UPHEAVAL IN AN ORGANIZATION:
A CASE OF ORGANIZATIONAL MISMANAGEMENT?

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CASE DESCRIPTION

This case has a difficulty level of two (appropriate for sophomore-level students) and is designed to be taught in approximately 1-1/2 hours. It would be most appropriate for discussion and analysis in basic management courses when the topics of leadership, ethics, and managing diversity are covered. The case would also be appropriate for discussion in basic marketing and management courses when the instructor is ready to discuss ethics in marketing. In addition, the case would be appropriate for discussion in separate Human Resources and Ethics courses.

CASE SYNOPSIS

In the wake of numerous recent corporate scandals, there has been renewed interest in the subject of leadership and what makes a true leader. While much of the attention has been focused on high-level executives and the impact their actions have had on the internal and external stakeholders of entire corporations, this very attention has caused some managers at all levels, as well as instructors of management and leadership, to take a closer look at the actions or behaviors of leaders. Of particular interest is how these behaviors are guided by a person’s ethical standards. Because the behavior of managers or leaders can affect the organization’s performance, and because this performance, especially in a marketing organization, has a direct impact on customer satisfaction, an understanding of these leadership behaviors becomes critical. And if diversity is an added element in the situation, the need for understanding is even greater. The following case relates the actual experiences of a third-level manager of a diverse marketing communications group as she deals with difficulties resulting from the actions of her superiors. The case focuses on the impact the behaviors of her organization’s leaders had on her, her department, and at least one group of the organization’s customers.

INSTRUCTORS’ NOTES

Recommendations for Teaching Approaches

Analysis of the case will give students the opportunity to examine different leadership styles, particularly with respect to the impact these styles can have on the effectiveness of an organization.
The case will allow students to examine the role ethics plays in management in so far as leader-follower exchanges and performance appraisals are concerned, particularly when organizational diversity is an issue. Finally, the case will afford students the opportunity to examine the dynamics of diversity as a component of Human Resources management. The case is particularly intriguing because it centers on a manager who is both a female and an African American, whose superiors are all Caucasian, and who has made a concerted effort to abide by the organization's stated diversity and Affirmative Action guidelines.

Teaching Objectives

Through analysis of this case, students will be expected to:

♦ Illustrate their understanding of basic management principles by developing a plan of action for the Marketing Communications Planning department going forward.

♦ Demonstrate their understanding of the various leadership behaviors by identifying the behaviors of the principals in the case with leadership responsibilities. Students should also be expected to recommend leadership behaviors that might have been more appropriate.

♦ Illustrate their understanding of, and appreciation for, the complexity of managing diversity as a component of human resources management by developing a plan of action that they themselves would follow if they were in the positions of Sharon, Sam, Lewis, and Donna.

♦ Demonstrate their understanding of the behavior of subordinates by analyzing and evaluating the actions of Sharon and Norma with respect to their superiors.

♦ Demonstrate their ability to recognize the role ethics plays in management by identifying the moral philosophies being followed by the principals in the case and illustrating how these philosophies can have an impact on the effectiveness of the organization both internally and externally. Students will be expected to write a report showing how a manager's treatment of his/her subordinates may be a predictor of that manager's ethical reasoning with respect to marketing and general business practices.

♦ Illustrate their knowledge and understanding of Title VII of the Civil Rights Act of 1964—as well as the Civil Right Act of 1991 amending several sections of Title VII—by identifying what parts of the law appear to have been violated and explaining Sharon's legal options.
Teaching Methodologies

With leadership, ethics, and diversity being prominent issues in management, instructors will have considerable latitude in the use of this case. For example, some instructors may use the case simply as a basis for discussing whether there is a difference between leadership and management. Students can be asked to describe Sam as either a leader or high-level manager and to support their descriptions based on evidence from the case and their knowledge of how leaders and managers are defined. These descriptions could then be used as a basis for discussing differences and similarities.

