Organizational Behavior

[Name of the Student]

[Name of the Institution]

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**Influence of Company’s Mission and Code of Conduct**

Caterpillar, Inc. (CAT) is a multinational company that runs many types of businesses, mainly those related to industrial products of high scale. The company manufactures heavy machinery used in the construction business as well as in several industrial sectors. The prominent products of the company include backhoe loaders, wheel dozers, trucks, and tractors. To date, Caterpillar Inc. has been able to set up more than five hundred dealer locations around the world. The revenues of the company exceeds sixty billion dollars annually on average. Since the company operates at massive levels internationally, it confronts with many issues related to management for successfully coping with the challenges of the modern business world. The company has a complex network of stakeholders. It has to manage a number of business-related aspects to efficiently run the operations and maintain the good reputation the company has earned during the long years of its operational history. The highlighted issues of today's world for large companies especially are corporate social responsibility and complying with ethical standards. It is not easy for a large company having multidimensional operations and activities to keep up ethical compliances and the same is the case for this company, as it has various issues to resolve at its forefront. The company has a clear vision and mission and it has developed a comprehensive code of conduct to guide the stakeholders and the company's overall activities in accordance with the generally accepted ethical principles. Further, based on the company's specific industry, it has focused on developing the ethical guidelines to specifically direct the company's business to the desired level of standards. Yet, the company is facing a number of ethical issues in the current times. Among these issues, conflict with employees and federal investigations have been the most significant due to their political, legal, and operational importance.

The company's vision is to contribute to fulfilling the basic needs of people that are related to reliable power, food, sanitation, water, and shelter. The company seeks to reach this goal by running its business activities and creating value for the stakeholders in a sustainable way. Caterpillar's mission is to improve the infrastructure and increase the energy development ultimately contributing to the economic growth in all those regions of the world where the company is able to run its business activities of deliver the products. The company emphasizes the quality of its products and wants to increase environmental safety and reduce the hazards through the production of environmentally safe products. The company strives for developing and implementing work strategies that align and support its business vision and mission. Caterpillar's code of conduct is based on superior values and elevated ethical principles. Integrity, commitment, excellence, and teamwork are the core values that form the basis of guiding framework for the company's ethical practices. The code of conduct demonstrates company's responsible behavior toward the benefits and wellbeing of communities worldwide. The company is committed to its shareholders, customers, suppliers, distributors, and all the related communities.

**Confronting Ethical Issues**

The company is confronting ethical issues in present time. These issues are multi-faceted, and the company needs to deal with these issues using a holistic and comprehensive approach of management. The company is facing conflicts with the employees and several strikes can be seen that hinder the progress and damage the reputation. The employees are not satisfied with the concession policy as well as compensation given to employees at various levels. The management and especially the company's CEO has been criticized in the recent time. Employees make strikes and lockouts that stop the running operations at times. The conflict between management and employees needs to be solved on priority basis. The company has taken certain actions that show its responsibility and satisfy a few demands of the employees of the company. For instance, the pay of CEO was reduced to a reasonable extent to show that the company's policy in this regard is 'pay-for-performance' (*Caterpillar Case.pdf*, n.d.).

The company has been criticized in the recent past for not assuring the quality of its products prior to sending those products to the market. For instance, the company was criticized to sell engines that were not of acceptable quality because they emitted nitrogen oxides in huge quantities that are harmful to living organisms and damaging the environment. The excessive amounts of harmful gases emitted thus were due to the defective engines. It damages company’ s image and reduces customers’ loyalty. Various agencies and government institutions are concerned with the environmental pollution and some of them have issued guidelines to protect nature. The requirements for the emission of gases by vehicles are well-known these days, yet the company could not succeed in fulfilling several emission requirements and therefore has been accountable for them. To this end, the company took a noticeable initiative to reduce the adverse impact of such emissions which will further make the ethical practices better. Partnership with Tenneco was an attempt to meet the new requirements. It will ensure the safety of emissions to the best possible limit.

**An Ethical Company or Not?**

In view of the company’s initiative, the company can be regarded as one of those organizations that are ethical. This is because the company shows concerns regarding ethical issues. It responds to the criticism made by quality experts and takes necessary initiatives. Partnership with Tenneco can be seen as one such major initiative that will ensure safety against the emission of harmful chemicals by engines created by the company. Certain allegations against the company can be justified based on the understanding of the fact that some incidents are naturally out of the control of a manufacturing company. For instance, it has been reported that some products of the company have been used to destroy people and their assets by IDF (Israeli Defense Forces). Killings were reported of common people by the use of bulldozers manufactured by the company. This argument is weak because the responsibility of such incidents should be placed on the administrative authorities of a country or the institutions working for international peace. A company manufactures products for the wellbeing of humanity, and to promote the economic excellence. If some groups use those products for negative purposes, the company is not responsible for them. Further, the company can only do one thing in this regard. It can stop selling products to such entities who are involved in the destruction of infrastructure and peace.

**Ethical Compliance to Full Extent**

 The company is striving for becoming a truly value-giving company that comes up with the expectations of all its stakeholders. As it is evident that the company is seeking the opportunities to make improvements in product design and development, alliance with related specialist firms, and arrangements of large-scale reforms, it can be said that the company is an ethical one. But, as far as the fact is considered that a company needs to be ethical to the full extent, Caterpillar does not fall in the category. It is only heading toward this goal in the meantime. There are issues that are still remaining to be resolved completely. The issue of environmental position is not an easy task to be achieved in the minimum time. Research and development in this regard will play the most important part to eliminate its hazards. Employees of the company are still not satisfied with the hundred percent. The company seeks a hundred percent compliance with the ethical standards, however, the results are not that much satisfying. Therefore, the company has to take necessary steps in this regard.

**Managing Employee Relationships**

**As a Frontline Manager**

 The frontline manager works closely with the labor employed in a company. He or she has to supervise the running operations and the work done by subordinates. He has a dual relationship with the employees working under him. Since he is their manager, he will have to be the role model and has to be present in the workplace. I would have kept a balance of my powers and my relationship with the employees. The only thing employees need is encouragement and admiration for their good works. To resolve conflicts, I would have urged them to seek better meaning to their life and stay calm while they are on job. People do not want to be idle as much as they have an incentive in the form of money.

**As a Director of Human Resource**

 As a director of the human resource, I would have hired the professionals who can think and make good decisions. Only alert and active employees can think of the ways to improve lives and remove hazards. I would have selected the individuals who are good at subject knowledge, capable to fulfill tasks with increased knowledge, and ready to use skills for the company's benefits. I would have hired people who could deal with ethical issues on a priority basis.

**Variance in being Ethical at different Levels in Hierarchy**

 Being ethical is an attitude and responsibility. It has nothing to do with the level of person in the organization’s hierarchy of employees. I conclude with the above discussion that ethical standards are to be followed by all, and the employees should work in accordance with these standards. However, with the increased power of making critical decisions, the higher managers are more expected to follow the conduct code at a higher level of perception.

References

 *Caterpillar Case.pdf*. (n.d.). Retrieved January 22, 2020, from <https://danielsethics.mgt.unm.edu/pdf/Caterpillar%20Case.pdf>