

Experts: Uber must make changes at top to fix culture woes

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In this Sunday, Feb. 26, 2017, file photo, Uber CEO Travis Kalanick arrives at the Vanity Fair Oscar Party in Beverly Hills, Calif. Uber must get rid of leaders who tolerate bad behavior and hire people who don't, including up to the chief executive, experts say, as the ride-hailing company gets ready to announce significant changes to its culture and management. Uber's board has adopted the recommendations of former Attorney General Eric Holder, who investigated its toxic culture of harassment and bullying. Those will be revealed to employees and made public on Tuesday, June 13, 2017. (Photo by Evan Agostini/Invision/AP, File)

Uber must get rid of leaders who tolerate bad behavior and hire people who don't—including up to the chief executive—experts say, as the ride-hailing company gets ready to announce significant changes to its culture and management.

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Experts interviewed by The Associated Press say CEO Travis Kalanick should step aside or at minimum change his behavior for the company to make progress. Uber's board is discussing a leave of absence for Kalanick. No decision has yet been made, according to a person briefed on the matter who didn't want to be identified because board discussions aren't normally made public.

A CEO's behavior sets the tone for the rest of the company, says Cindy Schipani, a business law professor at the University of Michigan who has taken part in investigations of corporate conduct. She says Kalanick should resign and save the board from having to oust him. "That's where the culture comes from. It has to change at the top and he has to recognize what he does, his actions, speak louder than anything put on paper," she says. It would be tough for the board to remove Kalanick because of Uber's stock ownership structure.

Jennifer Chatman, a business professor at the University of California Berkeley who also does corporate investigations, predicts that Kalanick will be granted a leave—but he won't return in the top spot.

"He lacks the ability to set an appropriate tone for this organization," she

said. "He lacks the kind of presence that's needed for a larger organization."



This Wednesday, March 1, 2017, file photo shows an exterior view of the headquarters of Uber in San Francisco. Uber must get rid of leaders who tolerate bad behavior and hire people who don't, including up to the chief executive, experts say, as the ride-hailing company gets ready to announce significant changes to its culture and management. Uber's board has adopted the recommendations of former Attorney General Eric Holder, who investigated its toxic culture of harassment and bullying. Those will be revealed to employees and made public on Tuesday, June 13, 2017. (AP Photo/Eric Risberg, File)

It is common, Chatman says, for company founders to be ill-equipped to lead an organization as it matures. "This may be the moment for Uber where it needs to go to the next stage," she says.

She expects Kalanick to come back as a strategist under a new CEO or possibly a board member who runs the company.

Last week, based on a report from a different law firm that investigated employee harassment, bullying and retaliation complaints, Uber fired 20 people and sent another 31 into counseling. Experts say it's an unprecedented number of firings that shows a pervasive problem, but also is a strong step toward rehabilitation. Who the company hires as replacements will make or break the effort, they say.

Uber must hire people who "don't have the harassment state of mind," Schipani said.

On Monday, Uber said its chief business officer, Emil Michael, is leaving the company. No reason was given for his departure.

Uber Technologies Inc. has been rocked by accusations that it has fostered a workplace environment that condones harassment, discrimination and bullying. It's also facing a federal investigation into claims that it used a fake version of its app to thwart authorities.



This Monday, May 16, 2016, file photo shows a smartphone displaying the Lyft app, in Detroit. The next Lyft car you book may soon be a Jaguar or a Land Rover. The British company behind the two iconic car brands announced Monday, June 12, 2017, that it was investing \$25 million into Lyft to help the ride-hailing business expand and develop technologies. Jaguar Land Rover also agreed to supply a fleet of vehicles. (AP Photo/Paul Sancya, File)

Amid the turmoil at the world's largest ride-hailing company, competitors such as Lyft are trying to take advantage, growing ridership and inking technology deals and investments. On Monday, Lyft announced a \$25 million investment from Jaguar-Land Rover. Earlier it signed a deal with Waymo, Google's former autonomous car operation. Lyft says it gave 70.4 million rides in the first quarter, up 142 percent from the same period a year ago. Fasten, an Uber rival that operates in Boston and Austin, Texas, said it saw a 25 percent ridership increase the week after an Uber boycott started. The company says it's still seeing ridership rise 3 to 5 percent per week.

Kalanick has contributed to Uber's recent woes, losing his temper earlier this year in a profanity-laced argument with an Uber driver over pay. The website Recode.net reported that Kalanick put out a memo in 2013 advising employees attending a company party about having sex with each other. Kalanick also has been facing personal difficulties. His mother was killed and his father hurt last month in a boating accident near Los Angeles.

Experts say Uber's renegade culture of fighting regulators and skirting laws may have contributed to its problems. "We do see sometimes a startup mentality in the early years of a [company](#)'s growth where they have difficulty sometimes adjusting to being a huge enterprise," said Lisa Klerman, a USC law professor and employment law mediator.

Micah Alpern, principal at management consulting firm A.T. Kearney who helps companies change cultures suggests that Uber adopt something like the "see something, say something" slogan, encouraging employees to speak up when someone acts inappropriately.

Cases like Uber and Fox News show that sexual harassment isn't lessening, especially with tech companies, said Tom Spiggle, founder of a law firm that focuses on workplace issues. Tech firms are male dominated and can have a fraternity-like "brogrammer" culture that values masculinity and intense competition, he says.

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