2017-2018
ANNUAL REPORT

OF

THE UNIVERSITY OMBUDS OFFICE

Presented at the
784th Regular Meeting of the Faculty Senate
February 14, 2019
Resolution Services for Conflicts and Concerns

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# Table of Contents

Executive Summary..................................................................................................................4

The Role of the Ombuds Office............................................................................................5

Standards of Practice............................................................................................................5

Staffing..................................................................................................................................6

Clarification of Issue Categories.........................................................................................6

University Community Member Consultations...............................................................6

Overview...............................................................................................................................6

Issues Raised.........................................................................................................................7

Assistance Provided ..............................................................................................................9

Outcomes...............................................................................................................................10

Additional Impact of Services.............................................................................................11

Ombuds Office Challenges................................................................................................12

Trend Identification and Recommendations......................................................................12

Conclusion.............................................................................................................................15

Appendix A: IOA Uniform Reporting Categories ...............................................................17

Appendix B: Fair Process: Managing in the Knowledge Economy..................................21

Appendix C: INVOLVE – A Toolkit For Fair Process Communication.............................37

Appendix D: Examples of INVOLVE Fair Process Leadership Communication Practices.....43

Appendix E: 6 Surprising Insights of Effective Employee Engagement.............................47
Executive Summary

The Ombuds Office grew and solidified its position at UMass over the 2017-2018 academic year. Derek Doughty, formerly a case manager with the Dean of Students Office, began work as the office’s third Ombuds in September, 2017. As a result of this addition and an increased demand for services the office was able to serve a greater number of faculty, staff, and students in FY18, and provided higher levels of service to groups, departments, and individuals.

In FY18 the Ombuds Office continued to participate as an ex officio member of the Committee on Workplace Climate and Bullying and also now sits on the Employee Services Committee organized through the Chancellor’s Office of Equity and Inclusion. University Ombuds Carol Booth served as the Climate Advisor to the Chancellor’s and Provost’s areas as the University engaged the campus in Climate Conversations during the spring 2018 semester; this role will continue into FY19. The Ombuds Office also continued its many collaborations with other offices across campus, including Human Resources, Workplace Learning and Development, the Office of Equity and Inclusion, the Graduate Dean’s Office, the Provost’s Office, and several academic departments and work units.

The Ombuds Office was able to resolve each of the challenges identified in its FY17 Annual Report. The Office completed the process of creating a strategic plan in FY18, using its mission and values to build a comprehensive action plan to inform the campus about Ombuds services, expand educational offerings, and support the University’s climate initiatives. We installed soundproofing panels throughout the offices, ensuring that all visitors receive the confidentiality they are promised. We designed and began to use a satisfaction survey to obtain feedback on our services. In June 2018, the Ombuds Office launched its new website, www.umass.edu/ombuds, which is not only full of information about the Ombuds Office and its services, but is rich with resources about communication, conflict resolution, and related topics.

The Ombuds Office looks forward to another productive year in FY19.

Respectfully submitted,

Carol Booth, J.D.
University Ombuds
The Role of the Ombuds Office

The mission of the Ombuds Office is to promote a knowledgeable, fair, and respectful UMass community by building faculty, staff, student, and organizational capacity for constructive communication and conflict resolution. To accomplish this mission, the office assists faculty, students, and staff to prevent, identify, manage, and resolve campus-related conflicts and concerns and offers presentations and workshops about communication, conflict management, and resolution strategies. Additionally, the Office provides insight and recommendations to University leadership about trends and systemic issues identified through its work. The Ombuds Office operates under the Standards of Practice and Code of Ethics of the International Ombudsman Association (IOA) as set out in the Charter developed between the Ombuds Office and the Chancellor’s Office in 2015.

Standards of Practice

The International Ombudsman Association (IOA) Standards of Practice and Code of Ethics are fully described at https://www.ombudsassociation.org/About-Us/IOA-Standards-of-Practice-IOA-Best-Practices/Code-of-Ethics.aspx. The University of Massachusetts Ombuds Office complies with IOA standards by working according to the following principles:

Confidentiality

The Ombuds Office maintains the confidentiality of its visitors’ identities and communications with two exceptions: if there is an imminent risk of serious harm or if required by law to disclose. All visitors have the option to speak with the Ombuds Office without disclosing personally identifying information if they choose. Consistent with its obligation to protect confidentiality, Ombuds records consist of non-identifying information and statistical data. Providing information to the Ombuds Office does not constitute legal notice to the University.

Neutrality

The Ombuds Office supports all visitors to the office with the goal of helping to resolve their issues; the Ombuds does not take sides, act as an advocate, or enforce policy. The staff maintain neutrality while working with visitors to help all parties achieve a fair resolution of their conflicts and concerns. The Ombuds Office does not have the authority to make decisions or impose sanctions.

Informality

The Ombuds offers a wide range of informal resolution options, such as coaching, mediation, and facilitated dialogues. Ombuds services complement, but do not replace, formal channels of conflict resolution on campus. Ombuds services are always voluntary; use of the Ombuds Office cannot be imposed or required. The office does not conduct investigations and is not authorized to accept notice of claims against the University.
Independence  The Ombuds reports directly to the Chancellor’s Office for administrative purposes and is otherwise not part of a managerial chain of authority. This allows the Ombuds to maintain its status as an unaligned, neutral resource for the entire campus community.

Staffing
The Ombuds Office is staffed by University Ombuds Carol Booth, Associate Ombuds Martha Patrick, Assistant Ombuds Derek Doughty, and part-time Administrative Assistant Erica Avery. For additional information, please see https://www.umass.edu/ombuds/our-staff.

Classifications of Issue Categories

To align with standards for the profession, the Ombuds Office uses the International Ombudsman Association (IOA) classification system for tracking the annual statistics about its visitors and their issues. That system consists of nine broad categories and over 80 subcategories to classify the issues raised. A copy of the full IOA Uniform Reporting Categories can be found at Appendix A.

