I.D.2: How Do My Ethics Rate?

Instrument

Indicate your level of agreement with these 15 statements using the following scale:

1 = Strongly disagree
2 = Disagree
3 = Neither agree or disagree
4 = Agree
5 = Strongly agree

1. The only moral of business is making money.	1	2	3	4	5
2. A person who is doing well in business does not have to worry about moral problems.	1	2	3	4	5
3. Act according to the law, and you can't go wrong morally.	1	2	3	4	5
4. Ethics in business is basically an adjustment between expectations and the ways people behave.	1	2	3	4	5
5. Business decisions involve a realistic economic attitude and not a moral philosophy.	1	2	3	4	5
6. "Business ethics" is a concept for public relations only.	1	2	3	4	5
7. Competitiveness and profitability are important values.	1	2	3	4	5
8. Conditions of a free economy will best serve the needs of society. Limiting competition can only hurt society and actually violates basic natural laws.	1	2	3	4	5
9. As a consumer, when making an auto insurance claim, I try to get as much as possible regardless of the extent of the damage.	1	2	3	4	5
10. While shopping at the supermarket, it is appropriate to switch price tags on packages.	1	2	3	4	5
11. As an employee, I can take home office supplies; it doesn't hurt anyone.	1	2	3	4	5
12. I view sick days as vacation days that I deserve.	1	2	3	4	5
13. Employees' wages should be determined according to the laws of supply and demand.	1	2	3	4	5
14. The business world has its own rules.	1	2	3	4	5
15. A good businessperson is a successful businessperson.	1	2	3	4	5

Source: Adapted from A. Reichel and Y. Neumann, *Journal of Instructional Psychology*, March 1988, pp. 25-53. With permission of the authors.

Analysis and Interpretation

No decision is completely value-free. It undoubtedly will have some ethical dimensions. This instrument presents philosophical positions and practical situations. Rather than specify "right" answers, this instrument works best when you compare your answers to those of others. With that in mind, here are mean responses from a group of 243 management students. How did your responses compare?

1. 3.09	6. 2.88	11. 1.58
2. 1.88	7. 3.62	12. 2.31
3. 2.54	8. 3.79	13. 3.36
4. 3.41	9. 3.44	14. 3.79
5. 3.88	10. 1.33	15. 3.38

Do you tend to be more or less ethical than the student norms presented above? On which items did you differ most? Your answers to these questions can provide insights into how well your ethical standards match other people with whom you will be working in the future. Large discrepancies might be a warning that others don't hold the same ethical values that you do.

sponding to a Supervisory Dilemma

chko/Fotolia

Technology is any equipment, tool, or operating method designed to make work more efficient. Technology is making it possible to better serve customers in many industries. Technology in the workplace has enormous benefits, but it can also have downsides.

Employees have always been susceptible to distractions at work, and the Internet has only broadened these distractions. Workers admit to spending more than two hours wasting their time at work, and almost half of that time is spent online. Some employees have access to social media websites such as Facebook and Twitter and spend company time looking at what their friends are doing. Shopping on websites such as Amazon and writing blogs are all serious timewasters while on the job. Some companies have blocked such websites so that employees are not allowed to use them while at work. However, with the use of smartphones, employees can just as easily view Facebook and other sites while at their desk. The biggest shopping day—the day after Thanksgiving—is called Black Friday. Now there is a new term for the Monday following Thanksgiving—Cyber Monday. Employees return to work following the holiday and do their shopping while at work. Hours of employee time and company money are spent doing everything but work.

There are two conflicting perspectives regarding surfing the Internet while at work: (1) that time wasted costs employers billions of dollars and (2) that occasional diversions from the work are necessary to refresh workers and to stimulate their creativity, thus actually boosting the employer's "bottom line."* As a supervisor, combating Web surfing or cyberloafing can be a difficult task. Although the supervisor could make the job more interesting, provide breaks to use the Internet, and establish clear guidelines for employee's Internet usage, employees will, most likely, still go online at their own discretion.

Do you think surfing the Internet is a timewaster resulting in loss of money, or is it necessary for employees to remain focused? Do you use company time to go online for personal use? How much time do you spend going online at work? Do you think the key to keeping employees off of the Internet is to block popular social media websites? Do you feel that it would prevent employees from wasting work hours? As a supervisor what would your approach be to employees that are caught using Facebook and Twitter on company time?

*S. Opperman, "'Surfin' USA'—Accessing the Net at Work and Other Time-Wasting Activities—Are They a Cost or a Benefit to Your Agency," *FedSmith*, July 11, 2007, www.fedsmith.com/article/1298 (accessed February 15, 2011).

It has been said often that the only thing that remains constant in our lives is change. Most people would undoubtedly agree that this statement is true. Supervisors must always be prepared for changing events that may have a significant effect on their lives. Changing events have always helped shape the interactions between supervisors and their employees, and undoubtedly will continue to do so. Some of the more recent changes include global market competitiveness, technology and e-business enhancements, workforce diversity, continuous-improvement programs, downsizing, and the issue of ethics. Let's look at how these changes are affecting supervisors in organizations.

Global Competitiveness

OBJECTIV
Explain hov
supervisors

Many North American companies grew large and powerful following World War II because they faced modest competition from around the world. For instance, in the 1950s and 1960s, General Motors (GM) became the world's largest and most profitable corporation. Was it because GM efficiently produced first-rate products that were carefully matched to the needs of auto consumers? Maybe in part; however, GM's success was more a result of the fact that its only major competition came from two other relatively less-efficient U.S. producers—Ford and Chrysler. Now, look at GM today. It has drastically reduced costs, improved quality, and cut the time it takes from designing a car to having it in dealer showrooms. Did GM make these changes voluntarily? Absolutely not! It was forced to do this to meet changing global competition. Ford and Chrysler significantly improved their quality, developed innovative products such as the minivan, and began selling imported cars under their brand names. Ford and Chrysler also forged ahead in their global presence through a series of international acquisitions. Ford went global by purchasing Jaguar in 1990, Volvo in 1999, and Land Rover in 2000. However, because of global competitiveness and an economic turnaround, Ford sold Jaguar and Land Rover to Indian auto manufacturer Tata Motors in 2008. Zhejiang Geely Holding Group of China acquired Volvo Cars from Ford in 2010. Chrysler went global by acquiring Maserati in 1987, selling it in 1993, and then merging with Daimler-Benz in 1998 to form DaimlerChrysler. However, the alliance was short lived, and economic uncertainty resulted in the 2007 sale of Chrysler to Cerberus Capital Management, where it was known as Chrysler LLC. In April 2009, Chrysler LLC declared bankruptcy, and on June 10, 2009, it emerged as Chrysler Group LLC from a Chapter 11 reorganization bankruptcy. It was sold to the Italian automaker Fiat, whose stake in Chrysler was 30 percent. In 2011 Chrysler's owners other than Fiat were the United Auto Workers (UAW) retiree healthcare trust fund (59.2 percent), the U.S. government (8.6 percent), and the Canadian and Ontario governments (2.2 percent).[1] Fiat eventually acquired all shares of Chrysler except those held by the UAW retiree healthcare trust fund and on January 1, 2014, they announced a deal to purchase those shares as well. Meanwhile, aggressive competition from foreign companies such as Honda, Toyota, Nissan, and BMW has been increasing pressure on GM to continue to change if it is going to survive.

IS THERE SUCH A THING AS "BUY AMERICAN"?

The GM example illustrates that organizations are no longer constrained by national borders. Consider, for instance, that McDonald's sells hamburgers in China and KFC sells chicken in China. Exxon, Coca-Cola, AFLAC, and Walmart are U.S. companies that receive significant portions of their income from foreign operations.[2] Honda, BMW, Mitsubishi, Mercedes-Benz, Subaru, Nissan, and Hyundai all have plants in the United States. Parts for Ford vehicles come from all over the world: Mexico (seats, windshields, and fuel tanks), Japan (shock absorbers), Spain (electronic engine controls), Germany (antilock brake systems), and England (key axle parts).

