

WORKING TOGETHER Team Exercise

Almost a third of employees who leave their companies within the first ninety days say they left because they didn't fit into the company's culture.²⁴ This suggests that learning about a company's culture before you accept a job could save you a considerable amount of grief. To increase the chances that you'll fit with the culture of the company you next work for, form groups of three or four and share the characteristics of an organizational culture each wants

(and don't want) in an employer. Compare your lists for common factors. Now choose one of the group member's lists and discuss: What could you do when visiting a company for an interview to find out whether it has the characteristics on the list? What questions could be asked during the interview? What clues could be looked for when walking around the company to understand what the culture is like? Be ready to share your analysis with the class.

MY TURN TO BE A MANAGER

- Find current examples in any popular business periodical of both the omnipotent and symbolic views of management. Write a paper describing what you found and how the examples you found represent these views of management.
- Consider a business that you frequent (for example, a restaurant or coffee shop) and review the six aspects of the external environment discussed in the text. Create a list of factors in the external environment that could affect the management of the business you selected.
- Choose an organization with which you're familiar or one you would like to know more about. Create a table identifying potential stakeholders of this organization. Then indicate what particular interests or concerns these stakeholders might have.
- If you belong to a student organization, evaluate its culture by answering the following: How would you describe the culture? How do new members learn the culture? How is the culture maintained? If you don't belong to a student organization, talk to another student who does and evaluate it using the same questions.

CASE APPLICATION 1

Tesco: Time to Refocus

Founded in 1919, Tesco has grown from a market-stall in the East End of London into the largest supermarket in the UK by market share, and one of the largest globally in just under a century. In 2018–19, Tesco boasted group sales of £56.9 billion.

At the end 2014, three weeks into his role as the CEO, Dave Lewis sent an email to Tesco's employees saying that the organization's culture had to change, focusing more on its customers and on being open, honest, and transparent. Most other CEOs might have waited more than three weeks before recommending such sweeping changes, especially for something as significant as the organizational culture. So why did Lewis make such a dramatic announcement? At the end of September 2014, with significant issues, related to the drive for growth and positive market results, being brought to light by a whistle-blower, Tesco announced that it had overstated its mid-year profits by £250 million, later revising this to £263 million.

The issues surrounding this financial scandal were twofold: To improve its financial position, Tesco delayed payments to some of its suppliers and included payments from suppliers as part of its profit. Its announcement resulted in a 12 percent fall in the share price, wiping £2 billion off the company's market value. In addition, both the Grocery Code Adjudicator (an independent body that oversees the relationship between suppliers and supermarkets) and UK's Serious Fraud Office (SFO) announced that they would be carrying out an investigation into the matter.

Analyzing company documents from this period indicates that such activity is not aligned to the organizational culture. In 2013, Tesco's former CEO Philip Clarke stated that the company should do all it can to earn stakeholder loyalty and trust. In fact, the 2013 annual report identified poor relations with suppliers as a risk and reaffirmed Tesco's aim to comply with the Groceries Supply Code of Practice. Despite this, building good relationships was replaced by a drive to meet financial targets and maintain share value. In January 2016, the Grocery Code Adjudicator's report didn't make for a pleasant read for Tesco management. Evidence was found of internal

emails suggesting that employees not make payments to suppliers before a certain date to temporarily improve margins and ensure that Tesco was not seen as underperforming. The report also uncovered that some payments were delayed by nearly two years, and, in some cases, the supplier simply gave up asking.

In 2014, Tesco agreed to pay £129 million penalty after a series of investigations into the scandal. While building a new culture of trust and transparency may take time, Tesco has improved its communication channels with suppliers, a majority of whom say they now have a better relationship with Tesco than they did previously. Five years after the 2014 scandal, the new reforms under Dave Lewis may have paid off. The 2018–19 results showed that operating profits increased by 34 percent while the group sales rose 11.5 percent, beating forecasts for the year.²⁵

DISCUSSION QUESTIONS

- 3-11. Describe Tesco's culture under the old management and Dave Lewis' response to making a cultural change.
- 3-12. Which stakeholder groups are affected by the scandal discussed in the case?
- 3-13. How is the email sent to staff members linked to Dave Lewis' view that the organization's culture requires change?
- 3-14. Imagine you are looking to join Tesco. How would Tesco's organizational story affect your decision? Consider both the scandal and how it was managed.

