recall the old saying, “You can lead a horse to water, but you can’t make him drink it.” Real change is possible only through changes in corporate culture. While the process takes longer, the results of efforts have lasting impact on the organization as well as the individuals with the organization. In this effort, management must lead the way, altering their own assumptions and scrutinizing the values within the existing culture. A variety of programs, including diversity training recruitment programs, and focus groups alter employee thinking and bring diverse groups into the loop. At that point, diverse groups are an important part of the decision-making process, and new structures and policies are more easily implemented and accepted.

7. *If a North American company could choose either high-context or low-context communications, which do you think would be best for the company’s long-term health? Discuss.*
North American and European companies are traditionally low-context cultures, meaning they use communication to exchange facts and information, the meaning is drawn primarily from the words, and individual achievement tends to take precedence over group welfare. However, in looking to the company’s long-term health, consideration should be given to increased diversity within both work force and marketplace, the increased tendency toward use of empowerment and teams, and increased globalization. These factors encourage consideration of high-context culture, which uses communication to build relationships, derives meaning from non-verbal behavior other than words, and values welfare and harmony of the group. High-context cultures have traditionally been associated with Asian and African countries, but within American society may also include white females, Native Americans, African-Americans, and other groups. In a diversified environment, a company’s long-term health may depend on its ability to develop a high-context culture.

8. What do you think the impact on an organization would be for diversity within its own country versus international diversity? Discuss.

By building and valuing diversity within its own country, an organization will establish a strong foundation that addresses the reality of demographics in developing the work force of the future, and addresses the needs of a diverse consumer base. Because of the increasingly tight labor market, those companies which take the lead in creating healthy, diverse environments will benefit from increased creativity and will be in the best position to compete for employees and customers. International diversity would mean a globalization of the company, including establishment of plants and markets worldwide, and the hiring of employees from other countries. Establishment of a successful operation in other countries requires the relinquishment of ethnocentrism and monocultural attitudes from the corporate culture. Sensitivity to other cultures, the acceptance and integration of people from diverse backgrounds, and adaptability in facing change and radical approaches to business demand considerable effort and flexibility by both management and employees.

9. Many single people meet and date people from their work organization because the organization provides a context within which to know and trust another person. How do you think this practice affects the potential for emotional intimacy? Sexual harassment?

This question will bring a variety of responses from students, and there may be strong, conflicting views on the appropriateness of dating fellow workers. Some may approve dating someone from another department, while frowning upon dating fellow department or team members. The discussion may revolve around the degree to which the dating partners are in daily contact with each other on the job and the effect that minor tiffs or a breakup could have on the work environment. While research shows the value of non-romantic love relationships to the overall work environment, the benefits of psychological intimacy from a romantic relationship are subject to change with the normal ups and downs of dating. Most students will voice their strongest opinions in regard to dating between employees and their supervisors.
Of particular concern may be incidents of favoritism or the drastic mood changes by one or both parties affecting the work environment. Here, too, lies probably the greatest potential for charges of sexual harassment, and students may point to a number of problems addressed in the chapter such as sexual favors for advancement.

10. How might diversity within the organization ultimately lead to better problem solving and greater creativity?

Once a vision for a diverse workplace has been created and defined, the organization can analyze and assess the current culture and systems within the organization. This assessment is followed by a willingness to change the status quo in order to modify current systems and ways of thinking. People need support in dealing with the many challenges and inevitable conflicts they will face. Training and support are important for the people in pioneering roles. Finally, managers should not de-emphasize affirmative action programs, because these are critical for giving minorities and women access to jobs in the organization.

Teaching Note for Experiential Exercise

How Tolerant Are You?

Student survey answers will vary.

Teaching Note for Ethical Dilemma

Promotion or Not?

This case may remind students of the Anita Hill-Clarence Thomas hearings. In each case, charges of past misconduct threaten career advancement. For this exercise, students should consider the implications of the various options. Option A dishonors Jane Jones. She may feel that her honesty is being questioned or that company officials trivialize the pain and humiliation of her experience. Option B dishonors Bill Smith. Through selection of this option, he is presumed guilty and is denied important career advancement without due process. Option C is the only way to give both sides the opportunity to present their case. Although every effort may be made to conduct a quiet, discrete investigation, the presentation of facts may require an expanded investigation and increase the potential for public awareness. Regardless, Option C is the only equitable solution.

