ONLINE COUNTERPOINT 10.8

When things are going well – at least, by measures of profitability and growth – a `strong culture' is generally regarded positively. Its strength is assumed to play a key role in the company's good performance. When things start to go wrong, the same `strong culture' comes to be regarded negatively as an explanation of poor performance. So, maybe `strong culture' is something to be viewed with a measure of skepticism.

ONLINE COUNTERPOINT 10.9

It could be argued that a `strong culture' will tend to brainwash staff into believing the propaganda of the company. Those who do not subscribe to key values, such as the idea that the company makes a `positive difference, etc.' either do not apply to work at corporations that makes such claims, do not stay long, or simply comply with these values when expected to do so, as when they complete surveys. From the standpoint of many consumers of Microsoft products, notably Windows, a rather different experience and evaluation of the company is not uncommon. That is, the experiences is one of a corporation that has prospered by ruthlessly protecting its monopoly and charging high prices for poorly constructed products that demand recurrent, expensive upgrades , not by creating products that are reliable, secure and/or good value for money.

See: Genakos, Christos and Kuhn, Kai Uwe and Van Reenen, John (2007) "The European commission versus Microsoft: competition policy in high-tech industries, Centrepiece, 12 (1). pp. 2-7; Jeremy Warner, "Security breaches threaten Microsoft monopoly", Independent, February 14 2004; Elizabeth Montalbano, "Vista's flaws surface again on eve of Windows 7 beta", IT World, January 6, 2009.

ONLINE COUNTERPOINT 10.10

The question to be asked is `who determines what the culture is'? Who decides, or perhaps seeks to dictate, what the `attributes of culture' or an organization, or a country, are? And who is it that invokes the `patterned set of activities' to interpret culture? Like history, interpretations of culture tend to be dominated by elites who are victorious in contests over their development and meaning. For a rather different interpretation of the building, see
http://magyarepitomuveszet.mm-art.hu/en/lodge_design.php?lapszam=2005-1&id=27

ONLINE COUNTERPOINT 10.11

It may inspire commitment and even unthinking devotion but, equally, it may inadvertently generate considerable hostility and resentment.

ONLINE COUNTERPOINT 10.12

Another `rite' that attracts less attention is the `rite of humiliation' in which employees are bullied or otherwise pressured into doing things, or working longer hours, for fear of being appraised as `inadequate', `uncommitted' or poor `team players'.

ONLINE COUNTERPOINT 10.13

Stories are undoubtedly important in providing memorable images and parables about aspects of an organization. Many stories that circulate in organizations are not about managers being heroes but, rather, how they are far removed from the paragons or expertise and professionalism that they so often purport to be. Stories abound about certain managers' remoteness, ignorance, lack of respect and seemingly limitless capacity to act as `assholes' interested only in saving their own skin or making the next career move. Such stories can create a strong sense of `counter-culture' which refuses to swallow the anodyne, saccharine tales of heroic managers and tributes to `employee of the month' presented in internal and external PR. See Gabriel,Y. (1995) The Unmanaged Organization: Stories, Fantasies, and Subjectivity. Organisation Studies 16 (3), 477-501
http://findarticles.com/p/articles/mi_m4339/is_n3_v16/ai_18259815/pg_8

ONLINE COUNTERPOINT 10.14

This is a crude example of `image management'. There is an attempt to `market' the company in a way that is calculated, rightly or wrongly, to enhance its appeal – in this case, to suggest that the company is `caring' as, coincidentally, this quality becomes more important with the move to operating in personal service markets, such as holidays and investment advice. If the company had actually established a reputation for care, then arguably the logo of the company would be an irrelevance. This kind of contrived image management might be compared with the Rocky Mountain Soap example given in the following paragraph.

The corporate image makeover was blemished by a violence scandal involving the President of the company, as reported at nationmaster.com (accessed 22 November 2008) and reproduced below

'President Seung Yeon Kim and his son, a senior at Yale, are under police investigation for a retaliatory assault, battery and kidnapping charges. The son of the Seung Yeon Kim got into a scuffle with a group of bar employees. His son was pushed down the stairs by one of the bar employees, resulting in a cut above the eye when he fell. Allegedly Seung Yeon Kim and the security team of Hanwha abducted those who were involved in conflict with his son and took them to an undisclosed location. There, he and his men severely beat the bar workers with metal pipes and battered them continually with fists and kicks. The Korean police are investigating this matter, but they are encountering much trouble in finding evidence of the crime due to lapsed time. Some of the victims refused to testify in fear of further retaliation by Seung Yeon Kim.

