

ADVANCED TECHNOLOGY LABS

INTRODUCTION

Procedural justice involves establishing and communicating transparent processes to support a perception of fairness and justice. This case will present a situation related to the handling of a hypothetical employee relations matter with two possible outcomes; one where there is no context of procedural justice, and the other where procedural justice is present. As you read the case, you will note that the details are identical in the two situations up to a certain point at which the decisions made and actions taken either lead away from or toward a perception of procedural justice. We will compare and contrast outcomes with the two approaches.

BACKGROUND

Advanced Technology Labs (ATL) is a company that specializes in the manufacturing of next generation computer chips and other sensing technology related to the “Internet of Things”, also known as IoT. The Internet of Things utilizes advanced applications of new technologies that enable a wide variety of devices to communicate with each other across existing network infrastructure. For example, “smart homes” and traffic control monitoring applications show how “machines communicate with machines” through wi-fi networks. ATL employs 2,300 employees in four locations in the United States and Canada.

THE CASE

Rose is a supervisor at Advanced Technology Labs. She manages one of the manufacturing units for computer chips. Lately, orders for chips have been rising. Unfortunately, staffing levels have not kept pace with the work. There have been a couple of resignations on her team, one of them being her Lead Production Representative, Mary.

Rose is feeling a great deal of pressure from her manager, Andy. He has told her that he may have to replace her if her unit continues to lag behind in production. Rose is a single parent and can't afford to lose her job. She has been with ATL for nearly ten years and has worked hard to rise to the level of supervisor.

Andy has his own problems. He was promoted to Director about a year ago. Rose's unit is the lowest performing of the three manufacturing units that report to him. Another issue is that in the last employee engagement survey, the areas reporting to Andy had the lowest engagement scores in the division and the highest turnover. He has to get this situation turned around before the end of the calendar year. Otherwise, his bonus might be affected and the executive team will begin to think that he is the problem. That could be the end to what seems to be a promising career.

Rose sits down with Andy to discuss how to fill the vacancies in her unit, especially the Lead Production Representative position that recently became available when one of her key people, Mary, left to join a competitor.

“We need to select someone quickly to replace Mary as a Lead Production Rep,” Rose tells Andy. “I was thinking about putting Tom in that job based on his past supervisory experience and excellent performance.” Andy pauses before responding, carefully weighing the engagement issues in his area, the declining productivity of Rose’s unit, and the urgency to act quickly. He asks Rose if they have to post the position, “Well, normally we do,” she replies, “but we just don’t have the time. I need somebody in that role right now and if we post the position through the system, we’ll have people applying from all over the company and it will take too long to fill it. We’re already behind schedule. I recommend that we assign Tom as the Interim Lead and then we’ll just make it official after a month or so.” Andy asks, “But don’t you think the employees will be concerned if we bypass the posting process? I mean, I like Tom and think he would be a good Lead, but I don’t think we want to solve one problem and create several others at the same time.”

The Path Away from Procedural Justice and the Outcome

“I don’t think the employees will be upset,” Rose responds, “Tom is the obvious choice. Everybody likes and respects him. I think people are more concerned about Mary leaving and all the pressure of working with reduced staff.” Andy still has reservations, but he doesn’t want to undermine Rose’s authority. He tells Rose to proceed forward and let him know how it goes.

Rose sends out an email to the team announcing that Tom has been selected as the Interim Lead Production Rep. Three weeks later, she sends an additional email to the team announcing that Tom has been designated as the permanent Lead.

Sally has worked in the unit as a technician for three years. She has been preparing for some time to advance to a leadership role and recently completed an Emerging Leader training program in the company. She has been hoping for a promotion and a raise to solve some financial problems that were created when her husband lost his job as an electrician. “Why did Tom get the Lead Rep position?” she asks a colleague in the break room, “I thought they were supposed to post job openings.” Several employees agreed that the process did not seem fair or in line with company practices. They asked to meet with Rose as a group to express their concerns. Rose told them that she would meet with them individually, but could not discuss specifics about why Tom was selected because the process was confidential. Rose lets Andy know that some of the employees have expressed concern about Tom’s selection, but tells him she has the situation under control and will keep him in the loop.

