

# What sociology can tell us about the G.M. scandal

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Credit: Carlos D. Rivera, via Wikimedia Commons

In recent months, General Motors has received scathing criticism for its handling of a design flaw affecting multiple Chevrolet, Pontiac and Saturn models produced over several years. At issue is a faulty ignition switch that, if jostled, cuts power to the engine, deactivating airbags and other features of affected vehicles. The problem was brought to light by Florida engineer Mark Hood, who discovered that newer ignitions with the same part number differed from the original design and required significantly more force to turn.

Subsequent investigation has determined that G.M. approved a new

ignition switch design in 2006 and quietly implemented it without recalling vehicles subject to ignition failure. Inquiries by a federal agency, Congress and the media have revealed that G.M. has been aware of problems with the switch design for more than a decade but hid them from outsiders. The company now admits it has known about the problem since 2001, has acknowledged at least 13 deaths related to the flaw, and has recalled millions of vehicles.

As is often the case, it is the cover-up that has drawn the most ire. [Lawmakers have sharply criticized](#) the company's "culture of cover-up," with some suggesting that failure to share information may have exposed some G.M. employees to criminal liability. Federal regulators announced this month that G.M. will pay a \$35 million penalty – the maximum allowed by law and the largest fine ever imposed on an automaker – for its failure to report the defects to the National Highway Traffic Safety Administration in a timely manner. Several additional investigations, including one by the Justice Department, are still underway.

The company's representatives have [sought to insulate themselves](#) and the "new G.M.," which was organized in the firm's 2009 bankruptcy, from responsibility for the affair. In her testimony before a House subcommittee, Mary Barra, the firm's chief executive, claims to have had no knowledge of events leading up to the recall and cites barriers to information flows across departments as having impeded a speedier response to obvious safety concerns.

Such inter-departmental problems are indeed common within [large corporations](#), as sociologist Josh Whitford has shown in his book on the decentralization of American manufacturing. However, a sociological perspective also points to broader economic and organizational factors – ones that extend far beyond the bounds of General Motors, negatively impacting workers, consumers, organizations and ultimately the economy as a whole.

For years, sociologists have been explaining how hyper-emphasis on stock performance and short-term profits encourage employers to cut costs by through firings and layoffs, how these measures cultivate [self-interested orientations](#) among employees, and the tremendous harm done to workers, to investors, and to employers themselves as a result. This is especially the case in the context of growing influence of neoliberal ideology, which promotes removal of regulatory market constraints as a means to promote economic growth – an ideology that, when applied in organizations, [translates to greater job insecurity](#), increased surveillance, and frequent reorganization, coupled with financial incentives for individual employees perceived as high-performers.

Just as the scandal at General Motors was coming to light, Ohio State University sociologist Randy Hodson and I published an article in Social Currents speaking directly to these issues, titled "Neoliberalism at Work." Our study found that organizational practices such as those listed above interfere with routine communication and problem-solving, as employees adopt the same short-term and self-preservationist orientations on display in the organization as a whole.

Somewhat portentously, our article quotes a General Motors employee interviewed for Ruth Milkman's book, Farewell to the Factory, about conditions in a General Motors plant. The worker identifies supervisors' [job insecurity](#) as contributing to their tendency to hide problems rather than communicate them up the chain of authority. He explains:

*"With management, they don't have the security that we have....So everybody's a little bit afraid [for] their jobs. So if you have a problem, you complain to your foreman; he tries to take care of it without bringing it to his general foreman; or the general foreman, he don't want to bring it to his superintendent, because neither of them can control it. So they all try to keep it down, low level and under the rug, and [they say,] 'Don't bother me about it – just fix it and let it slide.'" (page 175)*

Lack of communication at G.M. is probably less a matter of organizational structure, as Mary Barra suggested in her testimony before a House subcommittee, than unwillingness of employees to assume the risk associated with bringing to light a defect – and liability – of this magnitude.

These patterns are in no way unique to General Motors. Instead, they result from short-term orientations increasingly on display in large corporations. Reflecting on the G.M. scandal, Floyd Norris, the chief financial correspondent for the New York Times, argues that deep-seated tendencies to ignore problems and a callous disregard for the public trust have been on display at many big companies for scores of years – the most notable example in recent years being ethical failures in large financial institutions leading up to the financial crisis of 2008. He outlines numerous reasons that individuals who view themselves as ethical would collectively exhibit such a stunning moral failure – among them a desire to be seen as a "team player" and "the fear that fighting the big company from the inside could destroy one's career."

Our own research found a pervasive tendency to keep quiet and to move problems around the organization rather than to solve them in firms with policies reflecting neoliberal ideology. Furthermore, bonuses given to "high-performers" can promote this as a strategy for individual success. A passage from Robert Jackall's organizational study, *Moral Mazes*, illustrates how incentive structures can encourage employees to abuse organizational resources to further their career ambitions as well as what can happen to more scrupulous individuals who try to correct problems caused by mismanagement:

*"One way to hit desired numbers is by squeezing the resources under one's control.... Usually, managers will do everything they can to hold down expenditures in order to decrease the asset base.... The most common way of doing this is by deferring capital expenditures.... Done over a short*

*period, this is called 'starving a plant'; done over a longer period, it is called 'milking a plant.' An upper-middle level manager in the chemical company [explains:] '....you can just keep patching things up....not replace people who retire.... cut working inventories to the bone... lower the quality standards....let waste accumulate.'....A famous story is told...about a young plant manager who was dismayed to find a very poorly maintained plant when he assumed his job. He put in a budget request [to fix the problems]. The request was politely declined. When he insisted on resubmitting his request, he suddenly became as obsolete as the plant that he wished to salvage would soon become." (pages 91-93)*

Sociologists have shown how a focus on short-term profit can become a strategy of long-term decline, while jeopardizing health and well-being of employees and even consumers. Furthermore, organizational barriers to communication and problem-solving penetrate deeply into organizations and stretch far beyond the bounds of General Motors.

But what is to be done? Far from a panacea, rhetoric about "accountability" encourages further passing of the buck. Even now, General Motors' representatives are blaming the "old G.M." for having concealed the faulty ignition switch from interested parties. Until organizational decision-makers have a better grasp on how their own ideologies and practices contribute to organizational dysfunctions – and apply what sociological research tells us about the origin and consequences of organizational failures – we can expect the sometimes deadly results of flawed organizational arrangements to further endanger health and safety.

Provided by North Carolina State University

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