Uber recommendations show company was 'out of control'

SAN FRANCISCO: It's clear from former Attorney General Eric Holder's recommendations on how to fix Uber's dysfunctional management that the male-dominated company grew huge without even the most basic procedures to prevent sexual harassment, bullying and other bad behavior. The 13-page document from Holder's firm Covington & Burling LLP released Tuesday exposes a startup-turned-goliath that permitted misconduct, had few policies to protect employees and ran with little board supervision.

The recommendations , adopted unanimously by Uber's board, show clearly that the next version of Uber, called 2.0 by CEO co-founder Travis Kalanick, will have to be much different from the free-wheeling company that flouted regulations and disrupted the taxi business to become the world's largest ride-hailing company. Kalanick told employees Tuesday that he'd be taking an indefinite leave of absence. The Holder investigation started after former engineer Susan Fowler posted a blog in February detailing harassment during the year she spent at Uber, writing that she was propositioned by her manager on her first day with an engineering team. She reported him to human resources, but was told he would get a lecture and no further punishment because he was a "high performer," she wrote.

After interviewing 200 witnesses, Holder had to make such basic recommendations as setting clear policies to protect workers from harassment, and that the human resources department gets a better handle on keeping records and tracking employee complaints. It even suggests such simple procedures as using performance reviews to hold leaders accountable and requiring all employees to turn in receipts so the company can make sure expenses match its values. The recommendations "definitely paint a picture of a company that was out of control and pretty chaotic," says Elizabeth Ames, a senior vice president at the Anita Borg Institute, a nonprofit aimed at advancing women in the technology business.

Justified poor behavior

Holder also suggests that Uber change its written cultural values to promote positive behavior, inclusion and collaboration. The company should eliminate values that justified poor behavior, such as "Let Builders Build," "Always Be Hustlin'," "Meritocracy and Toe-Stepping" and "Principled Confrontation." Holder also called for trimming Kalanick's job duties, shifting day-to-day functions to a yet-to-be-hired chief operating officer. During Kalanick's leave, his leadership team will run the troubled company. Kalanick wrote that he needs time off to grieve for his mother, who died in a May boating accident. He also said he's responsible for the company's situation and needs to become a better leader echoing comments the 40-year-old CEO made earlier this year after a heated argument with an Uber driver over pay was captured on video.

Uber's board said it would review Kalanick's responsibilities and reassign some to others. Ames said the recommendations were strong but indicated Uber had few policies, and the ones it had were not followed. The board unanimously approved the recommendations on Sunday, including a suggestion that a senior executive be tasked with making sure they are implemented. Apparently because of distrust of some leaders, Holder recommended that care be taken to make sure the executive "is viewed positively by the employees." The company released only Holder's recommendations, not his full report, citing the need to protect employees who complained.

Liane Hornsey, Uber's chief human resources officer who started in January, said implementing the recommendations "will improve our culture, promote fairness and accountability, and establish processes and systems to ensure the mistakes of the past will not be repeated." Holder also recommended adding independent directors and replacing the board chairman, co-founder Garrett Camp, with an independent person. The board currently has eight voting members, three from within the company. Uber was also advised to make sure its workforce is more diverse. The company's diversity figures are similar to the rest of Silicon Valley, with low numbers for women and underrepresented minorities. In the US, less than a third of the company's workers are female. —AP

China insurance mogul said unable to work, detained

BEIJING: The Chinese insurer that owns New York City's Waldorf Astoria Hotel said yesterday its chairman has turned over his duties to other executives following a report he was detained by regulators amid accusations of possible financial misconduct. Anbang Insurance Group Ltd Chairman Wu Xiaohui was "temporarily unable to perform his duties due to personal reasons," said a one-sentence statement on the company website. It said Wu had authorized other executives to do his work and gave no other details. On Monday, the magazine Caijing reported that Wu, who founded Anbang in 2004 and built it into one of China's biggest insurers, was detained last week by insurance regulators. Citing unidentified sources, it said authorities told the company about the detention but gave no reason.

Spokespeople for Anbang did not respond to phone calls or emails. The China Insurance Regulatory Commission did not respond to questions sent by fax. Anbang has been under scrutiny since a multibillion-dollar global string of asset purchases, including buying the Waldorf for $2 billion, raised questions about how it was paying for its buying spree. The privately held company said the money was raised from shareholders. It denied a report by another magazine, Caixin, in April that Anbang improperly used payments from policyholders to increase its capital base. More recently, the company has suffered setbacks including failing to complete several foreign takeovers. That included the proposed purchase of US-based Fidelity & Guaranty Life for $1.6 billion.

