20th Annual
Culture & Leadership Conference

That's Culture
#ThatsCultureHS

Human Synergistics Australia & NZ

@hsaust

Culture Bites Podcast

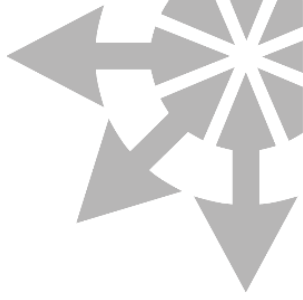# Collateral Damage—
That's Culture

Robert A. Cooke, Ph.D.
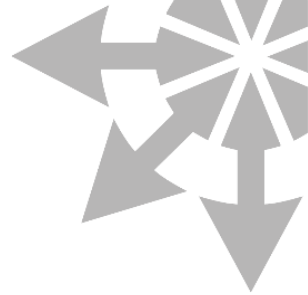
September 2018

What are we Talking About?

Collateral Damage

The *expected and calculated* or *unanticipated and unintentional* losses or dysfunctional consequences accompanying or following an action or decision.

Organizational Culture

A system of *shared values and beliefs* that can lead to *norms and expectations* that guide the way members approach their work, interact with one another, and solve problems.

Targets (and types of collateral damage)

Society – (ecological, national security, political, trade)

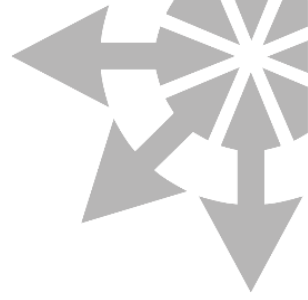Clients – (financial, health, satisfaction, well-being)

Employees – (financial, health, satisfaction, well-being)

Members – (health, happiness, well-being, downstream effects)

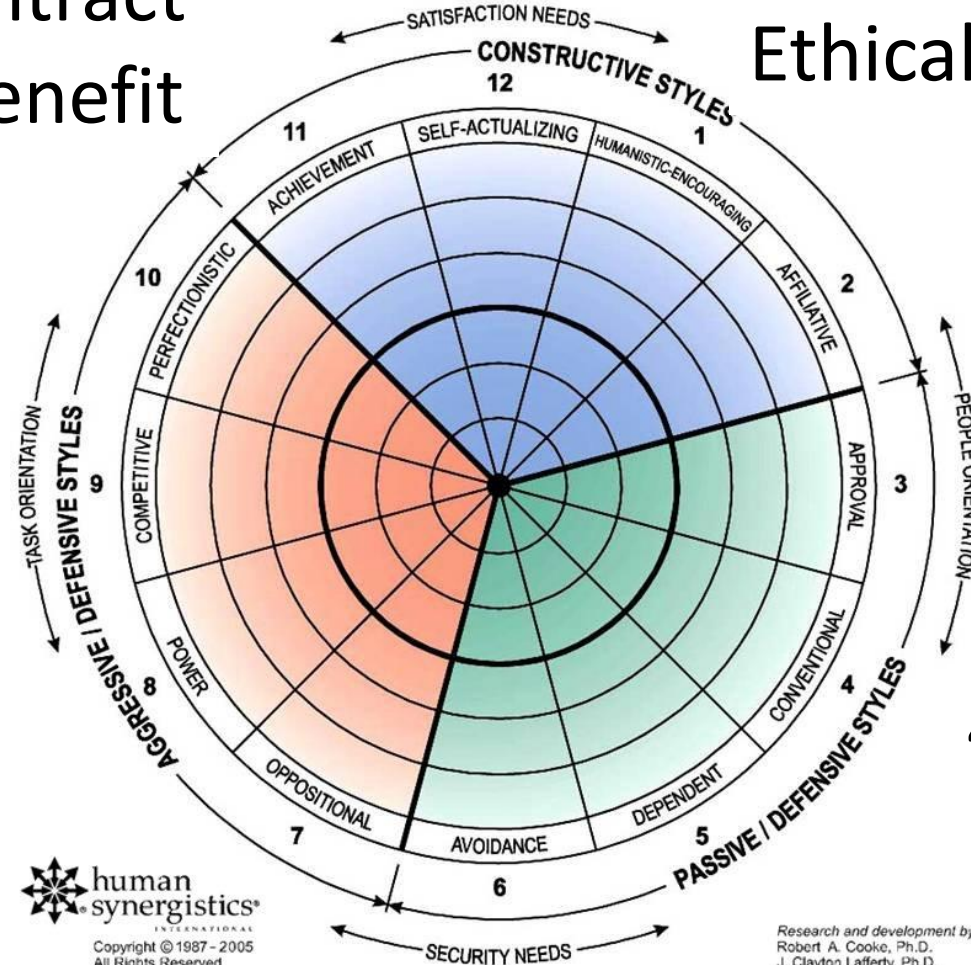Organization – (lost business, net worth, penalties, reputational)