It is important to point out that although organizations have become increasingly global in their perspectives and have accepted the reality that national borders no longer define corporations, some in the public have been slower to accept this fact. Some people feel that the sale of foreign products takes jobs from Americans. The cry often is "Buy American." The irony is that many so-called foreign products are made

[1]Fred Meier, *USA Today*, April 12, 2011, http://content.usatoday.com/communities/driveon/post/2011/04/fiat-given-another-5-by-feds-now-owns-30-of-chrysler/1 (accessed May 9, 2011).
[2]L. M. Cacace and R. K. Tucksmith, "Global 500," *Fortune*, July 26, 2004, F1–F4.

in the United States. For example, Michelin, a French company, sells tires made in the United States. The message from this example should be obvious: A company's national origin is no longer a good gauge of where it does business or the nationality of its employees (see "Something to Think about: Who Owns What?"). Such companies as Honda and Samsung employ thousands of people in the United States. At the same time, such firms as Coca-Cola, Exxon, and Citicorp employ thousands in places such as India, Hong Kong, and the United Kingdom. So, phrases such as "Buy American" represent old stereotypes that fail to reflect the changing global village.

HOW DOES GLOBALIZATION AFFECT SUPERVISORS?

A boundaryless world introduces new challenges for supervisors. These range from how supervisors view people from foreign lands to how they develop an understanding of these immigrating employees' cultures. A specific challenge for supervisors is to recognize the differences that might exist and find ways to make their interactions with all employees more effective. One of the first issues to deal with, then, is the perception of "foreigners."

ething to Think about (and promote class discussion)

OWNS WHAT?

ay to grasp the changing nature of the global environment is to consider the country of owner- r some familiar products and companies. You might be surprised to find that many name-brand ts you thought were made by U.S. companies aren't so. Take the following quiz. Correct answers ed at the end of the chapter; however, because the international world of business is so dynamic y wish to explore online resources to determine whether there have been any ownership changes.

e parent company of Braun household pliances (electric shavers, coffee makers) ocated in
Switzerland c. the United States
Germany d. Japan

Corporation (pen maker) is
Japanese c. American (U.S.)
British d. French

e company that makes Häagen-Dazs ice eam is located in
Germany c. Switzerland
Great Britain d. the United States

CA television sets are produced by company based in
France c. China
the United States d. Taiwan

ne firm that owns Green Giant (vegetables) located in
the United States c. Great Britain
Canada d. Italy

6. The owners of the Godiva chocolate company are located in
a. the United States c. Turkey
b. Switzerland d. Sweden

7. The company that produces Vaseline is
a. American (U.S.) c. German
b. Dutch/British d. French

8. Wrangler jeans are made by a company headquartered in
a. Japan c. Great Britain
b. Taiwan d. the United States

9. The company that owns Holiday Inn is based in
a. Saudi Arabia c. the United States
b. France d. Great Britain

10. Tropicana orange juice is made by a company that is headquartered in
a. Mexico c. the United States
b. Canada d. Japan

Americans in general have previously held a rather parochial view of the world. **Parochialism** means that we see things solely through our own eyes and from our uniquely American perspective. This translates into "We believe what we do is best." Americans often do not recognize that other people have valid, though different, ways of thinking and doing things. Parochialism causes Americans to view their practices as being better than practices in other cultures. Obviously, we know that cannot be the case. However, changing this perception first requires us to understand different cultures and their environments.

All countries have different cultural environments—values, morals, customs, and laws. Although cultural issues are much more involved than this and go beyond the scope of this book, we will look at some basic cultural issues that supervisors need to understand. For example, in the United States we have laws that guard against discriminatory hiring and employment practices. Similar laws do not exist in all other countries. Understanding cultural environments, then, is critical to the success of supervising others in the global village.

One of the better-known studies about **cultural environments** was done by researcher Geert Hofstede.[3] Hofstede analyzed various aspects of different countries' cultures and found that a country's culture has a major effect on employees' work-related values and attitudes. By analyzing various dimensions, Hofstede developed a framework for understanding cultural differences. Countries that share similar cultures are represented in Exhibit 2-1.

Latin American	Argentina Chile Colombia Mexico Peru Venezuela
Anglo-American	Australia Canada Ireland New Zealand South Africa United Kingdom United States
Central European	Austria Germany Switzerland
Latin European	Belgium France Italy Portugal Spain
Nordic	Denmark Finland Norway Sweden

Exhibit 2-1

Countries with similar cultural characteristics.

Source: Adapted from S. Ronen and A. Kranut, "Similarities among Count[...] Based on Employee Work Values and Attitudes," *Columbia Journal of Wor[...] Business* (Summer 1977), 94.

Hofstede's findings group countries according to such cultural variables as status differences, societal uncertainty, and assertiveness. These variables indicate a country's means of dealing with its people and how the people see themselves. For example, in an individualistic society, people are primarily concerned with their own family. On the contrary, in a collective society (the opposite of individualistic), people care for all individuals who are part of their group. The United States is a strongly individualistic society. Therefore, U.S. supervisors may have difficulties relating to people from Pacific Rim countries, where collectivism dominates, unless they are aware of this cultural difference.

When working with people from different cultures, we informally learn the differences that exist between their culture and ours. Many companies also provide formal training in this area. Supervisors learn that they must be flexible and adaptable in their dealings with employees. Recognizing differences in employees' backgrounds and customs fosters appreciation and even celebration of those differences (see "News Flash! The Cultural Variables").

parochialism
Seeing things solely through one's o[...] eyes and from one's own perspectiv[...] believing that one's own way is the [...]

cultural environments
Values, morals, customs, and laws of countries.

Technology Enhancements

OBJECTIVE 2.2
Describe how technology is chan[...] the supervisor's job.

Change, newness, uncertainty—what do they mean for tomorrow's supervisors? Although making predictions can be viewed as an exercise in futility, evidence supports the idea that supervisors need to concern themselves with change. The key to success—if it can be narrowed down to one statement—is this: Be prepared to make adjustments. Opportunities will abound for those prepared to accept and deal with the information

[3] G. Hofstede, *Cultural Consequences: International Differences in Work-Related Values* (Beverly Hills: Sage, 1990).

News Flash!

THE CULTURAL VARIABLES

To date, the most valuable framework to help managers better understand differences between national cultures has been developed by Geert Hofstede.* He surveyed more than 116,000 employees in forty countries, all of whom worked for IBM. What did he find? Hofstede found that supervisors and employees vary in four dimensions of national culture: (1) individualism versus collectivism; (2) power distance; (3) uncertainty avoidance; and (4) quantity versus quality of life.†

Individualism refers to a loosely knit social framework in which people are supposed to look after their own interests and those of their immediate family. This is made possible because of the large amount of freedom that such a society allows individuals. Its opposite is **collectivism**, which is characterized by a tight social framework. People expect others in groups to which they belong (e.g., a family or an organization) to look after them and protect them when they are in trouble. In exchange for this, they feel they owe absolute allegiance to the group.

Power distance is a measure of the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally. A high-power-distance society accepts wide differences in power in organizations. Employees show a great deal of respect for those in authority. Titles, rank, and status carry a lot of weight. In contrast, a low-power-distance society plays down inequalities as much as possible. Supervisors still have authority, but employees are not fearful or in awe of the boss.

A society that is high in **uncertainty avoidance** is characterized by an increased level of anxiety among its people, which manifests itself in greater nervousness, stress, and aggressiveness. Because people feel threatened by uncertainty and ambiguity in these societies, mechanisms are created to provide security and reduce risk. Their organizations are likely to have more formal rules, there is less tolerance for deviant ideas and behaviors, and members strive to believe in absolute truths. Not surprisingly, in organizations in countries with high uncertainty avoidance, employees demonstrate relatively low job mobility, and lifetime employment is a widely practiced policy.

Quantity of life versus quality of life, like individualism and collectivism, represents a dichotomy. Some cultures emphasize the **quantity of life**, and value things such as assertiveness and the acquisition of money and material goods. Other cultures emphasize the **quality of life**, placing importance on relationships and showing sensitivity and concern for the welfare of others.