In May, Anbang was ordered to stop selling two financial products that regulators said violated industry rules. Chinese insurers also have been investigated following complaints of reckless speculation in stocks and real estate. The chairman of the Chinese insurance regulator is under investigation by the national anti-corruption agency. Regulators say reducing financial risks in the Chinese economy is a priority this year. Rising Chinese debt levels have prompted concern about the stability of the country's financial system. Anbang has a reputation for unusually aggressive expansion in a Chinese insurance industry dominated by state-owned companies. Earlier, the company discussed possibly investing in a Manhattan skyscraper owned by the family of Jared Kushner, US President Donald Trump's son-in-law and adviser. Those talks ended in March without a deal.

Wu rarely talks to reporters or appears in public, but Caijing said he attended a series of public events in recent weeks. That included a May 12 meeting called by the insurance regulator to study a speech by President Xi Jinping about financial regulation. Anbang said it raised 50 billion yuan from investors in 2014. That increased its registered capital fivefold to 62 billion yuan the biggest among Chinese insurers. Caixin's April report said at least 30 billion yuan of that money really was payments from policyholders. The magazine said it was channeled back into the company through a complex ownership structure. Anbang has more than 30,000 employees serving 35 million clients and has interests in life insurance, banking, asset management, leasing and brokerage services. —AP

SAINT-JUNIEN: This file photo taken on June 08, 2017 shows an employee working on a leather wallet at the Hermes new leather workshop. — AFP

French luxury leaders create work at home

Feeding the world's growing appetite for chic

PARIS: Using globalization's potential with the precision of master designers making fashion, France's luxury companies are generating jobs again, defying nationwide gloom over stubbornly high unemployment. As they feed the world's growing appetite for the ultimate in chic, the likes of Hermes and Chanel are hiring qualified staff in the hundreds and even thousands, most of them in France itself, a growing contribution to reducing the nation's jobless pool of nearly 3.5 million. Birkin-bag maker Hermes is the latest French luxury firm to announce new jobs, opening two new leather workshops and adding 220 employees to meet rising demand abroad, particularly in Asia.

Other French labels such as Chanel, Louis Vuitton and Yves Saint Laurent have also become major global brands for ready-to-wear, accessories and perfume. As sales rise, especially to Chinese consumers slaking their thirst for luxury goods, manufacturers are adding jobs. That goes against the grain of the overall manufacturing sector in France, which has seen its share of economic output halved over the past half century to account for around 11 percent, according to World Bank data. At Saint-Junien in central France, where Hermes opened one of the new workshops, dozens of craftsmen cut and stitch leather into gloves, wallets and other small objects. In this facility, which used to process wool, there is no automation. Work is done by hand and each piece is signed by the craftsman. "It is unimaginable creating a site like this in another country," said Guillaume de Seynes, executive vice president of manufacturing for Hermes, which was founded in 1837. "It is out of consideration for quality and a question of image. Made in France means to clients French know-how" that has been handed down for generations.

Historic chance

"Very clearly, for the luxury sector, the enrichment of new countries, globalization, were a historic chance for the creation of jobs, as in aeronautics," said de Seynes, a descendant of the firm's founder Thierry Hermes. In the past five years, the company which makes 85 percent of its products in France and exports 86 percent of them, has created 2,400 new jobs in the country. Hermes is not alone.

Kering, the Paris-based world's number two luxury company whose stable includes Yves Saint Laurent, Gucci and Bottega Veneta, has also bulked up. Over the past three years the staff at its luxury division has expanded by 13 percent. In 2013, it acquired the Normandy-based France Croco, a tannery that specializes in working with crocodile skins and supplies top French and Italian fashion houses. Staff levels are expected to rise from 45 to 160 by 2020. Meanwhile at LVMH, the top luxury company with 70 brands including fashion houses Christian Dior, Louis Vuitton, Guerlain, Givenchy as well as Moet et Chandon champagne and Hennessy cognac, added about 1,000 positions last year to meet rising sales, which hit 40 billion euros this year.

And "the trend is comparable, even a bit higher for 2017" said Chantal Gaemperle, the company's head of human resources. The hiring "is for all professions, all along the hierarchy, from manual skills to managers", she said, adding 93 percent of the contracts are permanent.

Powerful symbol

A sign of the luxury sector's growing weight, LVMH this year became the largest company on the Paris stock exchange by market capitalization, pushing aside energy firm Total and drugs maker Sanofi. "It is a powerful symbol. Luxury has a significant weight in the French economy," said Olivier Abtan, who leads the global luxury sector team at Boston Consulting Group. He said French luxury firms had managed to retain a sense of exclusiveness and creativity, while managing to avoid diluting their image. And he believes many of the new jobs are likely to last. —AFP

AGADEZ: The picture taken shows West African migrants returning from Niger after fleeing Libya due to armed groups by pickup truck. — AFP

From boom to bust: Crackdowns take toll on Niger smuggling hub

AGADEZ: With tens of thousands of migrants flooding into the desert city of Agadez en route to Europe, Africa's smuggling capital enjoyed a surge in business which boosted the local economy. But a government ban on the transportation of migrants has hit business badly, leaving disgruntled locals out of pocket. "It's as if you smacked a child without saying what it had done wrong," explains Issouf Maha, mayor of Tchirozerine, a town in central Niger which lies on the edge of the Sahara, just north of Agadez. In May 2015, the government in Niamey adopted a law banning the illegal trafficking of migrants with those found guilty facing a prison sentence of between one and 30 years, and fines of up to 30 million CFA francs .