Culpable Parties—(distress, fines, legal penalties, termination)

Culture and Moral Development (Kohlberg)

5. Social Contract Mutual Benefit

6. Universal Ethical Principle
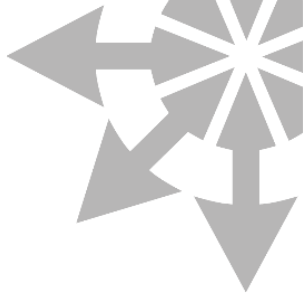
3. Concordance "Nice Girl/Boy"

2. Instrumental Relativist

4. Law and Order

1. Punishment/Obedience

Lawrence Kohlberg, *The Psychology of Moral Development*, 1984.

Aggressive/Defensive Cultural Styles

Indicate the extent to which people like yourself are expected or implicitly required to...

Oppositional (7)

...dismiss ethical considerations as "soft" or irrelevant to bottom-line decisions.

Power (8)

...rely on their power/status (and that of the organization) to get things done.

Competitive (9)

...succeed even at the expense of others.

Perfectionistic (10)

...focus on business and suppress personal feelings and concerns.

Corporate Ethics Audit © 2003

Passive/Defensive Cultural Styles

Indicate the extent to which people like yourself are expected or implicitly required to...

Approval (3)

...go along with others—even if what they're doing seems wrong or insensitive.

Conventional (4)

...adhere to procedures, regardless of their appropriateness.

Dependent (5)

...follow orders that might conflict with their personal beliefs and values.

Avoidance (6)

...mind their own business and not get involved.

Corporate Ethics Audit © 2003

Constructive Cultural Styles

Indicate the extent to which people like yourself are expected or implicitly required to...

Achievement (11)

...set long-term goals that recognize the interests of all constituencies.

Self-Actualization (12)

...do the right thing *and* do things right.
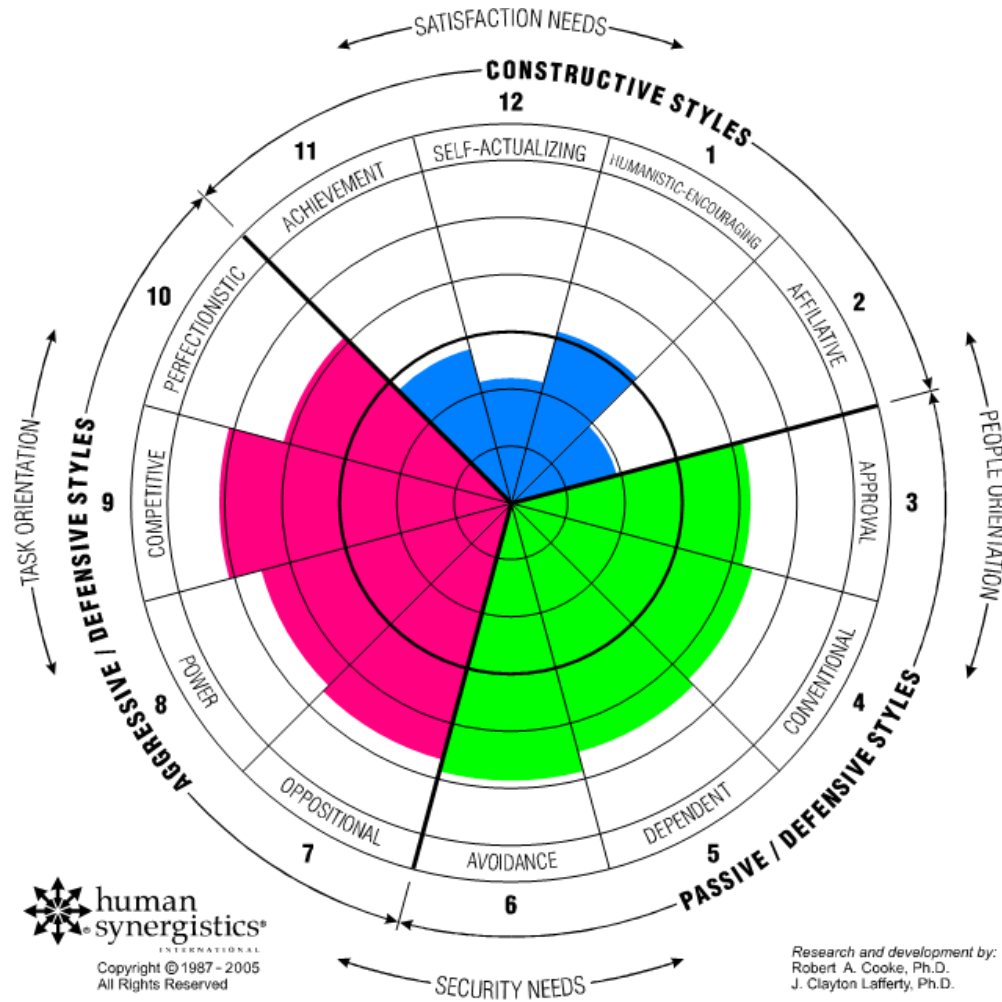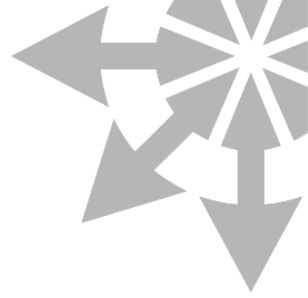
Humanistic-Encouraging (1)

