

STRONG CULTURE OR SECULAR CULT?

THE LIMITS OF A STRONG ORGANIZATIONAL CULTURE

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Strong Culture or Secular Cult?

- Introduction: The Dark Side of Strong Culture
- Literature
- Theory Development
 - Fictional case stories
 - Characteristics
 - Propositions
- Discussion: usefulness, implications, agenda
- Conclusion

Strong Culture or Secular Cult?

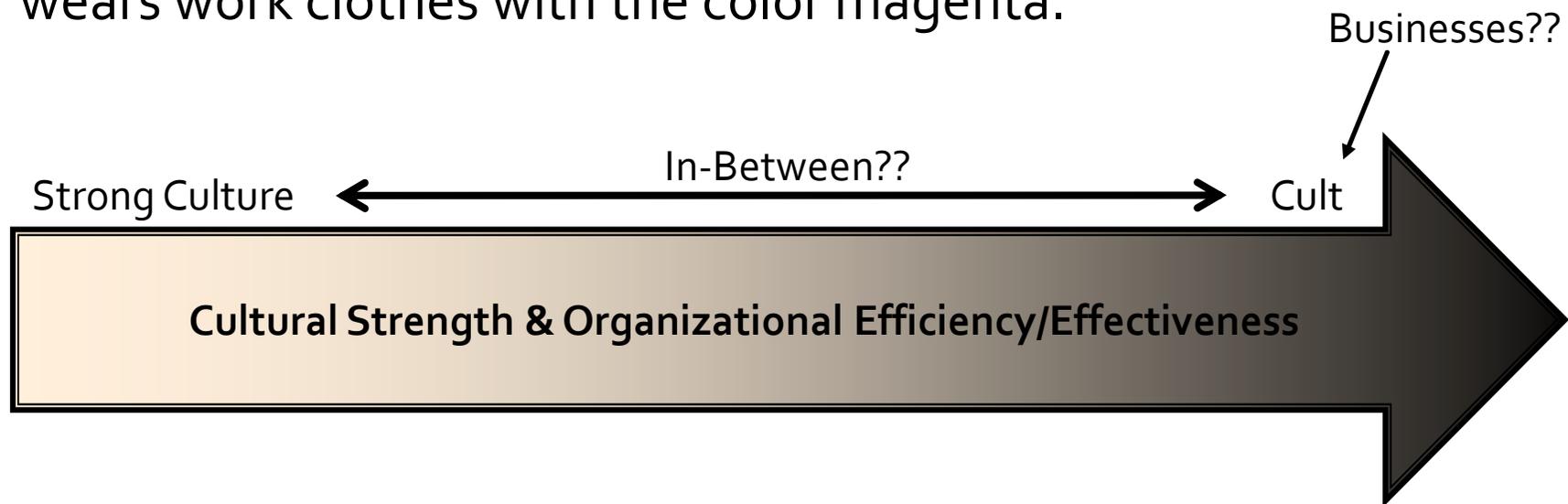
Introduction: The Dark Side of Strong Culture

- The Dark Side of Management Practices:
 - Leadership (Conger, 1990)
 - Management development (Kamoche, 2000)
 - Organizational politics (Williams & Dutton, 2000)
 - Agency Theory (Kulik, 2005)
 - Positive organizational scholarship (Fineman, 2006)
 - Interfirm competition (Kulik, O'Fallon & Salimath, 2009)
 - Workplace Spirituality (Lips-Wiersema et al., 2009)

Strong Culture or Secular Cult?

Introduction: The Dark Side of Strong Culture

- Strong Culture's dark side??
 - "The more worrisome part of strong culture is the ever present possibility of abuse" (Peters & Watermann, 1982, p. 78)
 - O'Reilly (1989) seemed ignorant: "At NUMMI, Honda, and Nissan there are no private dining rooms and both managers and workers wear uniforms. In the Rajneesh Commune, everyone wears work clothes with the color magenta."