University Community Member Consultations

Six hundred and thirty seven (637) visitors initiated a request for consultation with the Ombuds Office in FY18.1 Another fifty (50) individuals requested assistance by telephone contact only. Ombuds staff contacted another one hundred and seventy six (176) individuals to discuss University policy, to explore an informal resolution of an issue, to get the other’s perspective, or to explore additional options for jointly resolving a problem. In addition to individual services, the Ombuds Office spoke with and provided information to another one thousand one hundred and sixty two (1,162) students, staff, and faculty in 30 sessions at resource fairs, and in talks given in classes, training programs, and academic meetings. In total, the Ombuds Office served two thousand and twenty five (2,025) campus constituents, or approximately five percent (5%) of the entire population of students, staff, and faculty according to statistics contained in ‘UMass at a Glance 2017-2018’. As compared with UMass’ peer institutions that have Ombuds Offices this is well above the average and represents a 1% increase over FY2017.

Overview
In FY18, the Ombuds Office continued to serve all constituent groups on campus as well as some parents, alumni, and others. Their data breaks down as follows:

1 The demographic and Issues data in this Annual Report represents this group only.
Undergraduates | 214
Graduate Students | 66
Total Students | 280
Staff | 147
Faculty | 154
Other | 34
Not Identified | 22

Women | 332
Men | 222
Trans/Non-Binary | 7
Other | 0
Not Identified | 76

### Issues Raised

By far, the highest percentage of issues raised by each group of University community members concerned their evaluative and peer relationships. Across the constituent groups, 58% of the concerns involved evaluative relationships and 8% involved peer and colleague relationships. Other significant areas were administrative, career, and compliance issues. Many people identified more than one issue that concerned them.

<table>
<thead>
<tr>
<th>IOA Issue</th>
<th>Student</th>
<th>Staff</th>
<th>Faculty</th>
<th>Other</th>
<th>Issue Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and Benefits</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Evaluative Relationships</td>
<td>222</td>
<td>95</td>
<td>91</td>
<td>14</td>
<td>422</td>
</tr>
<tr>
<td>Peer and Colleague Relationships</td>
<td>33</td>
<td>32</td>
<td>34</td>
<td>4</td>
<td>103</td>
</tr>
<tr>
<td>Career Progression &amp; Development</td>
<td>9</td>
<td>22</td>
<td>15</td>
<td>2</td>
<td>48</td>
</tr>
<tr>
<td>Legal, Regulatory, Financial &amp; Compliance</td>
<td>26</td>
<td>10</td>
<td>18</td>
<td>9</td>
<td>63</td>
</tr>
<tr>
<td>Safety, Health, &amp; Physical Environment</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Services/Administrative Issues</td>
<td>53</td>
<td>26</td>
<td>10</td>
<td>20</td>
<td>109</td>
</tr>
<tr>
<td>Organizational, Strategic, &amp; Mission</td>
<td>9</td>
<td>14</td>
<td>8</td>
<td>5</td>
<td>72</td>
</tr>
<tr>
<td>Values, Ethics, &amp; Standards</td>
<td>13</td>
<td>11</td>
<td>5</td>
<td>3</td>
<td>32</td>
</tr>
<tr>
<td>Not Identified</td>
<td>9</td>
<td>18</td>
<td>15</td>
<td>0</td>
<td>42*</td>
</tr>
<tr>
<td>Totals by Constituent Group</td>
<td>386</td>
<td>234</td>
<td>198</td>
<td>62</td>
<td>880</td>
</tr>
</tbody>
</table>

*The IOA category is not added to the database until the case is closed in order to capture the most comprehensive information. This number represents the 42 cases that were opened but not closed in FY18. These cases continued to be active in FY19 and this data will appear in the next annual report to avoid duplication.
The following is a further explanation of the issues of most concern to the primary constituent groups.

1. Students
   - **Evaluative Relationships:** (55%) Concerns, issues, or inquiries between people in evaluative relationships such as supervisor-supervisee or professor-student.
     
     The most frequent student concerns in this area involved performance appraisal and grading, academic honesty, respect, and communication.

   - **Peer and Colleague Relationships:** (8%) Questions, concerns, issues, or inquiries involving peers or colleagues who do not have a supervisor-employee or student-professor relationship (e.g., two staff members within the same department or conflict involving members of a student organization)
     
     The most frequent student concerns in this area involved interpersonal respect, academic collaboration issues, work relationships and communication.

   - **Services/Administrative Issues:** (7%) Concerns arising from the provision of University services or administrative decision-making.
     
     The most frequent student concerns in this area involved financial aid, billing, late withdrawals, and other policy exceptions.

2. Faculty
   - **Evaluative Relationships:** (47%) Concerns, issues, or inquiries between people in evaluative relationships such as supervisor-supervisee or professor-student.
     
     The most frequent faculty concerns in this area arose from academic honesty and academic grievance questions, communication, and respect.

   - **Peer and Colleague Relationships:** (15%) Concerns, issues, or inquiries between people not in evaluative relationships, but working together such as two faculty members within the same department or within the same research team.
     
     The most frequent faculty concerns in this area arose from problems with communication, trust/integrity, and respect.
Legal, Regulatory, Financial and Compliance: (9%) Concerns, issues, or inquiries that may create a legal risk for the organization or its members if not addressed including issues related to waste, fraud, or abuse.

The most frequent faculty concerns in this area arose from administrative decisions, leadership and use of authority, responsiveness and timeliness, and organizational climate.

3. Staff

- Evaluative Relationships: (32%) Concerns, issues, or inquiries between people in evaluative relationships such as supervisor-supervisee or professor-student.

The most frequent staff concerns in this area were performance evaluations, trust/integrity, supervisory effectiveness, communication, and respect.

- Peer and Colleague Relationships: (13%) Concerns, issues, or inquiries between people not in evaluative relationships, but working together such as two staff within the same department or within the same work unit.

The most frequent staff concerns in this area arose from problems with communication and respect/treatment.

- Career Progression and Development: (9%) Concerns, issues, or inquiries arising from decisions about promotion, job description, termination, etc.

The most common staff concerns in this area were job classifications and descriptions, conduct, and change of assignment.