Three of the employees ask for a joint meeting with Human Resources to complain about Tom being designated as Lead Rep. The team, in the meantime, has been giving Tom the silent treatment. Another employee has decided to file an age discrimination charge against the company with the Equal Employment Opportunity Commission because he feels that failure to post the position was intended to keep him from submitting an application for the job. Two other employees are applying for ATL positions outside of the unit and may even seek employment elsewhere.

Three months after Tom was selected for the position, productivity has dropped by more than 10 percent in the unit despite the fact that all vacancies have been filled. Tom is discouraged because he does not feel he has the team’s support. He thinks that his former co-workers are giving him the cold shoulder. Despite his past supervisory experience, Tom’s confidence in his abilities as a leader is beginning to erode. Not only is productivity declining, but client satisfaction is also trending downward due to a rise in product defects. Other manufacturing units have to pick up the slack. Tom has expressed his concerns to Rose. She tells him that the employees are just jealous and need to stop their “belly aching” and get back to

back to work. In the meantime, Rose is looking for employment elsewhere. She just doesn't see how she can turn the situation around.

Let's see how the situation might have developed differently at a critical point in Rose and Andy's conversation...

The Path Toward Procedural Justice and the Outcome

...Andy asks, "Don't you think the employees will be concerned if we don't post the position? I mean, I like Tom and think he would be a good Lead, but I don't think we want to solve one problem and create several others at the same time."

Rose acknowledges that Andy has a point. "They might be concerned," Rose says, "but surely there is some way we can get their buy-in." Andy suggests, "why don't you meet with the team — explain the situation and the need to move quickly. Perhaps if they understand the urgency of getting leadership in place, why you are doing this, and how it will benefit them, they'll be more likely to buy into your plan. Be sure to run it by Human Resources first. Maybe they have other suggestions."

Rose meets with Human Resources and they approve the appointment of Tom as an Interim Lead Rep. However, they insist that all employees within the unit be given an opportunity to apply for the position before it is permanently filled. They remind Rose that the Employment and Promotion Policy permits the position to be filled from within the unit alone as long as all the employees have an equal opportunity to indicate interest and be considered for the vacancy. That way, the process will move more quickly than if the position is posted across the company.

Rose meets with the team and explains the urgency of their situation. She tells them that the Lead Rep position will be posted within the unit in writing in accord with company policy and anyone interested will have an opportunity to apply. She also announces that, in the meantime, she is appointing Tom as the Interim Lead Representative and that he will serve in that role until the position is filled. She reminds them that Tom is fully capable of serving in this capacity based on his knowledge and past supervisory experience at a similar company. She tells the team that she is confident that the position can be filled from within the unit, but if not, it will be posted outside the unit per the policy. She requests that employees support Tom in his interim role until the position is permanently filled, and that everyone pull together as a team to keep productivity up. She asks what concerns or suggestions employees have at this time. No employees raise any concerns and the meeting ends. She reminds them how important their input is during this period, and encourages them to speak with her or Tom if they have questions or suggestions.

The next day, Rose sends out two emails — the first announcing the vacancy, job requirements, and the process and time frame to fill the position — and the second announcing the selection of Tom as Interim Lead Representative. She copies Human Resources and Andy on both emails.

In addition to Tom, Sally and another employee apply for the vacancy. The three applicants are interviewed for the position and four weeks later, Tom is selected as the Lead Representative. Rose first offers the position to Tom and then meets with each of the other employees to let them know they were not selected. The two employees not selected are disappointed and tell her that they have qualifications that Tom lacks. Rose responds that she is confident that Tom was the best choice for the Lead role at this time based on his performance, past supervisory experience, and the current needs of the unit. However,

However, she understands their disappointment in not being selected and would be happy to schedule time to visit with them individually that very week to discuss their own qualifications, performance, and career development. She also invites them to meet independently with Human Resources if they wish. The employees in the unit generally support the selection of Tom as the new Lead. Three months later, productivity in the unit is stable. Tom is enjoying his role as Lead. Although Sally was disappointed in not being selected for the position, she has accepted the fact and is looking forward to other opportunities within and outside the unit. Andy is pleased that productivity is stable. Rose feels that the crisis has passed and she is focusing on ways to continue developing Sally and other team members for future leadership opportunities.

