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## Management & Organizational Behavior:

### **Chapter 2 Case Application 1: Out of Control**

Summary in relation to chapter:

The “Out of Control” case is related to the chapter in several ways however; we will summarize how the issues presented in this case are directly related to organizational culture. As a brief background, organizational culture is the shared values, principles, and traditions, and overall ways of doing things that influence the way organizational members act. In “Out of Control” the company wanted to try new ways to reduce cost and achieve a greater portion of their industry’s market share. By doing so however, Toyota shifted its organizational culture to a less favorable one by their stakeholders. Though all the dimensions of organizational culture presented in exhibit 2-5 on pg. 52 were affected by Toyota’s actions, the primary dimensions affected were the company’s stability due to dishonorable innovation and risk taking.

Discussion Questions:

**Using Exhibit 2-5 and the information from the case. Describe the culture at Toyota Motor Corporation. Why do you think this type of culture might be important to a carmaker?**

Toyota is a well-recognized company with the title of being known as the world’s largest carmaker. In order to have achieved such a title, Toyota has to have key values that are deeply held and widely shared by its employees. Based on the exhibit 2-5 Toyota has an innovative culture that is team oriented which allows them to remain stable even while taking on risks. This type of culture might be important to carmakers because Toyota owns 11.7 percent of the car industry’s market and despite their organizational culture shift due to poor innovative risk taking when it came to quality, other carmakers should find Toyota’s initial culture to be the reason for their long-term success and growth.

**How do you think a long-standing culture that had such a strong commitment to quality lost its ability to influence employee behaviors and actions? What lesson can be learned about organizational culture from this?**

There could be several reasons as to why Toyota’s organizational culture changed and its ability to influence employee behaviors and actions could be a large factor in the

organization's shift. There are many dimensions to an organization's culture and a few of them could have lead to Toyota's decreased connection with its employees. Primarily, attention to details is a necessity when it comes to quality assurance. The degree to which Toyota's employees were executing precision, analysis, and overall paying attention to the quality content of the car resulted in the depletion of the cars they were making quality. However, a lack of attention to detail comes from the degree to which the managers of the company focused on results or outcomes rather than how the outcomes were achieved. If employees created a car and managers were the ones who assured the quality of the car before it was distributed to dealerships, and if the managers are only driven by profit or gains, then the outcome orientation of the company is low. This is the primary reason Toyota may have lost its ability to influence its employee's behavior and actions.

A lesson that could be learned from the Toyota case is that companies should realize that sacrificing quality or any other critical factors that can affect negatively the stakeholders of your entity should be fully analyzed. Also, the risks and outcomes should be examined and weighted to see is it worth doing and how will those risks and outcomes will affect the company in the future. The overall lesson is geared towards companies and it teaches them that gains should be achieved in a less risky way in order for the organization to be successful and experience growth.

**Do you think that it was important for Mr. Toyoda to apologize for the company's decisions? Why?**

We strongly feel that Mr. Toyoda apology was necessary and important. For Mr. Toyoda to publicly apologize for the company's quality mistake showed the public that the company actually cared about the casualties that may have been could due to their lack of attention to detail and poor outcome orientation. It also showed that the company has a strong culture where key values that may be presented throughout the organization are safety, creditability, and honesty.

The apology was also important because it allowed the company to state how they were going to improve the quality of their products and also showed their future initiatives for the company. In the long run, Toyota will be able to become more successful because their stakeholders will be able to trust that the steps that they are taking will result in continuous improvement for the overall organization.

**What could other organizations learn from Toyota's experiences about the importance of organizational culture?**

There are many lessons that other organizations could learn from Tayota's experiences about the importance of organizational culture. We have broken the lessons down by type of organization. If a company is a more stable company, they could analyze Toyota's issue and note that though their company is more stable and mature, they should take on less risky innovative techniques or strategies to assure that they are keeping the organizational culture that allowed them to become a mature and stable company.

When it comes to newer companies, they could analyze Toyota's experiences and understanding that establishing an organizational culture that also benefits their stakeholders will allow them to be an extremely successful company in the future. This is because companies that have a strong culture, like Toyota, have a greater connection with their stakeholders. Which allows for these companies to bounce back when they may fail due to unsuccessful risks?