Assistance Provided

The Ombuds Office provided three thousand two hundred and sixty seven (3,267) services to its visitors in FY18. Visitors often received several different services during a consultation period with the Ombuds Office. Ombuds services are divided into three main categories as follows:

Individual Problem Assistance includes meeting with individuals and small groups to provide information, explain policy, discuss issues, provide conflict and communication coaching, and develop options for resolution. The Ombuds provide these services over the course of one or more meetings with the visitors. In general, these visitors go on to resolve their issues directly with others, or with minimal further assistance from the Ombuds.

Conflict Resolution Services include the more structured services the Ombuds Office provides. While still informal, conflict resolution techniques such as mediation, shuttle diplomacy, facilitated dialogue, and restorative practices draw on specific skills and expertise of trained
Ombuds personnel. Resolution through these methods is usually considerably more time
intensive than Individual Problem Assistance matters.

**Campus Community Services and Education** includes the educational talks and programs
provided by the Ombuds Office as well as the trend identification and reports we bring to
leaders’ attention.

<table>
<thead>
<tr>
<th>Individual Problem Assistance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Explain Ombuds Services &amp; Standards</td>
<td>1799²</td>
</tr>
<tr>
<td>Explain UMass Policies and Procedures</td>
<td>489</td>
</tr>
<tr>
<td>Discuss/Develop Resolution Options</td>
<td>511</td>
</tr>
<tr>
<td>Made Inquiry on Visitor’s Behalf; Feedback to Visitor</td>
<td>117</td>
</tr>
<tr>
<td>Referral</td>
<td>147</td>
</tr>
<tr>
<td>Conflict Coaching</td>
<td>67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conflict Resolution Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitated Dialogue</td>
<td>13</td>
</tr>
<tr>
<td>Mediation</td>
<td>3</td>
</tr>
<tr>
<td>Shuttle Diplomacy</td>
<td>42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Campus Community Services &amp; Education</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Worked with Campus Partner</td>
<td>17</td>
</tr>
<tr>
<td>Brought to the Attention of Leadership</td>
<td>26</td>
</tr>
<tr>
<td>Presentations Given</td>
<td>30</td>
</tr>
<tr>
<td>Identified Trends and Goals vs. Practices</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,267</strong></td>
</tr>
</tbody>
</table>

**Outcomes**

Many people who consult with our office experience more than one outcome. At the same
time, since the majority of the Ombuds Office’s services are informal and precede a final
resolution strategy reached by the parties, the Ombuds often does not know the exact nature
of the final result. The statistics contained here reflect the Ombuds’ assessment of what we
achieved with the visitor. Consultation with the Ombuds Office in FY18 resulted in the following
outcomes for our visitors and contacts:

² This number includes 637 office visitors and 1162 people who attended our presentations about the Ombuds Office and trainings.
<table>
<thead>
<tr>
<th>Service Provided</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referral to Other Campus Resource</td>
<td>143</td>
</tr>
<tr>
<td>Referral to Off-Campus Resource</td>
<td>10</td>
</tr>
<tr>
<td>Requested Changes Occurred</td>
<td>58</td>
</tr>
<tr>
<td>Increased Understanding of Ombuds Services</td>
<td>1799</td>
</tr>
<tr>
<td>Increased Understanding of Policies &amp; Procedure</td>
<td>438</td>
</tr>
<tr>
<td>Increased Understanding of Options for Resolution</td>
<td>477</td>
</tr>
<tr>
<td>Resolved Through Ombuds Conflict Resolution Service</td>
<td>27</td>
</tr>
<tr>
<td>Increased Conflict Resolution Skills</td>
<td>149</td>
</tr>
<tr>
<td>Formal Process Initiated by Visitor</td>
<td>15</td>
</tr>
<tr>
<td>Relationships Improved</td>
<td>37</td>
</tr>
<tr>
<td>Resolved by Visitor after Ombuds Consultation</td>
<td>191</td>
</tr>
<tr>
<td>Resolved by Other UMass Intervention</td>
<td>16</td>
</tr>
<tr>
<td>Resolved by External Intervention</td>
<td>1</td>
</tr>
<tr>
<td>Prior Formal Process in Progress</td>
<td>2</td>
</tr>
<tr>
<td>Visitor Not Eligible</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,364</strong></td>
</tr>
</tbody>
</table>

### Additional Impact of Services

In addition to the specific outcomes listed above, the Ombuds Office makes daily contributions to the ongoing work of improving our campus climate. Nearly every interaction with the people who come to our office increases the visitor’s understanding of conflict and provides them with skills that they can take back into the community. Through modeling, coaching, and other services, the Ombuds teach how active listening and use of dialogue can change the course of difficult conversations. By assisting parties through structured forms of resolution such as mediation, Ombuds help them to use conflict as an opportunity for deeper understanding and connection. When groups or departments use Ombuds services, they can learn to repair the harm done by unfair treatment or group dysfunction. Not every interaction with an Ombuds results in transformative insight, but each visitor to the Ombuds Office learns something about new, more effective ways of resolving the issues that brought them in. The themes of attentive listening and genuine curiosity about the other’s perspective weave into all Ombuds services; these skills form the foundation for a community of dignity and respect.

In addition to the lessons inherent in the work the Ombuds Office does with its visitors, the Office also added direct climate services to its repertoire in FY18. The Ombuds staff all became

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3 This number includes 637 office visitors and 1162 people who attended our presentations about the Ombuds Office and trainings.
Climate Ambassadors through the Office of Equity and Inclusion’s Climate Conversations initiative, using their communication skills to facilitate approximately eight group Conversations over the spring 2018 semester. In addition, University Ombuds Carol Booth served as the Climate Advisor for the Chancellor’s and Provost’s areas, arranging 6-8 Conversations for staff and managers in those areas, facilitating meetings with leadership, reporting findings to the Office of Equity and Inclusion, and participating in ongoing planning. This work directly aligns with the educational component of Ombuds work on campus, and provides another way for the office to be involved in improving communication and advocating for fairness.

**Ombuds Office Challenges**

Many UMass community members still are not aware of the existence of the Ombuds Office or the services it offers. The Office needs to do a better job of making sure its name and purpose are widely known by creating a comprehensive campaign to raise its campus profile.