With which cultures are U.S. supervisors likely to best fit? Which are likely to create the biggest adjustment problems? All we have to do is identify those countries that are most and least like the United States on the four dimensions. The United States is strongly individualistic, but low on power distance. This same pattern is exhibited by Great Britain, Australia, Canada, the Netherlands, and New Zealand. Those least similar to the United States on these dimensions are Venezuela, Colombia, Pakistan, Singapore, and the Philippines.

The United States scores low on uncertainty avoidance and high on quantity of life. This same pattern is shown by Ireland, Great Britain, Canada, New Zealand, Australia, India, and South Africa. Those least similar to the United States on these dimensions are Chile and Portugal.

The study supports what many suspected: that the U.S. supervisor transferred to London, Toronto, Melbourne, or a similar Anglo city would have to make the fewest adjustments. The study further identifies the countries in which culture shock—a feeling of confusion, disorientation, and emotional upheaval caused by being immersed in a new culture—is likely to be the greatest, resulting in the need to radically modify the American supervisory style.

*G. Hofstede, *Cultural Consequences: International Differences in Work-Related Values* (Beverly Hills: Sage, 1990).

†Hofstede called this last dimension *masculinity versus femininity*. We changed it because of the strong gender reference in Hofstede's choice of terms.

age. Realize that as little as thirty years ago, almost no one had a fax machine, cellular phone, or personal digital assistant. Computers were still too large to fit on desks. *E-mail*, *modem*, and *Internet* weren't everyday words spoken by the general public. Home security typically involved having a large dog. Sophisticated gadgetry was pretty much left to the action-packed movies!

Today, information technology, supported by advances in the silicon chip, has altered a supervisor's life forever. Electronic communications, optical character and voice recognition, and storage and retrieval databases, among other technologies, are significantly influencing how information is created, stored, and used.

Equally important are the constantly evolving skills and competencies supervisors must possess. Those who embrace knowledge and continuously learn new skills will be the ones who survive in the high-tech world. Imagine needing information on how well your unit is meeting production standards. Forty years ago, obtaining that information might have taken as long as a month. Today, a few keystrokes on the keyboard of the computer on your desk can get you that same information almost instantaneously!

In the past three decades, U.S. companies such as General Electric, Walmart, and 3M have witnessed automated offices, robotics in manufacturing, computer-assisted design software, integrated circuits, microprocessors, and electronic meetings. These technologies combined have made these organizations more productive and, in some cases, helped them to create and maintain a competitive advantage.

WHAT IS TECHNOLOGY?

Technology is any equipment, tool, or operating method designed to make work more efficient. Technological advances involve integrating technology with any process for changing inputs (raw materials) into outputs (goods and services). In decades past, most processing operations were performed by human labor. Technology has made it possible to enhance most production processes by replacing human labor with sophisticated electronic and computer equipment. An example is the assembly operation at Chrysler Group LLC, which relies heavily on robotics. These robots perform repetitive tasks—such as spot welding and painting—much faster than humans can. In addition, the robots aren't subject to the health problems caused by exposure to chemicals or other hazardous materials.

The use of technology goes far beyond application to mass-production manufacturing processes. Technology is making it possible to serve customers better in many industries. The banking industry, for instance, has replaced thousands of bank tellers by installing ATMs and electronic bill-paying systems—often at locations that are more convenient to the customer. One Medical developed a mobile app that allows patients to pick a physician, schedule appointments, and tell their doctor what's wrong, and offers an option to "get treated now" in case a more pressing matter arises—all at their patients' fingertips. Creating this system allowed One Medical to increase, retain, and track patients more effectively to reduce wait times.[4]

Technological advancements are also used to provide better, more useful information. Cars built today, for example, have a built-in computer circuit that a technician can plug into to diagnose problems with the automobile—saving countless diagnostic hours for a mechanic. Many automobiles have systems that permit drivers to map their location and receive accurate, on-the-spot directions to the driver's destination.

individualism
A view holding the individual above the group with the expectation that individuals will stand up for themselves and choose their own affiliations rather than blindly obeying external forces of politics, society, and economic issues. This view stresses independence over interdependence.

collectivism
A view holding that the group above the individual in terms of politics, society, and economic issues trumps the claim of any individual. This view stresses interdependence over independence.

power distance
Extent to which the less-powerful members of institutions and organizations expect and accept the idea that power is distributed unequally. Belief in small power distance results in expectance of power relations that are more consultative or democratic, with people relating to one another more as equals regardless of formal positions. Belief in large power distance results in the less powerful accepting power relations tha are more autocratic and paternalistic, wherein subordinates acknowledge th power of others based simply on their position in certain formal, hierarchical positions.

uncertainty avoidance
The extent to which members of a society attempt to cope with anxiety by minimizing ambiguity. Cultures with high uncertainty avoidance pref rules and structured circumstances, whereas low uncertainty avoidance cultures operate effectively in the absence of clear-cut rules, policies, and procedures.

quantity of life
Belief that values competitiveness, assertiveness, ambition, and the accumulation of wealth and materia possessions.

quality of life
Belief that places more value on rel tionships and overall worth of one's in society.

technology
Any equipment, tool, or operating method designed to make work m efficient.

E. Rasowsky, "4 Examples of Companies Using Social Technology to Increase Sales," *Get With the Future log*, Posted: November 18th, 2013, http://socialdriver.com/2013/11/18/4-examples-companies-using-ocial-technology-increase-sales (accessed 03/02/2014); R. Mac, "One Medical Group: A Concierge Service Another Name (And Price)," *Forbes*, 3/27/2013, http://www.forbes.com/sites/ryanmac/2013/03/27/one-edical-group-a-concierge-service-by-another-name-and-price (accessed 03/02/2014).

HOW DOES TECHNOLOGY CHANGE THE SUPERVISOR'S JOB?

Few jobs today are unaffected by advances in computer technology. Whether it's automated robotics on the production floor, computer-aided design in the engineering department, or automated accounting systems, new technologies are changing the supervisor's job.

Although technology has had a positive effect on internal operations within organizations, how, specifically, has it changed the supervisor's job? To answer that question, we need only look at how the typical office is set up. Organizations today have become integrated communications centers. By linking computers, telephones, fax machines, copiers, printers, and the like, supervisors can get more complete information more quickly than ever before. With that information, supervisors can better formulate plans, make faster decisions, more clearly define the jobs that workers need to perform, and monitor work activities on an as-they-happen basis. In essence, technology today has enhanced supervisors' ability to perform their jobs.

Technology is also changing where a supervisor's work is performed. Historically, in organizations, the supervisor's work site was located close to the operations site. As a result, employees were in close proximity to their bosses. A supervisor could observe how the work was being done, as well as easily communicate with employees face-to-face. Through the advent of technological advancements, supervisors are now able to supervise employees in remote locations. Face-to-face interaction has decreased dramatically. Work, for many, occurs where their computers are. **Telecommuting** capabilities—linkage of a remote worker's computer and modem with those of coworkers and management at an office—have made it possible for employees to be located anywhere in the global village. Communicating effectively with individuals in remote locations and ensuring that their performance objectives are being met are some of the supervisor's new challenges.

...uting
...ker's remote computer
...ith those of coworkers
...ent at an office.

E-Business at Work

...2.3
...cept of e-business
...e.

College faculty are fond of saying that "the world of organizations is changing" and "the only thing constant is change." There is no better evidence of these statements than the change in business brought about by the Internet. This section highlights how computers and the Internet are reshaping supervisory practices. To begin this discussion, let's take a look at what we mean by e-businesses and what's unique about them.

WHAT IS AN E-BUSINESS?

...and selling of prod-

Two terms that seem to cause considerable confusion need to be clarified: *e-commerce* and *e-business*.[5] The term **e-commerce** is becoming the standard label to describe the online buying and selling of products or services. It encompasses presenting products on websites and filling orders. The vast majority of articles and media attention given to using the Internet in business are directed at online shopping—marketing and selling goods and services over the Internet. When you hear about the tremendous number of people shopping on the Internet, and how businesses set up websites where they can sell goods, conduct transactions, get paid, and fulfill orders, you're hearing about e-commerce. It's a dramatic change in the way a firm relates to its customers. Online retail sales are expected to grow steadily from 2012 to 2017 with a projected 10 percent compound annual growth rate (CAGR). Online sales in the form of e-commerce generated $231 billion in 2013 sales for U.S. retailers and are expected to increase 13 percent to $262 billion in 2014. E-commerce, which already accounts for about

[5] E. Strout, "Launching an E-Business: A Survival Guide," *Sales and Marketing Management*, July 2000, 90–92.

