

TOXIC HUMAN FACTOR OF CRISIS SITUATIONS WITHIN THE RUSSIAN ORGANIZATIONS

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Abstract

In the unsustainable times the financial crisis, transition from acquisitions, mergers, and competition, tend to create a highly topical problem of the employees' crisis and toxic managers. These phenomena are the causes and sources of various crisis situations in the organization affecting planning, organizing, problem solving, clarifying, delegating and motivating. In addition, they can result in so-called job-hopping phenomenon. In their turn, the crisis situations contribute to the appearance of some turbulence in the organization. Consequently, there are needed objects of constant surveillance to introduce the assessment system with some indicators that warn about emerging employees' crisis and toxicity level within the organization. This must be done in order to prevent their negative impact on the company profitability and the employees' well-being, who, in turn, face the problem of increasing number of toxic workplaces in various companies. Based on secondary data and the results of the survey and semi-structured interviews, the authors realized that the cause-effect relationship between crisis and toxicity of management and employees exists in the Russian organizations and that looks like «circulation» with the links of «crisis - toxicity - crisis». Their interrelation can be very dangerous for the performance of the enterprise.

Key words: toxic management, employees' crisis, toxic manager, toxic workplace

JEL Code: JEL J28, JEL M12, JEL M54

Introduction

In general terms crisis is considered to be a transitional state, impaired balance of the system and the transition to its new equilibrium at the same time. For the purpose of our study it is necessary to clarify the concept of "crisis situation in the organization". By the crisis situation in the organization we mean any deviation of the system or of its separate elements from the regular functioning mode, which leads to staff stress reactions and is characterized by the necessity to make unconventional decisions, mobilize professional and personal potential and bring about both negative and positive consequences.

A crisis is an objective phenomenon in the socioeconomic system. There is a human activity at its bottom. In many cases just this human nature of a crisis in a company is its reason and source. The crisis in its various manifestations significantly alters the conditions of the organization activity. The factors of the employees' crisis can be low productivity, violation of labour discipline, high turnover rate, etc. Among the reasons are considered deficiencies in the motivation system, lack of social protection (Kalleberg & Hewison, 2013), low skill levels, etc. Therefore, it is particularly important to work closely with the staff while overcoming the crisis in the organization.

Many researchers of management and organization in recent years increasingly speak about the term “toxicity”, which may exist in the life and activity of each enterprise without exception and leads to dysfunction and pathology in organization (Goldman, 2008; Lipman-Blumen, 2005; Lubit, 2004), as well as causes damage to individuals, teams, and entire systems (Frost & Robinson, 1999). This negative effect of toxicity generally applies at all levels of the enterprise and affects both managers and subordinates, who may be the reasons and/or the victims of this phenomenon and the most active participants, demonstrating their toxic behavior.

One of the reasons of toxic managers and toxic workers occurrence are crisis situations in the organization, with conditional changes and injuries, which the company and its employees have to endure from time to time (Frost, 2004). Thus, toxic behavior quickly and widely spreads, and the high degree of toxicity in the organization can become unmanageable. As underlined by Goldman (2008) this provokes «escalating conflicts that adversely affect quality, productivity, teams, retention, and bottom lines».

The aim of this paper is the analysis of the cause-effect relation between the crisis management organization and toxicity of the human resource on the example of the Russian enterprises. The topic is identified and evaluated firstly on analyzing secondary sources, and secondly on primary data received by the authors' questionnaire survey and semi-structured interviews.

1 The influence of human factors on the development of the crisis in the organization

In terms of human factor, there can be considered at least several problems that are typical of a crisis situation. First of all, this is a discrepancy between the company staff professional skills and the tools which are essential for a new situation. For instance, we can consider the

changing skill and competence requirements faced by the staff and faculty of Russian educational institutions. Nowadays the need to maintain electronic journals and deliver e-learning classes in higher education institutions forces teachers and the faculty not only to possess information and communication literacy, but also to become advanced users of information technologies. Speaking about the national scale, there is still a discrepancy between the personnel qualification and job requirements, on the one hand, and the real needs of the economy for the personnel of certain professions and qualifications, on the other hand.