The Ombuds Office needs better ways to track not only the number of people it serves and the specific outcomes of its services, but the variety of impacts the office has the campus. While there are several ways of quantifying its impact in terms of money saved in reduced use of personal and sick time related to the stress of conflict, reduced supervisor time dedicated to conflict resolution, and other drains on the University’s resources, that does not tell the whole story of how the Ombuds Office supports the University’s mission and values. The Ombuds Office will be researching additional ways to fill this need in FY19.

The Ombuds Office would also like to investigate ways of bringing additional programming to the University that complements its work with individuals and groups. The work it has begun through working with the Chancellor’s Office of Equity and Inclusion and Workplace Learning and Development is a step in this direction, and the Office will continue and expand this work in FY19.

**Trend Identification and Recommendations**

**Civility**

Civility and interpersonal relationships continued to be the primary focus of the Ombuds Office’s work in FY18. One again, more people expressed concern about how they were being treated than any other single issue. For a more detailed analysis of civility trends and the Ombuds Office’s related recommendations, please refer to the Ombuds Office’s FY17 Annual Report at [https://www.umass.edu/ombuds/annual-reports-ombuds-office#](https://www.umass.edu/ombuds/annual-reports-ombuds-office#).

**Process Management**

A significant number of the conflicts brought to the Ombuds Office in FY18 resulted directly or indirectly from structural or procedural changes initiated unilaterally by management, and/or announced by management without prior discussion with those affected or consultation with
existing policy. Most of the people who raised problems related to unexpected change were staff employees, but graduate students and faculty raised related concerns as well. When change happened without prior communication with those affected or without following established procedures, people felt ignored, devalued, discouraged, and unhappy. In essence, they felt deeply disrespected.

Data and comments from those participating in the recent Climate Survey and Climate Conversations also describe people feeling disregarded by advisors, supervisors, co-workers, and managers. Some experienced a sense of unfairness from being subject to unannounced policies or unwritten rules, or being unable to access existing procedural protections. Others described being ignored by their bosses, their ideas being discounted or perceptions of unequal treatment.

Putting the climate survey information together with the experiences of visitors to the Ombuds Office this year has highlighted the importance of good supervisory process management as an essential part of ensuring a respectful campus climate. Conveying and practicing fairness across all levels of leadership on campus will address an essential element of respect on campus.

“Fair process responds to a basic human need. All of us, whatever our role in a company, want to be valued as human beings and not as “personnel” or “human assets.” We want others to respect our intelligence. We want our ideas to be taken seriously. And we want to understand the rationale behind specific decisions. People are sensitive to the signals conveyed through a company’s decision-making processes. Such processes can reveal a company’s willingness to trust people and seek their ideas—or they can signal the opposite.”

Describing the elements of fair treatment isn’t easy. In their 2003 Harvard Business Review article entitled Fair Process: Managing in the Knowledge Economy, W. Chan Kim and Renee Mauborgne describe the three essential elements of fair process:

“...engagement, explanation, and expectation clarity.

Engagement means involving individuals in the decisions that affect them by asking for their input and allowing them to refute the merits of one another’s ideas and assumptions. Engagement communicates management’s respect for individuals and their ideas. Encouraging refutation sharpens everyone’s thinking and builds collective wisdom. Engagement results in better decisions by management and greater commitment from all involved in executing those decisions.

Explanation means that everyone involved and affected should understand why final decisions are made as they are. An explanation of the thinking that underlies decisions makes people confident that managers have considered their opinions and have made those decisions impartially in the overall interests of the company. An explanation allows employees to trust managers’ intentions even if their own ideas have been rejected. It also serves as a powerful feedback loop that enhances learning.

Expectation clarity requires that once a decision is made, managers state clearly the new rules of the game. Although the expectations may be demanding, employees should know up front by what standards they will be judged and the penalties for failure. What are the new targets and milestones? Who is responsible for what? To achieve fair process, it matters less what the new rules and policies are and more that they are clearly understood. When people clearly understand what is expected of them, political jockeying and favoritism are minimized, and they can focus on the job at hand.

Notice that fair process is not decision by consensus. Fair process does not set out to achieve harmony or to win people’s support through compromises that accommodate every individual’s opinions, needs, or interests. While fair process gives every idea a chance, the merit of the ideas—and not consensus—is what drives the decision making.”

Although this Fair Process article was written fifteen years ago, the utilization of fair process to achieve high levels of employee engagement, productivity and positive climate has grown and continued to receive attention. Transparent leadership communication, involving the community in the generation of ideas, clarifying expectations, and other managerial practices remain essential to developing a climate in which people feel respected. Other articles and organizations have expressed similar ideas in slightly different terms but there is a great deal of consistent emphasis on effective communication and individual engagement.

The Climate Survey and Conversations results show that one root cause of poor climate is people not feeling valued and acknowledged, whether due to explicit or implicit biases, feeling ignored or devalued, or experiencing a failure of procedural fairness. The elements of fair process create a framework based in University values for establishing the feeling of belonging.

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and value that can build our climate from the inside out in a way that can endure. As the University plans for programming and develops ideas for improving our campus climate, it would do well to look at and how to integrate managerial training in and implementation of fair process and fair process communication practices. The way we speak to and engage each other is the ultimate reflection of our respect.

Conclusion

FY18 was a successful year of expansion for the Ombuds Office. Both its increased work with visitors and its increased involvement with University initiatives have given the office a broader perspective on the concerns of the campus. The Ombuds Office is looking forward to continuing to expand its horizons and work in FY19.

