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## Corporate Dysfunction and Our Failure to Do the Right Thing



**Don Tennant** | | POSTED 08 MAY, 2012

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If there's one thing I've learned about Infosys after more than a year of covering the company's wanton visa and tax fraud and its shameless retaliation against Jay Palmer, the employee and whistleblower who had the guts to expose it all, it's that Infosys is the poster child for corporate dysfunction. So it's unsurprising that my interest would be piqued by a workplace consultant who contends that dysfunctional corporate culture is so pervasive as to be the norm in the corporate world.



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That consultant is Nancy Slomowitz, author of the book, **"Work Zone Madness: Surviving and Rising Above Workplace Dysfunction."** I spoke with Slomowitz last week, and I asked her about her contention that a culture of dysfunction has become standard operating procedure in the workplace. She said it is, indeed, the norm:

I've been in every industry, I've been in the back offices of companies, and I would say there is some form of dysfunction in every company that I've ever seen or heard of. There's some variation of this dysfunction in every company that I have come in contact with. From the outside everything looks great, but when you pull back the curtain, it's almost like Oz-you see what's really going on. Most people aren't exposed to that, so they wouldn't know. But having really come up that way, I've seen it all.

I referred to the gender imbalance in the corporate executive and board member ranks, and I asked Slomowitz if that imbalance is a factor in the pervasiveness of cultural dysfunction. Her response:

Not in the corporate dysfunction I'm referring to, no. What I'm talking about is gender-neutral. I'm talking about people eating other people in the workplace-it's not just women against women or men against women. I find it more offensive when it's women against women, but it happens both ways. I've had difficulty with men, I have had difficulty with women; some of my strongest supporters throughout my career have been women, and I've had to deal with some of the worst. I'm telling you that the things I'm talking about aren't gender vs. gender. They are person against person-people wanting to get ahead, people not willing to work hard. These are the kinds of things you're going to come up against, whether it's a man or a woman working next to you.

Slomowitz also argues that this corporate dysfunction is independent of our economic woes:

Corporate dysfunction exists in good times and in bad times. It's not because of the economy that these problems are occurring. These problems have been there for a really, really long time. I don't want to go back to the horse and buggy, but what happened to apprenticeship programs and people learning on the job? Why does everybody have to get a college degree that costs hundreds of thousands of dollars? People learn best by mirroring someone else and hands-on experience, and our educational system has gotten away from that.

The root of the corporate dysfunction problem, Slomowitz concluded, is simply our loss of focus on doing the right thing:

Everybody wants a simple solution and a magic pill, and I'm just saying it's not there. Or if it is there, I've never seen it. Everybody, employer and employee, needs to look within himself. As an employer, I treat people the way I would want to be treated; I think about the other person when I make a decision. Integrity has been missing. I've not seen a lot of that in the workplace. We've just gotten so far away from doing the right thing. It's more difficult to get ahead that way, but you get longevity out of it -- that's my experience. I say that as an employer, and as an employee I always tried to do the same thing. I'm just trying to convey that to others.

I can understand where Slomowitz is coming from. I guess that's why I have so much respect for Jay Palmer. Despite the horrendously dysfunctional corporate culture he was enmeshed in, he was able to summon the courage to do the right thing. Others at Infosys have gotten ahead by closing their eyes to the criminal activity and keeping their mouths shut. They have been rewarded with promotions and salary increases, while Palmer has been benched and deprived of just compensation. But Slomowitz was right about longevity. We'll see how those fortunes turn in the long run.

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May 8, 2012 1:17 AM

**R. Lawson** says:

Some dysfunction is normal. We are human, after all. I think we should except some level of this as a natural course of business, but some things rise above simple "dysfunction" and fall under the category of "corruption" and in some cases "systemic corruption". And I suppose you have "systemic dysfunction" also. The difference in my definition is that one is a result of ineptitude and the other rises to the level of crime and is often covered up. The real test of a company is if they are able to keep dysfunction down to a minimal level and how they respond to cases of dysfunction, systemic dysfunction, and outright corruption. Am I surprised that some mid-level managers at Infosys went on the offensive against Palmer? Not really. I am surprised at how this case was handled from the top down and just how dysfunctional (and perhaps corrupt) their whistle blower policy was. Is it any better now? Perhaps on paper, but do we really expect people to feel safe blowing the whistle when they have such a history of retaliation? That's of course a rhetorical question. As to longevity, there in-lies the root problem Don. Today's publicly traded companies are focused on quarterly results. Skirting the law can improve the next quarter. Sure they may get caught and harm future earnings, but that is a risk they are willing to take - especially when you consider that the risk usually pales in comparison to the reward. The compensation packages reward CEOs for taking short-term risk and they also cushion their fall with lucrative golden parachute packages. I would be surprised if Jay gets a judgement approaching \$1M. I hope he does because we need punitive action, but that type of judgement is rare in employment disputes because you've got to show damages and sometimes punitive damages are even tossed out (an insurance company may settle since they are probably insured against this). My point is that the real damage to Infosys has been investor confidence. Even the USCIS is usually lenient when it comes to restricting abusers. The risk to Infosys is, even under the worst case scenario, relatively small when you consider the size of the company and the total reward which is a byproduct of ignoring the law and the problem. If we want to solve the problem three things need to happen: First, long term investors need to have more control of companies. These are institutional investors such as pension funds and 401k managers. They think about the company health in five or ten years, not just next quarter. I think a "day-trader tax" is appropriate and that we offer tax incentives to invest long-term. I would even propose a tax credit for any costs to attend an annual share-holder meeting if there isn't one already. In this day in age, share-holder meetings should be online and allow online participation but that's another topic. Second, the risk of illegal corporate behavior needs to greatly outweigh the benefit. Calculate the benefit and multiply that by 3 to find the penalty. We see this all the time in civil cases to discourage ripping people off so why not in these types of cases? Finally, individuals must be accountable both criminally and under civil law for their actions. The corporate shield against personal accountability guarantees that some people will mismanage other people's money because in many cases they can do so with impunity. If we return control of companies to investors, make the punishment fit the crime, and hold people accountable corporations will behave better and they will be safer institutions to invest in. They will make more money over the long-haul. They will benefit society, not become a bane to [Reply](#)

May 8, 2012 1:18 AM

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