Strong Cultures or Secular Cult? Literature

- Strong Cultures
 - Deal & Kennedy (1982); O'Reilly (1989): Strong culture defined as
 - High intensity (enthusiastic behavior)
 - High consensus (everyone behaves the same way)
 - “Positive”
 - Effective: meets the organization's goals
 - Efficient: low monitoring costs
 - i.e., *rational*: benefits the organization

Cults Literature

- Behavioral control by social context/reality (same as 'strong culture) – Singer (2003)
- Cults taken lightly by business literature:
 - Early Amway studies
 - Arnott & Juban (2000):
 - Devotion of followers, charismatic leadership, separation from community
 - "Do you work in a cult" questionnaire confuses strong culture w/cult; e.g.: "I admire the leader"
 - Presume that secular organizations must at least be spiritual, if not religious (Lipe-Wiersema et al., 2009)

Consider the *real* characteristics of Cults

- Mind control: members are told what to think & punished when thinking is questioned
- Isolation from family & friends
- Sleeplessness: encouraged & manipulated
- All free time spent on cult activities
- Incremental commitment: lies at first (love bombing) about the end state of cult life & purpose
- Radically overinflated sense of purpose (save the world)
- Anticipate tremendous loss upon exit
- Radical & humiliating rites of passage of new members
- Leader(s) live in luxury; followers live in poverty
- Manic-depressive coercion & behavior
- Overcompensation for organizational insecurity (not legitimate)

Is this what businesses should be like??

Definitions

- **Secular Business Cults:** Leaders/managers apply cultlike techniques to achieve behavioral, emotional & thought uniformity among its members.
- **Manipulative Organizations:** the organization goes as far as it can to set up a legal cult, including deceptive practices designed to artificially motivate members.

Secular Business Cults: How can cults infiltrate our business society?

- Singer (2003):
 - Cult-run and cult-affiliated businesses
 - Legal pyramid schemes (“multi-level marketing”)
 - Scams: Job search training, stay-at home, get rich quick
 - Cult members as managers
- We add:
 - Cult-inspired/authored popular business press books
 - Businesses run as **secular cults** (illegal)
 - **Manipulative organizations** (cultlike & legal)

} This Paper

Strong Culture or Secular Cult?

Theory Development

- *Proposition 1:* Secular businesses cults exist beyond employment training, multi-marketing, job-search training, get-rich-quick, and stay-at-home scams. Any business, regardless of its purpose or mission, can be set up and run as a secular cult.
- *Proposition 2.* Legal, but unethical, manipulative businesses exist everywhere. Manipulative businesses deceive their employees with cult-like techniques in order to increase profits. Any business, regardless of its purpose or mission, can be set up to run as a manipulative business based on cult principles.

Proposition 1

- Secular businesses cults exist beyond employment training, multi-marketing, job-search training, get-rich-quick, and stay-at-home scams. Any business, regardless of its purpose or mission, can be set up and run as a secular cult.

Secular businesses cults exist: Case 1

- **Emily: Priority Insurance Company**
 - Recent MBA grad, wants to stay in U.S. & work
 - Desperate to pay for mother's health care
 - Brad, Emily's charismatic boss
 - Former football star
 - Very friendly, family-like: "One big family"
 - Owns expensive house & vehicle
 - Message: "If you learn my secret sales methods, you'll be rich like me"
 - The Job: insurance salesperson
 - 100% sales commission (second job at night to pay bills)
 - \$1000 Training: Immersive, intense & emotionally draining
 - Morning "breakdown sessions" to toughen her up
 - Afternoon:
 - "secret method" = use volunteer work to gain new clients
 - Afternoon presentations include verbal abuse & humiliation
 - Effects:
 - Sleep-deprived & exhausted
 - The methods she applied not met with much success
 - Lost money on the job: training cost more than meager commission income
 - Brad made \$\$ on training *and* Emily's sales
 - Returned to her home country penniless

Secular businesses cults exist: Case 2

■ Eric: Big-Box Retailer

- Recent BBA grad from large U.S. state school
- Difficulty finding job
- Interview with an excited Tom:
 - All employees are “associates”
 - Promised Eric would quickly enter management ranks with high pay
- The Job:
 - Part-time, minimum pay
 - “optional” Advice training (but everyone participated)
 - What would Stan do? – book study by founder, Stan
 - “Oh, for the love of Stan” expression during work
 - Given reading assignments every night
 - What Stan would do:
 - Shop at the same store for all his needs – and more
 - Clock out early, but “hang out to help out” without pay
 - “optional” cheer (before punching in)
 - Management meetings
 - Tom always condescending & disappointed
 - Eric wasn’t “Stan-like” enough
- The effects:
 - Eric lived in poverty; never entered management
 - Only social life was work-related
 - Quit after 9 months, exhausted
 - Went back to school