The second problem is that the existing rules and regulations in the inner organizational culture do not fit the new external environment conditions. For example, many Russian organizations have a steady practice of charging staff with extra duties which are outside their core professional responsibilities and this additional overtime workload is unpaid. The practice of doing unpaid overtime work by professionals, used widely in the planned economy, included a lot of areas of responsibility: occupational safety and health, fire safety, organizing cultural and sporting events, participation in a labour dispute committee, maintaining outreach and awareness-raising work, etc. In conditions of the market economy development, when the intensity and tension of labour is increasing significantly at Russian enterprises, the need to perform unpaid overtime work often causes negative emotions of employees and workplace stress (Colligan & Higgins, 2005), reducing their job satisfaction in particular workplaces.

The third problem relates to the fact that every company develops through crises that arises during the transition from one stage of the organization life cycle to another stage. Moving from the company formation stage to the intensive growth stage is usually accompanied by a crisis situation, referred to as a growth crisis. The formation stage of the organization as a system is characterized, on the one hand, by the presence of professionals with the qualities of "creators", able to generate new ideas and develop nonstandard solutions based on the market needs. On the other hand, interpersonal communication of employees is epitomized by close, trustworthy relationships among employees based on mutual help and support, willingness of each person to take on responsibility. However, at the intensive growth stage there are to arrive "sellers" who will replace "creators" (or will compliment them). The "sellers" must be qualified specialists in the field of aggressive sales able to promote the product. The normal working condition for "sellers" is competition with each other. Consequently, there will inevitably arise conflicts between the required personnel core competencies and contradictions between employees with multi-directional value systems. The next crisis situation in the organisation is to be expected when it moves from the

intensive growth stage to the stabilization phase (the crisis of maturity). There is a need for professionals able to create efficient technologies and perform routine tasks at a high level of quality. It means that "sellers" should be replaced (or supplemented) with "technologists", who need the strict subordination rules and certainty. The organisation will face the next crisis when it transits from the stabilization stage into the decline stage. In order to survive the organization requires very peculiar specialists able to combine the skills of the creators, sellers and technologists. In these circumstances, the staff will need a very special leader-oriented style of relationship.

Thus, it becomes apparent that the crisis phenomena in the external and internal organization environment, one way or another make impact on the employees' professional activities, cause the employees' crisis and increase of toxins in the internal climate of the enterprise (April, Peters, Locke & Mlambo, 2010). The above examples of dysfunctions appearance in the organization allows us to recognize the first hypothesis is correct and gives grounds to assert that the crisis phenomena in the external and internal environment of an organization really are a source of toxicity both at the workplace and in the behavior of workers. The knowledge of the causes and consequences of the employees' crisis allows leadership to make the situation more managed and reduce the level of crisis in the organization. The awareness of reasons and consequences of the employees' crisis enable to make the situation manageable and reduce the level of the crisis in the organization.

2 The employees' crisis: types and causes

Personnel of modern Russian companies have faced a crisis in such fields as political, economical, industrial and social ones. Employees have lost their personal identification with the former companies, their planned economy values and norms (when the major aim was not make profit but to fulfil a plan at all costs). Consequently, one can speak about the personnel socio-cultural crisis involving not only all social relationships but also culture, i.e. all ways of performing human activities.

External causes of employees' socio-cultural crisis in Russian organizations are the following: lack of a civilized market as a social institution that is connected with people's life and relationships, increased competition, lack of a consistent state economic policy, toughened inflation, etc. Internal causes are manifested primarily in: uncoordinated cash flows (inflows and outflows of money), poor management, lack (or insufficiency) of individual work with people, inability of the top executives to manage the crisis.

It should be noted that the employees' activities in an enterprise in default is qualitatively different from the work in the organization with periodic crises in a relatively stable organization. Hence, we should distinguish the terms of "employees' crisis of the enterprise in default" and "employees' crisis of the organization". The employees' crisis of the enterprise in default is manifested in the absence of economic benefits and personal spiritual satisfaction, caused by external and internal factors that led the organization to a state of bankruptcy.

In order to bring out the enterprise from the crisis it is advisable to deal not so much with the reasons as their consequences. In other words, it is rational to make the employees' crisis manageable and moderate its level. The consequences of the employees' crisis are polyvalent and cannot be characterized unambiguously: they are able to create or ruin the new managerial links, form internal collaboration style or increase resistance to reforms, lead to a revival or the final liquidation of the organization. Everything depends on whether the management of the crisis organization will be able to quickly identify the causes of the employees' crisis, analyze the opportunities and launch a mechanism to reduce its negative impact.