THE ASSIGNMENT

- Consider the facts. How would you define procedural justice? Putting the question differently, what does procedural justice look like and how would you recognize it if you saw it?
- Consider the people. Are there other people affected by this situation besides Rose, Andy, Tom, Sally, and the unit employees? Think about the consequences of each course of action. Who are other stakeholder groups in this issue and how is each affected by the two possible outcomes of the decision Rose makes?
- Consider the situation. What is the critical decision point that leads to the different outcomes of the situation presented? What lessons can you take away from how these very different sequences of events unfold? How might procedural justice interfere with business success? How should businesses balance the need to be nimble and responsive to changing circumstances with the obligation to follow fair and just processes?

This case was prepared for the Daniels Fund by Earnie Broughton, Senior Advisor, Ethics Research Center (ERC), the research arm of the Ethics & Compliance Initiative (ECI).

ADVANCED TECHNOLOGY LABS INSTRUCTOR/FACILITATOR CASE NOTES

CASE SUMMARY

This case presents a situation in which the actions of a leader related to processes around selection and promotion lead to very different outcomes. There are many reasons why leaders fail to bring transparency to decision processes. Some fear challenges to and dissatisfaction with the results of decisions. Others are concerned that communications and transparency around process actually slows down decision-making.

LEARNING OBJECTIVES

The learning objectives of this case study are as follows:

- Understand the nature and importance of procedural justice in decision-making
- Identify the elements of procedural justice as it is applied in the case
- Understand how an expanding circle of stakeholders is affected by the decisions we make

ISSUES

Importance of Attending to Transparency in Process

Procedural justice refers to the idea that transparency in processes is related to how individuals judge the fairness of outcomes. Research suggests that when employees understand the process related to a particular decision, believe it to be “fair” and that they and their concerns are being treated with respect, they are more likely to accept and/or be satisfied with the outcome even if it is unfavorable to them.

Daniels Fund Ethics Initiative Principles involved: Trust, Transparency, Respect, and Fairness

The Impact of Actions on Various Stakeholder Individuals and Groups

Sometimes we consider only the people most directly involved in an ethics-related decision to be “stakeholders” in a particular issue. However, because we are all densely embedded in social networks, actions that affect individuals and climate in one part of an organization can also affect people who are located in other parts of the network, including employees, family members, and customers. For example, studies suggest that high levels of *employee* engagement, defined as the willingness to commit to work above and beyond expectations, are related to high levels of *customer* engagement. Therefore, actions that affect the level of employee engagement in one area can have multiplying effects across the network. Viewed in this way, our decisions, actions, and habits can have effects far beyond the most immediate people involved. Readers should be able to identify primary and secondary stakeholder groups and discuss how each might be affected by the way Rose handles this situation.

Daniels Fund Ethics Initiative Principles involved: Accountability, Trust, and Viability

Key Decision Points in a Given Situation Can Lead to Completely Different Outcomes

There are key inflection points in the course of any decision or situation where choices made can lead to very different outcomes. In this particular case, the sequence of events is the same in both scenarios up to the point when Andy focuses on the perceptions of a key stakeholder group — the employees in the unit affected. In the first scenario, Rose minimizes the perceptions of the employees and proceeds with a course of action that has negative consequences. In the second scenario, she acknowledges the potential fallout from the course of action she is contemplating and pursues a conversation with Human Resources that permits her to achieve her original objective, but in a way that is more transparent and favorable in its consequences.

Daniels Fund Ethics Initiative Principles involved: Trust, Fairness, Transparency, and Respect

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