

Book Review

Inside IBM: Lessons of a Corporate Culture in Action. *By James W. Cortada*. New York: Columbia University Press, 2023. 458 pp. Hardcover, \$45.00. ISBN: 978-0-231-21300-4.

doi:[10.1017/S0007680524000217](https://doi.org/10.1017/S0007680524000217)

Reviewed by David Stebenne

James Cortada, a professionally trained historian who worked at IBM for many years, is the author of several fine books about the data processing industry and IBM. His latest is a kind of follow up to his previous one, which was a comprehensive history of that firm. In this new book, Cortada focuses on explaining what IBM's corporate culture was and its lessons for business executives today. IBM is, of course, a much studied company, and Cortada seeks to expand on that earlier work and to correct what he sees are its omissions, errors, and simplifications.

Inside IBM does a very good job of explaining the major tenets (often referred to inside IBM as "the Basic Beliefs") of IBM's culture, such as "respect for the individual," a commitment to outstanding "customer service," and pursuing "excellence" in all that IBM did (p. 45). Related to those core principles was what he refers to as "the Grand Bargain," in which an IBM employee's willingness to accept frequent corporate transfers and long hours, plus a wide ranging code of professional and personal conduct, was rewarded with "lifetime employment, benefits, and pension" (p. 10). Cortada praises this culture as something truly special and is at times harshly critical of the firm's abandonment of it (the job security commitment especially) from the later 1980s onward. The book's overall thesis is that the firm did very well when it adhered to the Basic Beliefs and Grand Bargain and poorly when it moved away from them.

One distinctive new feature of *Inside IBM* when compared with Cortada's earlier books is a lot of attention to objects associated with IBM such as the iconic "Think" signs, company postcards, and the seemingly endless number of IBM logo-ed coffee mugs.

Cortada believes that they reveal interesting and important aspects of the corporation's culture. To a degree, he makes his case, although sometimes not even he teases out the full implications of what such objects can reveal to historians. One example has to do with the coffee mugs which, rather than having been central to IBM from the start,

Business History Review, 2024: page 1 of 3.

© 2024 The President and Fellows of Harvard College. ISSN 0007-6805; 2044-768X (Web).

came in, he notes, during the 1950s. Cortada speculates that the reason the emphasis on coffee drinking became so pronounced then is because so many IBM employees had either served in the military (where coffee was seemingly ubiquitous) or worked closely with it during World War II and the Korean conflict (p. 247). That is a very persuasive explanation, but one wishes Cortada had drilled down a bit deeper by noting what that connection revealed about how central the US military and military spending were to IBM's emergence as a truly big company that could afford to treat its workers so well.

Cortada clearly admires the company for which he once worked and, like so many IBM employees past and present, is frustrated that the culture prevalent during the firm's heyday has faded over the last thirty years. His internalist perspective and enthusiasm for what IBM accomplished earlier have helped him write a lively and informative book about what exactly that culture was. At the same time, however, the internalist point of view at times leads Cortada to downplay things that make IBM look less central to the business world or admirable as a part of it. For example, while Cortada notes that the contract to administer Social Security was the biggest single one in

IBM's long history, and that IBM first became a truly big company during World War II, he does not fully acknowledge that IBM's heavy reliance on government contracts made the firm an outlier within the business community. And if Cortada had paid more attention to that factor in explaining the emergence of IBM's corporate culture, the decline in management's support for the Basic Beliefs and the Grand Bargain starting in the later 1980s (as statism and high military spending waned) would have made more sense than he suggests that it does.

Another area where Cortada's analysis seems somewhat lacking has to do with his efforts to defend IBM's hiring record, under founding CEO Thomas Watson Sr. especially, from later critics. Cortada points out that they have not paid enough attention to the many foreign nationals that IBM employed outside the US (or to those employed outside the firm's sales force within the US) when making such assertions. The problem with that kind of defense is that during the 1930s, when IBM's Basic Beliefs and Grand Bargain emerged full blown, most IBM workers were Americans, and the road to company leadership ran, for most part, through the sales division, which was overwhelmingly composed of morally traditional white male Protestants of northern and western European ancestry, as Watson was. Only after Watson died in 1956 did IBM's US based workforce, and especially its highly important sales division, begin to look more like America as a whole.

Another example of the internal view getting in the way of explanation has to do with IBM's record as a competitor. Cortada acknowledges that the firm experienced serious problems with the US Department of Justice (DOJ) over antitrust issues, but does not really acknowledge that IBM got into trouble precisely because it did things that DOJ antitrust lawyers saw as blatantly illegal. Once again, this was a blemish on the firm's history for which Thomas Watson Sr. appears to have been primarily responsible. He fought for as long as he could the consent decree that finally materialized in the mid-1950s, by which point he was slowly dying and could no longer stop the firm from agreeing to it. In this, as in other aspects of Cortada's discussion of IBM's corporate culture, the problems are ones of sometimes misplaced emphasis and omission that seem to stem from Cortada's understandable enthusiasm for what Watson Sr. and IBM got right. At its best, the firm stood for the idea that treating workers well paid off over the long run, and *Inside IBM* makes a very persuasive case for the continuing relevance of that idea today.

DAVID STEBENNE, Professor of History and Law, Ohio State University, Columbus, OH, USA

Professor Stebenne is a specialist in modern American political and legal history, he has written three books and co-authored a fourth one. His latest book is Promised Land: How the Rise of the Middle Class Transformed America, 1929–1968 (2020).