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APPENDIX A
<table>
<thead>
<tr>
<th>IOA UNIFORM REPORTING CATEGORIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case Number</strong></td>
</tr>
<tr>
<td><strong>1. Compensation and Benefits</strong></td>
</tr>
<tr>
<td>1.a Compensation</td>
</tr>
<tr>
<td>1.b Payroll Administration</td>
</tr>
<tr>
<td>1.c Benefits</td>
</tr>
<tr>
<td>1.d Retirement, Pension</td>
</tr>
<tr>
<td>1.e Other:</td>
</tr>
<tr>
<td><strong>2. Evaluative Relationships</strong></td>
</tr>
<tr>
<td>2.a Priorities, Values, Beliefs</td>
</tr>
<tr>
<td>2.b Respect/Treatment</td>
</tr>
<tr>
<td>2.c Trust/Integrity</td>
</tr>
<tr>
<td>2.d Reputation</td>
</tr>
<tr>
<td>2.e Communication</td>
</tr>
<tr>
<td>2.f Bullying</td>
</tr>
<tr>
<td>2.g Diversity Related</td>
</tr>
<tr>
<td>2.h Retaliation</td>
</tr>
<tr>
<td>2.i Physical Violence</td>
</tr>
<tr>
<td>2.j Assignments/Schedules</td>
</tr>
<tr>
<td>2.k Feedback</td>
</tr>
<tr>
<td>2.l Consultation</td>
</tr>
<tr>
<td>2.m Performance/Grading</td>
</tr>
<tr>
<td>2.n Departmental Climate</td>
</tr>
<tr>
<td>2.o Supervisory Effectiveness</td>
</tr>
<tr>
<td>2.p Insubordination</td>
</tr>
<tr>
<td>2.q Discipline</td>
</tr>
<tr>
<td>2.r Equity of Treatment</td>
</tr>
<tr>
<td>2.s Other:</td>
</tr>
<tr>
<td><strong>3. Peer/Colleague Relationships</strong></td>
</tr>
<tr>
<td>3.a Priorities, Values, Beliefs</td>
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<tr>
<td>3.b Respect/Treatment</td>
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<td>3.c Trust/Integrity</td>
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<td>3.d Reputation</td>
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<tr>
<td>3.e Communication</td>
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<tr>
<td>3.f Bullying</td>
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<td>3.g Diversity Related</td>
</tr>
<tr>
<td>3.h Retaliation</td>
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<tr>
<td>3.i Physical Violence</td>
</tr>
<tr>
<td>3.j Other:</td>
</tr>
<tr>
<td><strong>4. Career Development</strong></td>
</tr>
<tr>
<td>4.a Application/Selection</td>
</tr>
<tr>
<td>4.b Classification/Description</td>
</tr>
<tr>
<td>4.c Involuntary Change</td>
</tr>
<tr>
<td>4.d Tenure/Position Security</td>
</tr>
<tr>
<td>4.e Career Progression</td>
</tr>
<tr>
<td>4.f Rotation/Duration</td>
</tr>
<tr>
<td>4.g Resignation</td>
</tr>
<tr>
<td>4.h Termination</td>
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<tr>
<td>4.i Re-employ former or ret.</td>
</tr>
<tr>
<td>4.j Position Elimination</td>
</tr>
<tr>
<td>4.k Coaching/Mentoring</td>
</tr>
<tr>
<td>4.l Other:</td>
</tr>
<tr>
<td><strong>5. Legal, Reg., Financial, Compliance</strong></td>
</tr>
<tr>
<td>5.a Criminal Activity</td>
</tr>
<tr>
<td>5.b Business Practices</td>
</tr>
<tr>
<td>5.c Harassment</td>
</tr>
<tr>
<td>5.d Discrimination</td>
</tr>
<tr>
<td>5.e Disability/Accommodation</td>
</tr>
<tr>
<td>5.f Accessibility</td>
</tr>
<tr>
<td>5.g Intellectual Property</td>
</tr>
<tr>
<td>5.h Privacy/Information security</td>
</tr>
<tr>
<td>5.i Property Damage</td>
</tr>
<tr>
<td>5.j Other:</td>
</tr>
<tr>
<td><strong>6. Safety Health Physical Environment</strong></td>
</tr>
<tr>
<td>6.a Safety</td>
</tr>
<tr>
<td>6.b Work/Life Conditions</td>
</tr>
<tr>
<td>6.c Ergonomics</td>
</tr>
<tr>
<td>6.d Cleanliness</td>
</tr>
<tr>
<td>6.e Security</td>
</tr>
<tr>
<td>6.f Telework/Flexplace</td>
</tr>
<tr>
<td>6.g Safety Equipment</td>
</tr>
<tr>
<td>6.h Environmental Policies</td>
</tr>
<tr>
<td>6.i Work Related Stress</td>
</tr>
<tr>
<td>6.j Other:</td>
</tr>
<tr>
<td><strong>7. Services &amp; Administrative Issues</strong></td>
</tr>
<tr>
<td>7.a Quality of Services</td>
</tr>
<tr>
<td>7.b Responsiveness/Timeliness</td>
</tr>
<tr>
<td>7.c Admin Interpretation</td>
</tr>
<tr>
<td>7.d Behavior-Service Provider</td>
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<td>7.e</td>
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<tr>
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<tr>
<td>8. Organizational</td>
</tr>
<tr>
<td>8.a</td>
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</table>

| 9. Values, Ethics and Standards |
| 9.a | Standards of Conduct |
| 9.b | Values and Culture |
| 9.c | Scientific Integrity |
| 9.d | Policy Not Specified 1-8 |
| 9.e | Other: |
APPENDIX B
Fair Process
Managing in the Knowledge Economy

by W. Chan Kim and Renée Mauborgne

Included with this full-text Harvard Business Review article:

1 Article Summary
   The Idea in Brief—*the core idea*
   The Idea in Practice—*putting the idea to work*

2 Fair Process: Managing in the Knowledge Economy

12 Further Reading
   A list of related materials, with annotations to guide further exploration of the article’s ideas and applications
The Idea in Brief

In just months, a model workforce degenerated into a cauldron of mistrust, resistance, and plummeting performance. Why? Management launched a major change effort without inviting employees' input, without explaining the reasons for the change, and without clarifying new performance expectations.

In other words, the company ignored fair process—a decision-making approach that addresses our basic human need to be valued and respected. When people feel a decision affecting them was made fairly, they trust and cooperate with managers. They share ideas and willingly go beyond the call of duty. Corporate performance soars.

In knowledge-based organizations—whose lifeblood consists of employees' trust, commitment, and ideas—fair process is essential. It enables companies to channel people's energy and creativity toward organizational goals.