CASE APPLICATION 2

The Sky Is the Limit

Internet sales comprise about 20 percent of all retail sales in the UK, with a record of £1.9 billion in online sales in December 2018. And for advancements in online sales, December 7, 2016, is a special delivery day for the country. On this day, one Amazon customer waited for only 13 minutes to receive his Amazon streaming media player and a bag of popcorn—the first products delivered by a drone in the UK. Five months prior to this achievement, Amazon announced it would be working with the UK government to test drone delivery.

Though in its latent stage, Amazon Prime Air has big plans for the future. Apart from developing the system in the UK, it is also looking into the feasibility of drone delivery other countries. However, there are still many issues to overcome. For example, the UK has specific rules regarding the use of drones—drones must fly at a height of 400 feet (122 m) or less, and must avoid flying within 150 meters of congested areas and 50 meters of a person or structure. Even with these rules in place, there have been a number of worrying incidents. In April 2016, a British Airways flight reported hitting a drone while approach the Heathrow Airport, and the UK Airprox Board (an organization tasked with monitoring UK air safety) recorded 125 near-miss incidents in 2018, up from 93 and 71 in 2017 and 2016, respectively. Drone testing is certainly not exclusive to Amazon nor restricted just to the UK. In the US, the first delivery approved by the Federal Aviation Administration (FAA) took place in 2015. An Australian-built drone made three short trips to deliver 4.5 kg of medical equipment successfully. Walmart estimated that 70 percent of the US population is within 5 miles of one of their stores and, in October 2015, it applied to the authorities for permission to test drone home deliveries. From September 2016, hungry diners at Virginia Tech have been able to have their Chipotle burrito delivered by a Google drone. While Google appears to be grounding its drone venture with partner Starbucks, it is still looking at possibilities in Ireland, where the rules governing drone use are less stringent.

Though government legislations are a concern, they are not the only external environmental forces affecting the business. Managers across business have to identify the buyers or the target customer—who will be the main end users of this new delivery system? This may in part be an issue pertaining to the generation to which the consumer belongs, and organizations are testing whether the more tech-savvy

Post-Millennials are the most likely to accept drone delivery. With some countries predicting significant increases in life expectancy and an aging, less mobile population, the demand for home delivery from this age group may increase in the future. Identifying and assessing the needs of the target customer, along with other environmental factors, present managers with some tricky decisions to make in planning, financing, and marketing.

The UK Amazon tests are limited to the delivery of items of 2.7 kg or less. While this limit may appear quite restrictive, it is believed to account for around 90 percent of Amazon sales. But what if you wanted to send something bigger? Or perhaps even someone? In January 2016, Chinese firm Ehang unveiled the *Ehang 184*, a single-passenger drone. The company claims that this eight-propeller electric drone can carry a passenger for up to 23 minutes. The machine, given clearance for testing in Nevada, US, is capable of a vertical lift-off of up to 3.5 km (11,500 feet) and speed of up to 100 kmph (63 mph). However, it is unclear whether there will be a market for a personal drone-delivery system. Even the economics are questionable: a drone delivers one parcel at a time while a delivery truck can deliver several hundred parcels across 120 destinations. However, the development of drone technology offers an innovative alternative to delivery problems. With consumers increasingly looking for convenience and speed, it is likely that more businesses will be considering drone delivery in the future.²⁶

DISCUSSION QUESTIONS

- 3-15. What immediate and long-term issues might managers face in organizations that embrace this new drone technology?
- 3-16. In the case, many of the organizations operate in different countries. How do the external forces vary between different countries?
- 3-17. Are there any demographic forces to consider in the use of drone technology? Consider the differences between the baby boomers and the millennials.
- 3-18. Which stakeholder groups does Amazon need to consider for this new venture? Who do you think has the greatest influence over them?

ENDNOTES

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8. See, for example, B. Schneider, M. G. Ehrhart, and W. H. Macey, "Organizational Climate and Culture," *Annual Review of Psychology* 64, (2013): 361–88; and S. Giorgi, C. Lockwood, and M. A. Glynn, "The Many Faces of Culture: Making Sense of 30 Years of Research on Culture in Organization Studies," *Academy of Management Annals*, October 2017.
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10. E. H. Schein, *Organizational Culture and Leadership* (San Francisco: Jossey-Bass, 1985), 314–15; and Y. Berson, S. Oreg, and T. Dvir, "CEO Values,