## **Chapter 2 Case Application 2: Dressing Up**

Summary in relation to chapter:

In the case Dressing Up reader were informed about the external factors that upper level management at Kohl's took into consideration when making decisions regarding future stores. As businesses continue to expand into new markets many industries have been forced to increase their competitive strategies to attract consumers. The retail market already being one of those markets that is competitive by nature, will be increasing this competition to not only include new companies but to also include new methods for doing business. In the case readers learned about the decision upper level management makes when designing a new store or product. The strategy Kohl's uses to attract its target market consist of 3 major components.

The first is to identify who their target market is. As stated in the case their target market consist of women between the ages of 25 years to 54 years. The strategy adopted by Kohl's then goes into further specification of their target market. This specificity leads to them to targeting women who have children with an annual household income ranging from \$35,000 to \$75,000. The second component of Kohl's competitive strategy is to figure out what their target market is shopping for. Kohl's conducted marketing research on its target market the "soccer moms" and began to design and acquire merchandise that catered to the needs of the target demographic. This resulted in the store carrying casual brands like HealthTex, Jockey, Union Bay, and many others at low prices. Continuing to target the "soccer moms" Kohl's began to add more segments of items available at store locations. These additions included home furnishing items, dinnerware, cooking tools.

The final component involves selecting the store location. Although Kohl's is a very well-known company it doesn't negate the reality that consumers can shop anywhere. So when upper level management is considering locations for a new store they are very selective about its location. With knowledge of its target market the company builds stores that are easily accessible for "soccer moms." Management considers locations by looking into where it is built, how far away is if from the target, and what stores are in close vicinity. Ideally the company tries to stay away from malls. Through analysis of the target market they understand that "soccer moms" have little to no time and the hassles that come along with the mall might dissuade potential shoppers. With this in mind Kohl's tries to build stores in power centers and strip locations. As competition continues to grow and be the force of attracts of consumers, Kohl's will need to continue its current

target market strategy. The company will also need to adapt and change with the needs of the consumers and market.

Discussion Questions:

**According to the case, what external trends did managers at Kohl's have to deal with? In addition to these, what other external components might be important to these managers? (See Exhibit 2-2.) How might they keep track of changes in these components?**

According to the case external trends that managers at Kohl's deal with are addressing the needs of consumers as they relate to the global fashion world. Another external trend that management encountered was identifying their target demographic and locating physical store location to be accessible for them. Demographics is an important external component for managers. Managers must ensure that the target market is in the area before they begin to build a branch store. Company managers understand that their marketing strategy and products might not appeal to other demographics and would cause the company lost money, effort, and time. So establishing that there is a demographic in a specific area that meets the target markets criteria is an essentially important piece of information for upper level management. Upper level management can keep track of changes by constantly updating themselves on the demographics through the census, the Department of Labor and Statistics, or even conduct surveys storewide. Maintaining a flow of current accurate information will ensure the company's success.

**If you were a manager at Kohl's headquarters, what types of external information might you want? What if you were a manager of a local Kohl's store? What types of external information might you want?**

If I was a manager at a local Kohl's store the types of external information that I would want and would consider are demographics and technological information. Having the demographic information is vital because the need for connecting with consumers is becoming increasingly necessary in order to build a customer base and increase retention. This connection cannot be made if the companies target market isn't clearly defined. Though there is no one category that everyone in the target market will fit into, Kohl's needs to define it market not just on a grand level, but on a microscope level. This includes known what the prevalent race, culture, age group, and many more components are in the environment management decides to build a branch in. We need to know what is important to that specific group and what affects/drives it. As management I would collect data from the target group on a surface level and on a deeper level then translate that information into a useful strategy to attract.

Technological information is necessary because we now live in the age where everything is expected to be fast and smooth. With our target market (soccer moms) already being pressed for time the store needs to be updated with the latest technology to get them in and out as fast as possible. Updated technology information is also important because our target market is ideally women with children and families so low prices and sales are

important. With technological information we can update our consumers with information on sales and price reduction. As a manager at a local Kohl's store these two external pieces of information would be most important to me.

If I worked as a manager at headquarters the most important external factor for me would be economy. Although Kohl's has identified its target market that target market is subject to experience financial turmoil depending on the shift in the economy. So as a manager I know it's important to see what economic shifts might affect the consumers because a direct impact to them would be an indirect and crucial impact to the company as a whole.