8 percent of total retail sales in the United States, is expected to outpace sales growth at brick-and-mortar stores over the next several years, reaching $370 billion in sales by 2017, and eventually will account for a full tenth of all retail sales in the United States. Studies indicate that more smartphones and tablets are boosting the amount of time consumers spend online and they are used to research purchases, find stores, and find the best prices available.[6] You should be aware that 90 percent of e-commerce sales are business-to-business transactions. The vast majority of e-commerce sales are of products such as Intel chip sales to Dell or Goodyear sales to Ford rather than to consumers like you and me buying computers or sweaters for personal consumption.

In contrast, **e-business** refers to the full breadth of activities included in a successful Internet-based enterprise. As such, e-commerce is a subset of e-business. E-business includes developing strategies for running Internet-based companies, improving communication with suppliers and customers, collaborating with partners to electronically coordinate design and production, identifying a different kind of leader to run a "virtual" business, finding skilled people to build and operate intranets and websites, and running the "back room" or the administrative side. E-business includes creating new markets and customers, but it's also concerned with finding optimal ways to combine computers, the Web, and applications software.

An e-business uses the Internet (a worldwide network of interconnected computers), intranets (an organization's private network), and extranets (an extended intranet accessible only to selected employees and authorized outsiders) to open up an organization's communication channels, making it possible to integrate and share information and allowing customers, suppliers, employees, and others to communicate with and through the organization on a real-time basis.

Doble.d/

Telecommuting means an employee can do work from nearly anywhere—as long a work gets completed in a ti fashion.

Now that you have a better understanding of what an e-business is, let's turn our attention to some of the implications e-business will have for supervisors.

Sjsc

An example of an intr

WHAT CHANGES CAN SUPERVISORS EXPECT FROM E-BUSINESS?

Alan Naumann, former head of Calico Commerce, expressed a view widely held by e-business supervisors: "Despite all our focus on speed, we consciously slow down for one thing: hiring people ... it's the one aspect of business today in which the cost of mistakes is greater than the advantage of acting in real time." Recruiting good people is particularly challenging for supervisors in e-businesses.

[6]Natasha Lomas, "Forrester Research Inc. cited in "'Forrester: U.S. Online Retail Sales to Rise to $370BN by 2017 (10% CAGR) As Ecommerce Motors on with Help from Tablets & Phones'" TechCrunch, March 13, 2013, http://techcrunch.com/2013/03/13/forrester-2012-2017-ecommerce-forecast (accessed January 01, 2014).

e-business
A comprehensive term describing the way an organization does its work by using electronic linkages with its key constituents to achieve its goals efficiently and effectively.

These jobs require a unique brand of technical and professional people. The employees have to be smart and able to survive in the demanding cultures of e-business firms. However, people who understand e-business are in short supply and tend to have high mobility.[7] This makes it difficult for supervisors to recruit effectively.

Once applicants have been identified, supervisors in e-businesses need to carefully screen final candidates to ensure that they fit well into the organization's culture. E-businesses tend to have common cultural characteristics: an informal workplace, team spirit, intense pressures to complete projects quickly and on time, and a 24×7 (twenty-four hours a day, seven days a week) work mentality. Selection tools such as tests, interviews, and references need to "select out" people that aren't team players and can't handle ambiguity and stress.

Motivating employees in an e-business also poses a challenge to today's supervisors. Employees in e-businesses are more susceptible to distractions that can undermine their work effort and reduce their productivity. In addition, technical and professional employees in e-businesses often have skills that make them marketable, and many realize their employers' dependence on these skills. As a result, employees in e-businesses frequently have different compensation expectations than do their peers in more traditional organizations and will cope with a variety of distractions that may not be evident in traditional businesses.

berloafing
t productivity time as a result of an ployee using the Internet at work for sonal reasons.

Employees have always been susceptible to distractions at work such as interruptions by colleagues or personal phone calls. The Internet, however, has significantly broadened these distractions to include surfing the Net, checking Facebook, Tweeting, playing online games, stock trading, shopping at work, and searching for other jobs online. Recent estimates indicate that a good portion of lost worker productivity is caused by **cyberloafing**. If the work itself isn't interesting or creates excessive stress, employees are likely to be motivated to do something else. If employees have easy access to the Internet, that "something else" is increasingly using the Net as a diversion. However, because smartphones and Internet access make many employees as productive at home as at work, the off-hours activity may more than make up for nonwork-related pursuits at the office.[8]

How widespread is wasting time at work? A recent survey of workers indicated 69 percent of them waste time at work every single day. Most people (34 percent) said they routinely waste thirty minutes or less each day while on the clock. Nearly one-quarter (24 percent) said they waste between thirty and sixty minutes daily, with 11 percent claiming they spend several hours per day wasting time on nonwork-related items on a daily basis. Of the people who don't waste time each day, 21 percent reported slacking off one to two times a week, whereas only 10 percent claimed they never waste time on the job. But are they cyberloafing? Survey data show the Internet is a big time-waster with 37 percent of respondents selecting checking the news as their top time-waster; however 20 percent of workers claim they don't visit any nonwork-related websites while they're on the clock. The most-visited time-wasting sites include social media, 14 percent; online shopping, 12 percent; entertainment/lifestyle, 8 percent; sports, 3 percent; and travel, 2 percent. The most visited nonwork-related website from nine to five is Facebook with 15 percent of all respondents choosing it as the biggest time-waster; followed by Yahoo!, 14 percent; LinkedIn, 10 percent; Google+, 8 percent; Amazon, 6 percent; ESPN, 2 percent; YouTube, 2 percent; Twitter, 2 percent; CraigsList, 2 percent; and Pinterest, 1 percent. It is also interesting to view time-wasting stats demographically. Based on wasting time on a daily basis the survey shows that men waste more time than women by a 73 to 66 percent margin. It also

[7] "E-Commerce: Online Recruiting—Notable Websites," *Fortune*, Winter 2001, 224.
[8] S. Oppermann, "'Surfin' USA'—Accessing the Net at Work and Other Time-Wasting Activities—Are They a Cost or Benefit to Your Agency?" *FedSmith*, July 11, 2007, www.fedsmith.com/article/1298 (accessed May 9, 2008).

indicates that 82 percent of employees aged twenty-six to thirty-two and 76 percent of workers aged thirty-three to thirty-nine waste time on a daily basis—higher than the 75 percent of workers aged eighteen to twenty-five who said the same. Single people and those in committed relationships waste the most time per day at work with 75 percent each, compared to just 51 percent of divorced respondents who waste time daily. The survey also reveals more educated workers are more likely to waste time; 76 percent of people with doctorate degrees waste time at work every day, compared to 59 percent of those with a high school diploma or less. When asked why they waste time at work, the main reason given by 11 percent of respondents was a lack of incentive followed closely by 10 percent who said they are unsatisfied in their jobs; 9 percent claimed to be bored, but only 3 percent said they slack off because of low pay. Additionally, 43 percent said interacting with coworkers caused them to miss the most work, beating out the 28 percent who answered with surfing the Internet, followed by texting, social media, and taking personal phone calls all receiving 4 percent, whereas shopping online accounted for 2 percent. When it comes to which day people slack off the most, it probably is no surprise that Friday takes the cake with 43 percent of people choosing the day before the weekend as the day they waste time most often. That's followed by Monday at 16 percent, Wednesday at 9 percent, Thursday at 6 percent, and Tuesday at 3 percent. The most popular time of day to slack off is later in the day with 27 percent, choosing 3 PM to 5 PM as their main window to waste time, followed by 16 percent at 1 PM to 3 PM, 13 percent from 11 AM to 1 PM, and 10 percent from 9 AM to 11 AM. Surprisingly, 15 percent of people are early birds and get to work between 7 AM and 9 AM to waste time.[9]

The solution to this problem for supervisors includes making jobs interesting to employees, providing formal breaks to overcome monotony, and establishing clear guidelines so that employees know what online behaviors are expected. Many supervisors are also installing Web-monitoring software to assist in this matter, although doing so may have an effect on employee morale. Supervisors in e-businesses will also have to make faster decisions and maintain their flexibility. Supervisors in any organization never have all the data they want when making decisions. But the problem is much worse in e-businesses. Their world is moving fast and the competition is intense. Supervisors in e-businesses often see themselves as sprinters and their contemporaries in offline businesses as long-distance runners. Their rapidly speeded-up working environment makes waiting for more and more data to make a decision simply ineffective in an e-business. In addition to speed, supervisors in e-businesses need high flexibility. They have to be able to roll with the ups and downs. They need to be able to redirect their employees when they find that something doesn't work. They have to encourage experimentation.

