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THOUGHT PIECE

Toxic Cultures



Introduction

The reality is that culture does “eat strategy for breakfast”, and moreover has damaging consequences for corporate reputations. Consequences of corporate culture have seen billions wiped off the market value of organizations such as Uber (Uber \$2.6 billion, 2017); facing multi-million dollar fines for misconduct such as Wells Fargo and ING Bank; defrauding millions of customers by deliberately manipulating product information (VW); and tolerating senior executives for bullying or sexual misconduct (WPP), and so the list goes on.

Whilst one survey found that 94 percent of executives believe that workplace culture is important to business success, there remains scant discussion about how to address the toxic side of culture. This toxic side is usually described in the above organizations as having a few bad apples.

Should there be an early warning system to identify signs of organization culture toxicity? We think so.

Whilst most observers agree that culture is critical for a successful corporate reputation, there is typically a mismatch between what is said and what actually happens. For example, whilst tone from the top is deemed important, a recent study revealed that CEOs don't see cultural problems, but their employees do. For example, when asked about employee behaviors that were counter to the culture values and behaviors, there was a mismatch between what the CEO thought to be a problem versus the rest of employees by 44%. Some of us may have experienced workplaces that were toxic or have known colleagues and friends who complain of a toxic work environment. Generally the fault of the toxic workplace culture is landed to individuals or to a few managers. On this basis the culprits are described as bullies or sociopaths who are motivated for personal gain (wealth, social status, fame, power)

Toxic workers do not recognize a duty to the organization for which they work or their co-workers in terms of ethics or professional conduct toward others. Toxic workers define relationships with co-workers, more by organizational structure, and by co-workers they favor and those they do not like or trust.

Former employees of Wells Fargo tell NPR that a toxic high-pressure sales culture at the bank drove some workers to deceive customers and open unauthorized accounts — even in the bank's own headquarters building in San Francisco.

Wells Fargo is embroiled in a scandal for taking advantage of customers by opening as many as 2 million accounts without their consent. The bank fired 5,300 mostly lower-level workers over the wrongdoing.

That is a lot of so-called ‘bad apples’. The senior leaders drove a culture that pushed individuals to deliver on cumulative sales targets. If an employee didn't meet the daily target then they were added to the next day. Relentless, driven, and hard-nosed, the focus was on sales targets at the expense of the customer needs.

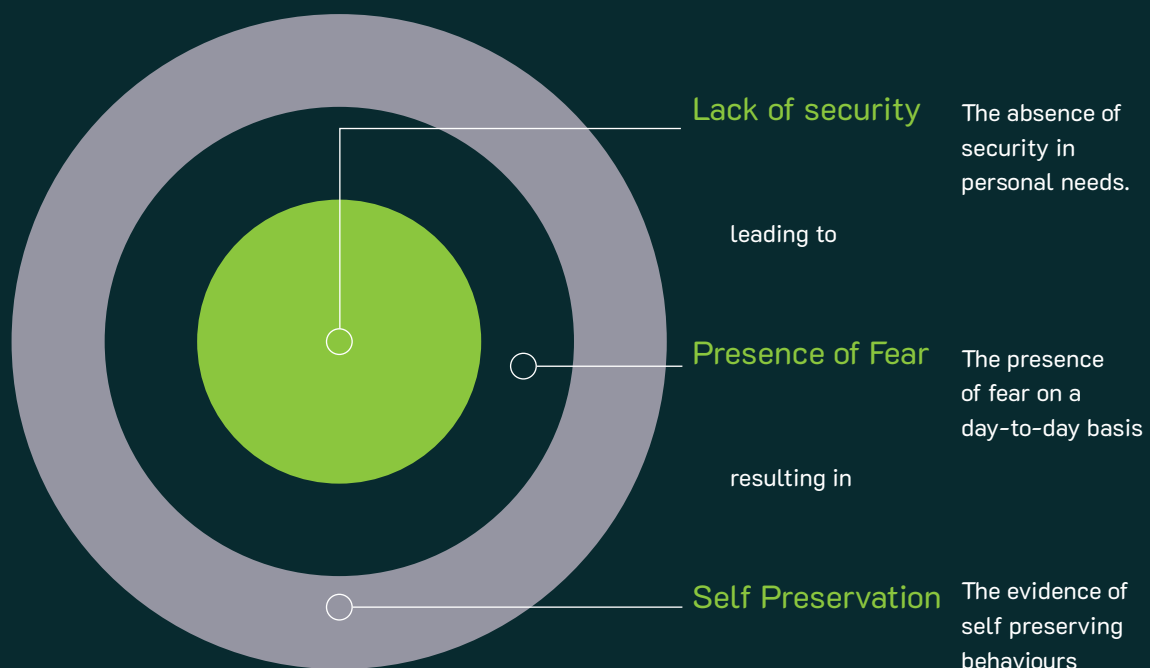
Wells Fargo's website states that “culture is the attitude we bring to work every day — the pattern of thinking and acting with the customer in mind. It's the habit of doing the right things, and doing things right.” If they had followed their espoused corporate culture, they may have avoided the largest penalty, \$185 million, since the Consumer Financial Protection Bureau was founded in 2011.

