

## Case Study

### What Price Safety?

This case takes place in 1995 in *Nambu*, an Asian nation with a centuries-old philosophical and ethical tradition emphasizing duty and harmony in all human relationships. In 1969 Motorola formed a joint venture (JV) partnership with a Nambunese multinational company to produce microelectronic products at a new facility in the city of *Anzen*, Nambu. Motorola's ownership share was 60 percent; the local partner company's, 40 percent. Many of the Anzen facility's key managerial personnel were Motorolans, while the lower-level associates were Nambunese citizens and employees of the partner company.

From its very beginning, the Anzen facility developed a strong tradition of safety consciousness. Even the most casual visitor to the Anzen plant would notice numerous signs and displays, in both Nambunese and English, urging associates to "Think and Act Safely," "Wear Protective Eyeglasses," "Report Dangerous Situations," etc.

Motorola also had other operations in Nambu. In charge of Human Resources for all these operations, including the Anzen joint venture, was Canadian *Stan Stark*, 47. Stan was based at Motorola headquarters, 300 kilometers north of Anzen. Since first assuming his position five years ago, Stan had made safety one of his top priorities. He took pride in the fact that during this period he had further reduced the Anzen facility's already-low rate of accidents and lost workdays.

Sharing in his pride was a Motorolan of Dutch nationality, *Henk Van Dyke*, 38. Henk had been at Anzen for three years, assigned by Motorola to serve as the Human Resources manager for the entire JV facility. He enjoyed working in Nambu, but was somewhat handicapped because he did not speak Nambunese. Henk reported to Stan.

One of the operations at the Anzen facility was "Final Test Assembly," carried out by three eight-person teams on each daily shift. These team members were all Nambunese employees of the partner company.

The employee relations manager for the Anzen facility was *Willard Wa. Willard*, an employee of the partner company, was born 54 years ago in a small village in northern Nambu, and had been assigned to the JV partnership since its very first day of operation. Willard reported to Henk.

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The manufacturing manager for the Final Test Assembly operation was a Nambunese Motorolan named *Victor Min*, 49, whom Motorola had assigned to the JV partnership for this purpose. To all who knew him, Victor personified a deep dedication to traditional Nambunese cultural values of duty and obedience.

One of the most respected of the Final Test Assembly teams was Team Three, nicknamed the "*Morning Glory*" team. Members of this team were intensely proud of their performance in both productivity and safety, which was among the best in the entire facility. Morning Glory team members viewed this performance as the result not only of exceptional skill, but equally important, of an unusual degree of harmony and cooperation within their team.

When Victor took over management of the Final Test Assembly operation in 1994, he made an effort to get acquainted with everyone under his supervision. He soon felt comfortable with all the Morning Glory team members except one, namely *Tommy Tang*, 31. Tommy had been hired by the partner company only two years earlier, after having spent several years as a mountaineering guide. Compared with most Nambunese, Tommy's values leaned a bit more toward freedom and a bit less toward duty. He hated to wear the protective eyeglasses that all Final Test Assembly associates were required to wear on duty. When his teammates would urge him to put on his safety glasses, he would give a variety of reasons why he couldn't.

On several occasions Victor spotted Tommy in the Final Test Assembly Area without his protective eyeglasses. Each time he would counsel Tommy on the need to wear them. The last time he shouted, "Tommy, this is the last time I will see you here without your safety glasses. From now on, you will either wear them or else!"

Then, four weeks later, a terrible event occurred. Victor entered the Final Test Assembly Area and noticed Tommy working closely with his Morning Glory teammates. All of them were wearing their protective eyeglasses except Tommy. Suddenly Victor lost control of his temper. He jumped at Tommy and slapped him several times on both sides of the head, screaming, "This will teach you!" Tommy doubled over in pain, holding his ears. Then, despite his pain, he apologized over and over to Victor for not having complied with safety regulations. After two or three minutes of apology, Tommy went to see the facility's nurse.

The other seven Morning Glory members stood in shocked silence. Nothing like this had ever happened before at Anzen. None of them reported the incident. Nonetheless, rumors about it, both accurate and otherwise, spread instantly throughout the entire facility.

