

# Boeing case study persuasive essay

[Business](#), [Industries](#)



The unethical culture inside Boeing was widespread, and affected multiple geographic areas and there were cases across all divisions of such unethical behaviour. The promotion of the well-being of stakeholders was no longer being practiced. Managers were no longer taking the claims of all stakeholders into consideration in their decision-making, and as such all stakeholder groups were at threat from this unethical behaviour, including the stockholders, employees, suppliers and distributors and the customers.

The problem is that the relentless pursuit of self-interest was evident, and this seemingly led to a collective disaster inside the company, as one or more people started to profit from being unethical in the company, which likely encouraged other managers and employees to act in the same way. As a result, the efficiency and effectiveness of the company and its performance was compromised (e. g. failing to capitalize on cost savings initiatives).

All in all, this resulted in reputation loss (e. g. humiliating ouster of Harry Stonecipher). As unethical behaviour was evident from the former CEO (affair with colleague) to his executive and other lower level managers (imprisoned employees), it is understandable and appropriate to refer to the culture and being 'rotten to the core'. The culture that existed was simply unacceptable.

Q2: What kind of factors resulted in Boeing's unethical culture (10)?

There are a number of factors that led to and resulted in culture at Boeing being unethical in nature. Some of these helped to create the environment for poor ethical decisions (e. g. poor ethics), and some of the factors were direct breaches of ethical conduct that served to stimulate further acts of ethical breach in the organization. a) Environmental The four rules for ethical

decision-making had been violated inside Boeing. Utilitarian rule - the greatest good for the greatest number of people was not being pursued

- Moral rights rule - decisions were not protecting the fundamental rights and privileges of people
- Justice rule - distribution of benefits were not fair, equitable, and impartial
- Practical rule - people in society didn't not find these decisions and behaviours acceptable The breach of the environmental factors is supported by the complacency amongst the management that existed. Management was used to hiding behind bureaucracy, and there was a lack of effective and centralized leadership.

Thus McDonnell-Douglas and Boeing was cultures were still evident in the same organization. Management also had a culture of excess - they went away on posh getaways for their executive breakouts, " played golf, and closed down the bar". The culture in the organization was a closed culture and a " culture of silence". There was no whistle-blowing on ethics breaches. There was a general lack of attention to factors that create an enabling environment for productive and efficient work execution within ethical norms.

Appropriate incentives were lacking and not in place, when the company grew as a result of the merger, there was no strong central control or corporate governance - which resulted in ethical breaches throughout the organization. Also as a result of the merger, there remained internal conflicts and rivalries by the management teams which were not addressed, resulting in two cultures that didn't integrate and work together. This led to a number

of challenges such as good ideas not being shared, and internal cost cutting measures being hindered. b) Breach of ethical conduct

- There were also breaches of ethical conduct which only served to perpetuate and entrench the rogue ethical culture:
- The former CEO's relationship with his female Vice-President
- The abuse of attorney-client privilege in covering up internal studies
- Unethical pay discrepancy where females earned less than men at Boeing

The theft of 250000 pages of proprietary documents Because self-interest can lead to a collective disaster when others are encouraged to follow suit, it is likely that these acts further the company as a collective in terms of its adopted culture and reputation. The lack of legislation banning some behaviours (e. g. liaisons and affairs with colleagues) may have contributed to such conduct. However, neither law or ethics are fixed principles, and the managers should have used the combination of individual, organisational, occupational, and societal ethics to guide their the behaviour and conduct. All in all, the standards by which the Boeing managers ought to have governed themselves in terms of their individual, organizational, occupational and societal ethics were violated, resulting “ in a tragedy of the commons”, where the company's performance was compromised, and the company suffered a reputation loss (the publicized Palm Springs affair).

Q3: What steps is the new CEO taking to change Boeing's culture and make ethical behaviour the center of attention (10)? McNerney embarked on a process to re-establish business ethics at Boeing, putting individual, organizational, occupational, and societal ethics back at the center of

<https://assignbuster.com/boeing-case-study-persuasive-essay/>

decision-making. He confronted the unethical culture directly and head-on by giving a “wake-up call” to his executive management team at the company’s annual executive retreat. This included the reading out of prison numbers at the retreat.

He was honest and direct when telling the managers that they had “gotten carried away with themselves”. An important step was to encourage managers to talk about ethical lapses, and undo the culture of silence that permeated the company. He encouraged people to “speak up and take the risk”. McNerney paid attention to detail, including remembering employee’s names, to ensure that they feel important and valued, and thereby defusing the need to take ethical short-cuts in their work conduct and behaviour.

Some of the direct tools he used to achieve his culture change was centralising leadership to exert more influence and control over the 3 divisions in Boeing. Also, he aligned pay to ethical values and behaviours, rewarding collaborations amongst teams and divisions, and rewarding those who were living Boeing’s values. These values included the promoting of integrity and the avoiding of abusive behaviour. McNerney realised that he had a direct influence on the culture he wanted to create and chose to lead by example.

He adopted an understanding and caring type leadership style, asking less technical questions in meetings with staff, and focusing on the human element. This form of leadership quickly established trust. People were able to have faith and confidence in him, and as a result he “wins praise from co-workers”. He was able to salvage and restore Boeing’s reputation as a result

of the combination of steps taken above. However, there was still room for improvement in that of adopting a change and transformation programme.

Such a programme would have set very change objectives, been communicated throughout the organisation, and measures established to track progress towards the desired culture and ethical changes. “ Giving speeches about management virtue” and then following through with concrete actions - has a place on the change and transformation programme towards an ethical culture. McNerney could have also drawn-up a code a conduct for his team. This approach would have been more directive, and would have sent a clear and strong message in terms of the importance of ethical conduct and behaviour.