Contemporary realities of Russian entrepreneurship led to the emergence of various forms of the employees' crisis. We accept as a basis the definition of the employees' crisis as a discrepancy between motivational attitudes, professional skills, working conditions and requirements of organizational goals and tasks. Origins of the employees' crisis are diverse in different industries and often underlie outward manifestation of crisis symptoms. This is proved by the research findings of international and Russian companies, as well as the results of the our survey, which is described in the following subchapter.

The international consultancy firm Towers Watson surveyed 13,000 employees of large and medium-sized companies in 11 countries in Eastern Europe and Asia: Belgium, France, Germany, Ireland, the Netherlands, Russia, Spain, Sweden, Switzerland, Turkey and the United Arab Emirates.¹ It was found out that less than half (40%) of employees are confident in management ability to cope with the assigned duties. In Russia this figure is less, only 35% of respondents trust the senior management. Less than a quarter of Russians (24%) are willing to put their signature under the statement: "Top executives of my organization genuinely care about the welfare of employees". This is the worst result among the above mentioned countries. The emotional distance between management and ordinary workers in

¹ Милов Г. Российские работники меньше всех в мире доверяют руководству // Vedomosti.ru – 16.05.2013 – URL: http://www.vedomosti.ru/career/news/12069371/rukovodstvu_very_net

Russian companies is one of the largest in the world, which is a legacy of the Soviet administrative-command system, when the heads were not elected, and their orders were not discussed. Many Russian leaders even have no idea that they should talk with subordinates, formulate tasks, check their proper understanding, give feedback and evaluate effectiveness. Many do not want to see the connection between personnel involvement and managers' communication intensity with the subordinates.

The managers' interest in the staff welfare is not the only parameter by which Russia has one of the last places in East Europe. The connection between the labour results and remuneration in Russia is perceived by only 26% employees. Those working in the commercial field often carry out only specific set of functions, which is compensated with money, convenience or long vacations. In the field of intellectual work more importance is given to skilful labour organization, structure of responsibilities, effectiveness and content of meetings in the workplace.

HeadHunter Research Service conducted a survey among 2,728 company employees and found out that 59% of respondents believe that their work is not what they deserve.² 34% of respondents claim that they are not quite satisfied with their current work, and a quarter believes it was a mistake to choose this job. They explain that their work does not enthrall them, it is not interesting and satisfying (46%). About a third relates their dissatisfaction to the wrong choice of the company (36%) and complains about the mistake they made when choosing an occupational sphere (28%). About a quarter has constant discomfort at work, and believe that they were born for something more (26%). Despite this fact, the employees were not in a hurry to change their workplaces, primarily because of the fear that they will not find anything better or lose the money. Roughly a quarter felt a constant annoyance and stress, while 26% are confident that they deserve more. Top management most often feel comfortable in the workplace. If different economic sectors are to be considered, then given survey shows that employees engaged in the financial sector and healthcare system are the least satisfied with their professional activity. 65% and 60% of respondents note that they do not feel "in their place". The largest number of people satisfied with their professional choice is concentrated in the service sector (47%) and sphere of information technologies (46%).

Dissatisfaction with their professional activities impels employees to think about changing their job. Today half of Russians (49%) would like to change the job, according to

² Почему люди занимаются нелюбимой работой? // Группа компаний «HeadHunter» – URL: http://ekaterinburg.hh.ru/article/13443?utm_content=rab_issl_1803&utm_medium=email&utm_source=email&utm_campaign=misc

experts of Russian Public Opinion Research Center (VCIOM), which interviewed 1,600 people in 130 villages in 42 regions, territories and republics of the country on 20-21 April 2013.³ Respondents pointed out to the low salary rate as the main reason for changing the job. The problem does exist, and the number of people dissatisfied with their career will continue to increase due to objective and subjective reasons. Objectively, people are not satisfied with their incomes, which for the last few years almost have not grown against the background of rising prices and tariffs. Subjectively, a new generation is less attached to their profession and to the employer than those who are brought up in the Soviet times. There were also given other causes such as high workload, uninteresting work and the work beyond specialty of individuals. Among less popular responses to the question about the reasons for changing jobs there were poor relationships in the team, family circumstances and the desire to start their own business.

