**Theme 5 - How Can Organisations Be Competitive but Dare to Care? – Andrew Delios**

**Intro**

* Many people believe that orgs have the imperative to care for society.
* Others argue that orgs are charged solely with the task of providing jobs for their employees.
* If orgs provide a good working environment, employees will generate innovations that can lead to growth.
* The assumption that orgs are tasked only with providing jobs for their employees has its rootsin classic works in management.
* Barnard 1938, wrote that a firm is an efficient means or organising activities that are too large in scope for an individual to do efficiently himself.
* Relationship between employees and the org should be entirely transactional and nothing more.
* This arguemtn ignores the fundamental fact that wealth creation does not equate to equitable wealth distribution.
* Econ growth can lead to wealth creation but inofmal and forma norms in a society dictate how that wealth is distributed.
* Ignores the fact that orgs are a dominant social institution enmeshed in broad industry and institutional environments.
* Orgs have responsibility to their stakeholders, particualry their employees that extends beyone the provision of a fair days wates for a fair days work.
* Responsibility is often reflected in calls for orgs to be more socially responsible to both their internal and external stakeholders which relates to qyestions abou how wealth that is created in an org is distributed to society.
* My contention is that org leaders need to shift the direction of their activism if they truely want to create and sustain socially responsible and carin orgs.
* Our perspectices on orgs have evolved considerably from their roots. Eg taylor.
* From these roots sprouted orgs that have become much less transactional in their approaches to their relationships with employees, in terms of the relationship between work and reward and in the definition of work.
* Orgs have become social communities and one of the dominant institutions for social contact in todays world.
* A transactional perspective on orgs creates an eidolon that falls short of the reality of the complete guise of an org.
* Orgs that leverage their centrality in their employees lives can build a strong sense of attachment that reinforces the economic and hierarchical ties that bind employees to the org. Create more control.
* Attachment yields control, also inspires employees.
* Inter firm and intra firm networks of employees help generate alignment in orgs through the generation of similar attitudes and the process of imitation.
* Networks founded on trust, interaction and sharing can also lead to greater innovative output.

**Pragmatist or Pollyanna**

* Employees in google. Company provides free breakfasts, luches and dinners and multiple places where employee can meet and relax.
* Point of environment is to stimulate creativity, interaction and innovation in employees.
* Does googles dominant market position provide it with the resource slack to engage in these org experiments in caring or have these org features in fact led to its competitive advantage in its markets?
* Do profitable orgs care more or do caring orgs profit more?
* Research shows positive environment does contribute.
* By investing in their employees, orgs can heighten competitive advantage.
* Orgs need to ensure that such org gains don’t just ttranslate into an increase in the rents obtained by the orgs shareholders.
* Gains need to be balanced against the increase that will be incurred in the orgs cost structure.
* Increased cost structure is not a relevant q if a similar perspective is shared by all orgs
* Org must remain sensivitve to cost of initiatives.

**The dickens it is**

* dominant story will be founded in the spirit of capitalism and entrepreneurism that emerged in these two decades in china and Fujian.
* Entrepreneurs built organisations that survived and thrived in the short term with their profits being the nourishment of the seeds of ideas for the growth of new short lived orgs.
* Competitive foundation that fed the growth of these limitedterm companies was entirely cost based.
* Within this environment of no holds barred capitalism, labour was an important cog and a costable one at least on a per peice of production basis., environment entirely transactions based.
* Any compensation earned by an employee was based on his or her output
* There was little scope for collective action on the parts of the employees in these enterprises leading to a continuation of low wages, risk of delayed or non payment of wages and even default of wages given notice of resignment.
* Conditions like these existed in china unti l2008. Resulting in enterprises leaving china and not being replaced.
* The cost of daring to care following the institution of a legal and regulatory framework even in very basic ways was the loss fo those very same enterprises that drove the unprededented economic development of the south of china
* Daring to provide benefits beyond those dictated by local norms be they legal or social jeopardises the competitiveness nad sustainability of the org.

**If scott had gone north with a porter**

* The pressures exerted on orgs in china are a consequence of a globalisation trend that has seen increase in cost based competition the, the disintegration of value chains, a greater prevalence of offshoring and outsourcing activities and the dominace of larger buyers over dispersed, small and numerous supplier firms that compete for short term contracts.
* If these suppliers dared to care the consequence would be that orgs that cared moer would be competitively disadvantaged in the short term and likely liquidated in the medium term.
* Given this industry structure, cost based competition prevails.

**Escorts, Airplanes and iphone**

* Escorts have been working in india for several decades as a manufacturer of bi wheelers.
* The shift from the pre 1990s licensed raj regime in india to a more open and competitive business environment placed strains on the operation of mnay long standing trad companies in india such as escorts limited.
* Pre 1991 escorts enjoyed a monopoly or duopoly position in many of its markets.
* Employee compensation was not overly high, but had a highly paternalistic relationship with employees and employees had little concern about being laid off or fired.
* After 1991, faced pressures bo be more innovative and efficient but also to reduce redundancies and streamline the org. Greater focus on employee training, output and productivity.
* Titan industries- held dominant position of Indian watch market. Parternalistic org culture, labour conditions are stable, pressure on the floor is low, wages are resasonable and turnover is low.
* To be competitive in liverated and deregulated environments, orgs have been forced to seek reductions in employee benefits.
* Airline industry has undergone waves of deregulation and internationalisation.
* Sophisticated nature of competition, more competition, greater differentiation and emergence of low cost competitors.
* Tried to lower employee benefits, labour relations declined.
* Foxconn china. 2010, largest manufacturer of electronics and computer components for dell Hewlett Packard and apple.
* Company had 800000 employee 400000 who worked in Shenzhen.
* To be productive and efficient, it needed contracts. Management compelled employees to undertake fast accurate assembly that often entailed mandated overtime.
* The pressures on employee were substantial leadinf at least 10 suicides and three attempted.
* Foxconn implemented 30% pay hike to salry of 130us dollars a month.
* Share price fell.
* Orgs cannot escape the discipline of a competitive market.
* Caring efforts however noble, remain as much a dream as a reality.

**Enter the Keystone Kops**

* For some orgs like google, profound competitive advantages can provide the resource slack to care.
* Other orgs mite become competitively advantaged by caring. Such cases are the org outlies to the competitive dictates of the industry and institutional environments in which all org are situated.
* Reality is orgs are subject to where strength is defined by efficiency and effetivenss and the creation of margins.
* If markets can be made noncompetitive then orgs will have the slack to be able to care. But in this case the treatment is worse than the cure.
* Protectionism is not the solution, orgs must manipulate rule of the game- the informal and formal regulations and practices that define the nature of competition in an environment.
* Cultural norms can exert social pressures that determine whether a business practice will be commonly pursued by org.
* Policy makers enact policies that can harmonise the competitive enviro but its restricted to the borders of the nation. Variety across countries.
* Orgs are not powerless to influence the direction of change in the policy environments in which they operate.

**To the Organisation and Beyond**

* Governments will and continue to have the central authority to shape and define the formal and informal norms of business practices.
* With gloabalistaion orgs need to be more active as agents of positive change in environment.
* An orgs leaders need to be attuned to the development of caring initiatives within their own orgs but more important, they need to be active aents to counter the industrial and regulatory foces that make such caring potentially foolhardy when faced with the constraints imposed by golbap competitions.

Espoused eidolon guise. Altruism endogeneity reification