'RC DAILY DOSE'
Volume 14

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PASSAGE – 1

Accepting and managing diversity is a managerial challenge. However, the preoccupation in most firms is in dealing with diversity in age, race and gender. Firms based in the USA have been active in coping with race and gender issues for well over a decade. Cultural diversity is a relatively newer issue. As multinational firms increase their investments in emerging markets, sensitivity to culture has gained prominence. Business practices and the social assumptions behind business in Asia, for example, were promoted as the Asian way. The institutional infrastructure, political systems and intellectual heritage of these countries are also different from the West. The role of the extended family in business, and the importance placed on loyalty rather than on merit and performance, adds a further dimension to the diversity of approaches. Multinational firms involved in joint venture and collaborative arrangements of all kinds have to learn to understand these differences. Even when multinationals operate their own subsidiaries, dealing with the differences in approaches becomes critical in building a common bond between managers around the world.

Managers need to separate country culture from business practices. Until the crisis in Asia, Asian business practices based on nepotism and crony capitalism were seen as the Asian way and different from western business practices. US-based multinationals would be in violation of the law if they engaged in those practices. The clash of cultures is quite obvious. What should a western multinational do ? I believe that managers in multinational firms have to focus on their managerial culture and value systems as distinct from the prevailing business practices and country and ethnic cultures in markets in which they operate. While recognizing cultural diversity, managers must separate the business practices component from country and ethnic beliefs. Increasingly, to link markets around the world in terms of product flows, shared development tasks, and transfer of knowledge, managers must focus on shared managerial culture. The value system of sharing, working together in teams, respecting differences, and identifying with common goals means that socialization of all associates into a common managerial culture is emerging as a critical element of competitive capability of large firms. Value systems, clearly articulated, and rigorously enforced is an element of managing.

Convergence of technologies and markets creates a new form of diversity- intellectual diversity. Consider for example personal care product firms such as Revlon, L'Oreal, Unilever, Shishiedo, and Procter & Gamble moving up the value chain in their businesses. With ageing population, skin creams may incorporate an anti-ageing ingredient (e.g. retinol) and shampoos may incorporate a hair growth hormone (e.g. rogaine). Personal care products certainly take on the sophistication, the knowledge base, and the need for clinical trials that were the primary focus of the pharmaceutical industry. P & G recently announced an 'anti-rash diaper.' This clinical claim (a first in the diaper business) could not be made without field trials and FDA approval. Similarly, food companies are moving up the chain to incorporate health claims, many of which need substantiation and approvals from the FDA. Traditional commodity processors of food such as Cargill have to be sensitive and knowledgeable about the new genetically manipulated seeds. Today it is possible to genetically influence output characteristics of the soyabean–to increase protein content or allow it to carry a higher percentage of oil. Processing requirements of these seeds are different from processing traditional soyabeans.

A similar problem exists when consumer electronics firms such as Sony or Philips have to learn to cope with the demands of computing software, and communications. Firms like Kodak and Fuji have to seamlessly integrate chemical and electronics technologies to create Photo CD and now a digital camera.

Examples of such convergence are everywhere. But what does this mean in terms of managing ? How do we incorporate knowledge and disciplines of the pharmaceutical industry into the fashion industry ? How do we cope with the pace and rhythm of different technologies –a well-known commodity-processing technology prone to few changes, to complex and fast-changing genetic technology ?

The fusion of multiple intellectual heritages cannot be accomplished if the top management does not clearly articulate a vision of where the industry and the organization are headed. It is imperative that all associates in a food-processing firm, for example, understand the critical need for biotechnology knowledge. Also, all managers must recognize that the acquisition of this knowledge requires a combination of hiring people into the organization who are dissimilar in terms of their backgrounds. Further, knowledge acquisition may call for collaborative arrangements with newer and smaller firms. Learning suggests that the new employees learn about the company and food processing and the incumbents learn about biotechnology. Learning requires effort on both sides. It cannot be accomplished without creating specific projects which act as carriers of new learning. Action bias is critical for learning to harmonize multiple technologies. Managing intellectual diversity requires a clear point of view about industry and firm direction as well as an ability to create specific projects that provide a platform for such learning. Strategic direction as well as strategy deployment (breaking strategic direction into bite-size pieces for small groups to act upon) capability will become an integral part of managing.

1. *All of the following are false with respect to the passage, except that :*
   (1) strategic direction as well as strategy deployment capability is an integral part of managing.
   (2) country culture is part of business practices.
   (3) accepting and managing diversity is simple.
   (4) technologies and markets do not converge to be diverse.

2. *The fallout of multinational firms increasing their investments in emerging markets is :*
   (1) the expansion of business network.
   (2) the prominence of sensitivity to culture.
   (3) the fading out and the elimination of local players.
   (4) the local conditions favouring the investors.