**Look at Exhibit 2-3. In what cell of the environmental uncertainty matrix would you place Kohl's? Why? How might Kohl's managers "manage" the environmental uncertainty?**

In the environmental uncertainty matrix Kohl's would fall under the dynamic and complex cell. The reason why I placed the company within this cell is mainly because of the industry and increase in competition. The description in cell 4 states that a company fall into this cell for these reasons: the environment surrounding the company is unpredictable and dynamic, the company had many external factors impacting its internal environment, its environment is continuously changing, and the industry is one that requires in-depth information about the factors that impact the internal environment. Managers can manage the environmental uncertainties by first acknowledging, second continuing to research and build customer relations with its target market, and finally monitoring competition. Although the industry Kohl's is in, is one that changes constantly with proper management and acknowledgment the company will remain an ideal brand for its target market.

**What stakeholders do you think might be important to a company like Kohl's? What issues/concerns might be important to those stakeholders? Explain your choices.**

The most important stakeholders at Kohl's are the consumers. The concerns and issues that are relevant to them stem from multiple things. Value, culture, traditions, price, society at large, and even the media's project of what's hot and what's not affect them. I know that these concerns are important to the consumers because when a person shops they don't just aimless walk around a store picking up random items. Although many consumers browse the store they ideally and realistically pick up things that attract them for one reason or another. These reason eventually stem back to their personality, culture, traditions, price, and the media. With the world being more connected and information being shared and stored at a faster rate than ever before seen in history; many consumers are now tying their values and money into where they make purchases. They shop with companies that share the same values, companies that accept social responsibilities that are understandable to them, and then they pour their money into these companies because they are addressing the issues that are important to them. These stakeholders build relationships with the company they trust that addresses their issues.

### **Chapter 3 Case Application 1: Held Hostage**

Summary in relation to chapter:

This case study discusses a situation in which company employees of a French manufacturing facility, host to companies such as 3M Company, Sony Corporation and Caterpillar Inc., took managers hostage in order to force negotiations for better severance packages and benefits for laid off employees. The conflict began in a strike from workers who were against the substantial number of lay offs. The following day managers and other top dogs were held hostage for 24 hours. The hostage situation was resolved once managers agreed to continue conversation on how to help provide compensation for laid-off employees.

As chapter 3 puts an extreme focus on the management of global businesses this case is specifically linked to section 3.4, which talks about the relevance of cultural environments in France. The case quotes a French executive who states, "Protest is inscribed in the genes of French culture. In the past, peasants protested against their lords. Today the difference is that the lords are chief executives." This executive puts it into perspective as it relates to the French culture. The French have been known to protest in bold and powerful ways. They are so strong in organizing protests to the point where they become a serious threat to daily operations and force those in charge no other choice, but to consider change.

Discussion questions:

**What's Your Reaction to these events? Do you think your reaction is influenced by the cultures, values, and traditions of the country in which you find yourself? Explain.**

We were actually not surprised by this story; earlier this summer there was a story about another French protesting. People were angry about the changes that were going to be made in a French rail system. This caused an extremely large strike in which people decided they would strike. The French government was proposing a bill that would merge two rail networks; this would have most likely forced many people to lose their jobs and in the French culture when people feel they are being mistreated by certain laws or bills they are not afraid to act on their beliefs and that's exactly what they did.

We were however a bit surprised by the method of strike in this situation. We know that the French have always been extreme when it comes to issues with the workers, but for a company like Caterpillar to take the owner's hostage is definitely extreme. However it is amazing how this was effective.

**Look at what Hofstede's and the GLOBE findings say about France. How would you explain these workers' actions given these findings?**

In Hofstede's five dimensions of National Culture France is listed in two of the dimensions as examples in our book. One is being a nation with High power distance. High power distance is described as having a high gap between those who are powerful and those who are not; it also means people have a great amount of respect for the people who have authority. France is also listed as being a nurturing nation, meaning they value relationships and even more importantly that "concerns for other prevail."

The actions from the workers absolutely go hand in hand with the nurturing characteristic given to France in the 4<sup>th</sup> dimension. The people have a problem and are concerned about their jobs and wellbeing after being laid off from their jobs. While raising awareness for their concern they are threatening the relationship between the companies and the people. According to the French the relationship of those who are in authority and the workers is supposed to be a respectful one. So, when there is a concern with the people and they are threatening to potentially ruin the relationships, those in authority seem to have no real choice; they must listen to and work with the people and when they don't at first the French people find a way to make sure they do. In this case, they decided to take managers hostage, which had a huge success rate.