Surf The Net

1. The Glass Ceiling. Shattering the Glass Ceiling - The proper avenue for victims of prejudice is to respect the very rights which protect them: to seek change by persuasion, education, and argument (including boycotts); by working harder and
producing more than those who do discriminate against them; and by utilizing only nonviolent means to their noble ends. Better yet, they can create their own businesses where women seeking executive positions are welcomed, not rejected. The eight recommendations of the Glass Ceiling Commission were not found.

2. **Diversity Awareness Training.** Blatant discrimination is not as pervasive as it once was, but bias is continues to be a problem in many organizations. Bias is more subtle and harder to detect. Formal diversity training can be an effective management tool in addressing the issue.

3. **Sexual Harassment.** Student responses will vary pertaining to sexual harassment. Every organization should have a sexual harassment policy, procedure, and rules.

**Case for Critical Analysis Solution**

**Draper Manufacturing**

1. *What suggestions would you make to Draper’s managers to help them move toward successfully managing diversity issue?*

   Once managers accept the need for a program to develop a truly diverse workplace, action can begin. A program to implement such a change involves three steps: (1) building a corporate culture that values diversity; (2) changing structures, policies, and systems to support diversity; and (3) providing diversity awareness training.

2. *If you were the shipping and receiving or human resources manager, how do you think you would feel about working at Draper? What are some of the challenges you might face at this company?*

   As a shipping manager and/or a human resource director at Draper, there is definitely the perception of tension among the employees. It is important to express the various concerns people are experiencing at Draper. The protected classes are diverse and need to be heard, and the problems they are experiencing should be the concern of top management and everyone throughout the organization. As a human resource manager, there is a need to create an affirmative action policy. Another challenge is the various subcultures within the workforce. The human resource manager must discuss racial tension, language barriers, and the problem of the quality level of incoming supplies. Another challenge is the turnover of employees at Draper. This is a concern and should be addressed by management. Every employee should be reassured that their participation is needed in order to create a tight, strong culture that promotes harmony and job satisfaction at Draper.

3. *Based on the information in the case, at what stage of diversity awareness (Exhibit 13.6) do managers at Draper Manufacturing seem to be? Discuss.*

   The stage of diversity awareness at Draper is “defense”. In this stage one is aware of the racial tension that exists among the various subcultures; thus, there is negative
stereotyping. The subculture of African Americans, Hispanics, and Orientals are cliquish and prefer to stay in their own subculture.

Additional Material: Part IV

Video Case

Chapter 10

Student Advantage Helps College Students Stay Organized

For about $20 a year, college students can join a club that offers all kinds of services, from online purchase of textbooks to discounts on travel. Maybe most students don’t have $20 in their pockets at any given time, but it’s about the price of two large pizzas, and Student Advantage is committed to providing value to its members.

Massachusetts-based Student Advantage is made up of a number of divisions, each organized around a particular focus. Perhaps the most well-known of its departments is CollegeClub.com, a Web site that provides “one-stop shopping” for financial aid information, including comparisons of different student loans and opportunities for online application; a program that allows students to use their university ID cards for off-campus purchases; the nation’s largest free newswire for college media; the largest site devoted entirely to college sports; online shopping for student-only values, and more. CollegeClub.com also provides marketing opportunities for companies promoting travel, events, and other services—as well as some administrative services for universities. And that’s just one division of the company.

The SA Marketing Group, another Student Advantage department, develops and manages marketing programs for the college and youth markets on behalf of such clients as AT&T, Amtrak, New Balance, and Hotjobs.com. CarePackages.com, a third Student Advantage operation, was founded in 1999 to establish relationships with more than 25 colleges and universities and related Internet sites such as Yahoo! Greetings and FTD.com florist service. Through CarePackages.com, parents, grandparents, and just about anyone else can select and send gift packages to students as they study for exams, or to make them laugh for Halloween. (There’s even a special “ScarePackage.”) CarePackages.com has created such a successful relationship between consumers and retail companies that The Wall Street Journal rated it one of the best such sites in business. In addition, CarePackages.com’s revenue-sharing partnerships have helped associations, campus organizations, other nonprofits and business owners earn money without taking any risk.