...act on others' behalf if they are being dealt with unfairly.

Affiliative (2)

...keep communication open, truthful, and unrestricted.
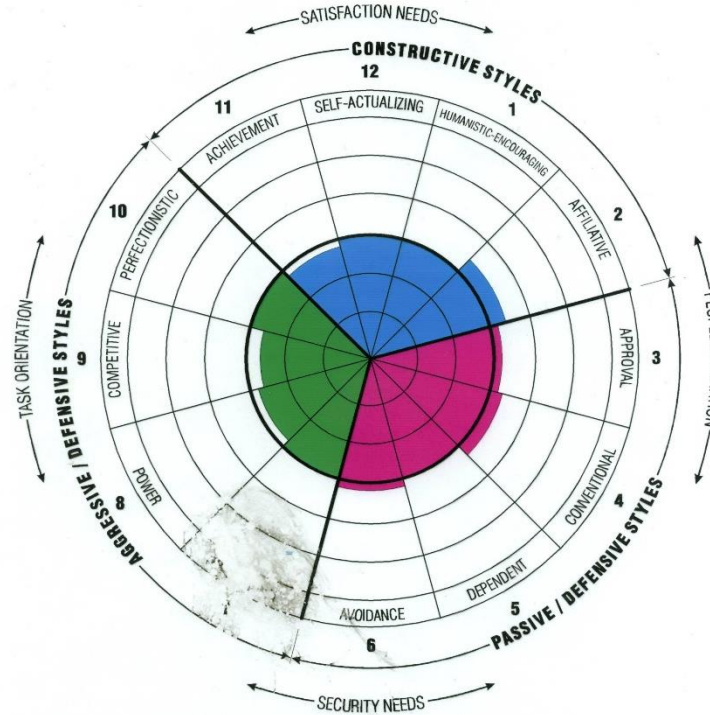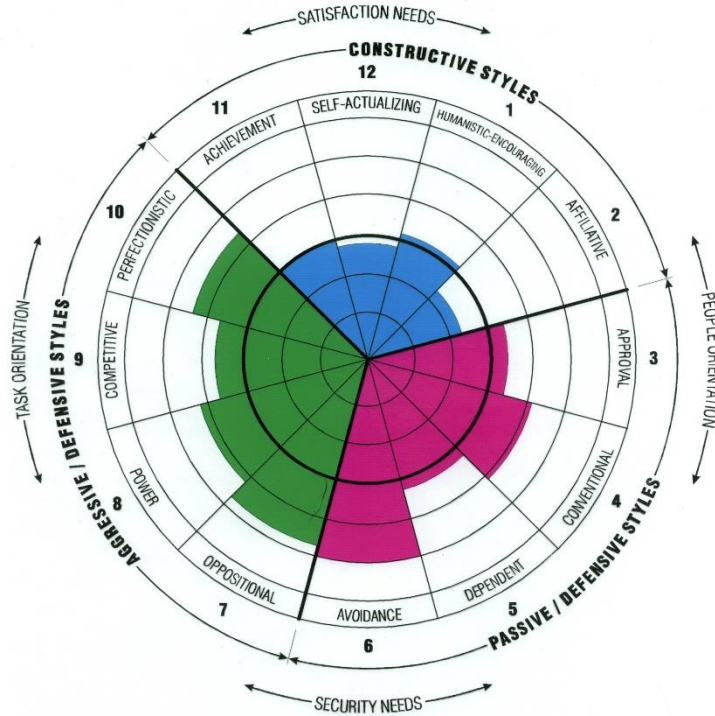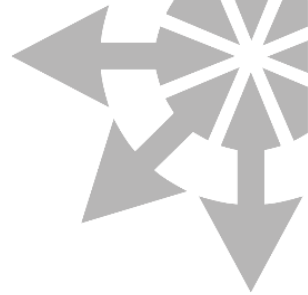
Corporate Ethics Audit © 2003

human
synergistics®
INTERNATIONAL

Changing the World –
One Organisation at a Time®

Culture with Collateral Damage Potential

Bank OCI Profiles (two Decades Ago)

