

# [Ge case study](https://assignbuster.com/ge-case-study/)

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Corporate social responsibility is defined in Chapter 5 as the corporate duty to create wealth by using means that avoid harm to, protect, or enhance societal assets. Did GE In the Welch era fulfill this duty? Could It have done better? What should It have done? I believe that Welch only fulfilled one portion of his corporate social responsibility duty. Financial results for GE show that Welch was very effective In directing a highly profitable company, but he did so at the expense of many of the employees of the business.

Over the years, employees were assigned a ranking yester comprised of Xi’s, g’s, and g’s. Each year, the bottom ten percent of workers (ranked g’s) were relieved of their duties at the company.

In a few years, Welch fired one out of every four employees at GE. Laying off such a large part of the population likely devastated thousands financially. The financial stress on workers who were fired, coupled with the psychological effects from being let go had a serious impact on the lives of GE employees and their families.

GE harmed the environment by dumping harmful chemicals from their manufacturing plants into the Hudson River. The Environmental Protection Agency studied the river, and concluded that GE was responsible for the release of the toxins In the river.

Eventually, GE paid campaign arguing the validity of the Pea’s conclusion delved the Hudson River community. GE could have performed in a different way that could have been better and more socially responsible, and the company would still maintain its competitive advantage in the market.

Instead of coming into the company with a “ firing quota,” Welch could have evaluated employees and restructured the management hierarchy to include talented employees from other areas of the business. Employees with many years of experience should have been used to try and remedy employee productivity issues instead of firing the bottom ten percent without asking any questions. Taking the time to understand how employees feel about their positions would have given Welch Important Insights, and could assist him In managing employees In a successful way, while Increasing productivity and reducing their cost to the Industry.

Addressing the pollution issues at GE could have been handled differently as well. Instead of dumping waste into the Hudson River, the company could have acquired a izard company to remove and safely store the waste to keep the humans and animals in the plant communities safe. With a couple of changes, Welch could have made GE even more comfortable than it was at the end of his management era. 2. Does GE under Welch illustrate a narrower view of corporate social responsibility closer to Friedman’s view that the only social responsibility is to increase profits while obeying the law?

Under Welch, GE lacked a large amount of social responsibility in my opinion.

Friedman’s view that social responsibility is exhibited by obeying the law while Increasing profits seems to be a similar Idea to the rigid beliefs that Welch held for GE during his management. Many times In his time as the CEO of GE, Welch made questionable decisions about ethical dilemmas that the company faced. Often, the company was overfeeding the pension fund and using the money to generate pronto on ten Dalliance sense (as Interest Income. Executives prorate Trot ten pension fund overfeeding because their bonuses were tied to corporate profits, and the business was also able to acquire companies with underfeed pension plans. I hind GE used creative accounting to circumvent rules and regulations that would typically require different treatment of pension plan funds.

Many times, GE had practices that were questioned by Judicial officials. The company was fined many times for pollution violations, accused of consumer fraud and false advertisement, and also fined for unfair debt collection practices and for overcharging on defense contracts.

Because of these transgressions, I think GE strays from Friedman’s view because there was enough evidence to support that consumers suffered from deliberate law breaking on the part of the business. Welch seemed to be almost obsessed with profitability, and I think he would have done anything (whether it was legal or otherwise) to ensure that GE maintained its position in the market. The deception and fraud that seemed to be present during Wheel’s control would suggest that instead of worrying about the people that the business effects, Welch is only focused on increasing profits at any cost to the employees. .

How well did GE comply with the “ General Principles of Corporate Social Responsibility’ set forth in the section of that title in the chapter? The General Principles of Corporate Social Responsibility are a useful set of standards that can be used to evaluate a company’s corporate social responsibility. The first principle, corporations are run for profit, was a very important principle that set the tone for Gee’s performance under Welch. The needs of the stakeholder of the business were considered by Welch, and GE shareholders were rewarded at the expense of employees.

In the Hudson River pollution event, GE eventually remedied their environmental harm by paying for the river to be dredged, correcting the adverse damage that they caused. GE did not favor well in the other principles of corporate responsibility. The company did not always follow the laws, and they were fined and charged accordingly.

Managers are expected to act ethically, and exploring GE taught me that Welch did not always talk to employees with the respect that is normally expected in a business relationship, and corporate behavior was often very different than social norms of other businesses.

Before Welch became the CEO, employees were given incentives for loyal service to GE, which is used by many other companies to encourage employee productivity. Welch built a performance based environment for employees, a differing goal for businesses during this time. GE did not act with accountability for society, and the social responsibility exhibited by the company was not typical of the responsibility showed by a multinational company similar in size.

When laying off thousands, Welch did not consider the economic effects on former employees, and seemed to hold the shareholders financial standing at most importance. Although a profitable business under Wheel’s guidance, GE rose to the top of the industry mostly due reduced production costs and many strategic business decisions.

4. What are the pros and cons of ranking shareholders over employees and other stakeholders? Is it wrong to see employees as costs of production? Should GE have rebalanced its priorities?

Ranking shareholders over employees and other stakeholders has advantages and disadvantages. By putting Investors’ needs TLS, companies will De more Kelly to total Tallying Tort new business ventures from the shareholders, and develop customer satisfaction and support. When customers are pleased, boosts in advertising and referrals can increase sales dramatically. Lastly, when shareholders are receiving income from the equines, the market position of the company is assumed to be good, and more shares and product can be sold for a profit.

Because shareholders do not have any real involvement in the company, ranking them higher than employees and other stakeholders will not increase operational efficiency for the company.

Also, if shareholders have more power than employees at a company, the company’s profitability could be Jeopardized in the event of a strike or other labor mediation actions. Ranking employees higher than shareholders can increase productivity, morale, and turnover rates for a company. When employees are happy with their jobs and feel validated by their treatment, they become better employees.

Considering the needs of employees during each workday can increase productivity along with Job satisfaction. I do think that employees are assets to a company, but understand the argument that they could be considered cost of production. If an employee is not performing the expected work, they are only costing the company money by coming to work each day.

A productive employee is producing goods or services that can be sold for a profit. Failing to produce goods or services that can be old for a profit makes the salary and benefit costs for an employee expenses without any benefit.

GE performed well under Wheel’s management, and had a large amount of profit to show for it. Obviously, the company did well despite the controversial nature of some of their business dealings. It would have been possible for GE to rebalanced its priorities, but the financial statistics for the business may not be as robust if the priorities for the company shifted.

Depending on the Gee’s mission statement and the goal of Welch, I believe that the correct priorities were applied to the company’s business dealings.