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Introduction and issue

In 2015, PwC employee Peter Collins shared confidential tax information across the firm to benefit clients, earning praise for his actions. This behavior reflected deeper issues within PwC's culture, where malpractice was tolerated. The issue extended beyond Collins, eventually leading to the resignation of the CEO and other executives (Belot, 2023). Central to this issue was the culture around "*rainmakers*" — individuals who brought in significant revenue and whose aberrant behavior was tolerated due to their revenue contributions (Switkowski, 2023).

This essay argues that the misuse of confidential information for profit can be attributed to a culture, shaped by the artifacts, observed values, and basic assumptions, which prioritized financial performance over ethical behavior, despite these actions contradicting the firm's declared values (Schein, 2004).

The issue will be analyzed using Edgar Schein's three dimensions of culture, which provide a useful framework for deciphering the culture of the group and going beyond surface-level analysis to help determine what drives the observed behavior (Schein, 2004).

Analysis

The first level of Schein's dimensions is artifacts. These are the tangible, visible, and verbally identifiable elements of a group, such as verbal expressions, objects and activities (Schein, 2004). At PwC, the language used when celebrating top performers was a prominent artifact (Switkowski, 2023). The individuals who exceeded financial targets were referred to as "*rainmakers*" and described as individuals to whom "*the rules don't always apply*" (Switkowski, 2023, p. 48).

"(...) partners that exceed financial targets were celebrated as 'heroes'" (Switkowski, 2023, p. 48).

These artifacts seem to have contributed to a strong emphasis on financial performance. Yet artifacts are easy to observe and very difficult to interpret without examining the values and basic assumptions (Schein, 2004).

The second level, espoused values and beliefs, refers to the declared values and norms of the organization (Schein, 2004). PwC promotes values such as acting with integrity and encourages employees to "*Speak up for what is right, especially when it feels difficult*" (Switkowski, 2023, p. 44). These values reflect the desired behavior (Schein, 2004). However, the observed behavior in

PwC Australia, representing a subculture of PwC as a whole, conflicted with these declared values (Schein, 2004). The firm's focus on growth and financial performance, reflected by the "*growth-at-all-costs*" mindset (Switkowski, 2023, p. 46), and the pressure on partners to meet financial targets (Australian Financial Review, 2023) has led to the employees prioritizing financial performance over ethical behavior, and reflects an individualistic performance-driven culture.

This misalignment between the organization's declared values and the observed behavior (Schein, 2004) is further highlighted by PwC Australia's employee survey, which noted:

"(...) the focus on partners achieving financial targets had come at the expense of prioritizing values and purpose" (Switkowski, 2023, p. 47).

The third level of Schein's dimensions is basic assumptions which are the unconscious, deeply embedded beliefs that guide behavior within an organization (Schein, 2004). At PwC, one of the basic assumptions was that the goal justifies the means, in the sense that financial performance outweighs other considerations, such as ethical ones. This is underlined by how PwC partners "*praised the work of Collins and the competitive advantage he'd given the firm*" (Belot, 2023, p. 2). The partners' praise of Collins and their willingness to use the information for financial gains, fostered a culture where unethical conduct thrived.

Thus, there is a clear alignment between the artifacts, the observed values as deduced from the observed behavior, and the basic assumptions that overall reflect a performance-driven culture where financial success is prioritized over ethical and legal considerations. In contrast, the declared value of integrity, reflecting the desired behavior, has not seeped into the basic assumptions.

Conclusion

In conclusion, this essay argued that PwC's misuse of confidential information for profit stemmed from a culture that praised rainmakers and prioritized financial performance over addressing misconduct, as evidenced by the alignment of the artifacts, observed values, and basic assumptions.

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