Surprising matter of this case is that the legal representation for Seung Yeon Kim is the in-house council of Hanwha Corporation. Blurring the line between business and personal matter is common in Korea, as many Korean corporations are treated by the chaebol like a sole proprietorship. This incident tarnished the image of Hanwha as the conglomerate announced an agressive corporate image makeover earlier in the year.'

http://www.nationmaster.com/encyclopedia/Hanwhathe

ONLINE COUNTERPOINT 10.15

This example illustrates how commitment to a company, including putting in the extra time and attention, can be valueless if the employees do not own, and therefore lack control, of the business that employs them. In effect, the goodwill created by employees increases the value of the company but, when the company is acquired, it is the owners who reap the benefits while the employees are laid off.

ONLINE COUNTERPOINT 10.16

It would seem that these employees were prescient about the suitability and durability of this `marriage'. Having merged with, or perhaps acquired, Chrysler in 1998 for $36billion, in 2007 Daimler paid Cerberus Capital Management to take an 80.1% state in the company and thereby remove the bulk of Chrysler's liabilities from Daimler.

ONLINE COUNTERPOINT 10.17

It is misleading to claim that `external environments require…some feature of organization, such as `flexibility' (or predictability) as this is a judgment of those assessing the situation, not a demand of what such assessments project onto the `environment', as a `requirement'.
To suggest that `the culture should encourage adaptability' implies that the culture is somehow separate (an independent variable) from whatever is conceived as `adaptability' (dependent variable). Yet, arguably, the presence or absence of adaptability is itself a facet of the culture. If increased adaptability is favoured, then it is appropriate to foster practices that enable it, not to rely on `the culture' to encourage it.
The `correctness' of the relationship between values, strategy, structure, etc. is a matter of judgment. It should not be assumed that enhancing organizational performance is necessarily the most desirable aim or outcome. Enhancing organizational performance may be detrimental to employees (consider the lay off at Oracle following the acquisition of PeopleSoft) or damaging to the environment when companies do not give it the priority shown, for example, by Rocky Mountain Soap (see earlier).

ONLINE COUNTERPOINT 10.18

It doesn't necessarily do much for the passengers either, except importantly enough keep more notes in their wallets. Unless the lack of allocated seats (Ryanair) and leg room, excessive charges for `extras' and absence of service or assistance in the event of any non-routine event (e.g. disabled passengers, luggage loss, cancellations) are disregarded, low-cost or `no frills' carriers are, for their customers, low comfort, high maintenance carriers.

ONLINE COUNTERPOINT 10.19

Employees may report that it is a good company to work for. If the chickens producing their eggs in Wegmans egg farms could speak, however, they migh offer a very different verdict. Likely, they would not endorse Animal Car Certified logo on the Wegmans egg boxes or the company slogan: `Every day you get our best'. See the video `Wegman's Cruelty' at
http://video.google.com/videoplay?docid=-6598954012979330894

ONLINE COUNTERPOINT 10.20

This rather begs the question of who identifies `the corporate cultural values'. It might could be suggested that they are whatever the dominant coalition of senior managers deems them to be at any particular point in time. If that is the case, it is relevant to question what relationship they bear to the diverse values and norms that may exist across the many divisions and departments of large organizations.

ONLINE COUNTERPOINT 10.21

A problem here is that the argument can become circular. That is to say, if a company performs well in financial terms, success is attributed to its strong culture. Conversely, if a company's performance is comparatively weak, blame is placed upon a weak culture. As the earlier example of Marks and Spencer showed, performance may be affected by conditions over which a company has minimal control – such as operating in a mature market or timing an expansion with economic contraction.

ONLINE COUNTERPOINT 10.22

If it is accepted that ` Individuals absorb the beliefs and values of their family, community, culture, society, religious community, and geographic environment', then it is the case that the ethical values that inform employee conduct are relative to time and place. They are also highly diverse. So, ethical actions' are not something universal but, rather, are embedded in a particular time and place. It is not therefore possible to say what is `unethical' or `socially irresponsible' without paying attention to the specific context in which such assessments are voiced.

ONLINE COUNTERPOINT 10.23

How realistic is this when the first legal responsibility of executives is to shareholders? Unless the structure of ownership changes, it is unlikely that `social responsibility' will be more than skin deep – something to be accommodated rather than actively striven for.