(n=25)
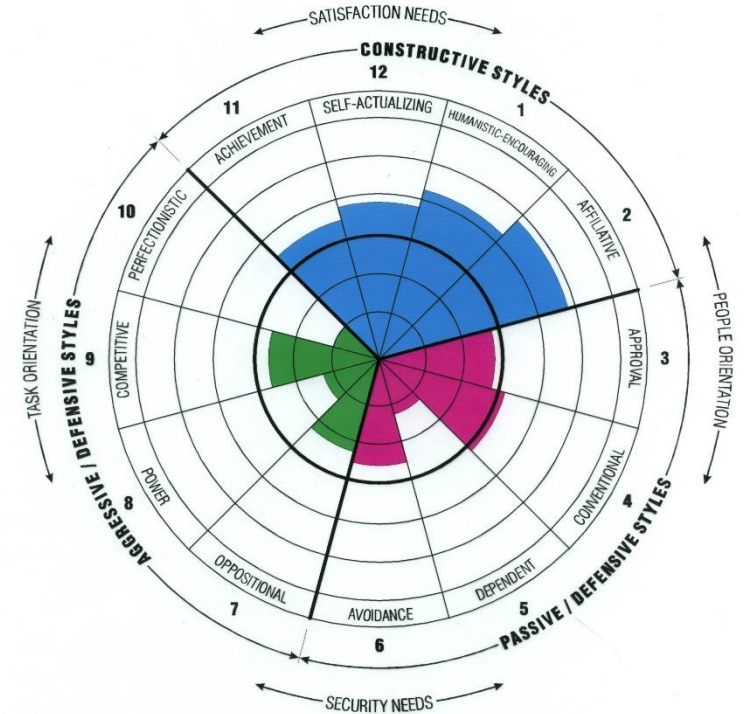
Culture Shift: Banks

Early 2000's: Shift from circular to Aggressive OCI profiles
- Banks acquiring banks (1991 – 2004 Too Big To Fail Period)
- Financial Services (1999 – 2001 Modernization Act)
- Subprime mortgages (1999 – 2006)
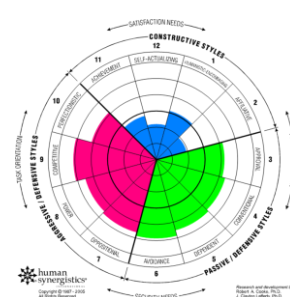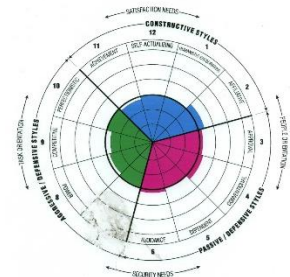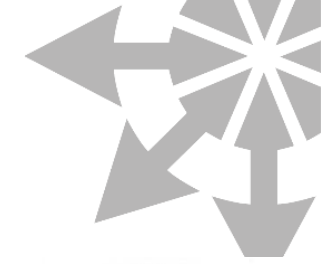
2008: Great Recession and Financial Crisis
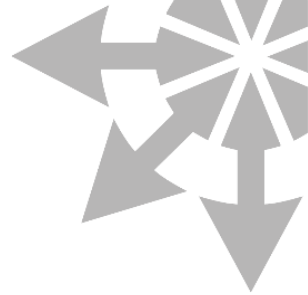- Largest banks acquiring failing large banks

2015: Virtual Banks
- Greater competition

2016: Increased reliance on fees and a **"sales culture"**

2018: Banks trying to figure out what culture really is!

Changing the World –
One Organisation at a Time

U.S. Banks—Customer Dissatisfaction

Company	Total complaints
Bank of America	56,481
Wells Fargo	42,483
JPMorgan Chase	34,268
Citibank	25,925
Capital One	15,819

CFPB - Consumer Financial Protection Bureau (July 2016), Complaint Report vol. 13.