The comparative analysis of the respondents surveyed VCIOM in April 2011 and 2012, shows that the importance of the wage rate factor dropped over the given period. Likewise, the proportion of additional "fringe benefits" provided by the enterprise (health center, tour offers, kindergarten, housing) decreased by 7%, the number of respondents for whom an official employment (an employment contract or an enrollment by order) is important reduced by 3%.

Meanwhile, according to the Analytical Center of the portal Rabota.ru, 22% compatriots changed their jobs due to the boorish attitude of managers.⁴ Manifestation of boorishness of Russian executives is associated with two widely spread causes. Firstly, given the dependence of the subordinates, the executives feel free to lose their temper being confident that such behavior is acceptable. The second reason, in contrast, stems from self-doubt: such leaders revel in their power and thus cherish their ego.

3 Survey focused on managerial staff of Russian organizations

The authors of this article conducted the expert survey of managerial staff of Russian organizations in different economic sectors. The data received by the authors' questionnaire survey and semi-structured interviews. The responses to the question "Complete the next statement: "The crisis in my organization often occurs when ..." were grouped by us on similar grounds: actions among the structural units are not coordinated; the expansion process is

³ Russian Public Opinion Research Center (VCIOM) // URL: <http://wciom.ru>

⁴ Начальник – хам! // федеральный портал по трудоустройству Rabota.ru – URL: http://www.rabota.ru/issledovanija/rezultaty_oprosov/nachalnik__ham_.html

accompanied by the shortage of qualified personnel; production modernization does not go along with timely reviews of labour standards and appropriate motivation of employees; there are changes and updates that cause depression among both ordinary employees and managers at various organization levels, resulting in the increased level of conflict in work teams; there is downsizing; there is a conflict between the organization customers and employees; the staff do not fulfill duty regulations; there is excessive managerial pressure on subordinates; there increase debts on loans and worsen financial problems; there is inefficient redistribution of profits between employees and management; employees are dissatisfied with the wage rate, working conditions, attitude of the administration, disproportionate distribution of incentive pay; executives are replaced too often.

It can be concluded that there are both external and internal organizational causes of the organization crisis the main one being the staff crisis manifested in the lack of motivation to perform efficiently their professional duties, insufficient level of staff qualifications brought about by toxic management practices and toxic workplaces.

In our point of view, the term «toxic workplaces» contain all dysfunctional factors of the professional environment, the impact of which on the employee can cause health problems; a decline in the body adaptation level; a rise in contagious diseases, temporary or steady decrease in productivity as well as rise in occupational diseases (Scott-Marshall & Tompa, 2011). Some features of toxic workplaces in Russian organizations are simultaneously seen in the findings of the VCIOM survey conducted for three years (2009, 2011 and 2012) which show that the number of those willing to change jobs has increased by 10%, the key reason being – low salary and wage rate. Nevertheless, it is necessary to characterize a steady growing trend in such reasons as uninteresting work, poor working conditions and labour organization (Kalleberg, 2012), inability to improve housing conditions.

Conclusion

Based on findings mentioned above we believe that a certain cause-effect relationship between crisis and toxicity of management and employees exists in the Russian organizations and that looks like «circulation». The first part of this cycle is a crisis situation. In the life of each organization there occur unforeseen crisis situations, in which the company must respond quickly to the problem, modify the environment and the organization policy, enter new markets, create new products, go into wage wars with competitors and sometimes endure

failure. In these conditions, the company management and employees may experience frustration, emotional blockages, stress and even mental problems, that lead to germination and wide spread of toxicity throughout the organization. Elevated degree of toxicity, which becomes unmanageable, has a negative impact on individuals and entire organization, its performance, coworkers and consumers. This impact subsequently causes reduction in productivity, the bottom-line losses, increases the human and financial costs (Kusy & Holloway, 2009). Thus, without coping with loss, the company can expect new hard times and new organizational crisis. This process of close interrelation «crisis – toxicity – crisis» may become continuous, gaining momentum with every time and causing even more harm, that can eventually ruin the company completely. That is why the process of identifying and evaluating toxicity within organizations is very important for their management. This is the only way they can break this “vicious circle” in time to save their enterprises.

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