For sports fans—and there are usually plenty of those on campus—Student Advantage’s FANSonly Network provides online brand management, content delivery, consumer marketing, and business assistance to more than 120 colleges and universities around the nation. FANSonly works like a network hub for individual colleges’ official athletic sites, so students and coaches can log on to get all kinds of information specific to their schools and team, from scores to schedules to merchandise. Finally, U-Wire is the country’s largest free newswire for college media. The site delivers student-produced
news and commentary to more U-Wire members, professional media outlets and syndication partners (including Yahoo! and USA Today.com).

Each of these sites is developed with a specific purpose to contribute to the company’s overall mission of connecting students, universities, and businesses with each other in a positive relationship. If any do not fit the overall mission—or actually siphon off valuable resources from the company without contributing to it, then Student Advantage lets it go, keeping only the strongest divisions. One such business unit was Voice FX, which operated Campus Direct, a service that allowed students and alumni to access grades and order transcripts over the Internet and by phone. After reviewing the unit’s performance relative to Student Advantage as a whole, CEO Ray Sozzi decided to sell Voice FX. “Our focus and our future are on the core enterprises on which the company’s been built—our media properties, our membership program, including SA Cash, and our expanding online and offline commerce operations,” explained Sozzi. In a sluggish economy, Student Advantage would retain only its “core” or central operations, and manage these as strategically as possible.

Student Advantage is structured on the consumer needs of college students. Such a well-defined focus makes it easier to structure the organization so that each department is related to students and the universities they attend. While some critics believe that targeting college students on the Web is too limiting, founder Ray Sozzi disagrees. He does, however, believe that a Web presence must be complemented by an offline presence. “The Internet is very important to college students, but it is not the end-all, be-all medium. There are plenty of transactions that happen offline; college students still go to local stores to buy books and CDs. The most limiting thing is if you only have an offline presence. You have to establish customer loyalty, and the most effective way is through an integrated approach... That’s the way we run our business.”

Questions

1. **Draw a diagram of Student Advantage as a network structure.**

   Student Advantage will be at the center, with boxes containing each of the company’s operating units, such as CollegeClub.com. Or students may draw a diagram with Student Advantage at the center, and boxes containing students, universities, and businesses.

2. **Do you see an advantage in a divisional structure at Student Advantage? Why or why not?**

   Yes or no answers will vary. Reasons might include allowing each unit to focus on its own area of expertise; opportunities for career advancement; coordination among functions. However, there may be duplication and greater cost to the company; limited view of organizational goals by employees; poor communication across functions.

3. **In what ways might Student Advantage benefit from the use of teams?**
The company could probably benefit from using teams made of members from the different divisions or cross-functional teams that bring together marketers and designers. It could also benefit from a team that includes students, university, and business members.


Video Case

Chapter 11

Machado and Silvetti: Building the Business of Building

An organization is a lot like a building: it relies on structure just to stand up. It has a foundation, some system of support, pathways between areas, and a roof for protection. The Boston-based architectural firm of Machado and Silvetti, founded by Harvard professors Rodolfo Machado and Jorge Silvetti, knows plenty about structure. Without structure, there would be no building—and no firm. Because the two founders have spent so much of their careers in an academic setting, says associate Michael Yusem, “Our office is structured very similar to a typical academic studio configuration, where projects are developed through an intensive, workshop style environment.”

This studio environment means that the Machado and Silvetti firm relies heavily on teams to develop the projects for which it has become famous—a new branch of the Boston Public Library, a renovation of the Getty Villa at the J. Paul Getty Museum, the South Boston waterfront, the Rockefeller Stone Barns, and a 365-bed graduate housing dormitory for a local university. “Team structure for specific projects is usually based on a principal-in-charge, a managing associate, and a team of designers,” says Michael Yusem. Although many architectural firms are similarly organized on a project basis, Machado and Silvetti have a less hierarchical, more horizontal structure than more traditional firms. “By encouraging creative input at all staff levels, the system intends to encourage commitment and dedication among team members by creating opportunities for personal input and involvement,” continues Yusem.

The team structure also contributes to decision-making through meetings in which team members, associates, and principals gather to review the progress on each project and discuss problems and potential solutions. “We find that this approach encourages creative problem solving and minimizes the tendency for stagnation and repetition that more traditional bureaucracies may yield,” explains Yusem. It also supports the concept of the learning organization.

