

BLUE HORIZON CRUISES©: AN INTERNATIONAL SIMULATION EXERCISE TO ILLUSTRATE CONFLICTING ECONOMIC AND CULTURAL MODELS

Carolyn B. Mueller, Stetson University
cmueller@stetson.edu

Cheryl A. Van Deusen, University of North Florida
cvandeus@unf.edu

W. Gerald Glover, Hawaii Pacific University
jerryglover@compuserve.com

Papalii Failautusi Avegalio, University of Hawaii

Harris Friedman, Saybrook Graduate School

ABSTRACT

The spread of capitalism around the world has been met with different values and expectations. Not everyone practices capitalism in the same manner or with the same results. One of the uses of this interactive role-play case is to allow participants to utilize various economic and cultural models that typically result in conflict. A brief review of a partial list of economic models along with country examples is provided. Next, cultural orientations are explained, followed by the facilitators' and participants' guidelines.

INTRODUCTION

Following in Table 1 is a brief review of a select group of varying national economic and cultural models. Included in the table for each model are relevant descriptions of ownership systems, attitude toward corporate and community responsibilities, the influence of macro-economics on decision-making, and the general time orientation. It is important to familiarize participants with these various models before role-play is begun.

<u>Models for the practice of Capitalism</u>	<u>Ownership System</u>	<u>Corporate-Community Responsibility</u>	<u>Macro-economic influence on leadership decisions</u>	<u>Time Orientation</u>
Individual (USA)	Shareholders with no loyalty; continual trading	Limited responsibility to society; resistance to government controls	Shareholder value is primary; other stakeholders not considered	Short term, overnight turnover of share ownership; immediate
Codetermination (Germany)	Shared among banks, government, and corporations	Corporate and government responsibility is legally mandated	Shareholders and stakeholders cooperate; labor sits on BOD	Longer term than USA; Future tied to ECC growth
Keiretsu (Japan)	Groups of interlocking companies; majority of shares not traded	Loyalty to workers and workers "belong" to company	Harmony and balance critical; Autocratic consensus (ringi system)	Long term; investment in R&D even in down times
Chaebol (South Korea)	Government supported conglomerates; Cross-ownership	Corporation is an extension of the government	Government reviews plans of corporations; closely directed	Long-term; government and banks invest in corporate R&D

Developments in Business Simulation and Experiential Learning, Volume 28, 2001

Government Directed (Singapore)	Government regulated development; Planned economy, govt investment in worker education	Corporate social responsibility high	Corporations involve government as stakeholder	Long-term; government planning is central focus
Modified Communist (Peoples Rep. China)	Government controlled joint ventures with outside investors or companies, combination of state and individual enterprises	State is primary benefactor in redistributive economy	Government and joint venture partners decide	Long term; government directs the course of the future
Fiji	Conflicting models of individual and collective capitalism	Village is critical for social support and trade balance, lease agreements	Chiefs and Western model in conflict	Village is synchronic, outsiders are sequential

Table 1. Cultural models for capitalism.

Source: Glover, Jerry, Gordon Jones, and Harris Friedman, (publication forthcoming, 2001). *Adaptive Leadership: When Change Is Not Enough*.

The following seven cultural orientations adapted by Trompenaars (1994) are used in the following case exercise to describe how cultures differ. Again, participants must be familiarized with all seven orientations before engaging in the simulation.

CULTURAL ORIENTATIONS

Universal versus Particular – is there one way to do things anywhere in the world, or should each situation be viewed in its context and modified as needed?

Individualistic versus Collective – do people prefer to work alone or in groups?

Specific versus Diffuse – do people have very narrow relationships with each other or is it more of a wholistic, everything is interrelated picture?

Achievement versus Ascription – are people promoted based on their results of efforts or is it based upon whom you are, your family, where you went to school, etc?

Affective versus Neutral – are the people outspoken and expressive or do they tend to be very quiet and reserved in public?

Internal versus External Control – we feel we can control our destiny versus we do not feel we can control our destiny.

Time Orientation – is the past, the present, or the future more important to people?