3. *As per the passage, Asian business practices were based on :*
   (1) convergence of various schools of thought.
   (2) high volume of production.
   (3) nepotism and crony capitalism.
   (4) local conditions prevailing in the markets.

4. *Which of the following is not true as per the passage ?*
   (1) Value systems and management are inseparable.
   (2) Country culture ought to be separated from business practices.
   (3) It is not difficult for multinational firms to do business in Asian conditions.
   (4) Technology and markets converge to create a new form of diversity.

5. *Which of the following, if true, strengthens the author's contention in the passage ?*
   (1) While recognising the cultural diversity, managers should integrate the prevailing business practices with country and ethnic cultures in markets in which they operate.
   (2) There need not be an undue emphasis on shared managerial culture as markets around the world can be linked in terms of transfer of knowledge, product flows and shared development tasks.
   (3) The fusion of multiple intellectual heritages is unaccomplished if the top management lacks a clear vision of the aims and directions of the organisation.
   (4) None of the above.

6. *A suitable title for the passage is :*
   (1) The Asian Way Of Management.
   (2) Fusion Of Multiple Intellectual Heritages.
   (3) Loyalty Matters, Not Meritorious Performance.
   (4) Managing Diversity In Business.

7. *Intellectual diversity, as used in the passage, arises when :*
   (1) differences of opinion crop up among intellectuals.
   (2) people with varying intelligence quotients enjoin in a group task.
   (3) technologies and markets converge.
   (4) the suggestions of the Research and Development cell of the organisation do not find favour with the market reading.

8. *The passage is most likely an extract from :*
   (1) the objective analysis of difficulties faced by multinational firms when operating in overseas markets.
   (2) a criticism of the hostile conditions in exotic sites creating hurdles for transacting business in these countries.
   (3) the confidential survey of the markets in Asia, coming out with predictions of conditions that would prevail in the markets in the days to come.
   (4) None of the above.

9. *The passage is handled in a manner which is :*
   (1) subjective   (2) narrative
   (3) objective   (4) descriptive

10. *The passage has suggested management of intellectual diversity through :*
    (1) a clear perception of industry.
    (2) learning to harmonies multiple technologies.
    (3) creation of specific projects through which the application of above technologies takes place.
    (4) All of the above.

To envision the challenges that will face firms in the 21st century, we need to move beyond conventional business discourse and consider the managerial consequences of some already visible sociological trends.

The foundations of business management were established in the 19th century, with the birth of the modern factory, and systemized by Frederick Taylor, Henri Fayol, and automobile entrepreneur Henry Ford, among others, in the first decades of the 20th century. The theories and prescriptions of the 19th century management paradigm are built on a view of the worker as a reluctant individual whose efforts need to be predefined, monitored, and sanctioned.

It reflects the social order of early capitalism – antagonistic relationship between capita and labour – and still underpins managerial action significantly, what Giddens calls post-traditional societies.

The distinctive feature of life in a post-traditional order, according to Giddens, is the declining role of tradition and hierarchy in governing individuals' attitudes and behaviour. While being disenfranchised from tradition, the individual discovers a new form of autonomy and discretion in making life decisions. In this new context, the individual draws on an extensive body of knowledge about social life, available as a consequence of the increasingly reflexive character of modern societies, and actively develops a sense of self-identity through strategic life planning. People are making choices in areas where before they did not or could not. For example, individuals are deciding about their physical appearance, their sexual life and gender, parenting, living alone or with a partner, their eating habits living places, and membership of various communities. If the 19th century witnessed the emergence of the business entrepreneur, the late 20th century has seen the birth of the life-entrepreneur, an individual who is actively participating in building and sustaining a self-identity.

At the macro social level, the emergence of the autonomous and reflexive self precipitates and is reinforced by the parallel crisis of traditional institutions such as marriage, the family, parenthood, geographically defined communities, the church, and the military. It is interesting to note that the latter two core traditional institutions have both been criticized in recent years because of how they have dealt with homosexuals and women, two social groups that exemplify the proactive new world which firms will face.

At the same time that many traditional institutions are in crisis, new social forms and norms are emerging : Gay Olympic Games, virtual communities, weight watchers, pro-choice groups, same-sex marriage and genetic engineering legislation, to name just a few. Irrespective of the specific area in which these forms and norms grow, they correspond to what seems to be a universal need for more democratic institutions that can reflect and support increasingly democratized, reciprocal interpersonal relationships in post-traditional societies. The development of alternative forms of socializing is furthered by the availability of education and technologies, enabling individual to have instantaneous access to great amounts of information, and to communicate beyond traditional time-space boundaries.