Coordination among team members, between teams, and with outside groups and individuals is vital to the success of a firm like Machado and Silvetti. Since the firm does not specialize in designing a particular category of structure, each project team must
address different demands related to the project. Many times, the firm will call in outside consultants who have expertise that apply to a certain project, and these individuals must be coordinated with the in-house architectural design team as well as the client’s staff. “Once established, the architectural and consultant team work closely with the client, user group representatives, and construction managers to provide for the design, schedule, construction and budget of the project,” says Yusem. “This involves an exhaustive review of program requirements, user-group demands, as well as the appropriateness of various design solutions which are tested throughout the process.” All of this spells coordination. For instance, during the graduate housing project, the interests of the university and the surrounding community—including donor groups, trustees, facilities’ managers, faculty, student groups, and community organizations—all had to be addressed and coordinated.

This level of coordination requires patience from Machado and Silvetti’s project managers. They must make sure everyone receives relevant information and has time to understand and respond to issues, and they must be able to anticipate and resolve conflicts. The firm tries to structure its contact with its clients in much the same way it is structured internally in order to achieve this coordination. “We have found that the particular circumstances of each project and client group differ, and our ability to hand-select the appropriate design team personalities and consultant group is paramount in creating an effective project delivery system,” says Michael Yusem. “In this sense, we strive to establish a similar interactive, collaborative decision-making process with our client as we do with our own internal structure.” In other words, they build each museum, library wing, or housing facility as if it were their own.

Questions

1. Can you see any possible downside to the way Machado and Silvetti is structured? If not, why not? If so, what is it?

Answers will vary, but suggested downsides might be the following: there could be a duplication of work from team to team; outside consultants might be difficult to control; the best person might not always be available to work on a certain project; scheduling from team to team might become difficult; and including team members would take much more time. But many students will probably say that for the design process to be creative, it needs to be open and less structured, with a free flow of information—imposing a rigid structure would result in less than optimal designs that could ultimately hurt the firm.

2. If Machado and Silvetti were organized in a vertical structure, how would the approach to projects be different?

Probably all projects would be reviewed and overseen by principals (top managers); they would make all the critical decisions about each project; lower level staff would have specialized tasks.
3. How important is open information to a firm like Machado and Silvetti?

It is crucial because of the team structure; otherwise, work would be duplicated; the wheel would be reinvented for every project. It is also vital to meeting schedules and budgets, particularly when outside consultants are involved. Finally, it is critical for creativity.


Video Case

Chapter 12

Peter Pan Offers a Safe Ride

Many organizations have taken a second look at their safety and security procedures since the terrorist attacks of September 11, 2001. Financial institutions have updated security of their computer data; hotels have examined ways to make guests safer from intruders or unauthorized visitors; and every company operating modes of travel, from airlines to bus lines, has re-evaluated ways to ensure the safety and security of its passengers and staff. Re-evaluation and resulting changes are two positive actions that have come out of a great tragedy. Peter Pan Bus Lines, based in Springfield, Massachusetts, has been in business since 1933 and has undergone plenty of changes. But its attention to the details of safety and security post-September 11 is as focused and intense as a dog with a bone.

“It is the policy of Peter Pan Bus Lines, Inc., to promote a safe and secure environment for all of our employees and customers,” writes Peter A. Picknelly, president of the company. This policy extends to all of the company’s 850 employees, 3.5 million passengers, 150 coaches (buses), and routes ranging from Concord, New Hampshire, to Washington, D.C. And it encompasses the entire Peter Pan Group, which includes the bus lines, Peter Pan World Travel, several hotels, and other affiliates. Some of the changes resulting from the new safety policy involve technology; others involve changes in people or culture, such as creating a heightened alertness to safety issues. Of course, it is important for the changes to be supported by the top of the organization, as they are at Peter Pan; otherwise, they will not receive the attention and resources they need for implementation.

As Christopher Crean, director of safety for the company, and other managers reviewed the company’s safety procedures, they were happy to note that Peter Pan had instituted important safety measures long before September 11. For instance, bus drivers have had on-board computers (similar to the “black boxes” on airplanes) since 1989. Recently, Crean was presented with the first Safety Leader of the Year Award by the United Motorcoach Association (UMA) for his previous six years of work in the company’s safety program. Under Crean’s leadership, Peter Pan had achieved the
highest safety rating from the Department of Defense for three years and the highest safety rating from the Department of Transportation for five years. But September 11 threw safety and security issues into a whole new arena, so Crean and his colleagues examined the company’s practices from top to bottom.