BLUE HORIZON CRUISES©: FACILITATOR'S GUIDELINES

This is a generic case involving an eco-tourism business in a tropical setting. Blue Horizon Cruises represents an organization whose past success created a potential cultural trap in which the very product that made them successful may cause the company's demise. The case should be popular with a wide variety of participants because it addresses commonplace stakeholders' dilemmas. Although most of us have never been a cruise ship executive nor have we been a village chief, we can relate to their cultural and economic orientations. We all have values regarding growth, the environment and natural resources, and the impact of change on communities. There

are four problems addressed by the consultant that are designed to bring out the seemingly opposing values of the role-plays. Each problem includes a key cultural dilemma with all of the seven dimensions somehow represented in the stakeholders' orientations.

The problems are:

1. *An environmental study has indicated that the reefs in the areas visited by Blue Horizon's ships may be in danger.* Frequent anchoring by the ships is creating damage. The key dilemma is "do we protect the natural reefs OR do we continue with tourism in the area." A reconciled solution might result in both tourism AND the preservation of the reef. For example, a group that previously participated in this simulation suggested that a mooring buoy be placed near each reef. That would permit anchorage without damaging the reefs.
2. *Tourists are complaining that the native culture may be losing its charm.* The traditional village culture fostered genuine hospitality and generosity. Economic development and a capitalist environment are creating fewer smiles and more entrepreneurs. The key dilemma is "do we continue to develop the new cash economy OR do we maintain the maintain the traditional culture at all costs." A reconciled solution might find ways to have the villagers realize the importance of their traditional culture, even in a commercial transaction. That is, find ways to have tourism AND maintain the traditional culture.
3. *The government wants to achieve maximum benefit from the Blue Horizon success. A developer is planning a small resort and golf course.* This action will have great impacts on both the natural environment and people in the area. The key dilemma is one of tradition versus growth. Are the villagers better off working in a resort as waiters and housekeepers OR should they be left to continue their subsistence economy? The resort and golf course will bring jobs in the Western

Developments in Business Simulation and Experiential Learning, Volume 28, 2001

sense, but the villagers have adapted for 2000 years without them. A reconciled solution will involve a means for development AND tradition.

4. *The chiefs, the traditional power base in villages, are upset that the village entrepreneurs are not putting their earnings in the village fund.* Instead they are keeping their cash earned from the sale of goods and trinkets to the tourists. A classic dilemma of market capitalism OR traditional resource distribution mechanisms. A reconciled solution will permit the chiefs to maintain the village fund AND the village entrepreneurs to keep a part of their earnings.

Make certain that you ask the consultants, Mary and Brian, to involve each member of their group by asking each to provide his or her opinion on each problem. A time limit of 1-2 minutes per person per problem may assure that everyone has an opportunity to be involved.

BLUE HORIZON CRUISES©: PARTICIPANT'S GUIDELINES THE SETTING

Blue Horizon Cruises operates a successful ecotourism business in a Pacific Island nation. They built a rapidly growing business by marketing to Japanese, German, American, and Australian visitors who want to experience the "real South Pacific." Their operation is located in Kona, an emerging nation that has made a strong effort to use tourism as a major component of their economic development efforts. The cruise trips offered by Blue Horizon visit an idyllic group of islands where travel brochures describing the physical environment conjure up visions of a pristine tropical paradise. The inhabitants of the area still live and work in a traditional manner, reminiscent of earlier times. Because of the physical setting and traditional village life, visitors have been extremely satisfied with the product and cruise experience of Blue Horizon Cruises. Blue Horizon has experienced remarkable growth and profitability in its 10-year history. Except for the first year of operation, the company had operated in the black. In 1993, the fleet had been expanded from 3 ships to 10 in an effort to keep up with the demand for the cruises. The company was sold to a New Zealand businessperson in 1994. The new owner expects the company to continue its high financial return in the future.

In recent years, several potential problems have begun to emerge. An environmental group conducted a study to evaluate the impact of tourism on the reefs in the area. The results argued that, unless Blue Horizon took steps to minimize their impact on the reef, considerable damage could occur in the next five years. This is apparently due to the fact that Blue Horizon had increased the number of cruises each week from three in 1985 to 30 in 1995. Market projections indicated that the demand could support as many as 40 cruises per week.