Finally, e-businesses are rewriting the rules of communication. Because they're designed around comprehensive, integrated information networks, traditional communication channels of going through the "chain of command" no longer constrain communication. E-businesses allow, even encourage, individuals to communicate directly without going through channels. Employees can communicate instantly anytime, with anyone, anywhere, and their supervisors may not know what is being said. As such, how communication flows has changed dramatically, making obsolete or revising interpersonal communication concepts such as the distinction between formal and informal networks, nonverbal communication, and filtering. They also are redefining how activities such as meetings, negotiations, supervision, and "water cooler" talks are conducted.

[9] A. Gouveia, "2013 Wasting Time at Work Survey: Everything You've Always Wanted to Know About Wasting Time in the Office" Salary.com, July, 2013, http://www.salary.com/2013-wasting-time-at-work-survey (accessed January 18, 2014).

Comprehension Check 2-1

1. *Parochialism* refers to
   a. one's religion.
   b. seeing things through one's own eyes.
   c. having values and morals.
   d. placing importance on the quality of life.
2. Allowing workers to work at remote sites and have them linked to the organization through some form of technology is called
   a. outsourcing.
   b. global management.
   c. telecommuting.
   d. all of the above.
3. _________ refers to the full breadth of activities included in a successful Internet-based enterprise.
   a. E-business
   b. E-commerce
   c. Telecommuting
   d. None of the above
4. Lost productivity time as a result of employees using the Internet for personal rather than work matters is called
   a. electronic commerce.
   b. telecommuting.
   c. employee theft.
   d. cyberloafing.

Working in a Diverse Organization

ant changes that
e composition of

Half a century ago, workers and their needs were strikingly alike. In the 1950s, for example, the U.S. workforce consisted primarily of white males, many of whom came from the same neighborhoods or towns, were employed in manufacturing, and had wives who stayed at home tending to the family's two-plus children. Today's workforce is far more diverse, and it will continue to change.

WHAT IS WORKFORCE DIVERSITY?

sity
e workforce to
whites, blacks,
erican Indians,
s, people with
nces, the elderly,

The single most important human resource issue in organizations today may be adapting organizational policies and practices in light of increasing **workforce diversity**. This diverse workforce is made up of males, females, whites, blacks, Hispanics, Asians, American Indians, people with disabilities, homosexuals, heterosexuals, and the elderly. Some excellent predictors are available to indicate exactly what the composition of this workforce will look like in the future. According to the U.S. Department of Labor, the U.S. labor force is projected to increase to 163.5 million by 2022, an increase of 8.5 million from 2012. The 2022 labor force will differ from 2012, affected by the demographic composition of those leaving, those entering, and those staying in the workforce. Entrants are projected to be mostly men, with the expectation that during the 2012–2022 timeframe, 19.7 million men will enter the labor force, compared with 15.7 million women. The women's share of the labor force is projected to be 46.8 percent in 2022, whereas the men's share is expected to be 53.2 percent. The Bureau of

Labor Standards projects that, between 2012 and 2022, entrants to the labor force will consist of about 25.8 million white non-Hispanics; a little more than 5 million blacks; 9.2 million Hispanics (the Hispanic share of the labor force is expected to increase more than that of any other demographic group); and an increase of 3 million Asians. These numbers will result in a 2022 workforce that is 60.8 percent white non-Hispanic, 20.6 percent Hispanic, 12.4 percent black, and 6.2 percent Asian.[10] What is important is the makeup of those new workers. Minorities and women will make up a significantly larger share of the workforce. As a result, companies and their supervisors must ensure that their motivational programs and techniques are appropriate for such diverse groups of people.

HOW DOES DIVERSITY AFFECT SUPERVISORS?

The implications of workforce diversity for supervisors are widespread. Employees don't set aside their cultural values and lifestyle preferences when they come to work. Therefore, supervisors must remake organizations to accommodate these different lifestyles, family needs, and work styles. They must be flexible enough in their supervisory style to seek the involvement of all employees and be aware of the fact that all employees are differently motivated in terms of what they want and need from work. Awareness of the diversity of the employee pool requires a broad range of new policies and practices. A few examples will make this point. Work schedules will need to be more flexible to accommodate single parents, working parents, and couples maintaining commuter relationships (living in different locations). Companies will need to explore the possibilities of providing child care and elder care so that employees may be better able to give full attention to their work. Benefits programs may need to be redesigned and individualized to reflect more varied needs. Career-planning programs may need to be reassessed to deal with employees who are less willing to relocate for broadened job experience or promotions. All employees will need training so that they can learn to understand and appreciate people who are different from themselves. And, of course, supervisors will need to rethink their motivation techniques to respond to a widening range of employee needs.

In addition to the diversity brought about by such factors as lifestyle, gender, nationality, and race, supervisors must be aware of the potential effect brought about by the baby boomers. You've probably heard a lot about the **baby boomers**. This group typically includes individuals born between 1946 and 1964. The reason you hear so much about them is that there are so many of them. Through every stage of their life (going to elementary school, teenage years, climbing the career ladder, etc.), they've had an enormous effect on the U.S. economy because of their sheer numbers. And as they enter their retirement years, they may have one final effect on supervisors. How so? Again, their sheer numbers play a role.

baby boomers
The largest group in t
they are regarded as
climbers—at the rig
right time. Mature w
them as unrealistic
workaholics.

Many of these baby boomers hold skilled positions in organizations. Although not typically as computer proficient as individuals entering the workforce today, their skills in mathematics, the sciences, skilled trades, and the like are outstanding. When an employee group such as this retires en masse, their departure will leave gaping skill-level holes in organizations. Clearly, this has the potential to create a labor shortage—making it much more difficult for supervisors to recruit and to direct the job activities needed to accomplish organizational goals.

Irrespective of age, employees today are trying to balance work and home life. Typical employees in the 1960s or 1970s showed up at the workplace Monday through Friday and did their job in eight- or nine-hour chunks of time. The workplace and hours were clearly specified. That's no longer true for a large segment of today's

[10] M. Toossi, "Labor force projections to 2022: The labor force participation rate continues to fall," *Monthly Labor Review*, December 2013, http://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm (accessed January 19, 2014).

workforce. Employees are increasingly complaining that the line between work and nonwork time has become blurred, creating personal conflicts and stress.[11]

A number of forces have contributed to blurring the lines between work and personal lives. First, the creation of global organizations means their world never sleeps. At any time and on any day, for instance, thousands of Chrysler Group LLC employees are working somewhere. The need to consult with colleagues or customers eight or ten time zones away means that many employees of global firms are on call twenty-four hours a day. Second, communication technology allows employees to do their work at home, in their car, or on the beach in Tahiti. This lets many people in technical and professional jobs do their work any time and from any place.[12] Third, organizations are asking employees to put in longer hours. According to a recent report by the Center for American Progress, over the last thirty years the majority of Americans have started working longer hours while earning less. Findings are that in 2006, U.S. families worked an average of eleven hours more per week than they did in 1979. Top-level professionals, lawyers, and doctors view the traditional forty hour work week as a "part-time" job, and according to the report, "Many feel, with some justification, that a 40-hour week would be career suicide. This schedule is seen as 'part time' in many professional-managerial jobs, and tends to spell a less-prestigious and less upwardly mobile career path." Examining two government surveys—one using data from 1977 to 1979 and the other using data from the years 2006 to 2008—the report finds that people's approach to work–life and work–family balance has changed significantly. Replacing the customary forty-hour work week, many employees now work fifty hours or more. The report indicates male professionals especially work longer hours with 37.9 percent of men with professional and managerial positions working more than fifty hours a week between 2006 and 2008, compared to 34 percent from the years 1977 to 1979. With professional women, the change is even more striking; evidence shows 14.4 percent work more than fifty hours currently, whereas only 6.1 percent did thirty years ago.[13]