Legal Implications For Engaging in Cult-Like Activities

**Workers' compensation is
employer's shield to lawsuit
and employees' exclusive
remedy**

Workers' compensation as shield to liability

For injuries or harm that happens in the workplace for work-related activities:

- “no-fault” insurance system
- Guaranteed, but limited benefits
- parties give up certain rights
 - Employer gives up right to find fault
 - Workers give up right to sue

However, employees can claim exceptions to “exclusive remedy” and file private lawsuits under intentional conditions

Exceptions to the employer's shield of exclusive remedy

- Product Liability Actions
- Third Party on Employer's Premises
- Injury Occurring on Somebody Else's Premises
- Intentional Torts

Intentional Torts Risk of Liability For Companies Engaged in Cult Activities

- Several states have allowed **exemption** to the exclusive remedy provision of workers' compensation for worker injuries arising from ***willful and wanton*** acts of employers.

Key Issue: Intent Requirement for WC Exception to Apply

- **intent to harm** is **required** to qualify for an exception to the exclusive remedy provision of workers' compensation (Larson, 2005)
- *Employees may claim that the cult-like activities harmed them and that the employer had reason to believe that these activities are harmful*

Potential Legal Risks by Engaging in Cult or Cult-Like Activities

- Intentional infliction of emotional distress
- Battery
- Assault
- False imprisonment
- Fraud
- Constructive discharge

Other Legal Risks

- Implied covenant of good faith and fair dealing
- Whistleblower protection
- Occupational Safety and Health Act (OSHA)
- Constructive discharge (or wrongful discharge)

Consent as Defense by Employer from Private Lawsuit

“If the asserted victim gives permission, what would otherwise be tortious is instead privileged” [Restatement (Second) of Torts § 892]

HOWEVER, Employees May Claim That Consent is INVALID if:

- activity is beyond the scope of consent,
- fraud is involved,
- under duress, or
- act is illegal (such as cult).

Proposition 2

Sound Credible and/or Familiar??

- Legal, but unethical, manipulative businesses exist everywhere. Manipulative businesses deceive their employees with cult-like techniques in order to increase profits.
- Any business, regardless of its purpose or mission, can be set up to run as a manipulative business based on cult principles.

Manipulative Organizations: MAY NOT violate any laws

- REMOVE HARM OR INJURY - Avoid activities that have potential risk of harm or injury to employees
- REMOVE DECEPTION - Avoid any deceptive activities
- PAY - for activities whenever workers are engaged in employer's business

Remove Harmful and/or Deceptive Activities

- **Emily: Priority Insurance Company**
 - Recent MBA grad, wants to stay in U.S. & work
 - Desperate to pay for mother's health care
 - Brad, Emily's charismatic boss
 - Former football star
 - Very friendly, family-like: "One big family"
 - Owns expensive house & vehicle
 - Message: "If you learn my secret sales methods, you'll be rich like me" – **REMOVE ANY FORM OF DECEPTION**
 - The Job: insurance salesperson
 - 100% sales commission (second job at night to pay bills)
 - \$1000 Training: **Immersive & intense (but not humiliating & hostile)**
 - Morning "breakdown sessions" to toughen her up
 - Afternoon:
 - "secret method" = use volunteer work to gain new clients --**REMOVE ANY ACTIVITY THAT HAS HARMFUL POTENTIALS, INCLUDING MENTAL AND PHYSICAL HARM**
 - Afternoon presentations include **sharp scrutiny**

