

Example of siemens: just breaking the eleventh commandment case study

[Business](#), [Company](#)



Siemens has been in the spotlight for being involved in extreme corruption scandals that are perhaps one of the severest in the history of corruption in industries. One of the situational factors that have propelled corruption in the industries has to do with the company's majority market. Siemens sells its products to governments. The products include a variety of electronics, railway materials and equipment needed in hospitals. Such things are greatly valued and are mostly developed as projects in third world nations. The corruption in developing countries is high because of lack of integrity in leadership. The majority of the companies around the world steer clear of corruption because of the ethics displayed by their customers. The same is not the case with Siemens because their customers, who are third world countries, are always willing to acquire the products through unscrupulous means. The people in charge find such large amounts hard to resist and hence fall victim to corruption. On an individualistic approach, the company has not made adequate efforts to instill ethics in its employees. The employee structures in place make it easy for them to engage in corrupt behavior. The employees have been taken through a system that has been corrupt for a long time, to the extent that they understand becoming corrupt is the only way to move forward. They have to bring in good business in order to maintain their jobs and acquire higher rankings. As a result, most of the employees will go to extreme measures to ensure they remain relevant to the organization.

Another individual factor that makes Siemens corrupt is the decentralized approach to management and structure in the company. I believe this is the most important and main contributor to the corruption scandals that

Siemens has encountered. The system makes consultation in decision making impossible because most branches of the company are given a platform to exercise their mandates. Creating a unified code of ethics for the company, therefore, becomes difficult because every branch would make its decisions. Matters that relate to payment of the products in the company are not consulted upon, which creates a window for the existence of corruption. Such a system is dangerous because of the independence that is accrued to the different parts of the company. Additionally, the government of Germany has had a role in creating a corrupt network in the country. The constitution advocates the taxation of bribes, which is an indirect way of condoning the behavior.

One of the corruption scandals associated with the company is accusation of its payments to public officials on an effort to acquire big overseas contracts. The scandals were too intense, to the point of causing the resignation of various company officials, inclusive of the CEO that has served for a very long time. Such cowardly acts from the managers of Siemens showcase the moral intensity of the issue. Acquiring contacts through bribes is unethical and brings to light questions on the performance of the company and the validity of their image and products. The company was also investigated for paying the Bangladeshi prime minister's son a huge amount of money for a mobile phones contract. The company also had corrupt dealings in Argentina and China. The moral intensity of the issue lies in how the officials who are supposedly role models get involved in scandals. The moral issues involved lying to the public and establishing an unfair competitive edge over other enterprises. A company like Siemens is supposed to be exemplary. The

morality framing of the deceit the company has harbored for years had adverse financial effects to it. The company had the moral framing that did not recognize the immorality behind their activities. They have lost face in and market because of such a framing. Business has been lowered since ethically reputable companies, and individuals would not want to trade with them.

The first initiative the new CEO of Siemens took involved the discontinuation of the chairman of the board in charge of overseeing matters and his team. The CEO appointed a new supervisory board director, Gerhard Cromme. Additionally, he appointed a former finance minister of the German government to observe the financial activities in the company. The company has not adopted tangible and significant methods to stop corruption. In fact, most insiders joke that the only rule it violated was getting caught. More radical forms of change need to be observed in the company. One way to stop corruption is through Siemens' developing a system where it collaborates with all the other branches to ensure the information is relayed clearly, especially when it comes to payments. Moreover, there should an independent transparency committee that works with all the other branches to ensure that nobody is involved in corruption. The employees should be restricted to a code of conduct. It is time the whole culture in the organization is overhauled to give rise to accountability and transparency. Firing and hiring of a few individuals is not enough considering the deep crisis that corruption possess for the company.

A fine imposed on corruption can never be high enough. The company could obviously afford to pay a fine, however high it was. The \$2 billion it paid

cannot account for its unethical and morally crooked behavior. The company is still operational, and the money paid is not a sufficient guarantee of hindering future corrupt dealings. Money can always be recovered. Because of the ethical responsibilities that the companies involved in corruptions violate, serious measures should be imposed. For instance, Siemens would have been banned from businesses transactions for a significant period in which it would be required to evaluate its plans and moral standings. Such a measure would make the company fearful of participating in future corrupt endeavors. On the part of employees, they should be made to realize that bringing in business is good but it should be done in the right way. All employees who violate the code of ethics should be publicized and terminated. The purpose of making their termination public is to prevent them from seeking employment elsewhere because they have a defined moral duty and responsibility to the society. They should, therefore, not be given an opportunity to spread their behavior to other business entities. When the above is done, a new culture of faithful and hardworking employees will be established.