Because the three issues—leadership, ethics, and diversity—are so intertwined, however, the case affords instructors opportunity to introduce a variety of activities for students. For example, as an expansion of question 4, the instructor could have students write a paper discussing the different ethical systems and moral philosophies (universalism, egoism, utilitarianism, etc.) and indicating the philosophy they believe Sam is following based on evidence presented in the case. As an extension to question 5, students could be asked to recommend a leadership behavior or style they believe would have been more appropriate for Sam to use. This exercise would enhance students’ understanding of how leadership behavior should be adapted to the situation. With respect to the diversity of Sharon’s department, the instructor could require students to do research not only into the EEOC and Title VII of the Civil Rights Act of 1964—as suggested in question 4—but also into the composition of the marketing profession (particularly the marketing communications sector) by gender to determine if Sharon’s group is unusual. Students could also be asked to research companies in the telecommunications industry for information regarding the diversity in these companies.

Suggested Questions and Answers

1. Now that the department is without a manager, without leadership, what action should Lewis and Donna take?

Lewis and Donna are obviously in a quandary now that Norma has flatly refused to accept the temporary acting manager position. Some students may suggest that since the department has accomplished such great things for the company, it may be capable of operating on its own for a while without direct supervision; the department may be operating as what Bateman and Snell (2004) refer to as a self-managing team. On the other hand, despite their capabilities and accomplishments, the sudden news that their manager is leaving could demoralize the department, especially since up until this time, they have been kept in the dark concerning the whole situation. The instructor may wish to elicit discussion on the importance of organizational communication, both downward and upward. The instructor may also wish to expand the discussion on communication to include what Howell and
Costley (2006) refer to as fair and just social exchanges. According to the authors, if high-quality exchanges are to be developed, both the leader and the follower must view the exchange as fair or just. Below is one example the authors list as an ineffective social exchange behavior:

A leader showed little understanding of a follower’s job problems and needs, and blamed all the problems on the follower’s lack of effort. When the follower attempted to explain her perceptions of the problems, the leader constantly interrupted her and ignored her explanation. (Howell & Costley, 281)

Students will undoubtedly recognize this behavior as being demonstrated by Sam.

Beyond recognizing the need for Lewis and Donna to communicate with the department members, however, Students will probably have several suggestions as to what action should be taken to ensure that the department will be able to function. These suggestions should be discussed and evaluated based on the management and leadership concepts the instructor has covered with the students.

2. Comment on Norma’s refusal to accept the assignment of “acting manager.” Should she be punished for insubordination? What does her action indicate about her moral philosophy?

This question is a natural follow-up to question 1, since one of the actions students might suggest could be that Lewis and Donna punish Norma in some way. It might be suggested that Norma be fired for refusing to accept the job that her management is now saying is her job; however, students must be made to see that taking this action could very well exasperate conditions by demoralizing the department even more. It may also be suggested that Lewis and Donna again try to convince Norma to accept the position, perhaps by appealing to her sense of duty to the organization.

With respect to the moral philosophy Norma appears to be demonstrating, some students will probably recognize it as virtue ethics, “a perspective that goes beyond the conventional rules of society by suggesting that what is moral must also come from what a mature person with ‘good’ moral character would deem right.” (Bateman and Snell, 140) These students might also feel that Norma is in the principled stage of Kohlberg’s model of cognitive moral development, the stage at which a person takes a broader perspective in which they see beyond authority, laws, and norms and follow their self-chosen ethical principles. Other students may argue that Norma simply seems to be looking out for herself, that is, that she is demonstrating egoism, a type of teleology, because she is just doing what
will maximize consequences for herself. At this point, the responsibility of followers could also be discussed.

3. Which leadership behavior or style do you think was being demonstrated by Sam in his relationship with Sharon? Cite evidence to support your answer.