The benefits of fair process may seem obvious—yet most organizations don't practice it. Why? Some managers find it threatening, assuming it will diminish their power. They keep employees at arm's length to avoid challenges to their authority. Others believe employees are concerned only with what's best for themselves. But evidence shows that most people will accept outcomes not wholly in their favor—if they believe the process for arriving at those outcomes was fair.

The Idea in Practice

Fair process isn't decision by consensus or democracy in the workplace. Its goal is to pursue the best ideas, not create harmony. Fair process consists of three principles:

- **Engagement**—involving individuals in decisions by inviting their input and encouraging them to challenge one another's ideas. Engagement communicates management's respect for individuals and their ideas and builds collective wisdom. It generates better decisions and greater commitment from those involved in executing those decisions.

- **Explanation**—clarifying the thinking behind a final decision. Explanation assures people that managers have considered their opinions and made the decision with the company's overall interests at heart. Employees trust managers' intentions—even if their own ideas were rejected.

- **Expectation clarity**—stating the new rules of the game, including performance standards, penalties for failure, and new responsibilities. By minimizing political jockeying and favoritism, expectation clarity enables employees to focus on the job at hand.

> Example:

Facing decreasing demand, an elevator manufacturer we'll call Elco decided to design a more efficient manufacturing system. It would introduce the system at its Chester plant, a model operation with such positive employee relations that it decertified its own union. Then it would incorporate the new system at High Park, a strongly unionized plant highly resistant to change.

Seeking minimal workforce disturbance, managers didn't involve the Chester employees in the system design process, explain why change was necessary, or clarify new performance expectations. Soon rumors about layoffs proliferated, trust and commitment deteriorated, and fights erupted on the shop floor. Quality sank.

Humbled but wiser, Elco took a different tack at their High Park site. Managers held ongoing plantwide meetings to explain the need for the new system, encouraged employees to help design the new process, and laid out new expectations. The anticipated resistance never came—and trusting employees embraced the new system.
People care about the decisions you make, but they care even more about the process you used along the way.

**BEST OF HBR**

**Fair Process**
Managing in the Knowledge Economy

by W. Chan Kim and Renée Mauborgne

When employees don’t trust managers to make good decisions or to behave with integrity, their motivation is seriously compromised. Their distrust and its attendant lack of engagement is a huge, unrecognized problem in most organizations. This issue has always mattered, but it matters now more than ever, because knowledge-based organizations are totally dependent on the commitment and ideas of their employees.

Unfortunately, neither integrity nor good judgment can be magically conferred on all the managers in an organization. But it is possible for top executives to create processes that help keep managers honest—and that also help build employees’ trust. In this article, W. Chan Kim and Renée Mauborgne describe one such process, which grew out of their research into the links between trust, idea sharing, and corporate performance. Their central finding is that employees will commit to a manager’s decision—even one they disagree with—if they believe that the process the manager used to make the decision was fair. Sounds simple, but most organizations don’t practice fair process. And because they don’t, they never know what they’ve lost in the way of ideas and initiatives.

A London policeman gave a woman a ticket for making an illegal turn. When the woman protested that there was no sign prohibiting the turn, the policeman pointed to one that was bent out of shape and difficult to see from the road. Furious, the woman decided to appeal by going to court. Finally, the day of her hearing arrived, and she could hardly wait to speak her piece. But she had just begun to tell her side of the story when the magistrate stopped her and summarily ruled in her favor.

How did the woman feel? Vindicated? Victorious? Satisfied?

No, she was frustrated and deeply unhappy. “I came for justice,” she complained, “but the magistrate never let me explain what happened.” In other words, although she liked the outcome, she didn’t like the process that had created it.

For the purposes of their theories, economists assume that people are maximizers of
utility, driven mainly by rational calculations of their own self-interest. That is, economists assume people focus solely on outcomes. That assumption has migrated into much of management theory and practice. It has, for instance, become embedded in the tools managers traditionally use to control and motivate employees' behavior—from incentive systems to organizational structures. But it is an assumption that managers would do well to reexamine because we all know that in real life it doesn’t always hold true. People do care about outcomes, but—like the woman in London—they also care about the processes that produce those outcomes. They want to know that they had their say—that their point of view was considered even if it was rejected. Outcomes matter, but no more than the fairness of the processes that produce them.

Never has the idea of fair process been more important for managers than it is today. Fair process turns out to be a powerful management tool for companies struggling to make the transition from a production-based to a knowledge-based economy, in which value creation depends increasingly on ideas and innovation. Fair process profoundly influences attitudes and behaviors critical to high performance. It builds trust and unlocks ideas. With it, managers can achieve even the most painful and difficult goals while gaining the voluntary cooperation of the employees affected. Without fair process, even outcomes that employees might favor can be difficult to achieve—as the experience of an elevator manufacturer we’ll call Elco illustrates.

Good Outcome, Unfair Process

In the late 1980s, sales in the elevator industry headed south as overconstruction of office space left some large U.S. cities with vacancy rates as high as 20%. Faced with diminished domestic demand for its product, Elco knew it had to improve its operations. The company made the decision to replace its batch-manufacturing system with a cellular approach that would allow self-directed teams to achieve superior performance. Given the industry’s collapse, top management felt the transformation had to be made in record time.

Lacking expertise in cellular manufacturing, Elco retained a consulting firm to design a master plan for the conversion. Elco asked the consultants to work quickly and with minimal dis-

 disturbance to employees. The new manufacturing system would be installed first at Elco’s Chester plant, where employee relations were so good that in 1983 workers had decertified their own union. Subsequently, Elco would roll the process out to its High Park plant, where a strong union would probably resist that, or any other, change.

Under the leadership of a much beloved plant manager, Chester was in all respects a model operation. Visiting customers were always impressed by the knowledge and enthusiasm of Chester’s employees, so much so that the vice president of marketing saw the plant as one of Elco’s best marketing tools. “Just let customers talk with Chester employees,” he observed, “and they walk away convinced that buying an Elco elevator is the smart choice.”

