

Gerhard Cromme and resigning corporate governance commission

[Government](#), [Corruption](#)



Since a very long time, it was common for company executives to take little or no responsibility and active service in Germany but we are now noticing a change since the chairman of Siemens, Gerhard Cromme, resigned from Germany's corporate governance commission after a company scandal. This change involves company heads being more cautious and they now realize that they are accountable.

The time has now changed and issues such as the bribery case of Siemens, the largest European engineering group, can no longer remain hidden. The company heads now have to be more responsible for their actions because of stern new regulations in Germany, the increasing international investor community and crucial inspection done by U. S regulators of companies that have U. S securities listings.

The companies need to be more careful in their dealings because of the very strong check is now kept over the company transactions and other issues and also because the consequences are very harsh. The casual relationships between the higher and lower levels of management in an organization need to be finished. The strong check on companies and globalization is responsible for the increase in such scandals as these activities can no longer remain private.

When something like the bribery case of Siemens happens, the word spreads and it really spoils the company's image in front of the entire world.

The damage that this causes is then very hard to cover, therefore the companies now strive hard to avoid such situations. The whole world now knows that Siemens offered approximately \$2 billion in order to bribe other

companies into giving them various contracts all over the world. Other cases include the case of Deutsche Telekom of tracking private phone calls to find out who was giving away information regarding their internal affairs, Volkswagen's use of prostitutes and vacations to win labor leaders into their board.

Strong investigation is going to be done against the Siemens as this is considered as the largest case ever by Joshua Hochberg, a former chief of the fraud section at the U. S. Department of Justice and one of the lead investigators into the collapse of the energy firm Enron after its scandal.

The trend of casual relationships between the higher levels and lower levels of a company started after the Second World War. The companies were desperate to rebuild the infrastructure and this gave the labor the advantage to manipulate the company in exchange for higher wages.

This strong power that is given to the labor representatives in Germany is odd and not that common. The reasons responsible for a slow change in the set up of companies in Germany are quite a few. First of all, Germany is doing quite well as it is economically, therefore the people do not see a need to change.

The Germany's corporate sector very conveniently solves all its issues without involving many people. Another reason responsible for this slow change is that the firms responsible for something get punished by regional rather than federal prosecutors. However, this is now changing as people are now punished for their actions and businesses are now realizing it.

Because of this strict control and check by new regulations in Germany, the increasing international investor community and crucial inspection done by U. S regulators of companies that have U. S securities listings, every kind of business will have to be more careful in how their business is run.

These businesses can no longer be lazy and carefree in their operation. They must realize that in this world of Globalization, it is impossible to hide anything from the world; therefore, they would have to operate accordingly.