Initiation and Persistence of Bad Behavior
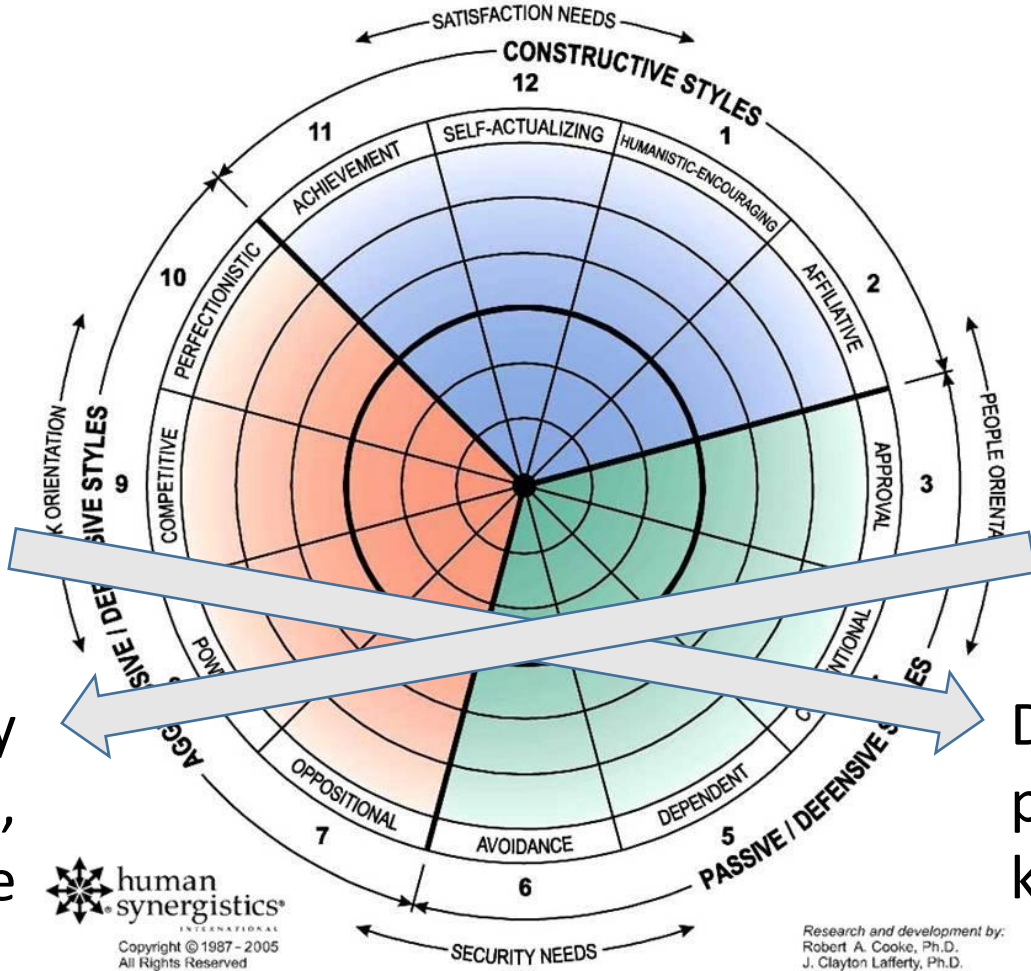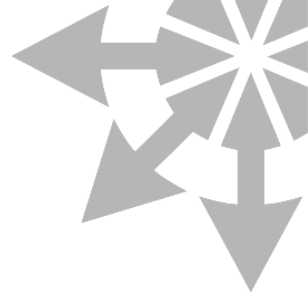
Damage initiated by culture or subculture
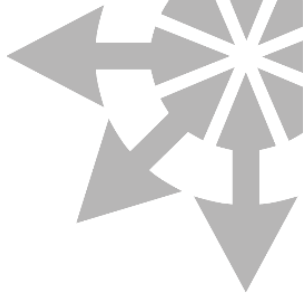
Damage initiated by adherence to "rules"

Damage sustained by invincibility, weak values, or acquiescence

Damage sustained by fear, powerlessness, or lack of knowledge

Moving Forward and Away from Damage

--Constructively redirect the culture via "levers for change," particularly those around power, communication, and respect for persons

--Discuss using confidential measures to signal the need for culture change, improved governance, and greater corporate responsibility

--Reward employees on the basis of true criteria of effectiveness ("doing good" as opposed to "looking good")

--However, don't allow "doing/looking good" to compensate for bad behavior

--Consider the creation of "Organizational Review Boards" to provide a internal mechanism for assessing and reducing risks relative to benefits

human synergistics® INTERNATIONAL

Changing the World –
One Organisation at a Time*

Thank you!

Changing the World –
One Organization at a Time®

human
synergistics®
INTERNATIONAL