But one day in January of 1991, Chester’s employees arrived at work to discover strangers at the plant. Who were these people wearing dark suits, white dress shirts, and ties? They weren’t customers. They showed up daily and spoke in low tones to one another. They didn’t interact with employees. They hovered behind people’s backs, taking notes and drawing fancy diagrams. The rumor circulated that after employees went home in the afternoon, these people would swarm across the plant floor, snoop around people’s workstations, and have heated discussions.

During this period, the plant manager was increasingly absent. He was spending more time at Elco’s head office in meetings with the consultants—sessions deliberately scheduled away from the plant so as not to distract the employees. But the plant manager’s absence produced the opposite effect. As people grew anxious, wondering why the captain of their ship seemed to be deserting them, the rumor mill moved into high gear. Everyone became convinced that the consultants would downsize the plant. They were sure they were about to lose their jobs. The fact that the plant manager was always gone—obviously, he was avoiding them—and that no explanation was given, could only mean that management was, they thought, “trying to pull one over on us.”

Trust and commitment at the Chester plant quickly deteriorated. Soon, people were bringing in newspaper clippings about other plants around the country that had been shut down with the help of consultants. Employees saw themselves as imminent victims of yet another
management fad and resented it.

In fact, Elco managers had no intention of closing the plant. They wanted to cut out waste, freeing people to enhance quality and produce elevators for new international markets. But plant employees could not have known that.

The Master Plan. In March 1991, management gathered the Chester employees in a large room. Three months after the consultants had first appeared, they were formally introduced. At the same time, management unveiled to employees the master plan for change at the Chester plant. In a meeting that lasted only 30 minutes, employees heard how their time-honored way of working would be abolished and replaced by something called "cellular manufacturing." No one explained why the change was needed, nor did anyone say exactly what would be expected of employees under the new approach. The managers didn't mean to skirt the issues; they just didn't feel they had the time to go into details.

The employees sat in stunned silence, which the managers mistook for acceptance, forgetting how many months it had taken them as leaders to get comfortable with the idea of cellular manufacturing and the changes it entailed. The managers felt good when the meeting was over, believing the employees were on board. With such a terrific staff, they thought, implementation of the new system was bound to go well.

Master plan in hand, management quickly began rearranging the plant. When employees asked what the new layout aimed to achieve, the response was "efficiency gains." The managers didn't have time to explain why efficiency needed to be improved and didn't want to worry employees. But lacking an intellectual understanding of what was happening to them, some employees literally began feeling sick when they came to work.

Managers informed employees that they would no longer be judged on individual performance but rather on the performance of the cell. They said quicker or more experienced employees would have to pick up the slack for slower or less experienced colleagues. But they didn't elaborate. How the new system was supposed to work, management didn't make clear.

In fact, the new cell design offered tremendous benefits to employees, making vacations easier to schedule, for example, and giving them the opportunity to broaden their skills and engage in a greater variety of work. But lacking trust in the change process, employees could see only its negative side. They began taking out their fears and anger on one another. Fights erupted on the plant floor as employees refused to help those they called "lazy people who can't finish their own jobs" or interpreted offers of help as meddling, responding with, "This is my job. You keep to your own workstation."

Chester's model workforce was falling apart. For the first time in the plant manager's career, employees refused to do as they were asked, turning down assignments "even if you fire me." They felt they could no longer trust the once popular plant manager, so they began to go around him, taking their complaints directly to his boss at the head office.

The plant manager then announced that the new cell design would allow employees to act as self-directed teams and that the role of the supervisor would be abolished. He expected people to react with excitement to his vision of Chester as the epitome of the factory of the future, where employees are empowered as entrepreneurial agents. Instead, they were simply confused. They had no idea how to succeed in this new environment. Without supervisors, what would they do if stock ran short or machines broke down? Did empowerment mean that the teams could self-authorize overtime, address quality problems such as rework, or purchase new machine tools? Unclear about how to succeed, employees felt set up to fail.

Time Out. By the summer of 1991, both cost and quality performance were in a free fall. Employees were talking about bringing the union back. Finally, in despair, the plant manager phoned Elco's industrial psychologist. "I need your help," he said. "I have lost control."

The psychologist conducted an employee opinion survey to learn what had gone wrong. Employees complained, "Management doesn't care about our ideas or our input." They felt that the company had scant respect for them as individuals, treating them as if they were not worthy of knowing about business conditions: "They don't bother to tell us where we are going and what this means to us." And they were deeply confused and mistrustful: "We don't know exactly what management expects of us in this new cell."
What Is Fair Process?
The theme of justice has preoccupied writers and philosophers throughout the ages, but the systematic study of fair process emerged only in the mid-1970s, when two social scientists, John W. Thibaut and Laurens Walker, combined their interest in the psychology of justice with the study of process. Focusing their attention on legal settings, they sought to understand what makes people trust a legal system so that they will comply with laws without being coerced into doing so. Their research established that people care as much about the fairness of the process through which an outcome is produced as they do about the outcome itself. Subsequent researchers such as Tom R. Tyler and E. Allan Lind demonstrated the power of fair process across diverse cultures and social settings.

We discovered the managerial relevance of fair process more than a decade ago, during a study of strategic decision making in multinational corporations. Many top executives in those corporations were frustrated—and baffled—by the way the senior managers of their local subsidiaries behaved. Why did those managers so often fail to share information and ideas with the executives? Why did they sabotage the execution of plans they had agreed to carry out? In the 19 companies we studied, we found a di-

Making Sense of Irrational Behavior at VW and Siemens-Nixdorf

Economic theories do a good job of explaining the rational side of human behavior, but they fall short in explaining why people can act negatively in the face of positive outcomes. Fair process offers managers a theory of behavior that explains—or might help predict—what would otherwise appear to be bewilderingly noneconomic, or irrational, behavior.

Consider what happened to Volkswagen. In 1992, the German carmaker in the midst of expanding its manufacturing facility in Puebla, Mexico, its only production site in North America. The appreciation of the deutsche mark against the U.S. dollar was pricing Volkswagen out of the U.S. market. But after the North American Free Trade Agreement (NAFTA) became law in 1992, Volkswagen’s cost-efficient Mexican facility was well positioned to reconquer the large North American market.