ONLINE COUNTERPOINT 10.24

Do managers actively reflect upon their day-to-day decisions – whether to be honest or deceitful? Surely such concerns occur only at the margins. Most decision-making is highly routinised and institutionalized. It is assumed to be ethical – until it is challenged. Consider male chauvinism or slavery. Both were regarded as normal and even natural until those at the receiving end of such `normality' contested the ethics.

ONLINE COUNTERPOINT 10.25

This observation suggests that the decision to be socially responsible should be conditional upon the calculation that customers will be responsive to such a move. But why shouldn't corporations take the initiative and act `ethically', regardless of whether it helps them to attract or retain customers unless they are compelled and sanctioned to do so? What are the forces that impede such change?

ONLINE COUNTERPOINT 10.26

These kinds of generalizations are not particularly credible or helpful. Sadly, there may be no `long term' for companies that put high ethical standards before profitability. In contrast to many other companies, Denpoo Mandiri Indonesia had the benefit of sufficient assets to cover their losses in the short term. Being `ethical' is a great deal easier when the pressures of competition and shareholder demands are not so intense.

ONLINE COUNTERPOINT 10.27

It could be argued that this is the zone in which individuals are expected and incentivised to operate within corporations. To have `self-chosen ethical principles' that depart from corporate ethics is to risk sanction and perhaps expulsion. So, while companies pay lip service to employees who take an ethical stand, their frequently punitive treatment of whistle-blowers (discussed later in this chapter) suggests that those who challenge the status quo are unwelcome and considered disloyal if not treacherous.

ONLINE COUNTERPOINT 10.28

`Coming clean' is not necessarily good for business, however. Competitors may relish the constraints that a well publicized zero-tolerance policy has placed upon Siemens. Shareholders may not be so positive. A month after announcing that the company was on track to meet profit goals for 2008, Loescher gave what the New York Times described as a `wholly unexpected profits warning'. This was attributed by some analysts to the deep-rootedness of Siemens business practices and its reliance upon bribery to win contracts. Its stock price dropped by 15%, the largest single day fall in almost two decades.

"The least you can say is that management was not on top of things," Jochen Klusmann, head of research at BHF Bank in Frankfurt, said. "A lot of confidence gets destroyed when the management acts this way."

But analysts said the profit warning indicated that Siemens's business practices are deep-rooted and difficult to change. Some investors even asked whether cleaning up its ethics had handicapped its ability to do business.

"People in the market have been saying, 'without corruption, maybe they aren't able to deliver,' " said Markus Barth, an asset manager at Nordinvest in Hamburg, which holds 20,000 shares.'

Mark Landler, `Seimans cuts earnings outlook sharply' New York Times, March 18 2008

http://www.nytimes.com/2008/03/18/business/worldbusiness/18siemens.html

ONLINE COUNTERPOINT 10.29

This rather begs the question of what is counted as `immoral' or `illegitimate'. Is it simply what might be embarrassing or damaging for the company, or does it extend to activities that are routinely damaging to the well-being of employees or to ecological sustainability?

ONLINE COUNTERPOINT 10.30

Is the purpose to protect whistleblowers or to minimize the risk of exposure to the media by containing information about immoral or illegitimate activities within the company?

ONLINE COUNTERPOINT 10.31

As is widely understood, ethics cannot be reduced to laws. Ethics involves a degree of moral autonomy that, to be protected and exercised, involves on occasion challenging and changing laws. Being `a good corporate citizen of the world' in an ethical sense means more than simply complying with whatever laws govern a state. It might, for example, mean being carbon neutral or negative not only in the production of goods but in their anticipated use In which case, making `ethical choices' extends well beyond compliance with existing legislation. It is unclear from Toyota's Code what conception of `good corporate citizenship of the world' is being advocated.

ONLINE COUNTERPOINT 10.32

That many companies have come into disrepute despite having ethical codes and programmes, or having attempted to incorporate ethics into their cultures, indicate that there are pressures and priorities which tend to override or compromise the prioritizing of `ethical concerns'. It is doubtful whether the current reliance upon voluntarism, in the form or codes and programmes to develop fully ethical companies, will be sufficient to counterbalance such priorities. It may be that only stronger, more effective (adequately funded) and punitive forms of regulation will be necessary to achieve `a high level of ethical decision-making' with respect to the treatment of employees, customers and the natural world. If companies lobby successfully to resist such regulation, then their nationalization – as in the case of a number of errant banks in 2008 – might be an ethically defensible alternative.