



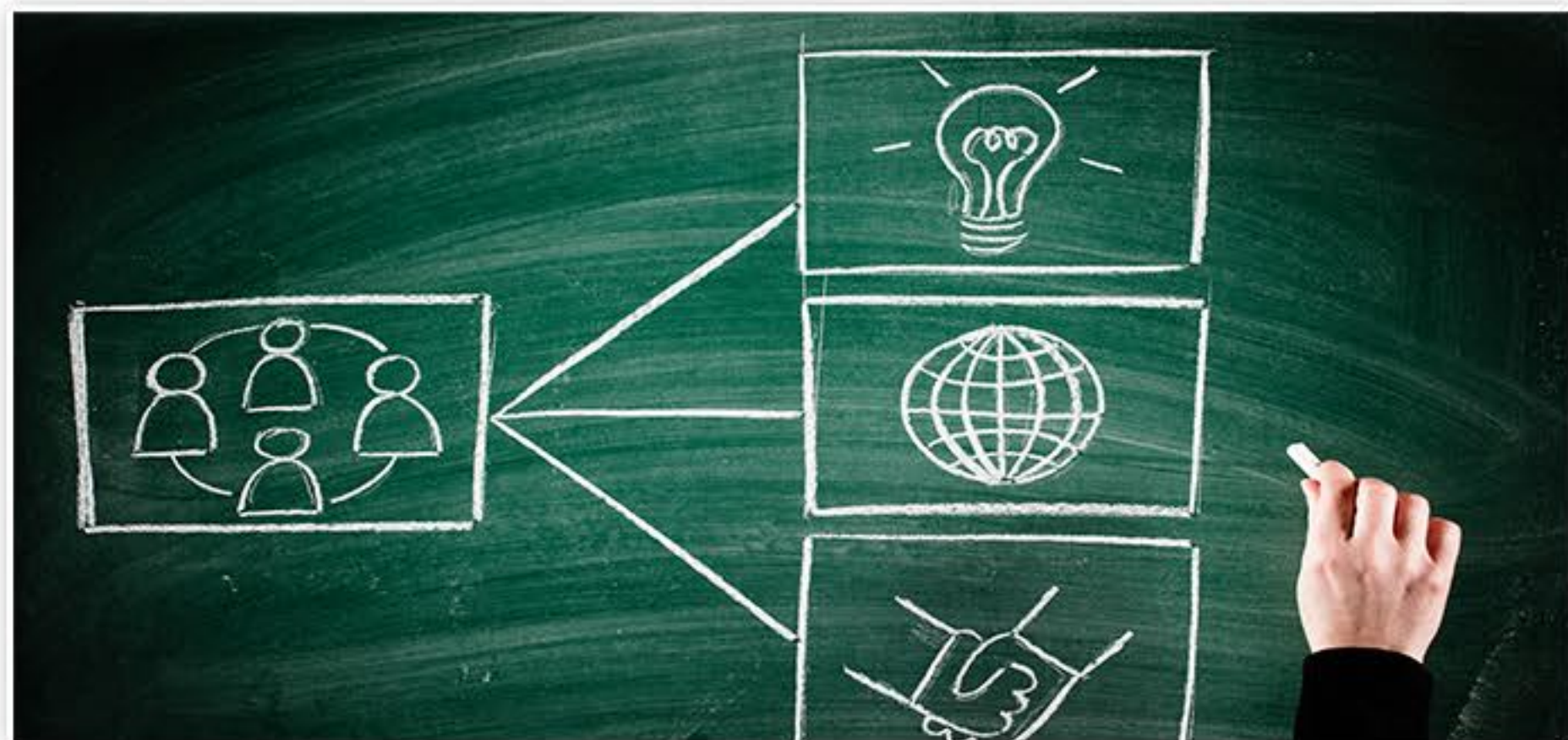
Employee of the Month? Or Team of the Month?



Addressing sexual harassment at the workplace



Does international donor funding promote collective action in SMEs?



About SDSB Impact

SDSB Impact is the newsletter of the LUMS Suleman Dawood School of Business.

The SDSB faculty engages in cutting-edge research in all major fields of business studies. *SDSB Impact* summarizes the findings of the faculty's research for the benefit of the larger public—especially managers, executives, entrepreneurs, and policy-makers. These findings emerge from pioneering research conducted by the SDSB faculty and published in the world's best journals and case hubs. The newsletter attempts to distill the most important or practically relevant lessons from these findings and share them with its readers.

SDSB Impact will facilitate the sharing of knowledge and dialogue between the academia and the industry, thereby bringing LUMS one step closer to its goal of creating synergy between theory and practice.



Employee of the Month? Or Team of the Month?

Many organizations rely on teams or groups of employees to solve problems. This method of problem-solving has gained a lot of currency in recent decades and continues to be adopted by organizations worldwide.

The research conducted by Ghufuran Ahmad—in collaboration with Christoph Loch, Kishore Sengupta and Yaozhong Wu, and published in the *Journal of Operations Management* and *Organization Science*—addresses the role that social preferences of team members play in these problem-solving exercises and the routines that they develop over time. The lessons derived from this research have implications for managers.

When team members are tasked with solving a problem, they work together and develop problem-solving routines. These routines are then retained and used by members when they work individually. Those same routines are then further reinforced when the team works on other tasks, and this eventually evolves into a culture of work in the organization.