Students should recognize that there are several approaches to understanding leadership, as discussed in most management or leadership texts (Bateman and Snell, 2004; Howell and Costley, 2006; Griffin, 2005; among others). While a discussion of leader traits such as drive and integrity are a good starting point, the instructor should strive to get students to see that leader behaviors in different situations provide a deeper understanding of how leaders relate to followers and how they effectively guide their organizations to greatness. As Howell and Costley (2006) explain, there are three key tasks effective leaders must carry out to fulfill their role in increasingly complex organizations: (1) diagnose situational and follower characteristics (to determine the extent to which followers need a particular leadership behavior), (2) provide the leadership behavior needed by followers, and (3) develop followers or modify their tasks or environment (to allow them to act more effectively or independently of the leader). Students should be asked to indicate how well Sam performed these tasks; the instructor may also wish to ask about Lewis and Sharon’s performances in this regard, although the case does not provide much evidence to support an answer either way. The instructor should also stress that as Howell and Costley note, the different leadership behaviors are usually used in combination with one another, combinations that often result in several typical leadership styles. Students should be asked to indicate into which of these leadership styles (Coach, Human Relations Specialist, Controlling Autocrat, Transformational Visionary, or Servant) Sam seems to fall.

4. Would you classify Sam’s behavior toward Sharon as unethical? Why or why not? What bearing, if any, do you think Sharon’s race of gender had on Sam’s behavior? Explain your answer. What recourse does Sharon have if she believes that Sam’s behavior toward is due to racial or gender discrimination?

Some students may feel that based on his behavior, Sam appears to have a personal vendetta against Sharon. If this opinion is expressed, the instructor can use this as an opportunity to discuss the relationship of power to ethical behavior. As Howell and Costley (2006) note, leaders are often in roles that can determine the well-being of others, and in this case, Sam was the orchestrator of Sharon’s downfall. The authors further note that perhaps the most important and most difficult ethical issue is the leader’s power, as it is the basis for a leader’s influence on followers. Howell and Costley also note that when leaders interact
with followers to achieve goals, there is an implicit assumption that both parties will behave fairly and ethically. This is essential in order for them to trust one another, and trust is needed for mutual cooperation. Because unethical behavior by high-level leaders in large organizations has been the topic of several scandals in recent years, more responsible leadership is being demanded. Unethical leaders do not treat everyone fairly; they often benefit themselves and inflict harm on others, including followers, customers, and investors who trusted them. By doing this, they destroy the commitment and willing cooperation of these other parties, commitment and cooperation that are needed to make their organizations prosper.

This issue, however, goes far beyond either fairness or ethics. The instructor should stress that Sharon is an African-American female who is recognized in the industry—and up to this time, by her employer—for her expertise and accomplishments. Therefore, Sam’s attack on her character and reputation, at the very least, hints at racial or gender discrimination. It is at this point that the instructor can draw students’ attention to the legal aspects of the case. Investigation into the Equal Employment Opportunity Commission (EEOC) and to Title VII of the Civil Rights Act of 1964, as well as the 1991 amendment to sections of Title VII, will enable students to identify which laws Sam appears to be violating and to recommend legal courses of action that Sharon can pursue if she so desires. Students can be directed to begin their search at www.eeoc.gov. From this Web site, they will be able to obtain facts and guidance related to discrimination by race and gender/sex, and they will find a direct link to Title VII. They will learn that Title VII protects individuals against employment discrimination on the bases of race and color, as well as national origin, sex, and religion, and that it prohibits race and color discrimination in every aspect of employment, including recruitment, hiring, promotion, wages, benefits, work assignments, performance evaluations, training, transfer, leave, discipline, layoffs, discharge, and any other term, condition, or privilege of employment. After becoming aware of even the basic provisions of Title VII and the objectives of the EEOC, many students will probably conclude that Sharon’s situation does constitute some form of discrimination for which she has legal recourse.