Remove Harmful and/or Deceptive Activities

■ Eric: Big-Box Retailer

- Recent BBA grad from large U.S. state school
- Difficulty finding job
- Interview with an excited Tom:
 - All employees are “associates”
 - Promised Eric would quickly enter management ranks with high pay - **REMOVE ANY FORM OF DECEPTION**
- The Job:
 - Part-time, minimum pay
 - **Paid training - REMOVE ANY ACTIVITY THAT HAS HARMFUL POTENTIALS, INCLUDING MENTAL AND PHYSICAL HARM**
 - What would Stan do? – book study by founder, Stan
 - “Oh, for the love of Stan” expression during work
 - Given reading assignments every night
 - What Stan would do:
 - Shop at the same store for all his needs – and more
 - **Help out only if clocked in**
 - cheer *after* punching in
 - Management meetings
 - Tom always condescending & disappointed - **REMOVE ANY ACTIVITY THAT HAS HARMFUL POTENTIALS, INCLUDING MENTAL AND PHYSICAL HARM**
 - Eric wasn’t “Stan-like” enough

Uphold Principles of Ethics in Strong Cultures

- In our manipulative case scenario above, the principle of **Justice as Fairness** is of particular relevance (guaranteeing equal rights and opportunities behind the veil of ignorance – John Rawls)
- Practice the “**difference principle,**” which recognizes that “inequalities exist but that priority should be given to meeting the needs of the poor, immigrants, minorities, and other marginalized groups (John Rawls)

Six-Principle framework of Ethically and Legally Strong Cultures

Upholding Ethical and Legal Principles of Fairness

Strong Culture or Secular Cult?

Theory Development

	Strong Cultures* (ethical)	Manipulative Organizations (unethical)	Cults (illegal)
Recruitment	Look for desirable traits	Give vulnerable recruits unrealistic job preview	Recruit based on emotionally desperate recruits; opposite job preview
Development	Train, encourage education and critical thinking	Same as Strong, but do not act on criticism or ideas from employees	Only internal training on 'proper' thinking; verbally abuse dissenters
Brand Pride	Create pride in org's brand among members	Create more pride in brand than is deserved; unchallenged, excessive respect for management	Engender pride in the leader; fake puffery to outsiders ("Our loving organization just helps out lonely people")

* after Bendapudi and Bendapudi's (2005) six "principles"

Strong Culture or Secular Cult?

Theory Development

	Strong Cultures* (ethical)	Manipulative Organizations (unethical)	Cults (illegal)
Build Community	Customers return for friendly shopping space	Employees told to smile and act friendly; smile-based performance	Emotionally abused and dependent members dependent on company for \$\$ and social life
Shared Business Context	Share financials, strategy, values, mission, bus. model & bus. plan	Only verbal descriptions of financial health; all "shared" content is exaggerated and/or falsified	Absolutely no sharing! Opposite content constructed internal/external public relations
Satisfy the Soul	Meet employees' security and esteem needs	Provide infrequent and insincere nonfinancial rewards; mgt. pretends to meet security & esteem needs, but does not	The organization and the leader is the end-all purpose of the member's existence

* after Bendapudi and Bendapudi's (2005) six "principles"

To-Do List

- Regulators
- Researchers
- Teachers
- Managers
- Employees.

Regulation

- Expand the intentional tort exception to workers' compensation
- Redefine intentional tort in a broad fashion
 - 1) Reject the "true intentional tort" test and adopt the "substantial certainty" test
 - 2) Reject the "specific intent" and adopt the "single intent"

Strong Culture or Secular Cult?

Discussion

- Researchers
 - Data collection issues: no difference on surface measures
 - MANY unanswered questions:
 - Proportion of manipulative organizations & cults in modern society?
 - Trending upward?
 - More than 6 'dimensions' discussed here?
 - Process: How does a strong culture become a manipulative organization/secular cult? Determinants, mediators & moderators?
 - What can be done to curb & prevent the development of the process?
- Trainers & teachers
 - Place high value on employees' critical thinking
 - Train on more open step-by-step procedures

Managers

- Place a high value on critical thinking
- Employees review managers for manipulative behavior
- Turn our table into an analysis tool/ethics audit (Kulik, 2005):

Employees

- Think critically! Evaluate your own organization.
- Confront the manipulative manager/secular cult leader
- Exit the organization
- Last resort: stay, but don't take the manipulative organization seriously

Conclusion

- New terms to describe unethical/illegal organizations:
 - Secular Business Cult
 - Manipulative Organization
- No discussion along the lines of these organization types
 - Researchers should get busy
 - Real organizations can & should be audited
 - Manipulative organizations made illegal?
 - Business education programs should be updated with awareness
- Leaders, beware of the mantra, “Make your organizational culture as strong as you can”