When the review was complete, they decided to implement some changes in employee training and testing, and in policies and procedures. All employees, including the president of the company, would participate in a three-and-a-half hour safety and security-training program, to reinforce their existing knowledge, heighten their awareness of potential dangers or threats, and teach them how to make the best decisions for the safety of themselves and their passengers. Meanwhile, Peter Pan would be implementing its “mystery rider” program, which operates much like the “mystery shopper” that restaurants or department stores might use. Mystery riders take Peter Pan buses several times each month and rate all aspects of service. In addition, according to Crean, all managers are required to ride a coach twice a month.

New policies and procedures for the company include the following: requiring identification of all passengers when they buy tickets, issuing company ID badges to all employees, instituting a new security plan, and implementing new security measures for the buses themselves. Some of the additions to security on the buses include interior mirrors, which allow drivers greater visibility of passengers’ activities, and plastic ties placed on all luggage hatches once they have been closed so no new items may be added. In addition, Peter Pan has worked with the Springfield, Massachusetts, police—the company’s home base—to make sure that its emergency action plans are up-to-date and workable.

Change isn’t easy, even for a company that already has a superior track record in the area of safety and security. People need to be re-educated and motivated to implement changes on a daily basis, and sometimes it takes weeks or months for the changes to settle into place. But when change begins at the top—as it has at Peter Pan—it is very likely to succeed. Peter Pan takes security seriously on every run because every passenger’s safety is important to the company.

Questions

1. *What characteristics of Peter Pan would identify it to you as a learning organization?*

   Suggestions include communication throughout the organization about changes; willingness of top management to participate in training and re-education; a constant re-evaluation of practices, even though the company had already won distinction for its safety and security procedures.

2. *What might be some sources of resistance to change in Peter Pan’s safety and security practices?*

   Employees might not understand the reasons for all the changes, particularly if change involves inconvenience or hardship for them; they might feel uncertain about future events; they might actually view the situation differently from managers such as Christopher Crean and Peter Picknelly.
3. Of the implementation tactics discussed in the chapter, which seem to have been used successfully by Peter Pan?

Peter Pan has used communication and education, participation, and top management support.


Video Case

Chapter 13

Fannie Mae Promotes a Diverse Workforce

Many companies try, with greater or lesser success, to recruit, develop, and promote a truly diverse workforce. Federal and local guidelines govern such areas as equal opportunity and affirmative action. But organizations that move beyond rules and regulations to embrace diversity as a core value can reap rewards in employee satisfaction and performance. At the Federal National Mortgage Association, which employs over 4,000 workers, diversity is a way of life. Its corporate culture is grounded in diversity. “In keeping with [our] values, our corporate philosophy on diversity is based on respect for one another and recognition that each person brings his or her own unique attributes to the corporation,” states the company Web site. “We are committed to providing equal opportunity for all employees to reach their full potential; it is a fundamental value, and it makes good business sense... We are committed to demonstrating that ‘Diversity Works at Fannie Mae.’”

That said, how does Fannie Mae breathe life into its words? First, the diversity of American society as a whole is reflected at every level of the corporate structure. More than 47 percent of Fannie Mae’s management group, including officers and directors, are minorities; nearly 54 percent of the company’s workforce are women; and 42 percent of the workforce is a minority. In addition, the company is pledged to equal opportunity for workers with disabilities, older employees, and gay or lesbian workers. “Diversity is not just an initiative at Fannie Mae; it’s a principle that permeates every aspect of how we do business,” explains Maria Johnson, vice president of diversity, health, and work-life. In fact, Fannie Mae is one of only three major companies nationwide that have designated diversity departments. “Diversity is codified as one of the company’s core commitments.”

Aside from its staff, Fannie Mae awards a significant number of outsourced contracts to minority-owned businesses, a practice for which it was been named among the top 30 companies for achievements in increasing supplier diversity by Working Woman magazine. “More than 21 percent of the company’s discretionary spending in 2000 went to minority- and women-owned businesses, proof that Fannie Mae’s commitment to diversity extends to all areas of the organization,” says Barbara Lang, Fannie Mae’s vice president of corporate services. “We require minority contractors to be included on all
bids, where possible, and also encourage our majority suppliers and customers to work with capable minority vendors.” In addition, Fannie Mae provides diversity training to its lender customers and host’s regular benchmarking sessions for other employers who want to learn more about how diversity can actually contribute to a company’s success.