However, this process of adopting routines is affected by major differences in the social status of team members. The more differences there are in their individual status in the workplace, or the more employees seek to uplift their status within an organization, the more it will distort the team's problem-solving routines. This happens because the member with the highest status ends up exerting greater influence on decision-making. This hinders the formation of routines.

If employees seek status, they are more likely to work alone in the hopes of getting credit and recognition for good work, thereby gaining more rank and status within the organization. This also allows for other members of the team to free-ride on the work of someone else. This damages team dynamics as teams rely on collaboration to get work done.

These research observations have implications for managers. While it may seem that a combination of individual and team rewards might lead to the greatest outcome and performance, the research suggests that it would make no sense for them to offer both kinds of rewards simultaneously.

Using status and rank as a motivator for employees when they are working alone proves more productive. Similarly, when employees are working in teams, team recognition as a whole leads to better performance. This means that when managers announce recognition awards such as “employee of the month” or “salesperson of the month”, it might be taken as a snub by other team members, thereby discouraging them from working for the team and pushing them into a competitive mode.

While announcing such rewards, the exact dynamics of how employees behave in different settings towards different tasks must first be carefully evaluated.



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Addressing sexual harassment at the workplace

Most academic studies dealing with the subject of sexual harassment in the workplace are based on data from non-Muslim majority countries, while some studies look at Muslim-majority countries as well. In contrast, very little research has been conducted on it with regard to Pakistan. Faiza Ali's and Robin Kramar's article in the *Asia Pacific Journal of Management* attempts to break new ground in this area.

According to the authors the socio-cultural factors in a country and the norms and values that employees bring to the workplace, to a great extent, determine what constitutes sexual harassment in a given context. These values, norms, and cultural characteristics that are brought into the workplace by employees—combined with institutional procedures and managerial predispositions about what is appropriate and what is not—define the boundaries of acceptable behavior in the workplace.

As a result, what does not constitute harassment for employees in another society or country might constitute harassment in Pakistan because of the different socio-cultural values and ideas of modesty in this society.

Out of the six private sector organizations in Lahore that were studied for the purposes of this research—all of them were sensitive about sexual harassment—only one had explicit provisions to deal with the issue. Many employees who were tasked with enforcing rules to prevent sexual harassment in the workplace lacked proper training to deal with complaints. Also, while most organizations had some general policies against sexual harassment, step-by-step concrete guidelines on how to properly handle a registered complaint and see it through to the end were found missing.

Simply introducing and implementing laws against sexual harassment will not work in Pakistan unless organizations take a series of steps to address cultural issues that, when left unaddressed, become an impediment to a proper handling of sexual harassment cases.

The first step is to ensure gender sensitivity training for employees and those in-charge. Mere familiarity with relevant legislation is not enough. The socio-cultural values and norms in the society need to be upheld as the metric against which sexual harassment complaints are assessed. No law can encompass all definitions and predict all situations. Ultimately the organizations need to interpret sexual harassment laws in light of the prevalent norms of decency and acceptable behavior.

Also required are counseling services for employees—especially, and most importantly, all women employees—to let them know of the exact procedures that need to be followed in order to file a sexual harassment complaint against someone (it would be preferable to have counselors and trainers of the same gender as that of the group of employees they are addressing). Once a complaint has been filed, the complainant must be assured of complete and unconditional protection against victimization. This will enable employees to raise sexual harassment complaints without fear of losing their jobs or putting their promotions and careers at risk.



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Does international donor funding promote collective action in SMEs?

Since buyers in international markets are quite sensitive to the conditions in which a product is manufactured, they avoid buying those products whose production chain reeks of labor or environmental exploitation. This adversely affects the international companies that outsource their manufacturing to Small and Medium Enterprise (SMEs) businesses in developing countries. The SMEs and the exports of the country in which they operate also stand to suffer as a result.

To avoid this, international donors fund Corporate Social Responsibility (CSR) initiatives in developing countries. And it makes intuitive sense to fund SMEs that operate in clusters—clusters being SME businesses in the same geographical areas manufacturing similar products. This apparently allows the CSR initiatives to have the greatest impact. But, in reality, does that really happen?

Anjum Fayyaz, Peter Lund-Thomsen, and Adam Lindgreen, in an article published in the *Journal of Business Ethics*, investigate the influence of international aid on the collective action of SMEs around CSR, especially when those SMEs are working together in clusters. These clusters provide SMEs with the chance to act collectively and cooperate with each other to acquire raw materials, design marketing strategies, and find solutions to common problems that are faced by all members of the cluster.

Using data from their research on the football-manufacturing industrial cluster in Sialkot, the authors find that the internationally-funded CSR initiatives are more likely to succeed in promoting collective action in SMEs when there are four conditions in place.

First, the CSR programs must be socially and environmentally relevant to the SMEs. Second, the international donors must transfer technical knowledge to the SMEs. Third, the execution of the program must be for a sufficient period of time for the initiatives to make actual impact. And fourth, the donors must play a concrete role in linking SME clusters to international markets, so that the SMEs have, among other things, a financial stake in the success of the CSR initiatives.

Conversely, there are four scenarios in which funding by international donors is likely to hinder collective action in SMEs. First, when there is no clear financial benefit for the SMEs to derive out of the CSR initiatives. Second, when the initiatives are executed without sufficient input from the SMEs. Third, when the CSR initiatives are seen as a form of economic or cultural imperialism. And four, when the funding provided for such initiatives is for such a short period of time that no meaningful impact can be expected as a result.



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