Caught between rapid changes at the micro and macro social levels, the firms, a core intermediate institution, faces a number of challenges to its legitimacy as the 21st century approaches. It is no longer perceived as favorably as it has been. It is being criticized for perpetuating hierarchy and domination, perpetuating inequalities between the sexes and ethnic groups, destroying natural resources, polluting the environment, stressing and sacrificing individuals, and breaking up families and communities. The proportion of people for whom a traditional career is no longer the natural path is increasing and many of those who work for established firms are distancing their self-identity from that of the firm. Successive waves of restructuring and downsizing and the concurrent development of the discourse on employability, are inducing individuals to dissociate their fate from their firm's and to explore alternative work models.

The labour market in developed countries is already affected by these trends. Firms in traditional sectors, hampered by their image as unprogressive, are finding it increasingly difficult to hire adequate number of people. In other industries, firms are competing for a limited pool of talent and are investing considerable time and money in recruitment. Younger people seem to be increasingly attracted to self-employment, entrepreneurial opportunities and the professions. And the business press regularly contains reports of high-flying executives who quit comfortable jobs to start their own business work as independent consultants or more simply to spend more time with their families.

These trends reflect the growing effort by individual people to reclaim control over their lives. They want to have a say in what they do; where, when, how, and with whom they do it; and, perhaps most importantly, why. As the firms listens to and involves people in these decisions, in the same manner that it has internalized the needs of customers, customization of the workplace will inevitably emerge.

In 19th century management, individuals were taken for granted and had no choice or voice. Its foundations were built on an asymmetrical relationship between employee and employer. Because they do not seriously question these foundations, 20th century management and the managerial innovations of the eighties and nineties will not enable the firm to cope effectively with the life-entrepreneurs and personal architect of post-traditional societies.

11. *Which of the following would best align with what the passage has to say ?*
    (1) The emergence of new social forms and norms has nothing to do with the crisis in the traditional institutions.
    (2) Firms face a number of challenges to its legitimacy, as the twenty first century approaches.
    (3) The individual is indulging in a futile enterprise in building and sustaining the self identity.
    (4) Successive waves of restructuring and downsizing have had no effect on the employment status of individuals, who owe allegiance to the firms they are employed in.

12. *All of the following are true with respect to the passage, except that :*
    (1) individuals were taken for granted and had no voice or choice, in the style of the management adopted during the nineteenth century.
    (2) firms in traditional sectors have been hampered in retaining their work force, on account of their non-progressive image.
    (3) life in the post-traditional order has a distinguishing feature in which the role of hierarchy and tradition is dominant in governing the behaviour of the individual.
    (4) firms are competing for a limited pool of talent and are investing considerable time and money in recruitment.

13. *A worker, as per the passage :*
    (1) displays abundant loyalty to the organisation served.
    (2) in the modern era constantly goes for upgradation and updation, so as to survive in the organisation.
    (3) is often influenced by family demands which is not balanced with the work requirements.
    (4) was thought of as reluctant individual in the perspective of the nineteenth century management.

14. *Post-traditional societies, according to the passage, follow the :*
    (1) dictatorial path and believe in imposing the viewpoint on one and all.
    (2) democratized pattern reflecting reciprocally interpersonal relationships.
    (3) modern trend subject to traditions not being flouted.
    (4) None of the above.

15. *The present trend in the labour market, as made out by the passage, is :*
    (1) the difficulty faced by traditional firms in hiring people and retaining them, owing to the non-progressive image projected.
    (2) the tendency of people to become entrepreneurial and go for self-employment.
    (3) the growing efforts of the individuals to reclaim control over their lives, wanting to have a say in what, where, when, how, with whom and why in the acts they do.
    (4) All of the above.

16. *A suitable title for the passage could be :*
    (1) Challenges Faced By Firms In The Twentyfirst Century.
    (2) Traditional Vs.The Modern, In Business Sphere.
    (3) Change In The Mindset Of The Employees.
    (4) Profitability In Business, In The Modern Era.

17. *The passage is most likely an extract from :*
    (1) the proceedings of a strategy meeting convened to deliberate the decline in the fortunes of a leading company.
    (2) an article tracing the changes taking place in the running of a business, over the centuries.
    (3) an expose of the cut throat competition taking place in the business sphere.
    (4) the notings of a psychologist describing the ficklemindedness of the employees in changing jobs.

18. *The author has used the style, in dealing with this passage, which is :*
    (1) humourous   (2) boring   (3) interesting   (4) ambiguous

19. *The reason for people to leave well-placed jobs is given by the passage as :*
    (1) the need to spend time with families.
    (2) the fulfilment of the entrepreneurial urge.
    (3) an outcome of the row kicked up with the higher ups.
    (4) All except (3).