Before delving into a discussion of Sharon’s legal recourse, however, the instructor may want to explore with students Sharon’s options within the company. After all, the case suggests that the company had clearly stated diversity and affirmative-action guidelines by which Sharon herself had diligently abided. Evidence of this can even be seen in the make-up of her department. Although she may not have been solely responsible for the department’s being half African-American and half Caucasian, for example, evidence in the case clearly demonstrates that she was not practicing discrimination. She had promoted Marge, a Caucasian, twice and had given her permission to work from home on several occasions during family emergencies. And one of the African-Americans in her

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group believed that Sharon had rated her lower than a Caucasian because Sharon wanted to promote the Caucasian. The argument can also be made that given Sharon’s current position in the organization, the company as a whole makes at least some attempt at affording all employees equal opportunity.

It can be assumed, then, that the organization believes in being proactive with respect to diversity and equal opportunity. Therefore, some students may suggest that, as the EEOC itself recommends as a first step, Sharon escalate the issue to upper management, who may have a vested interest in ensuring that all managers follow EEO guidelines and promote the company’s own diversity and affirmative-action policies. On the other hand, other students may note that Donna, the Vice President and Sam’s superior, is already aware of the situation and yet, has done nothing about it other than to condone Sam’s actions. Based on Donna’s behavior, Sharon may have concluded that escalation of the problem internally would be to no avail. Therefore, it would appear that if Sharon believes her employment rights have been violated, her best recourse at this time would be to file a charge of discrimination with the EEOC, the commission empowered to prevent any person from engaging in any unlawful employment practice as set forth in Title VII.

The extent of the discussion surrounding the legal issues will depend on the amount of time the instructor can devote to this aspect of the case. Regardless of the amount of time allotted, however, the major point that needs to be made is that given the severity of the situation, Sharon does have some legal recourse, provided she is willing to initiate such actions. The instructor may even wish to revisit this question after sharing the epilogue with students.

5. What impact do you think the situation overall will have on the rest of the Marketing Communications Planning department? On the organization as a whole? Given that the case is about management of a marketing communications planning department, what impact do you think the situation will have on the ability of the department and the organization as a whole to satisfy the needs of customers?

The instructor should point out that responsible leadership plays a critical role in establishing the ethical climate of an organization; leaders provide the role model for everyone in the organization. If the rest of the department views Sam’s actions as being unjust, this may undermine their faith in management and the organization. Members of Sharon’s former group could begin to feel that if something like this could happen to her, either one of them could easily be next.

The point of this discussion is to emphasize that a leader’s behavior has a definite effect on followers. Howell and Costley (2006) point out that a leader’s behavior has its most direct impact on the psychological reactions of individual followers and groups of followers.
While students should be able to readily see the impact Sam’s behavior has had on both Sharon and Norma, they should be asked to speculate as to what effect Sam’s behavior will have on the organization as a whole, including its ability to satisfy customers. The negative effects of a leader’s behavior could very well translate into an inability to adequately meet the needs of customers. If this happens, the overall mission of the organization could be compromised. The ultimate goals of an organization – to satisfy the needs of customers and achieve the objectives of the organization – must begin with efficient management of the organization responsible for achieving those goals. If the organization itself is in upheaval, its ability to function is severely hampered.

6. Do you think the composition of Sharon’s department (all female and equally divided between African-Americans and Caucasians) might have had a bearing on Sam’s behavior? Why or why not?

Considering the number of females and African Americans in Sharon’s organization, some students may believe that Sharon has carried the concept of diversity too far. In fact, some students may even be of the opinion that with no males in her organization, Sharon is guilty of reverse discrimination. If this opinion is expressed, the instructor should point out that it is not unusual for marketing departments to be comprised of a large percentage of females. With respect to the high number of African Americans in the department, some students may find it unusual that fifty percent of Sharon’s group is African American, whereas this group constitutes a much smaller percentage of the organization as a whole. Therefore, they may argue that perhaps Sam thought Sharon was moving too fast, taking things too far. In addition, some students may speculate that breaking the department up might have been Sam’s goal all along. This speculation will give the instructor an opportunity to explore the complexities of managing a diverse organization. The instructor may want to ask, for example, “What happens when a manager (in this case, perhaps Sam) believes that an organization is becoming” too diverse?’’

