

## **World Class Revisited – The Swedwood Factor!**

**By: Stephen G. Wright, Assistant Professor of Management**

When Swedwood first came to Danville I wrote an article published in the Danville Register and Bee called “Danville – A World Class Organization? By whose definition?.” In this article I clearly warned Danville that the relationship between the two was on rather uncertain ground. Here are two paragraphs from that article that you will want to read carefully once again:

*“Being world class is an international business league that you have not demonstrated you are prepared for. Getting Swedwood here is not an example of world class league business – more a case of you have what they need and it can be had easy (‘cause you’re desperate to get people working).*

*Hmmm, wonder what will happen when a “buy American” mentality finally puts two and two together and figures out they are working to make more profit for foreigners? As for the anticipated high enthusiasm, motivated workforce? Keep an eye on the turnover / retention ratio after a few years of business. That will tell you if Swedwood did their workforce psychology homework and cross-cultural due diligence regarding their corporate work ethic in relation to a disaffected U.S. workforce.”*

The second paragraph is of particular note. I suppose that at the time people simply thought, “Who is this outsider and what does he know about us and our city?” (Actually I’ve lived in Danville for 5 years now, but I guess that still qualifies to some as an outsider) What I know is human behavior, within an international business context. It is my specialty!!

The answer to the current dilemma is in the lack of “Cross-cultural Due Diligence”. This is an in–depth assessment of the positive and negative cultural traits in international partnerships. It is used to clearly and concisely determine the ways in which the proposed partner cultures have compatible points for solution and relationship building, and negative points that require immediate attention and evaluation. Seems to me this was a step missed in your evaluations of this grand alliance. If you can say this was done..... someone needs to be fired for gross stupidity and negligence.

- 1) As was pointed out a long time ago, Danville has a rather proud, head strong and disaffected workforce. Useable education levels are also a variable. Just because a bunch of American people need work does not mean they will do anything to have it and retain it. Having written a short book on organizational behavior I can tell you that the literature on the subject would caution you about such conditions. You would have entered this relationship with tighter controls and a higher sense of caution. Why? Because...

- 2) Large international companies do not pick a location in order to “help” the community. Discussions of helping the community are simply spin in order to establish a viable foundation to claim corporate social responsibility. The reality is that they pick a place where the conditions favor maximum efficiency of operation and effective human capital control (read overhead, not human value). They need to have the workforce ready, willing and able to work hard and be grateful they have jobs. Not to complain about the arrangements. Why do you think American companies do the same thing....to someone else?

Perhaps this sounds like I am only saying “I told you so”? Well, no one likes an arm chair quarterback. So once again I will project what course of action Swedwood and Ikea may take given the current events.

- The union is accepted and they begin to organize. With the enthusiastic backing of an angry and disaffected workforce the union begins to press for better contract conditions, such as pay rates, benefits, job protections and operational input from workers. This is called a “participative management” approach.
- However, Ikea executives are going to sit down in a conference room and look at each other and grumble about – “This is not what we went to Danville for!” They will push back to the Union advances, of course. Don’t be surprised if at some point Ikea says something to the effect that “You represented to us you were a world class organization and now you do this?”

Ladies and Gentlemen, large global companies are keenly aware that there are a lot of places in the world where people need an income. Was Danville their first pick? Corporate commitment to you is directly proportionate to the degree that profit margin and ease of operation (without parent company involvement) outweigh the issues raised by the community. The more Ikea is forced into the picture the more problematic this whole thing becomes.

Could they just pull up stakes and leave? Why not, it’s just business.....international business!

Mr. Wright has 25 years of experience in higher education administration and teaching which includes 15 years of field work in 7 nations. Clients for his courses and seminars in cross-cultural relations, business communication strategies and “Understanding the U.S. Culture for Strategic Advantage” include, Gazprom in the Russian Federation, The Ministry of Transportation and Defense of Saudi Arabia, Bechtel, USDA Graduate School, and Georgetown University. Between 1997 and 2002 Mr. Wright was a member of the Adjunct Faculty in the MBA Program at Johns Hopkins University, School of Professional Studies in Business and Education. In 1979 Mr. Wright received his undergraduate degree in Political Science from The American University and in 1990 he completed graduate studies in Management at Cambridge College.