

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<http://blogs.wsj.com/riskandcompliance/2017/02/27/crisis-of-the-week-uber-faces-workplace-harassment-concerns/>

RISK & COMPLIANCE JOURNAL. | COMMENTARY

Crisis of the Week: Uber Faces Workplace Harassment Concerns

By **BEN DIPIETRO**

Feb 27, 2017 11:38 am ET



Uber CEO Travis Kalanick speaks to students in Mumbai, India, in January 2016. PHOTO: REUTERS

This is a weekly commentary by external experts.

Ride-hailing company Uber Technologies Inc. is back in crisis mode after a former employee, Susan J. Fowler, wrote

a blog post that went viral in which she alleged she and other female employees suffered sexual harassment by a manager the company failed to discipline.

Uber's chief executive, Travis Kalanick, issued a statement saying the allegations are "abhorrent and against everything Uber stands for." He then put out two tweets in which he announced an investigation would be launched into the claims, and followed that up with an email to employees in which he announced former U.S. Attorney General Eric Holder would lead the probe. "What is driving me through all this is a determination that we take what's happened as an opportunity to heal wounds of the past and set a new standard for justice in the workplace," Mr. Kalanick said in the email. He then held a meeting with employees and again apologized for the workplace culture issues.

The experts break down how well the company so far has managed the communications aspects of this crisis.

Daniel Laufer, associate professor of marketing, Victoria University, New Zealand:

"Uber is facing a major crisis as a result of allegations of sexual harassment by a former employee. There are positive aspects to Uber's response to the crisis; however, there are also areas for improvement.

"Turning to an independent party to conduct an investigation is an effective way to convince the public that the investigation is impartial and hiring the former U.S attorney general is a good choice. However, including the chief human resources officer as part of the team investigating the allegations is not a good idea. A truly independent investigation would not include a company representative, even if the executive is new.

"With regard to the issue of gender diversity at the company, it is a good idea to provide a benchmark so people can assess the situation. Uber should provide an industry average, in addition to examples of well-known high-tech companies, as a basis for comparison. Otherwise, the company runs the risk of being accused of cherry picking in order to make the situation look better.

“Finally, the Twitter messages sent by Uber’s CEO are powerful and unequivocal. However, it would be useful to link the messages to more detailed statements given by the company regarding its views on the situation and actions it is taking. The company will ultimately be judged by the actions it takes to prevent this type of situation from reoccurring. Based on these actions, the public will assess whether the statement by Uber’s CEO that ‘there can be absolutely no place for this kind of behavior at Uber’ is credible.”

Meredith L. Eaton, vice president, March Communications: “Uber did well to get a timely response posted about the situation, in just over four hours it seems. It was good Mr. Kalanick’s statement made it very clear sexual harassment and discrimination are fireable offenses.

“However, the glaring error was Uber was going to have its own chief human resources officer lead the investigation. Having your HR department investigate your HR department is damning—no matter if the [person] is new to the organization or not. While this was remedied somewhat by Mr. Kalanick’s email to the company some 24 hours later, which indicated two independent investigators would be brought in, this ‘fix’ was muddied by his statement that Uber’s human resources chief would still be assisting with the review. With the HR department at the center of much of Ms. Fowler’s accusations, Uber needs to remove them entirely from the situation.

“Uber’s plan to publish a diversity report is a good step to demonstrate its gender balance is on par with other tech companies, and it may even hold them more accountable for gender equality in the public eye. But the more important next step is to issue an apology to Ms. Fowler. This should’ve been priority number one! Instead of just retweeting and commenting on her post, or issuing a formal statement about the company’s plan of attack, Mr. Kalanick should have personalized his approach and first expressed his sympathy and regret directly to Ms. Fowler, and perhaps even thanked her for drawing his attention to this very serious issue.

“Without this humanizing element, he’s fueling the pattern of behavior Uber has been called out for: putting company interests over employees.”

Andrea Bonime-Blanc, chief executive and founder, GEC Risk Advisory: “As soon as the blog story went viral, Uber and its CEO responded quickly, taking to the virtual public airwaves via Twitter and internally via an employee email, making firm and appropriate statements of no tolerance for the alleged bad behavior. The company also enlisted two important allies to help manage the crisis: new board member Arianna Huffington, who was asked to work with Uber’s human resources and legal departments to conduct focus groups on the state of diversity and inclusion at the company; and a credible outside figure, former Attorney General Eric Holder.

“The positives end there, however. While appropriate and timely, the CEO’s statements could also be considered disingenuous given Uber’s lengthy list of prior crises, including quite a few relating to diversity and inclusion. While some might view this as a strength, trotting out heavy hitters like Ms. Huffington and Mr. Holder may also reflect organizational weakness and potential vulnerability.

“While from a PR standpoint Uber managed the immediate response to this particular crisis reasonably well, the somewhat excessive nature of the response—both in the CEO’s communications and the deployment of luminaries Ms. Huffington and Mr. Holder—may reflect longer-term organizational weaknesses. Uber must go beyond PR-based crisis management; to build long-term organizational resilience it must develop reputation risk and key stakeholder management capabilities, as well as a more inclusive corporate culture that will in turn serve the company and its stakeholders well in future crises.”

Write to Ben DiPietro at ben.dipietro@wsj.com, and follow him on Twitter @BenDiPietro1.

Share this:

CRISIS OF THE WEEK ERIC HOLDER SUSAN FOWLER TRAVIS KALANICK

UBER TECHNOLOGIES INC. WORKPLACE CULTURE WORKPLACE HARASSMENT

Copyright 2014 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.