

## **Corporate Culture**

### **Chapter: 4**

### **Business Ethics**

### **Sem: 4**

### **Marks: 8**

Culture: includes knowledge, beliefs, art, morals, laws, customs, and other capabilities and habits acquired by individuals, thereby distinguishing the members of one group or category from another.

Corporate Culture: may be defined as the shared beliefs possessed by the top management of an organization about how they should conduct themselves, their employees as well as their business. Simply it refers to the beliefs and behaviors that determine how the company management and its employees interact and handle business transactions.

#### **Features of Corporate Culture**

1. A strong corporate culture represent corporate ideology and vision of the company.
2. Corporate culture dictates how people should behave when at work, what values should drive their performance and what practices should be implemented to achieve the company's vision.
3. A companies corporate culture will be reflected in its dress code, business hours, office set up, employees benefit, turnover, hiring decisions, client treatment, satisfaction etc.
4. The corporate culture is written formally and forwarded through memos, code of conduct, manuals, forms etc. The values, norms, customs should be shared and expressed informally.
5. It is the responsibility of the top management of all organization to facilitate a positive work place environment by valuing the traits of trust, empowerment, consistency, mentorship etc. ethical behavior shall be rewarded.
6. The culture is demonstrated through employee behavior.
7. Corporate culture is the combination of vision, mission, values and the everyday aspects of communication, interaction, and operational goals that foster the organizational atmosphere that permits the manner in which the employee works.
8. It is the backbone of corporate ethics

#### **Functions of corporate culture**

1. Corporate culture enhances the goodwill of the organization.
2. It helps in decision making
3. Good corporate culture reduces communication problems between different levels of the organization
4. Corporate culture promotes organizational coordination and control
5. Esteemed corporate culture gives employee satisfaction
6. Corporate culture promotes consistency in perspective across all levels in the organization.

7. Corporate culture reduces anxiety levels of employees, which simplifies the nature of work.
8. An appropriate corporate culture can offer employees a focus of identification and loyalty, foster beliefs and values that encourage them to perform.

### **Case Study of the Google Culture**

Google is well known for their ORGANISATIONAL CULTURES distinctiveness and uniqueness compared to their immediate competitors. On the Google corporate website, they have listed down 10 core principles that guide the actions of the entire organization. These are the values and assumptions shared within the organization.

In Google, the daily organizational life is distinctive and is one that thrives on informal culture. The rituals that portray the organization's culture as unique and possesses a small-company feel are portrayed daily at lunchtime, where almost all employees eat together at the many various while at the same time having an open, relaxed conversations with fellow Googlers that come from different teams. Also, because one of the Google culture's main pillars are the pillar of innovation, every Googler are very comfortable at sharing ideas, thoughts, and opinions with one another in a very informal working environment. Every employee is a hands-on contributor and everyone wears several hats. In Google, the motivated employees who 'live' the Google brand and are aligned to the company call themselves 'Googlers'. Even former employees of Google have a name which they refer to themselves as 'Xooglers'. This shows that in Google, their employees are so involved in the organization that they have their own symbolic name that mirrors the organization's name and image, which is a sure sign of existing strong cultural values that are present within the company.

### **Elements of Corporate Culture**

1. These explain the behavioral traits which the members of the organization believe to be morally accepted.
2. It refers to various core values which are spread through out an organization
3. Every organizational culture has its own distinct symbols, such as language which convey core values, which unite the organizational members
4. Every organization has its own style of undertaking activities

### **Forms of Corporate culture**

1. **Culture of care:** high concern is displayed for individual but not for their performance
2. **Culture of exaction:** uncaring and unsympathetic attitude towards employees and maximum concern for production and performance

3. **Culture of integration:** a high concern for employees as well as their performance
4. **Culture of apathy:** minimum concern for either employees and performance and individual focus on maximizing their own self interest.
5. **Culture of defiance:** Low ethical standard, cutting ethical concerns, not abiding by the law, or intentionally misrepresenting the law.
6. **Culture of neglect:** organization wants to follow ethical norms but due to various limitations they are not always successful
7. **Culture of compliance:** A organization adopting a compliant corporate culture undertakes activities in accordance with legal and ethical standard.
8. **Culture of character:** An organization following this form of corporate culture, not only knows what is right, but it also does and values what is right. Such a culture is characterized by integrity and fairness.

#### **Factors affecting corporate culture**

Some of the major factors that affect corporate culture

1. It refers to the workplace environment that affect corporate culture
2. Whistle blower policy and customer report forms an integral part of organizational level
3. Effective communication develop a positive attitude among employees and help them to promote an environment of open and constructive environment
4. In its recruitment and selection drives, recognition and selects performance in a manner that promote good conduct of employees
5. Remuneration and incentive structure drive employees and motivate them and reinforce ethical behavior

#### **Globalization and cross cultural issues**

Globalization means integrating the economy of a country with th world economy. It means adopting a global outlook for the business and business strategies aimed at enhancing a global competitiveness.

The policy of globalization includes:

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1. Reduction of trade barriers so as to permit free flow of goods and services across national frontiers.
2. Creation of an environment in which free flow of capital can take place
3. Foreign exchange management act
4. Creation of an environment permitting free flow of technology among nation states
5. Creation of an environment in which free movement of labour can take place in different countries of the world.

### **Cross cultural issues in ethics**

Cultural ethics deals with the morality, integrity, principles, and values of a culture including religion which helps to understand cross cultural issues better.