If Sam does hold such a belief, and if he is somehow thwarting Sharon’s efforts at diversity, then he is working against the company’s policies. If his superiors suspect that Sam may have a problem with abiding by these policies, then they will need to begin monitoring his behavior and to take appropriate steps, perhaps including diversity training, to modify it. In any case, the question will allow instructors the opportunity to explore with students the skills required in managing a diverse workforce.
EPILOGUE

Deciding, after Norma’s refusal to assume the acting manager position, that no one else in the department was capable of handling the assignment on a long-term basis, the decision that Lewis and Donna made was to rotate the position among the various department members. Each member of the department would thus act as the department manager for a period of one or two weeks until a more permanent solution to the dilemma could be found. Norma refused to be a part of the “rotating manager” solution; instead, she began looking for a position outside of the department, and within a couple of weeks had landed a new job in which she would be in charge of marketing communications for one of the company’s “new ventures” organizations. These intrapreneurial organizations were charged with creating and marketing new innovative products, and Norma was thrilled about the amount of independence the new position would afford her. She began her new assignment immediately after the Users Conference. It had now been three weeks since she had first learned that Sharon would be leaving.

After one cycle of rotating managers, Lewis and Donna finally named one remaining member of the department as the more permanent acting manager. This solution lasted for about two months, as by that time all but two of the department members had transferred to other organizations. Ultimately, the two remaining department members were made a part of the larger corporate marketing communications organization, a move that resulted in the loss of much of the original department’s independence, uniqueness, and ability to respond quickly to customers, both internal and external. In fact, Norma heard from several members of the sales teams, as well as from some customers, that members of the Users Group were becoming increasingly dissatisfied, as they were not getting the attention they had become accustomed to getting.

Sharon did well in her new assignment as manager of training for the Product Marketing organization, receiving good verbal feedback from Lewis regarding her performance. However, on November 30, in a meeting with Lewis for a formal review of her performance for the year, Sharon learned that on a scale of 1 to 9, she had been rated a “2”. Lewis informed her that this was primarily due to Sam’s comments on her performance as manager of the Marketing Communications Planning department, but that he would be a bad manager if he ignored these comments. Sharon was given 60 days to find a new job or face a demotion. Lewis informed her that he would, of course, have to show her job evaluation to anyone who asked and that this would probably ruin her attempts to get a new job at her current level. And, indeed, this was apparently the case, because Sharon was unsuccessful at finding a comparable new position. On December 11, she met with Lewis and informed him that she had decided to accept the demotion and that she was taking the rest of the year off beginning the following Monday. Apparently, due to the stress she had been under, Sharon had begun having stomach pains on December 4, pains that were so severe by December 29 that she could not get out of bed and could not eat. She had lost several pounds, and when she went to see the doctor again, her blood pressure was 200/110. She was immediately given medication to lower
her pressure and had to stay in the doctor’s office until some improvement was shown. Sharon was
referred to a stomach specialist and was given a test to try to determine the cause of her pains. On
January 5, she returned to her doctor because she had also started having chest pains. She still could
not eat, and as a result had lost 12 pounds. Her EKG was normal, but her blood pressure still
required medication. The specialist set Sharon up for an invasion procedure to determine the cause
of her illness. By this time, she was feeling delirious, she still could not eat, and she was completely
bedridden. The invasion procedure revealed that Sharon had a stomach bacteria and a hernia. She
was given an acid reliever, two antibiotics, and told to continue taking her blood pressure
medication.

On February 15, Sharon returned to work. However, she was still experiencing crying spells,
so at some point in March, she decided to go into mental therapy.

REFERENCES


Saddle River, NJ: Pearson/Prentice Hall.