

## Governing Energy

### Culture of Fear

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One public company portrays on its website that people are our number one asset. That company terminated an employee, their right to do in the state of Texas, a right to work state.

However, a senior executive later told remaining personnel that they should not contact the former employee. Why, what is that company afraid of in the age of social media? This sends a message of intimidation.

Despite the words on the website, in the Chairman's Letter to Shareholders, the Standard Operating Procedures, and so forth and so on, the message sent—be afraid be very afraid. You may be next! In other words, we really don't value our employees.

The company professes to be one of a Culture of Safety. NOT! This very action negates all the words and slogans. The soul of this organization is dark.

How does one take a Stop Work step in an organization of this culture? Answer is—employees won't. The action of one highly placed individual (legally an agent, not a majority owner of the firm) may be jeopardizing shareholder value.

Plan B—in a tight labor market, top talent will see through this canard and leave. Fear is a great motivator—we are programmed for Fight or Flight. Either response, a company can expect a myriad of both, has the opportunity to destroy the intensions of the Board of Directors and put them at risk—does Directors and Officers (D&O) insurance cover this? Probably, but you get the point.

One can argue that this approach is a significant failure of governance perhaps at the level which led to Sarbanes Oxley over a decade ago. This author has argued this point before.<sup>i</sup> Predictive Analytics are all the rage now, so this author's prediction is—this firm or another will live through a similar governance failure within five years.

Either way, shareholder value is put a risk. A Culture of Fear will generate aberrant employee behavior that has a high likelihood of going against the Nine Tenets of Safety but forth by BSEE.<sup>ii</sup>

### **Are executives in your organizations walking the talk or talking the talk?**

#### About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of three books and has written extensively about the field of operations management. Shemwell is the Managing Director of The Rapid Response Institute, a firm

that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years--his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of social relationships.

## End Notes

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<sup>i</sup> Shemwell, Scott M. (2011, October) Asset/Equipment Integrity Governance: Operations–Enterprise Alignment—A Case for Board Oversight. Author.

<sup>ii</sup> <http://ohsonline.com/articles/2013/05/01/bsee-chief-spells-out-nine-values-for-safety-success.aspx?admgarea=news>