1. Cross cultural issues have implication for international marketing
2. All marketers face different face different challenges due to cultural diversity and cross cultural issues.
3. Different cultures have different rules of conduct which poses challenges in business ethics practices of different organizations belonging to different countries.
4. In international marketing two different ethical standards meet in business transactions which create serious problems in cross cultural issues in ethics
5. Different ethical norms are derive from different concepts of human nature are rule based culture and relationship based culture

### **Significance of corporate culture in making ethical decisions:**

1. Corporate culture encompasses certain predefined policies which guide the employees and give them a sense of direction in the work place.
2. Corporate culture dispatches and controls the behavior of employees through its standard and procedure which aid in decision making process
3. A strong corporate culture helps to interact and address each other and how to conduct personal relationship
4. When employees are valued for their contribution to the organization they experience high morale and favorable attitude towards the organization

5. A stronger corporate culture offers a sense of pride and identify to the organizational members who feel motivated to work more harder
6. A good corporate culture cultivates a sense of belongingness
7. Corporate culture is the social glue that helps bind the organization by providing appropriate ethical standards for how the employees should conduct themselves
8. Corporate culture helps distinguish an organization from its rival either based on strong ethical standard and high customer centric.
9. A robust corporate culture encourages workers to deliver quality products and services

### **Implementing effective corporate ethics and programs**

1. Identify the purpose and mission of the corporate ethics programs and ensuring compliance with regulatory requirements nationally and internationally as well as promote internal control mechanism.
2. Understand the ethical culture of the organization that ensures comprehensive reporting, clear accountability and effective supervision by the top management , thereby developing a corporate culture.
3. Identify the organizational goals and the organization can develop an effective ethics programs that complies with national and international laws and identifies the boundaries of legal and ethical behavior that affects the organization internally or externally.
4. Implement a continuous monitoring and improving programs that ensures that the corporate ethics program with the organizational goals. Organizations can develop strategies needs to improve its effectiveness and responsiveness.

### **Corporate code of ethics**

A code of ethics is a guide compromising ethical principles established by an organization. It is designed to help professionals conduct their business with honesty and integrity.

Corporate code of ethics is a statement of business guidelines that defines ethical standard of conduct for its top management and employees. With a well defined code of ethics and a strong reward system, the top management has all the measures needed to create and demonstrate an ethical company culture.

### **Features of corporate code of ethics**

1. Policy statement of a company provides information about employees behavior and prevents behavior that does not comply with the company's mission and greater objective
2. Corporate code of ethics are usually voluntary in nature as they are usually not enforceable by law
3. These are flexible in the sense that the code of ethics can adopt several formats and address any issues such as workplace issues and employee rights.

#### **Benefits of corporate code of ethics**

1. It helps the organization to communicate its expectations to its stakeholders starting from the employees to its suppliers and customers
2. A strong corporate code of ethics helps guide employees in situations where the ethical course of action is not immediately apparent
3. A code of ethics helps the organization reinforce and acquaint new employees with its culture and values thereby creating a climate of integrity and excellence
4. Due to the presence of a well defined and well implemented corporate code of ethics trust can be built among the members of the public and brand identity can be enhanced.

#### **MCQS**

1. A set of values , beliefs, goals, norms and ways of solving the problem of the organization as well as the employees is called **CORPORATE CULTURE'**
2. A corporate culture can be created by a **FOUNDER OF THE COMPANY**
3. One corporate house can be distinguished from other corporate house in terms of **CULTURE**
4. It is a set of written guidelines that are needed to realize the goals of the company **CODE OF CONDUCT**
5. Strong corporate culture teaches employees of the organization **to WORK IN TEAMS**
6. The tone and tenor of corporate culture which moves down to the level employees is set up **TOP LEVEL EXECUTIVES**
7. What is the impact of corporate culture on business performance **INCREASE PRODUCTIVITY**

8. The culture of sales department is going to influence customer satisfaction and similarly customer satisfaction is going to increase satisfaction of sales department. This is an example of **HEALTHY CORPORATE CULTURE**
9. It means integrating the economy of a country with the world economy. It refers to **GLOBALISATION**
10. It is a written document that outlines the principles of conduct to be used in making decisions. It refers to **CODE OF ETHICS**
11. This code of ethics sets a guideline for the conduct of the employees of the company and also determines penalties for its violations. This refers to **Compliance based code of ethics**
12. For which of the following reasons corporate code of ethics is developed **GOOD CORPORATE GOVERNANCE**
13. Ethics focuses on principles **of right or wrong**
14. Which of the following is least likely to be held by utilitarianism **government should actively promote social goals**
15. Ethical business behavior includes all by one of the following. **Strive above all to maximize profits**
16. Which of the following is not one of the challenges associated with ageing societies. **Equal opportunities for all ethnic and religious minorities**
17. Applying Hofstede's cultural dimensions which of the following combines high power distance and collectivism? **Asian Societies**
18. Which of the following religions is polytheistic? **Hinduism**
19. National culture is based on **the sense of belonging of a people**
20. Characteristics of organizational culture include all but which one of the following? **Sustainability policies**
21. In marketing a distinctive group of consumers is **known as segment**
22. The PEST analysis is used to represent **Multiple dimensions of the external environment**
23. Process culture applies to **rapid feedback and high risk**

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24. Which of the following is the least appropriate in describing the ethnocentric organization the management welcomes **new ideas from other cultures**
25. Which of the following is not part of the point of view espoused by Milton Friedman **Companies must be concerned with the environment**