

Assignment:
Common MGT 360 Management Analysis
wayne.smith@csun.edu
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Course: *MGT 360*
Title: *Management and Organizational Behavior (3 units)*

“Theory is about the connections among phenomena, a story about why acts, events, structure, and thoughts occur. Theory emphasizes the nature of causal relationships, identifying what comes first as well as the timing of such events.”
--R. Sutton and B. Staw

Goal:

The Department of Management strives to ensure that all students enrolled in MGT 360 are critical thinkers and strong writers. In essence, the Department wants all students to be able to demonstrate competency and efficacy in applying the principles of management and organizational behavior to the issues of a contemporary organization and its broader environment.

Objective:

In narrative essay format, I want you to address a business/organization case study using the concepts from class. The case text begins on page 3 of this document.

Building upon your knowledge from MGT 360, students should demonstrate their best understanding of management theory and the application of those ideas to improve the understanding of various issues. Building upon your skills from general education and lower-division core courses, students should demonstrate their best composition and technical writing skills.

For this assignment, each student should view herself or himself as a consultant to the main firm—AmeriTrade.

Length:

This essay is to be no less than three full pages and in length and no more than four full pages in length. Other relevant formatting requirements (“style guide”) are linked from the course web page.

Deliverable:

This assignment is due on the date specified on the course outline.

Performance Measurement:

There will be two different scores for this assignment.

The first score will be for writing. The scoring criteria for the writing will be from 1 (weak) to 6 (strong), and will be similar to the scoring criteria for the CSUN Upper-Division Writing Proficiency Exam (see: <http://www.csun.edu/udwpe/scoring.htm>).

The second score will be for content, and will also be scored from 1 (weak) to 6 (strong). The details for earning strong scores are enumerated below:

1. *Don't* just describe. *Do* lead the reader through the process of inference. That is, apply the general principles (theories/models/frameworks) from this course to explain why a phenomenon occurred in the past or predict what is likely to occur in the future.
2. *Don't* write haphazardly. *Do* balance breadth (broad coverage of a few issues) with depth (sufficient analysis of each issue). Identify no less than three distinct issues that you feel need to be addressed. This is the main body of the report. Additionally, the first paragraph of the report should be an introduction, and the last paragraph should be a conclusion.
3. *Don't* focus on concepts, ideas, and materials from *other* business classes (lower-division or upper-division). *Do* focus on concepts, ideas, and materials covered in *this* course—MGT 360. Here are two tips: 1), review all the materials in this class on “Management and Organization Behavior” as they are unique and distinctive from other upper-division business courses, and 2), review the titles of the textbook chapters, HBR and supplemental readings, and the organizational structure and details of the course outline.
4. *Don't* just use concepts from the end of the course, or materials just after the mid-term exam. *Do* use materials from the entire course. This class doesn't have a cumulative final exam. However, this assignment *is* indeed a cumulative assignment.
5. *Don't* ignore General Education courses. *Do* incorporate materials from one or more of those courses if you feel those materials strengthen your thinking.
6. *Don't* make crass, unsubstantiated arguments. *Do* provide support for your reasoning. For both MGT 360 and General Education courses, 1), cite your references, including pages numbers, inline in the sentence in the narrative, and 2), provide a “References” or “Works Cited” section at the end of the paper. Either APA or MLA style is acceptable.

AMERITRADE TOYS OUTSOURCING

The Nebraska Toy Company was founded in 1917 in Middletown, Nebraska by Jeremiah Baker and his son, Jamieson. Mr. Baker believed that, as owner of a manufacturing firm in his own community, he had an obligation to support his local community. Over the years, the company grew and Jamieson continued the tradition set by his father. Nebraska Toys were known for their high quality. They were made of high quality stamped steel and painted with two coats of chip-resistant enamel. The flagship product produced by the firm was the Tundra Truck.

By the mid-1960's, generations of boys grew up playing with these trucks, and passed them down to their children as they grew up. In short, Tundra Trucks had been an iconic toy for at least three generations of American boys. Some supporters even coined the phrase, "as American as motherhood, apple pie, and Tundra Trucks!" From the 1970's through the mid-1990's, the company continued to be family-held and maintained its tradition of producing the highest quality toys at reasonable prices. In 1997, the Baker family sold the company to AmeriTrade Toys. As part of the sale, AmeriTrade promised to maintain the traditions of The Nebraska Toy Company.

Although many competitors had decided to manufacture their products in China, AmeriTrade Toys continued its manufacturing in Middletown. By the year 2000, Middletown's population had grown to 5,000, with 800 residents employed by AmeriTrade Toys.

As a result of the economic recession in 2001, sales in the toy industry declined, and The Middletown facility was no exception. In December, 2001, AmeriTrade Toys made a strategic decision to outsource production of the Tundra Truck to Wen Wai Industries in Shenzhen, Guangdong, China. The rationale for the decision was based on cost savings in the form of lower wages and lower overhead costs. Employees in Nebraska earned an average of \$1,500 per month compared to \$75 per month in Shenzhen. Lower overhead in China was due to savings in plant, maintenance, electricity, and health benefits.

As a result of the decision, 300 employees lost their manufacturing jobs at the Middletown location. There were home foreclosures in Middletown, and the tax base of the town was severely eroded.

In October, 2003, an investigative report in the *San Francisco Daily News* described significant labor issues at the Wen Wai factory in Shenzhen. The article painted a dismal picture of working conditions at the factory. Workers were required to work from 7:30am to 10:00pm, they worked 84 hours per week versus the 40-hour work week set by local authorities, and they earned only \$.24 per hour versus the minimum wage of \$.33 per hour. Workers received no pension or medical benefits.

They lived in dormitory barracks and were given factory-provided food which was considered unhealthy by an external auditor.

When confronted with the report, senior managers at the Middletown facility stated that they knew nothing about the working conditions at Wen Wai's Shenzhen factory. They stated that before they had agreed to the outsourcing arrangement, Wen Wai's representatives had shown them labor statistics from the Shenzhen factory which indicated that the factory was complying with all local labor regulations. Wen Wai had provided results of an independent audit showing that the factory had indeed complied with these regulations. AmeriTrade Toys senior executives confirmed that they had not visited the Shenzhen factory prior to outsourcing Tundra Truck production.

As reported in the *San Francisco Daily News* in a follow-up article in December, 2003, senior managers at AmeriTrade Toys stated that "they would visit China soon to make sure that expectations were being met."

Case Question

Assume that you are a consultant. The senior management team at AmeriTrade has hired you to assist them in better understanding this situation. Write a brief management analysis report that informs the senior management team and provides recommendations.