Employees are increasingly recognizing that work is squeezing out their personal lives, and they're not happy about it. Today's married employee is typically part of a dual-career couple. This makes it increasingly difficult for married employees to find the time to fulfill commitments to home, spouse, children, parents, and friends. Recent studies suggest that employees want jobs that give them flexibility in their work schedules so that they can better manage work–life conflicts.[14] In addition, the next generation of employees is likely to have similar concerns.[15] A majority of college and university students say that attaining a balance between personal life and work is a primary career goal. They want "a life" as well as a job! Organizations that don't help their people achieve a work–life balance will find it increasingly hard to attract and retain the most capable and motivated employees.[16] Generational differences often surface as a cause for

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[11]See, for example, P. Cappelli, J. Constantine, and C. Chadwick, "It Pays to Value Family: Work and Family Trade-Offs Reconsidered," *Industrial Relations*, April 2000, 175–198; M. A. Verespej, "Balancing Act," *Industry Week*, May 15, 2000, 81–85; and R. C. Barnett and D. T. Hall, "How to Use Reduced Hours to Win the War for Talent," *Organizational Dynamics*, March 2001, 42.

[12]See, for instance, L. Belkin, "From Dress-Down Friday to Dress-Down Life," *New York Times*, June 22, 2003, 1; and E. Tahminicioglu, "By Telecommuting, the Disabled Get a Key to the Office, and a Job," *New York Times*, July 20, 2003, 1.

[13]J. C. Williams and H. Boushey, "The Three Faces of Work-Family Conflict: The Poor, the Professionals, and the Missing Middle," Center for Work Life Law, January 2010, http://www.americanprogress.org/issues/2010/01/pdf/threefaces.pdf (accessed January 25, 2014); Harry Bradford, "Top-Level Professionals View 40-Hour Work Week as Part-Time: Report," *The Huffington Post*, August 30, 2011, http://www.huffingtonpost.com/2011/06/30/americans-now-view-40-hou_n_888231.html (accessed January 25, 2014).

[14]"The New World of Work: Flexibility Is the Watchword," *BusinessWeek*, January 10, 2000, 36.

[15]See, for example, "U.S. Employers Polish Image to Woo a Demanding New Generation," *Manpower Argus*, February 2000, 2.

[16]L. L. Martins, K. B. Eddleston, and J. F. Veiga, "Moderators of the Relationship between Work–Family Conflict and Career Satisfaction," *Academy of Management Journal* (May 2002), 399–409.

Baby Boomers (1946–1964)	Generation X (1965–1980)	Generation Y (1981–2002) Millennial
Uses technology as a necessary tool, but not obsessed with technology for its own sake	Techno-savvy	Techno-savvy, and even questions the value of standard IT technique such as e-mail, with a preference for communications on a Web site
Appreciates hierarchy	Dislikes hierarchy	Dislikes hierarchy, prefers participation
Tolerates teams but values independent work	Teamwork very important	Teamwork very important
Strong career orientation	Strives for work–life balance but will work long hours for now, prefers flexible work schedule	Strives for work–life balance and ma object to work interfering with personal life; expects flexible work schedule
More loyalty to organization	Loyalty to own career and profession	Loyalty to own career and professio and feels entitled to career goals
Favors diplomacy and tact	Candid in conversation	Quite direct in conversation
Seeks long-term employment	Will accept long-term employment if situation is right	Looks towards each company as a stepping stone to better job in another company
Believes that issues should be formally discussed	Believes that feedback can be administered informally and welcomes feedback	Believes that feedback can be give informally, even on the fly, and craves feedback
Somewhat willing to accept orders and suggestions	Often questions why things should be done in a certain way	Frequently asks why things shoul done in a certain way, and asks a lot of questions
Willing to take initiative to establish starting and completion dates for projects	Slight preference for a manager to provide structure about project dates	Prefers structure on dates and ot activities based on childhood c structured activities
Regards rewards as a positive consequence of good performance and seniority	Expects frequent rewards	Feels strong sense of entitlemen to rewards, including promotio
Will multitask in front of work associates when it seems necessary	Feels comfortable in multitasking while interacting with work associates	Assumes that multitasking, inclu listening to music on earphon while dealing with work asso is acceptable behavior

Note: Disagreement exists about which age brackets fit baby boomers, Generation X, and Generation Y, with both professional publicatons and dictionaries showing sl differences.

Sources: The majority of ideas in this table are from Robers McGarvey, "The Coming of Gen X Bosses," *Entrepreneur*, November 1999, pp. 60–64; Gregg Hammill, "M Managing Four Generations of Employees," *FDU Magazine Online*, Winter/Spring 2005, p. 5; Sommer Kehrli and Trudy Sopp, "Managing Generation Y: Stop Resisting Embracing the Challenges Generation Y Brings to the Workplace," *HR Magazine*, May 2006, pp. 113–119; Ron Alop, *The Trophy Kids Grow Up: How the Millennial G Shaking Up the Workplace* (San Francisco, CA: Jossey-Bass/Wiley, 2008); Ronald Alsop, "Schools, Recruiters Try to Define Traits for Future Students," *Wall Street Jo* February 4 2008, p. B6; Kathyryn Tyler, "Generation Gaps: Millennials May Be Out of Touch with the Basics of Workplace Behavior," *HR Magazine*, January 2008, pp.

Exhibit 2-2

Value stereotypes for s generations of worker

tension in the workplace and can become a concern for the supervisor. Exhibit 2-2 identifies the massive group stereotypes associated with the different age groups in the workforce.

Changing How Business Operates

OBJECTIVE 2.5

Explain why corpora

Where supervisors work today is changing. Whereas in the past, big business dominated the U.S. scene, that's not necessarily the case today. More growth has occurred in small and medium-sized companies during the past decade, and these businesses have been able to be more customer responsive. Nonetheless, big business is not throwing in the towel. Instead, to be more like their smaller counterparts, large businesses have been making some significant changes. The most obvious of these are downsizing, continuous-improvement programs, and work process engineering. Let's look at each of these and discuss how they will affect you on the job.

WHY ARE ORGANIZATIONS DOING MORE WITH LESS?

downsizing
...reduction in workforce and reshaping ...of operations to create "lean and mean" organizations. The goals of organizational downsizing are greater efficiency and reduced costs.

U.S. companies have been working to become "lean and mean" organizations. As a result of deregulation in certain industries (e.g., the airlines), foreign competition, mergers, and takeovers, organizations have cut employees from their payrolls. In fact, by the end of the twentieth century, almost all *Fortune 500* companies—such as Sears, General Electric, American Airlines, and IBM—had cut staff and reshaped their operations. In business terms, this action is called **downsizing**.[17]

Organizations downsized to accomplish two primary goals: to create greater efficiency and to reduce costs. In many cases this meant that they reduced the number of workers employed by the organization. This included employees at all levels, including supervisors. Organizations did not do this because it was fun for them. Many were forced into this action. Why? The world around them changed!

To deal effectively with factors in a rapidly changing business environment, such as increased global competition, companies had to become more flexible about how work got done. Formal work rules that dominated bureaucracies didn't permit changes to occur fast enough. There were just too many people involved in making decisions—and in their implementation. In addition, workers in the organizations may not have had the necessary skills to adapt to the changes in their jobs. In some cases, the organization had not planned ahead, or had not spent the money years ago, to ensure that employee skills would be up to date. As a result, someone outside the organization had to be hired to do the work. Companies believed that it was sometimes cheaper to continue to do the work outside than it was to train and pay for a full-time employee. Thus, along with downsizing for flexibility's sake came a realization that costs should be significantly cut by downsizing full-time staff resources.