Fannie Mae has established specific goals to increase the ratio of minorities at upper levels, ties certain compensation to promoting diversity, and has implemented a number of programs, such as mentoring, to make certain everyone gets equal opportunity for career growth. “Company leaders are urged to unleash the potential of all employees, promote a spectrum of perspectives, view differences as assets rather than liabilities, and help create a diverse, talented, and committed workforce,” says Maria Johnson.

Promoting diversity within the workforce at Fannie Mae is good strategy not only because a diverse workforce can bring more strength and creativity to an organization but also because such a workforce reflects Fannie Mae’s customer base. People of all backgrounds come to Fannie Mae’s lenders in search of mortgage loans. In addition, Fannie Mae’s philanthropic arm, the Fannie Mae Foundation, works to increase the supply of affordable housing to those who might not otherwise be able to find a home—to homeless individuals and families, immigrant communities, those in rural areas, and lower-income minority groups.

Diversity has been an integral part of Fannie Mae’s corporate culture for at least 15 years, illustrating the importance of support from a company’s senior managers. “Fannie Mae committed to incorporate diversity as part of its core culture back in the late 1980s,” reports Maria Johnson. “Our program has been successful because top executives have had an ongoing relationship with our diversity initiatives from the onset.” Because diversity programs have support at the very top of the organization, they are much more apt to be successful at lower levels. But Fannie Mae doesn’t engage in these initiatives entirely out of socially responsible motives; instead, the company believes that being socially responsible is also good business. “The company’s record of 14 consecutive years of double-digit growth in operating earnings shows that a company can act responsibly and still deliver value to its shareholders,” says Jamie Gorelick, vice chair of Fannie Mae. There’s no arguing with success.

Questions

1. No one is perfect, including managers and workers at Fannie Mae. What are some of the challenges that mid-level managers at Fannie Mae might face in managing a diverse group of workers?

Managers might face workers with their own sets of biases and prejudices; workers might be feeling the stresses of biculturalism; they might face distrust by employees; they might not recognize or understand the feelings of their employees, perhaps there could be language barriers, and so forth.

2. Based on what you have read in this case and the previous case on Fannie Mae, what types of initiatives can you identify that should prevent women from encountering the glass ceiling at Fannie Mae?
Suggestions include the mentoring program, flexible work hours and childcare support, eldercare support, career development and training programs, educational opportunities.

3. *Using the chart in Exhibit 13.6, try to identify—honestly—your own level of diversity awareness. Based on your evaluation, do you think you would fit in as a manager at Fannie Mae? Why or why not?*

Answers will vary, but students are encouraged to evaluate themselves honestly. The diversity of the communities in which students reside and attend class may affect their answers.


**PART IV**

**Continuing Case**

**Managing Organizational Changes at Ford**

**Suggested Answers**

1. *What factors in the environment do you believe have affected Ford’s structure in the past? What environmental factors do you believe will affect its structure in the future?*

Ford has faced tremendous uncertainties in its organization that have caused differences in departments. It’s obvious that managers have tried to and are continuing to try to coordinate overall organizational efforts, with varying success. Factors have included a weak economy, the Firestone tire disaster, and an extremely competitive, rapidly changing industry. Most of these factors will continue to affect Ford in the future, although the company should be able to move beyond the tire disaster at some point.

2. *What have been some of the internal forces for change that Ford has faced in the last five years?*

Internal forces for change have included decisions made by Jac Nasser, the decision to remove Jac Nasser, the decision to cut costs—and thus drop certain car models, close manufacturing plants, and revoke bonuses. Students may also touch on internal forces from past installments of the case, including decisions involving the Internet and decisions related to the Firestone tire case.
3. *From a human resource management perspective, why do you think Jac Nasser’s performance appraisal system failed?*

Students are encouraged to incorporate concepts such as corporate culture, structures and policies, compensation issues, and diversity awareness into their answers. Many will probably argue that the system just wasn’t fair because it focused on an overall organizational ranking system rather than individual employee performance.