**We've said that it's important for managers to be aware of external environmental forces, especially in global settings. Discuss this statement in light of the events described.**

As managers in France, it is very important that you understand the importance with keeping that relationship with your companies. Any serious concerns from workers should be taken seriously. We think it's a very difficult position to be in, especially in French, because people are so active and bold in handling their issues. Whether or not it might be in the best interest in the company, sometimes the well-being of the people will be a stronger force in the French market and the market will have to be adjusted in order to serve those needs.

When you consider the hostage situation, it is pretty apparent that this was not the first time the workers had brought up their concerns and it seems that they were overlooked. Not only is it important that managers are aware of external environmental forces, but they need to understand the seriousness of these forces, which is something they definitely overlooked and were forced to deal with in a very serious.

**What might French managers have done differently leading up to the point at which workers felt they needed to take their managers hostage in order to be heard? Explain.**

At some point French managers should have sat down with the workers or with someone who would represent the workers. The issue seemed to be swept under the rug. By recognizing the French culture managers should have someone who is supposed to help maintain relationships between management and the workers. Even if they didn't immediately change any policies and explanation and a thorough research of the situation

would have been the first step. After doing some research on the situation, I noticed that this was one of many situations around the country in which managers had been taken hostage. The managers should have definitely been prepared for the situation to reach a boiling point, but they weren't.

**Do you think something like this could happen in the United States? Who or why not?**

I don't think the American people are brave and bold enough to even attempt something. A few days ago I was talking to my friends specifically about issues we have on Howard's campus that seem absolutely ridiculous to students. I live in the east towers and have many friends who live in the west and we are 20 and 21 years old. We basically live in the same building but two different sides, but as an adult I'm not allowed to go into the west towers for any reason. The truth is, if all the towers residents who actually complain about this same topic on a regular basis decided to act on these opinions we could probably get it changed. We could protest or picket in large numbers to force the administration to do something about it. Many people feel like as upperclassmen in college we should no longer be treated like children.

However, because of our culture, the chances of us acting together to change this issue are very unlikely. While it is an issue, it isn't large enough to make us act. Here in the United States it seems that we have to pick our battles. The administrations and government have a lot of authority and wouldn't welcome any type of radical demands for change.

The protesting situation that happened in Ferguson was seen as very out of the ordinary the news coverage was huge because the thought of the people and government at such opposites was unheard of. In France military forces such as teargas are often used because of the power of French protestors.

**Chapter 3 Case Application 2:**

Cultural differences in the workplace can be challenging when overlooking a multinational company especially one that has undergone an acquisition. In *Case Application 2: Global Stumble*, Nomura, a Japanese brokerage firm and Lehman, an international operations subsidiary face cultural differences when transitioning after the merge. The organization had to deal with structuring the two cultures already in place to satisfy the dynamic businesses. From a global perspective, Nomura had difficulty with parochialism and primarily viewed the world solely through their own ways and did not recognize other customs. With lack of consideration there grew to be tension between top management and non-managerial employees. Some obvious cultural differences between Nomura and Lehman were gender issues, dress code and establishment of interpersonal relationships.



Women at Nomura were treated differently from men and it was very apparent but is also a typical practice in the Japanese culture. Males have the tendency to have more precedence and behave more dominantly while females are to be more submissive and obedient. A problem that arose started with the initial training session for the new hires which required the men and women to be taught separately. Narrowing in on the treatment of genders, there was an emphasis on how females especially, should arrive at the workplace. Hair highlights, short sleeves and brightly colored clothing were prohibited and deemed “inappropriate”. The cultural environment led to tension and made it difficult for Nomura and Lehman to manage the global workforce.

The global attitude that characterizes Nomura is the ethnocentric attitude that suggests the belief that the best work approaches and practices are those of the *home* country (the country in which the company’s headquarters are located). The top executives implemented their practices and what they believed was best for the organization as a whole. As a culture that acknowledges power distance Nomura expected members of the organization to adhere to the rules set in place and did not consider the values of the people who were working for them. In total, the Japanese brokerage firm had the attitude that their skills, expertise, knowledge and experience was sufficient to lead their business. With the instance of several women being sent home on numerous occasions for being dressed “inappropriately” there seemed to be little discussion to objectify the companies’ standard to either higher management or even human resources.