Should organizations be able to detect potential toxicity through an early warning system.

We think so.

Our Zuhra Toxic Quotient® (TQ) uniquely measures and assesses levels of toxicity and enables you to target the right interventions in the right place at the right time.

Organisational Toxicity



We believe that there are two key drivers to toxicity which we see time and again in many organizations. This toxicity is driven by a lack of security, such as a lack of influence or the nature of the employment contract; combined with the presence of fear. Typically this fear is job security. As we discussed earlier unrealistic and cumulative sales targets at Wells Fargo led to a lack of security as bonus was tied heavily to achieving sales targets, combined with the presence of hard driving managers who measured success by sales.

Organisational Toxicity

Lack of security

The absence of security in personal needs.

- > Job security
- > Pay
- > Influence

leading to

Presence of Fear

The presence of fear on a day-to-day basis

- > Anxiety
- > Freedom of voice
- > Trust

resulting in

Self Preservation

The evidence of self preserving behaviours

- > Blame
- > Rule Adherence
- > Siloed working

Here is a sample of the TQ® survey:

Culture Toxicity Quotient (TQ)

Lack of security

- > I often worry about my job security at [my company]
- > I am concerned that my pay and bonus may be negatively impacted
- > I often worry about having less power in my role.

leading to

Presence of Fear

- > I feel anxious when I am at work
- > I would be uncomfortable speaking up about issues that are important to me
- > I do not trust that my colleagues will support me

resulting in

Self Preservation

- > People here tend to blame others when things go wrong
- > People here stick to the rules to ensure they aren't penalized
- > People here tend to focus on their own work before they will help others



Wells Fargo

In September 2016, Wells Fargo announced that it would pay \$185 million to settle a lawsuit filed by regulators and the city and county of Los Angeles, admitting that employees had opened as many as 2 million accounts without customer authorization over a five-year period. Yet Wells Fargo has been listed among Gallup's "Great Places to Work" for multiple years, with employee engagement scores in the top quintile of U.S. companies. So what went wrong? A relentless drive on sales at the expense of integrity.

The relentless drive to sell ultimately undermined trust. Irrespective of its stated values, the drive for greater cross sales was linked to performance and reward. "People invariably will do what you pay them to do even when you're saying something different."

Uber

Uber

The former Uber values have been fiercely criticized and linked to the demise of the founder. What had been seen as entrepreneurial values at the start such as 'always hustling' or principled confrontation' were deemed detrimental to the culture. "For instance, 'toe-stepping' was meant to encourage employees to share their ideas regardless of their seniority or position in the company," with the new CEO noting "but too often it was used as an excuse for being an asshole."

Your culture is unique to you.
We do not prescribe the 'ideal culture'. What we give you is an honest reflection of your culture using scientifically validated dimensions that assess the culture alignment or not to achieving your business goals.

For more information,
check our website at

www.zuhra.co



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