20. *As per the passage, the transition of the nineteenth century to the late twentieth one is best manifest in :*
    (1) materialistic changes taking place the world over, thanks to technological marvels.
    (2) the individual changing to being a life entrepreneur from previous role of the business entrepreneur.
    (3) expansion of business areas.
    (4) intellectual and mental growth of individuals.

Detailed Solutions

1. **Ans.(1).** Options (2), (3) and (4) are not correct, as the passage does not endorse them. Option (1) finds its place in the last line of the passage. Hence the sought option is (1).

2. **Ans.(2).** The opening paragraph is about accepting and managing diversity. Multinational firms that have their stake in the emerging markets by way of investments have to cope with cultural diversity. Option (2) best represents this and is an apt one. The remaining options are not correct as the passage does not state them.

3. **Ans.(3).** The second paragraph is about the basis of the Asian business practices. Option (3) best represents the basis and is the one sought. The remaining options are not apt and can be ignored.

4. **Ans.(3).** Options (1), (2) and (4) find their place in the passage. Paragraphs two and three endorse and uphold them. Option (3) is the odd one out, for the passage means the opposite of what is stated in this option. Option (3) gets ticked.

5. **Ans.(3).** Option (3) is in place, as the last paragraph validates this option. The remaining options (1), (2) and (4) can be rejected, as the passage does not endorse them. Hence the sought option is (3).

6. **Ans.(4).** The passage is about diversities in business, be they cultural or intellectual, and how to take them into account, when arriving at business decisions. Option (4) best conforms to this and is the correct one. The remaining options are incorrect.

7. **Ans.(3).** The third paragraph uses the term 'intellectual diversity'. Option (3) best conforms to the meaning and interpretation of this term. The remaining options (1), (2) and (4) are not true, as the passage does not mention them.

8. **Ans.(1).** Clearly, the option to be selected is (1), for it is the most likely source from where the passage could have been extracted.

9. **Ans.(3).** The author has handled the passage in a balanced and an unbiased way. There is no element of imposed thinking. The ideas are presented factually with reasons. Option (3) deserves the tick. The remaining options are not correct.

10. **Ans.(4).** The last paragraph of the passage spells out options (1), (2) and (3) as ways of managing intellectual diversity. Each of them is intact, however, option (4), their combination, is the perfect pick.

11. **Ans.(2).** Option (2) is in place as the passage, in the fifth paragraph validates it. Options (1), (3) and (4) have their opposite stated in paragraphs four, two and five respectively and are thus refuted.

12. **Ans.(3).** Options (1), (2) and (4) are in place and find a place in the passage. The last paragraph and the third last paragraph uphold them. Option (3) falls out as the passage refutes it, as its opposite is stated in the second paragraph. Option (3) is the one sought.

13. **Ans.(4).** None of the options (1), (2) and (3) is true, for the passage does not state it or endorse it. Option (4) finds its place in the first paragraph and is the one sought.

14. **Ans.(2).** Options (1) and (3) are not true and do not represent the contents of the passage. Option (2) finds its place in the fourth paragraph. Hence option (2) is sought.

15. **Ans.(4).** Each of the options (1), (2) and (3) is endorsed in the passage towards the latter half of the passage. They are the ones sought, however, option (4), their combination is the best one.

16. **Ans.(1).** The passage is basically about the challenges faced by various business units in the twentyfirst century. Traditionalism versus modernity is one aspect of the challenges, changes in the mentality of the employees is another. Options (2) and (3), though representing the passage, pale out before (1) which is the apt title for the passage. Option (4) is totally incorrect, as the passage does not say anything of the profitability.

17. **Ans.(2).** Option (2) is the most likely source of extraction of the passage. Options (1), (3) and (4) are not correct.

18. **Ans.(3).** The passage is neither humourous, boring or ambiguous. It is interesting making option (3) as the correct one.

19. **Ans.(4).** The last three paragraphs have stated the reasons for the people leaving the cushy jobs to be on their own. Options (1) and (2) are best the reasons for them to do so. Option (3) is not the reason, as the passage has not stated it. Options (1) and (2) are sought, however option (4), their combination, is the best one.

20. **Ans.(2).** The second paragraph illustrates the changes felt in the late twentieth century when compared with the nineteenth century. Option (2) best represents this and is the correct one. Options (1), (3) and (4) are not correct, as the passage does not state them.

Answer Keys

11.(2)	12.(3)	13.(4)	14.(2)	15.(4)	16.(1)	17.(2)	18.(3)	19.(4)	20.(2)
1.(1)	2.(2)	3.(3)	4.(3)	5.(3)	6.(4)	7.(3)	8.(1)	9.(3)	10.(4)