Nomura was an institution that believed they had superior standards that the entire organization would be content with. The case did not mention any effort or additional procedures the company took to see if employees were actually satisfied. The top management seemed to have managed the workers lives on a macro and micro scale from how they come into work to how deals were conducted. Based on the assumptions one can infer this is the main reason why there was so much tension from the acquisition. Yet, Nomura, towards the later part of their business has made efforts to blend the two cultures with Lehman. In their Europe and Asian Pacific offices there is a higher influx of nationalities. The firm has recruited and promoted non-Japanese employees to high-ranking positions to reflect a greater population rather than their domestic office. Lastly in efforts to reduce the ethnocentric attitude there is evidence in the companies shift in that Hiromi Yamaji, Head of Global Investment Banking and Naoki Matsuba, Global Head of Equities have relocated to London and New York respectively to display more global management.

Cultural environments vary based on location due to values, ways of life, religion and so on and so forth. In terms of the Japanese culture and United States they are both two very distinct cultures that contain a unique aspect in their own given right. Beginning with Hofstede’s Five Dimensions of National Culture one can examine the values and attitudes by these two specific countries to understand what shapes their behavior and beliefs. The United States falls into the individualistic dimension, meaning that they look after their own and family interests while Japan is in between individualistic and collectivistic-expecting the group to look after and protect them. The United States has a low power distance and have a low uncertainty avoidance. Americans tend to be more straight-

forward with their interactions and in regards to the workplace, employees are not afraid to approach their boss or take risks. There is a high level focus on achievement and people are awarded and valued more for their accomplishments in the US too. Lastly, Americans often value tradition and the past in their personal life and in the workplace. The United States encourages individuals to be demanding and to remain in pursuit of their personal goals. It is accepted for Americans to be inwardly fixated on since it is a norm.

On the contrary, Japan tends to have more of a neutral stance in respect to the dimensions of national culture. In terms of power distance, this country falls evenly between low and high power. Depending on the circumstance there may be a different outcome but there still is a level of respect when meeting or in the presence of a Japanese person that is instilled in their culture. There is a major emphasis on achievements in the Japanese culture as well all dating back with the countries' history in the beginning of its civilization. A difference from the United States is the future orientation, in which Japanese tend to look to the future and value thrift and persistence. Japan encourages activities such as planning, investing in the future and delaying gratification. From the synopsis of Hofstede's Dimensions, the cultural differences that may affect the situation at Nomura is the power distance and uncertainty avoidance. In accordance to the interaction of males and females there was a lack of communication which led to discontent employees and occurrences of unfortunate interactions. It is not generally accepted for a women in that type of culture to go against the dictation of rules made in the organization due to misconception of disrespect. With uncertainty avoidance, there was also an issue with the process of deals receiving approvals and were not tolerant to the business practices and methodologies used at Lehman.

Nomura managers can do a multitude of things to support, promote and encourage cultural awareness among employees. First and foremost, the organization should initiate an open dialogue so that there can be an ease of access in terms of communication. With a simple event as weekly or bi-weekly meetings there can be an update on the current status of the business, any concerns workers may have or a simple conversation of motivation or things for the firm to improve upon. By understanding the people you work with, one is better able to accommodate and address the needs of the business. This will help managers better understand the national cultures in addition. Management can also support affinity groups that support the interests of the people. This in turn can help build morale and be the foundation to building an even better network within the business.

"When your business is global, management needs to be global" meaning that if a business intends to be international then they must understand how to best cater to the needs being requested. A business should reflect the clients that they serve and in order to best effectively do so, a company should focus in on diversity of thought. Psychologically, it is proven that people will associate with other individuals that share the same values and principles as they do but more importantly will surround themselves with people that look like them. A company that has a diverse plethora of people subconsciously shows that the business is open to ideas and accepting of others. Subsequently, management is the group that conducts the direction of the business and

where the company will go. If there is only the same type of people holding majority of the power then that displays an omnipotent view and gives an impression that business will be conducted how they [management] see fit. Nomura is slowly moving toward this trend and wants to increase their numbers of ethnic groups. Today the company has successful businesses in the Americas, Eastern Middle Americas and Asian territories to continue their business. A global representation is a practice that more companies are now adopting to further expand their business.