That night Victor had trouble sleeping. The following morning he went directly to see Tommy in the Final Test Assembly Area. He noted that Tommy was wearing the required eyeglasses. In the presence of several Morning Glory team members, Victor apologized and presented Tommy with a red envelope inside of which he had placed a substantial amount of his own money. Tommy accepted the envelope and the apology. The two men then shook hands and parted amicably.

Then, a few days later came some shocking news from the facility's doctor: Tommy had suffered permanent partial loss of his hearing as a result of the slaps he received from Victor. As a matter of standard procedure, the doctor reported this finding to both Stan Stark and Henk Van Dyke.

Stan was stunned. He sat silently for a moment. Then he placed a conference call to Henk and Willard, and questioned them about the incident and the doctor's report. Then Stan decided: "Both of you know that no Motorolan is ever allowed to physically assault a fellow associate. Could each of you please investigate this incident, and give me your recommendations within 48 hours."

Willard proceeded immediately to conduct the most thorough investigation he could. The first thing he discovered was that neither Tommy nor any of his teammates wanted to discuss the matter at all. They all felt that their team's harmony would be best served by treating the entire matter as if it had never happened. After all, Victor had apologized; Tommy had accepted the apology; and Tommy was now complying with all safety regulations. So, the only really important thing was to get on with the team's heavy workload. But Willard persisted. Finally he got some solid facts:

- Several Morning Glory members stated categorically that Victor had never before struck a subordinate or threatened to.
- These team members believed that Victor's outburst of temper was unique, and they considered any repetition unlikely. "Victor has learned his lesson," said one, "and from now on he will handle his stress better. We will help him."
- Victor's personnel file revealed nothing to suggest he was prone to losing his temper or "acting out" violently.
- Tommy, despite his impaired hearing, could still function effectively with his Morning Glory teammates.

Two days later Willard phoned Stan with his recommendations. "Frankly," said Willard, "I think the solution is pretty simple. I recommend that the JV partnership cover all of Tommy's medical costs and then quietly, without any ceremony, make a reasonable indemnification payment to him with our apologies. Beyond that, I recommend that we do nothing—except, of course, to keep monitoring the situation carefully. In my opinion as a former manufacturing associate, this would be the best solution, because it is now clear to me that the Morning Glory team is functioning well, and continuing to accept Victor's leadership."

A few minutes later, Stan got a call from Henk. "Well," said Henk, "I recommend that we terminate Victor right away. Victor is a Motorolan, and knows very well that he is not supposed to strike an associate. That would be a violation of the basic dignity to which every Motorolan is entitled, and to which I believe all JV partnership employees are also entitled. We cannot allow a Motorolan to enforce regulations for our associates' safety by violating that safety! That just doesn't make any sense at all. And while we are at it, we should pay Tommy's medical bills and terminate him, too."

Next Stan walked down the hall to consult *Cuthbert Kim*, senior counsel in the Motorola Law Department for Nambu. Stan carefully explained the facts of the case and then asked, "Cuthbert, what's the procedure if I decide to terminate Victor and Tommy?"

"Well, I'm afraid there is no such procedure," replied Cuthbert. "While it is true that under Nambunese law striking a subordinate is grounds for termination, it is also true that once an apology has been offered and accepted, the law determines that life can and should go on again, and that termination is not legally justified. So, you can't terminate him. And you can't terminate Tommy, either. But of course you could separate them from the company, provided you could manage to negotiate buy-out agreements that they would accept."

Stan found this hard to believe, but when he checked with an external Nambunese consulting attorney, he received essentially the same answer.

The next day, Stan asked Cuthbert to do some research and find out how much it would cost to buy the two associates out. Soon Cuthbert came back with the answer: "Since Victor still has about 11 years before he is due to retire from Motorola, he could probably bargain hard. My estimate is that the JV partnership would probably have to pay him about five years' worth of salary plus benefits and fringes. For Tommy, it might be three years' worth, because he is a relatively new employee."

"That's a huge amount of money," gasped Stan. "On the other hand, the behavior that both Victor and Tommy have modeled is certainly not the kind of behavior I want at Anzen. I'll think about it and then let you know my decision."