



chapter 10

employee relations and voice

Case: Hawthorne Pharmaceuticals

Setting

While most of the Western world is experiencing a decrease in smoking rates, the number of Russian smokers continues to climb. As a result of tobacco companies promoting smoking as part of a 'Western lifestyle' and striving to capitalize on the public's new disposable income after the collapse of the Soviet Union, smoking rates have doubled. One-third of Russia's population smokes, ranking it as the fourth heaviest smoking country in the world, behind Serbia, Greece and Bulgaria. In Moscow, 75 per cent of male children are smokers, trailed only slightly by 65 per cent of the city's girls. Every year, 400,000 people die in Russia from smoking-related diseases.

In the last 20 years, the Russian government has repeatedly proposed legislation banning smoking in workplaces and any other public places, such as on aircraft, trains and municipal transport, as well as in schools, hospitals, cultural institutions and government buildings. Russia is actually falling behind other countries in implementing a smoking ban, which is becoming increasingly common both in Europe and around the world. In March 2004, Ireland became the first EU country to ban smoking in all enclosed places. Since then, a number of other countries have followed suit. The UK's own ban on smoking in public places reduced the effects of passive smoke, which were linked to more than 11,000 deaths every year.

If the legislation is truly put into place this time, the changes will affect not only Russian companies, but also international firms looking to invest in the expanding privatization of the economy. The emerging middle class has produced a potential market of 150 million consumers that lures companies from all over the world hoping to tap into the vast natural resources, advanced technology and skilled workers that Russia has to offer.

The problem

Hawthorne Pharmaceuticals is a global British manufacturer of pharmaceutical, medical device and consumer packaged goods, with 150 subsidiary companies operating in over 32 countries. It recently opened a new operation in Moscow, as part of a strategy to make its mark in the new prosperous Russian economy.

The management at Hawthorne Pharmaceuticals were versed in Russian history and understood that workers' attitudes and behaviours had been shaped by 70 years of Communist dictatorship, a centrally planned economic system, and government bureaucracy that had

ruled the people's lives. Like most international firms, the management at Hawthorne Pharmaceuticals found Russian workers to be cooperative and compliant, but not risk-takers. Many of the supervisors hired from the local labour pool lacked confidence and drive. Although they followed corporate policies strictly, the employees in turn expected the new company to take care of them and their families.

With the UK having one of the lowest smoking rates in Europe, the management at Hawthorne Pharmaceuticals were surprised at the number of the employees who were smokers – almost 65 per cent. As a company with a focus on health products, one of their first goals was to develop a voluntary tobacco reduction programme, including counselling and nicotine cessation aids, to improve the health of the new staff. Unfortunately, only a small group of workers took advantage of the programme in its first year, and the majority of these were supervisors.

The next step was to implement a smoking ban in the Russian operations. Matthew Duncan, one of the UK managers assigned to the Moscow operation, was given the task of involving employees in the decision. Although it was made clear to all employees that the company president wanted to see the worksites smoke-free regardless of government legislation, only the supervisors were to be given an opportunity to express their positions on the matter.

There were over 100 supervisors, and Matthew was given a short timeframe to present his findings. Although Matthew was free to speak to the supervisors, the company president stressed that he really just wanted to know whether or not the majority of the supervisors favoured the ban. As Matthew had not used any forms of employee communication before, he felt overwhelmed when he began reading about the various methods that could be used. With his deadline approaching, Matthew chose a questionnaire to quickly survey the supervisors.

In the end, the company president was pleased with the outcome. All the supervisors completed the questionnaire and, as expected, an overwhelming majority agreed with the idea of a smoking ban. The rest of the worker population were not asked for their opinions, but a ban was quickly put into place. Faced with no longer being allowed to smoke in their workplace, there was a major increase in the number of employees willing to participate in the company's tobacco reduction programme.

Assignment

Working either alone or in a study group, prepare a report drawing on this chapter and other recommended material which considers the following:

- 1 Which aspects of the workplace at Hawthorne Pharmaceuticals might have influenced the survey results?
- 2 What might have been missed by gathering only the supervisors' opinions?
- 3 What qualities do the Russian workers exhibit that could have influenced the survey results? Why?

Essential reading

- Bryman, J. (ed.) (1988) *Doing Research in Organizations*. London: Routledge.
- Elenkov, D. (1998) Can American management concepts work in Russia? *California Management Review*, 40(4): 133–56.
- Miller, K. (2009) *Organizational Communication: Approaches and Processes*. Boston: Wadsworth Cengage Learning.
- Oppenheim, A. N. (1992) *Questionnaire Design, Interviewing and Attitude Measurement*. London: Pinter Publishers.
- Turner, P. (2003) *Organizational Communication: The Role of the HR Professional*. London: Chartered Institute of Personnel and Development.

Note: This feature was written by Lori Rilkoff, HR Director at City of Kaloomb, BC, Canada.