It was only in August 2016 that the government began "rigorously" applying it, Interior Minister Mohamed Bazoum told AFP. Since then, "more than 100 people smugglers" have been arrested, around a hundred vehicles seized and "nearly 7,000 migrants" brought back to Agadez, Bazoum said, indicating the importance of cracking down on all forms of smuggling. "All trafficking is interlinked" whether it be in migrants, weapons or drugs, he said. As a result of the crackdown, both smugglers and fixers have found themselves at a loose end.

No other work

But it's not only them: shops, banks and lorry drivers are also feeling the absence of the thousands of migrants who, despite their extreme poverty, have stimulated the economy in this impoverished desert city that is a key transit point for those heading to Europe. "Me, I just help one of the fixers. Now the police are calling us 'accomplices'," says Achama Akomili, 35, describing the criminalization of an activity which only three months ago was legal. "Before I was earning a good living. I paid my rent through the migrants and the fixers. With that I could feed my wife and help my family. At the moment, it's not going well. "We carry on because there's no other work. We've got no choice. Before I was earning between 30,000-40,000 CFA francs per day ."But now, I can go a whole week without earning anything," he complains. And one day soon, he himself might have to join "the exodus" heading north, Akomili says.

Business at a standstill

Taher Soufiane, who has been driving migrants to the border since 2013, is also at a loose end after being arrested on the road with around 20 people in the back of his pick-up truck. "We didn't know it was forbidden," says this 29-year-old father-of-three. After several days in jail, he appeared before a judge and was released. But he's not clear whether it's a provisional release before a trial or whether he's been handed a suspended sentence. "They just told me that if I do it again, I will go to prison for a long time. They took my car and my work and now I just sit around all day," he complains.

"Why is Europe banning this without giving us anything?" In the market, trader Issouf Halidou says he too has seen his business hit by the crackdown on people smuggling. "I'm not selling anything anymore. Business is at a standstill," he grumbles. His stall is packed with all the paraphernalia sought by migrants taking the long desert journey north: for 500 CFA francs (75 centimes, 85 cents), you can buy a small water bottle, gloves, a balaclava and sunglasses. For a little more, there is also food: milk for about 2.0 euros, cassava for 1.50 and sugar for 90 centimes. But now he doesn't know what to do with his stock. — AFP

Migrants dice with death on boats and in deserts

ZAWIYAH, Libya: Maria gave smugglers all her family savings and crossed three countries and the searing Libyan desert, but when she finally boarded a boat for Europe her dream was swiftly shattered. She was 24 and pregnant with her second child when she left Liberia with her husband and their three-year-old son. The family passed through Guinea and Mali before crossing southern Algeria to reach the Libyan desert. "The smugglers took all our money", more than $2,150 she said. "We spent four days in the desert. People died of thirst and the sun in the back of the truck."

They finally arrived on the beach at Sabrata, 70 kilometers west of Libya's capital Tripoli, a key departure point for migrants making the perilous Mediterranean crossing to Europe. They immediately boarded an inflatable boat after paying smugglers about 500 Libyan dinars. But the subsequent voyage was short and ended abruptly. Their flimsy craft was intercepted by the Libyan coastguard and they were escorted to a detention centre in Zawiya, a port town between Sabrata and Tripoli. It was there that Maria finally gave birth.

Today, she is locked up with her baby and son, along with 20 other women and children. Her husband is detained in a cramped cell nearby with dozens of other migrants. Their story is similar to that of thousands of sub-Saharan migrants who make desperate attempts to reach Europe via war-torn Libya. The country has become a major transit point for migrants looking to cross the Mediterranean with, according to the UN's International Organization for Migration, between 700,000 and a million people in Libya awaiting their chance. Libya also has more than two dozen reception centers where hundreds of migrants are being detained in appalling conditions.

Harrowing journey

Smugglers operate openly in the chaos that followed the fall of longtime dictator Moamer Kadhafi in 2011. Moussa Ouatara, 29, headed to the North African country from his native Ivory Coast. He had to pay $195 to reach the transit point of Agadez in Niger's central desert, then a further $490 to reach Sabrata with a group of other Ivorians. He too spoke of a harrowing journey across the Libyan desert. "There were deaths," he said. "They died of hunger and thirst. There was no water or food." After paying more money to cross the Mediterranean, his boat was intercepted by the Libyan coastguard, who took him to Zawiya. "I haven't got any money for another crossing attempt," he said. —AFP

GARABULLI, Libya: Libyan coastguards drag a deflated rubber boat carrying the bodies of migrants after the craft sank off Garabulli, 60 kilometers east of Tripoli, on June 10. — AFP