However, downsizing didn't achieve its goals in all cases. Downsizing efforts sometimes took their toll on workers and the potential financial gains they were supposed to achieve. Several studies have indicated that more than two-thirds of all companies that downsized had problems with employee morale, and those remaining in the organization mistrusted management. Moreover, companies that downsized experienced a higher incident rating of employees filing disability claims.

...VE 2.6
...d the concept of continuous ...ent and identify its goals.

WHY THE EMPHASIS ON CONTINUOUS-IMPROVEMENT PROGRAMS?

...ous improvement
...n an organization that ...ocesses that result in the ...uality of goods and services

A quality revolution continues to take place in both the private and the public sectors. The generic term that has evolved to describe this revolution is **continuous improvement**.[18] The revolution was inspired by a small group of quality experts—individuals such as Joseph Juran (1904–2008) and W. Edwards Deming (1900–1993). Today, many of these individuals' original beliefs have been expanded into a philosophy of organizational life that is driven by customer needs and expectations (see Exhibit 2-3). Importantly, however, continuous-improvement programs expand the term *customer* beyond the traditional definition to include everyone involved with the organization, either internally or externally—encompassing employees and suppliers as well as the people who buy the organization's products or services. The objective is

[17] *Downsizing* may also be referred to as *restructuring*, *reduction in force*, or *rightsizing*.
[18] In some cases, continuous-improvement programs may be grouped under a concept called *total quality management (TQM)*.

to create an organization committed to continuous improvement, or as the Japanese call it, **kaizen**.[19]

Although continuous-improvement plans have been criticized by some for overpromising and underperforming, their overall record is good. Varian Medical Systems, Inc., a maker of scientific equipment, used continuous-improvement programs in its semiconductor unit to cut the time it took to put out new designs by fourteen days. Another Varian unit, which makes vacuum systems for computer clean rooms, boosted on-time delivery from 42 to 92 percent through continuous-improvement methods. Globe Metallurgical, Inc., a 1988 Malcolm Baldrige National Quality Award Recipient and a wholly-owned subsidiary of Globe Specialty Metals Inc. since 2006, credits continuous-improvement programs with helping it become 50 percent more productive. And the significant improvements made over the past decade in the quality of cars produced by GM, Ford, and Chrysler Group LLC can be directly traced to the implementation of total quality management methods.

1. **Focus on the customer.** The customer includes not only outsiders who buy the organization's products or services, but also internal customers (such as shipping or accounts payable personnel) who interact with and serve others in the organization.
2. **Seek continuous improvement.** This is a commitment to never being satisfied. "Very good" is not enough. Quality can always be improved.
3. **Improve the quality of everything the organization does.** Continuous improvement uses a very broad definition of quality. It relates not only to the final product but also to how the organization handles deliveries, how rapidly it responds to complaints, how politely the phones are answered, and the like.
4. **Measure accurately.** Continuous improvement uses statistical techniques to measure every critical variable in the organization's operations. These are compared against standards or benchmarks to identify problems, trace them to their roots, and eliminate their causes.
5. **Involve employees.** Continuous improvement involves the people on the line in the improvement process. Teams are widely used in continuous-improvement programs for finding and solving problems.

Exhibit 2-3
The foundations of continuous improvement.

kaizen
Japanese term for an organization committed to continuous improveme

HOW DOES WORK PROCESS ENGINEERING DIFFER FROM CONTINUOUS IMPROVEMENT?

Although implementing continuous-improvement methods is a positive start in many organizations, these methods generally focus on incremental change. Such action—a constant and permanent search to make things better—is intuitively appealing. Many organizations, however, operate in an environment of rapid and dynamic change. As the elements around them change ever so quickly, a continuous-improvement process may keep them behind the times.

The problem with a focus on continuous improvement is that it can provide a false sense of security. It may make organizational members feel as if they are actively doing something positive, which is somewhat true. Unfortunately, ongoing incremental change can avoid facing up to the possibility that what the organization may really need is radical or quantum change, referred to as **work process engineering**.[20] Continuous change may also make employees feel as if they are taking progressive action while, at the same time, avoiding having to implement quantum changes that will threaten certain aspects of organizational life. The incremental approach of continuous improvement, then, may be today's version of rearranging the deck chairs on the *Titanic*. It is imperative in today's business environment that all organizational members consider the challenge that work process engineering may have on their organizational processes. Why? Because work process engineering can lead to major organizational gains in cost- or time-cutting or improved service, as well as help an organization prepare to meet the challenges that technology changes foster.

work process engineerin
Radical or quantum change in a organization.

[19] "Winning with *Kaizen*," *IIE Solutions*, April 2002, 10.
[20] M. Budman, "Jim Champy Puts His 'X' on Reengineering," *Across the Board*, March–April 2002, 15–16.

WHAT ARE THE SUPERVISORY IMPLICATIONS OF DOWNSIZING, CONTINGENT WORKFORCES, CONTINUOUS-IMPROVEMENT PROGRAMS, AND WORK PROCESS ENGINEERING?

Although downsizing, contingent workforces, continuous-improvement programs, and work process engineering are activities that are frequently initiated at the top management levels of an organization, they do have an effect on supervisors. Supervisors are often heavily involved in implementing the changes. They must be prepared to deal with the organizational issues these changes bring about. Let's look at some of the implications.

Downsizing and Supervisors When an organization downsizes, the most obvious effect is that people lose their jobs. Therefore, a supervisor can expect certain things to occur. Employees—both those let go and the ones that remain—may get angry. Both sets of employees may perceive that the organization no longer cares about them. Even though the downsizing decision is made at higher levels of management, the supervisor may receive the brunt of this resentment. In some cases, the supervisor may have participated in deciding which individuals to let go and which ones to keep based on the organization's goals. After downsizing, employees who remain may be less loyal to the company.

An important challenge for supervisors is motivating a workforce that feels less secure in their jobs and less committed to their employers. Corporate employees used to believe that their employers would reward their loyalty and good work with job security, generous benefits, and pay increases. By downsizing, companies have begun to discard traditional policies on job security, seniority, and compensation. These changes have resulted in a sharp decline in employee loyalty. As corporations have shown less commitment to employees, employees have shown less commitment to them. This affects the supervisor's ability to motivate employees and maintain high productivity.

Downsizing may also cause increased competition among a supervisor's employees. If decisions are made to eliminate jobs based on a performance criterion, employees may be less likely to help one another. It may become every employee for himself or herself. Such behavior can defeat the team that a supervisor has built.

Finally, downsizing may foster issues for the survivors. Unless the work processes have been revamped, major tasks of jobs that were cut may still be required. Usually that means increased workloads for the remaining employees. This can lead to longer workdays, creating conflicts for employees between their work and personal lives. It can also lead to greater anxiety, more stress on the job, and increased absenteeism. For the supervisor, these too can dramatically affect work unit productivity.

Contingent Workforces "Companies want a workforce they can switch on and off as needed."[21] Although this quote may shock you, the truth is that the labor force already has begun shifting away from traditional full-time jobs toward a contingent workforce—part-time, temporary, and contract workers who are available for hire on an as-needed basis. In today's economy, many organizations have responded by converting full-time permanent jobs into contingent jobs. In fact, one compensation and benefits expert says that "a growing number of workers will need to structure their careers around this model."[22] Depending on how they are defined, numbers of contingent workers estimated to work in the United States vary widely. However, most recent data suggest a third, and maybe as many as 40 percent, of U.S. workers are in

[21] J. Revell, C. Bigda, and D. Rosato, "The Rise of Freelance Nation," *CNNMoney.com*, June 12, 2009.
[22] Ibid.

part-time, contract, or other nonstandard jobs. A report by recruiting firm MBO Partners estimates there will be 23 million contingent workers by 2017, up from roughly 17 million today.[23] That's likely to include you!

What are the implications for supervisors and organizations? Because contingent employees are not "employees" in the traditional sense of the word, supervising them has its own set of challenges and expectations. Supervisors must recognize that because contingent workers lack the stability and security of permanent employees, they may not identify with the organization or be as committed or motivated. Supervisors may need to treat contingent workers differently in terms of practices and policies. However, with good communication and leadership, an organization's contingent employees can be just as valuable a resource to an organization as permanent employees are. Today's supervisors must recognize that it will be their responsibility to motivate their entire workforce—full-time and contingent—and to build their commitment to doing good work!

