



## Innovation management: Enterprise culture and ultimate competitiveness

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**T**he semiconductor industry in the Republic of China has been hit hard by the financial crisis. Faced with rapidly shrinking orders and an uncertain future, Taiwan Semiconductor Manufacturing Company Limited (TSMC) strictly implemented a performance management and development (PMD) system and laid off several hundred employees whose performance was deemed to be substandard. The laid-off employees formed a self-help group, and the most serious labor dispute ever to affect TSMC broke out.

The media reported that TSMC Chairman Morris Chang had made an announcement in which he expressed his sorrow and regret at the mistaken use of PMD by the company. He invited the laid-off employees to rejoin the company and offered a “goodwill” payment to those who did not return, bringing the dispute to a close.

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Since it was established, TSMC has stressed honesty and uprightness, and these values were the basis on which its corporate culture was founded. The belief that “employees are the most important asset” was clearly expressed in the respect the company gave its people, the importance it attached to providing a good work environment and employee welfare, and the interdependence between company and employees in creating a healthy cycle.

This dispute damaged the image of TSMC, a company that is regarded as a management benchmark. However, the author believes that the most serious damage will be that employees may lose confidence in the values and corporate culture they once had total faith in. Preventing this



from happening should be the focus of TSMC’s remedial measures.

Values are so-called management beliefs, the essence that makes an enterprise different from others, and also the basis on which decisionmakers set targets, strategies, and management models. They are, moreover, the veins and DNA of the organization. When core values are set, they will influence employee behavior, change their way of thinking, and form corporate culture.

Corporate culture is an organizational atmosphere that merges a common mission, vision, and values. In the process of pursuing sustainable management, it must be continually refined, strengthened, and accompanied by innovation and change if an enterprise is to create a new situation continually.

In the face of an extremely turbulent business environment and with the future uncertain, it may seem that decisionmakers have no choice but to downsize human resources and cut costs to ride out the storm. However, the words of marketing guru Philip Kotler should be noted: “Enterprise sustainable management is an overall strategy. Over the short term the business results need to be optimized, but long-term value should not be compromised.”

He also pointed out: “Chaos isn’t abnormality, it is the new normality.” When turbulence is normal and uncertainty always accompanies an enterprise like a shadow, the author believes that, when mak-

ing any decision, decisionmakers should be more farsighted and wiser, seeing the big picture, and avoid losing long-term value because of short-term difficulties. In particular, when decisionmakers, core values, and corporate culture conflict, extreme care should be taken because being a little careless and making the wrong decision can cause irreparable damage.

In a large-scale survey, US consumers were invited by random sampling to identify which companies they liked. Among the companies identified by most of the consumers were: Amazon, Google, eBay, Patagonia, Harley-Davidson, Ikea, Southwest Airlines, Starbucks, Toyota, and UPS. Analysis of the factors prompting consumers to like these companies showed the one consistent element to be that belief in one’s own enterprise culture is the greatest source of business and competitive advantage.

**“Enterprise culture leads the thoughts and judgment of each member of the enterprise.”**

An enterprise’s ultimate competitiveness comes from its culture. Enterprise culture leads the thoughts and judgment of each member of the enterprise. It is one of the most comprehensive yet invisible factors influencing organizations. Although there are differences among the cultures enshrined by each business, I believe that integrity is the basis of the establishment of all businesses. It is their most fundamental core value, and the secret with which they mold their corporate culture.

Coca Cola’s former CEO Donald R. Keough led the company for 12 years and was a widely respected industrialist, who, honed by decades of leadership experience, remarked that science and technology may change with each passing day, and management and sales constantly develop new approaches from old experiences, but all en-

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terprises are ultimately rooted in integrity. He emphasized that integrity was, from beginning to end, the enterprise's essential foundation, that it was not possible to establish a prosperous and thriving business atop rotten foundations, and that the lesson he was most proud to have learned was that the Coca Cola Company had always enjoyed an enterprise culture founded upon integrity and "everything being done absolutely right."

Sinyi Realty is one company that greatly emphasizes the view that, "When the path is correct, the technique is strong." Chou Chun Chi, the president of Sinyi Realty, said that, "The 'path' is the philosophy, values, and ethical principles. The 'technique' is the strategy, method, and skills. As far as the development of an enterprise is concerned, it is more important that the path be correct than that the technique be strong."

In a turbulent environment, and in the face of enormous operational challenges, how to exist and succeed in a globalizing world that is changing rapidly and

becoming more turbulent by the day is an issue and a challenge that leaders must confront every day. Leaders must simultaneously consider the short-term performance and the long-term development of their businesses. They cannot do one and neglect the other. For this reason, in the policy-making process, when we encounter opportunities and temptations that are difficult to resist, such as revenue increases, outstanding performances, quick profits, expansion, and so on, the word "integrity" is the most important measure as we choose and judge.

Behavior with which members of an organization identify, and that they express, is often the behavior of their leaders. To forge an enterprise culture with integrity at its core, leaders must lead from the front and demonstrate by their own conduct. As soon as integrity is internalized as part of the enterprise culture, it will exert an influence, impact the behavior of staff, and at the same time form the magnetite that attracts and selects talented staff. When subordinates imitate their superiors, the basis for business development will be consolidated. 