A second potential problem was that the traditional customs and hospitality enjoyed by previous visitors was beginning to change. People in the villages were becoming more motivated by "the dollar." Several villages had developed thriving cash economies from the sale of straw goods and other tourism artifacts manufactured by local cottage industries operated by enterprising villagers. Tourists from the cruise ships had begun to complain about the commercial nature of the interaction with villagers. "All they seem to care about is selling us trinkets." One unhappy visitor had complained to an anthropologist who was writing about the ecotourism potential of the area. "And we even noticed a "made in Taiwan" sign on the base of one of the gifts we bought in a village market." another tourist had told him.

A third potential problem area was the government. As with most developing nations, the government leaders were interested in creating capital from local resources. The Minister for Tourism Development was in the process of negotiations with an American investor to finance small luxury resort and an 18-hole golf course on one of the pristine islands. Developers argued that the resort would bring "much needed jobs to local villagers."

The fourth potential problem for Blue Horizon was the village chiefs and many of the elders. Many of them had become alarmed to see the traditional ways eroding in the face of rapid development. They also sensed their political power also eroding as many younger villagers obtained wage labor jobs and were no longer dependent on the village fund and the communal subsistence economy. They also felt that all income paid to villagers should be paid to the village fund, a system of redistribution and communal sharing controlled by the village chiefs. They had asked Blue Horizon to not permit any cash to exchange hands between the market vendors and the visitors. Instead the chiefs asked that all monies be collected by the ship's captain and turned over to the village chief. If Blue Horizon does not comply with the suggested distribution of tourist revenues to the villages, the chief have threatened to prohibit the cruise ships from visiting the villages.

Given the possible difficulties that these problems might bring, The Chief Executive Officer and principle stock owner of Blue Horizon, Ian Thomas, has directed his Managing Director, John McClean, to look into the matters. John McClean has worked in Kona for over 10 years and he was one of the first executives hired by the original owners to develop the fledgling Blue Horizon operation in 1985. He had a deep appreciation for these islands and was very concerned about the recent events. Both John and Ian Thomas agree that it is time to revisit the vision, mission, values, strategies, and practices of Blue Horizon Cruises. John has contacted a consultant from Seattle who had extensive experience in troubleshooting economic development problems such as are being faced by Blue Horizon. This consultant, Mary Franklin, suggested that she also involve Brian Olsen, an anthropologist and ecotourism expert with a university in Oregon. Brian Olsen

Developments in Business Simulation and Experiential Learning, Volume 28, 2001

and Mary Franklin have arrived in Kona and are going to interview the principle stakeholders in the situation. Their task is to use the four problems as an impetus to revisit the company's vision, mission, and values and related them to the strategies and practices used in resolving the four problems.

OBJECTIVES AND INSTRUCTIONS

The results of this simulation are to create a new vision, mission, values, and strategies statements for Blue Horizon. Also, Mary and Brian will elicit the cultural dilemmas involved in the four problem areas. The preferred approach is to reconcile the seemingly opposing cultural and economic values to create a new cultural design (operating guidelines) for Blue Horizon Cruises that will build on the strengths of the old stakeholder values and practices, while also minimizing the weaknesses of each. The deliverable result of the meeting should be the description of a new cultural design (in this case the result will be vision, mission, and strategic goals statements) for Blue Horizon Cruises that incorporates the strengths of existing stakeholder cultural orientations, while minimizing their weaknesses. They conduct a 30-minute focus meeting with these stakeholders:

Ian Thomas, CEO and principle owner
John McClean, Managing Director
Marta Tufu, Minister of Tourism Development for
Kona
Tomasi Va'valu, Paramount Chief of the villages
Joan Collins, representing the World Watch
Environmental Protection organization
Harris Friedburg, international financier and developer
Joni Keritu, self-appointed representative of the
villager vendors

The new vision, mission, values, and strategy statements will provide structure for the way the company will operate in the future. This new cultural design will provide direction for the Blue Horizons' leaders and community stakeholders as they attempt to resolve the four problems and move successfully through these trying times. For a complete set of the roles associated with each stakeholder, contact co-author Dr. Jerry Glover.

This case is fully copyrighted by Dr. Jerry Glover, 1998.