Continuous-Improvement Programs and Supervisors Supervisors must clearly define what quality means to the jobs in their unit. This needs to be communicated to every staff member. Each individual must then exert the needed effort to move toward perfection. Supervisors and their employees must recognize that failing to do so could lead to unsatisfied customers taking their purchasing power to competitors; should that happen, jobs in the unit might be in jeopardy.

The premise of continuous improvement can generate a positive outcome for supervisors and employees. Everyone involved may now have input into how work is best done. The foundation of continuous improvement is built on the participation of the people closest to the work. As such, continuous improvement can eliminate many of the bottlenecks that have hampered work efforts in the past. Continuous-improvement programs can help create more-satisfying jobs—for both supervisors and their employees.

Work Process Engineering and Supervisors If you accept the premise that work process engineering will change how businesses operate, it stands to reason that supervisors, too, will be directly affected. First of all, work process engineering may leave some supervisors and employees confused and angry. When processes are restructured, some longtime work relationships are severed.

Although work process engineering has its skeptics, it can generate some benefits for supervisors. It may mean that they have an opportunity to learn new skills. They may now work with the latest technology, supervise work teams, or have more decision-making authority. These same skills may keep them marketable and help them move to another organization, should that time ever come. Finally, as these changes sweep across corporate America, supervisors may see changes in how they are paid. Under a work-process-engineered work arrangement, supervisors and their employees may be in a better position to be compensated for the work they do and receive bonuses and incentives when they excel.

Employee Loyalty and Engagement Supervisors have generally viewed employee loyalty as necessary for decreasing turnover and achieving organizational stability. Problems develop when marginal employees cannot or will not leave the organization, instead exhibiting loyalty by remaining on the job. Employee loyalty is not the ultimate measure of effectiveness and should be balanced by workforce engagement in meaningful

[23]C. Wilbanks, "Temp work raises long-term questions for economy," CBS MoneyWatch, 3/7/2013, http://www.cbsnews.com/news/temp-work-raises-long-term-questions-for-economy (accessed 3/2/2014), C. Soto, "Rise of the Contingent Workforce," Snelling Staffing Services, 3/12/2013, http://www.snelling.com/searchResults.aspx?searchtext=rise%20of%20contingent%20workforce (accessed 3/2/2014).

work. Supervisors must diligently strive to improve those practices leading to workforce engagement by identifying strategic issues, core human resources (HR) processes, and operational components inherent in the organization.[24]

OBJECTIVE 2.7

Describe why supervisors must be able to "thrive on chaos."

Thriving on Chaos

As a student, which of the following scenarios do you find more appealing?

Scenario 1: Semesters are fifteen weeks long. On the first day of each class, faculty members are required to provide a course syllabus that specifies daily assignments, exact dates of examinations, and the precise percentage weights that various class activities count toward the final grade. College rules require instructors to hold classes only at the time specified in the class schedule. These rules also require instructors to grade assignments and return the results within one week from the time they're turned in.

Scenario 2: Courses vary in length. When you sign up for a course, you don't know how long it will last. It might go for two weeks or thirty weeks. Furthermore, instructors can end a course any time they want, with no prior warning. The length of a class also changes each time it meets. Sometimes it lasts twenty minutes; other times it runs for three hours. Scheduling of the next class meeting is done by the instructor at the end of each class. Oh yes, the exams are all unannounced, so you have to be ready for a test at any time; instructors rarely provide you with any significant feedback on the results of those exams.

If you're like most people, you chose Scenario 1. Why? Because it provides security through predictability, you know what to expect, and you can plan for it. It may, therefore, be disheartening for you to learn that the supervisor's world—including the supervisor's job—increasingly looks a lot more like Scenario 2 than Scenario 1.

We propose that tomorrow's successful supervisors will be those who have learned to thrive on chaos. They will confront an environment in which change is taking place at an unprecedented rate. New competitors spring up overnight; old ones disappear through mergers, acquisitions, new technologies, or failure to keep up with the changing marketplace. Downsized organizations mean fewer workers to complete the necessary work. Constant innovations in computer and telecommunications technologies make communications instantaneous. These factors, combined with the globalization of product and financial markets, have created chaos. As a result, many traditional business strategies—created for a world that was far more stable and predictable—no longer apply.

Successful supervisors must change, too. They must be able to make sense out of a situation in which everything appears futile. Supervisors must be able to turn disasters into opportunities. To do so, they must be more flexible in their styles, smarter in how they work, quicker in making decisions, more efficient in managing scarce resources, better at satisfying the customer, and more confident in enacting massive and revolutionary changes. As management writer Tom Peters captured this concept in one of his best-selling books, "Today's supervisors must be able to thrive on change and uncertainty."[25]

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[24] S. Hundley, F. Jacobs, and M. Drizin, *Workforce Engagement: Strategies to Attract, Motivate, and Retain Talent* (Scottsdale, AZ: WorldatWork Press, 2007).
[25] T. Peters, *Thriving on Chaos: Handbook for a Management Revolution* (New York: Knopf, 1987).

From Chaos to Crisis

Although supervisors today must be able to deal with the chaos surrounding them, managing in a crisis takes on a different proportion in a supervisor's work life. A supervisor must be alert to the warning signs of a unit in trouble. Some signals may include potential performance declines, budget deficiencies, unnecessary and cumbersome policies, fear of conflict and taking risks, tolerance of work incompetence, and poor communications within the department.

Another perspective on recognizing performance declines revolves around the "boiled frog phenomenon,"[26] a classic psychological response experiment. In one case, a living frog is dropped into a boiling pan of water, reacts instantly, and jumps out of the pan. But the second frog, a live frog that's dropped into a pan of mild water that is gradually heated to the boiling point, fails to react and dies. Supervisors may be particularly vulnerable to the boiled frog phenomenon because they may not recognize the "water heating up"—that is, the subtly declining situation. When changes in performance are gradual, a serious response may never be triggered or may not be triggered until it is too late to do anything about the situation. So, what does the boiled frog phenomenon teach us? It tells us that supervisors need to be alert to the signals that something is amiss in the department, and not wait until the situation reaches the crisis (boiling) point.

Although most crises in organizations don't go from problem to crisis overnight, traumatic events do occur.[27] The April 20, 2010, explosion of *Deepwater Horizon*, which drilled on the BP-operated Macondo Prospect, is a clear example. So, what can organizations and supervisors do?

One of the key components in handling a disaster is to have a plan in place. This may include having disaster recovery plans—which may include duplicate and backup systems, emergency work sites, and telecommuting options.[28] Although these are important, one aspect appears to have the consensus of the experts in this arena—supervisory support for employees and their families.[29] Good communications during these disasters becomes paramount to help employees understand what is happening. Supervisors must be able to let employees talk about their feelings and allow them to grieve, if needed. Supervisors must also recognize that stress may be rampant in some employees, and some may become depressed and need additional assistance. In such situations there are no manuals to rely on; rather, such times require supervisors to be kind, sensitive, and empathetic. And they must do this at a time when they, too, may be experiencing the same emotional "crises" as their employees!

There's no doubt that trying times require drastic measures. And although the hope is that events like those we witnessed on April 20, 2010, will never happen again, traumatic events in an organization may occur at any time. Those organizations and supervisors that anticipate such catastrophes and have disaster plans in place will be one step ahead in minimizing the effects of the aftermath.

The Good and Profitable Organization

Every organization has one simple goal: It wants to survive. Survival may take on different forms, though. For many it means being profitable, whereas for others it means generating enough money to continue the work for the good of society. The former

[26]P. Strozniak, "Averting Disaster," *Industry Week*, February 12, 2001, 11–12.

[27]"What Companies Can Do in Traumatic Times," *BusinessWeek*, October 8, 2001, 92.

[28]L. Copeland, C. Sliwa, and M. Hamblen, "Companies Urged to Revisit Disaster Recovery Plans," *Computerworld*, October 15, 2001, 7.

[29]See, for example, J. Brandt, "Survivors Need Your Solace," *Chief Executive*, October 2001, 12; and H. Paster, "Manager's Journal: Be Prepared," *Wall Street Journal*, September 24, 2001, A-24.