In the summer of 1992, a new labor agreement had to be hammered out. The accord Volkswagen signed with the union’s secretary-general included a generous 20% pay raise for employees. VW thought the workers would be pleased.

But the union’s leaders had not involved the employees in discussions about the contract’s terms; they did a poor job of communicating what the new agreement would mean to employees and why a number of work-rule changes were necessary. Workers did not understand the basis for the decisions their leaders had taken. They felt betrayed.

VW’s management was completely caught off guard when, on July 21, the employees started a massive walkout that cost the company as much as an estimated $10 million per day. On August 21, about 300 protesters were attacked by police dogs. The government was forced to step in to end the violence. Volkswagen’s plans for the U.S. market were in disarray, and its performance was devastated.

In contrast, consider the turnaround of Siemens-Nixdorf Informationssysteme (SNI), the largest European supplier of information technology. Created in 1990 when Siemens acquired the troubled Nixdorf Computer Company, SNI had cut head count from 52,000 to 35,000 by 1994. Anxiety and fear were rampant at the company.

In 1994, Gerhard Schultmeier, the newly appointed CEO, went out to talk to as many employees as he could. In a series of meetings large and small with a total of more than 11,000 people, Schultmeier shared his crusading mission to engage everyone in turning the company around. He began by painting a bleakly honest picture of SNI’s situation: The company was losing money despite recent efforts to slash costs. Deeper cuts were needed, and every business would have to demonstrate its viability or be eliminated. Schultmeier set clear but tough rules about how decisions would be made. He then asked for volunteers to come up with ideas.

Within three months, the initial group of 30 volunteers grew to encompass an additional 75 SNI executives and 300 employees. These 405 change agents soon turned into 1,000, then 3,000, then 9,000, as they progressively recruited others to help save the company. Throughout the process, ideas were solicited from managers and employees alike concerning decisions that affected them, and they all understood how decisions would be made. Ideas would be auctioned off to executives willing to champion and finance them. If no executive bought a proposal on its merits, the idea would not be pursued. Although 20% to 30% of their proposals were rejected, employees thought the process was fair.

People voluntarily pitched in—mostly after business hours, often until midnight. In just over two years, SNI has achieved a transformation notable in European corporate history. Despite accumulated losses of DM 2 billion, by 1995 SNI was already operating in the black. In the same period, employee satisfaction almost doubled, despite the radical and difficult changes under way.

Why did employees of Volkswagen revolt, despite their upbeat economic circumstances? How, in the face of such demoralizing economic conditions, could SNI turn around its performance? What is at issue is not what the two companies did but how they did it. The cases illustrate the tremendous power of fair process—fairness in the process of making and executing decisions. Fair process profoundly influences attitudes and behavior critical to high performance.
rect link between processes, attitudes, and behavior. Managers who believed the company's processes were fair displayed a high level of trust and commitment, which, in turn, engendered active cooperation. Conversely, when managers felt fair process was absent, they hoarded ideas and dragged their feet.

In subsequent field research, we explored the relevance of fair process in other business contexts—for example, in companies in the midst of transformations, in teams engaged in product innovation, and in company-supplier partnerships. (See the sidebar “Making Sense of Irrational Behavior at VW and Siemens-Nixdorf.”) For companies seeking to harness the energy and creativity of committed managers and employees, the central idea that emerges from our fair-process research is this: Individuals are most likely to trust and cooperate freely with systems—whether they themselves win or lose by those systems—when fair process is observed.

Fair process responds to a basic human need. All of us, whatever our role in a company, want to be valued as human beings and not as "personnel" or "human assets." We want others to respect our intelligence. We want our ideas to be taken seriously. And we want to understand the rationale behind specific decisions. People are sensitive to the signals conveyed through a company's decision-making processes. Such processes can reveal a company's willingness to trust people and seek their ideas—or they can signal the opposite.

The Three Principles. In all the diverse management contexts we have studied, we have asked people to identify the bedrock elements of fair process. And whether we were working with senior executives or shop floor employees, the same three mutually reinforcing principles consistently emerged: engagement, explanation, and expectation clarity.

Engagement means involving individuals in the decisions that affect them by asking for their input and allowing them to refute the merits of one another's ideas and assumptions. Engagement communicates management's respect for individuals and their ideas. Encouraging refutation sharpens everyone's thinking and builds collective wisdom. Engagement results in better decisions by management and greater commitment from all involved in executing those decisions.

Explanation means that everyone involved and affected should understand why final decisions are made as they are. An explanation of the thinking that underlies decisions makes people confident that managers have considered their opinions and have made those decisions impartially in the overall interests of the company. An explanation allows employees to trust managers' intentions even if their own ideas have been rejected. It also serves as a powerful feedback loop that enhances learning.

Expectation clarity requires that once a decision is made, managers state clearly the new rules of the game. Although the expectations may be demanding, employees should know up front by what standards they will be judged and the penalties for failure. What are the new targets and milestones? Who is responsible for what? To achieve fair process, it matters less what the new rules and policies are and more that they are clearly understood. When people clearly understand what is expected of them, political jockeying and favoritism are minimized, and they can focus on the job at hand.

Notice that fair process is not decision by consensus. Fair process does not set out to achieve harmony or to win people's support through compromises that accommodate every individual's opinions, needs, or interests. While fair process gives everyone a chance, the merit of the ideas—and not consensus—is what drives the decision making.

Not is fair process the same as democracy in the workplace. Achieving fair process does not mean that managers forgo their prerogative to make decisions and establish policies and procedures. Fair process pursues the best ideas whether they are put forth by one or many.

"We Really Screwed Up." Elco managers violated all three basic principles of fair process at the Chester plant. They failed to engage employees in decisions that directly affected them. They didn't explain why decisions were being made the way they were and what those decisions meant to employees' careers and work methods. And they neglected to make clear what would be expected of employees under cellular manufacturing. In the absence of fair process, the employees at Chester rejected the transformation.

A week after the psychologist's survey was completed, management invited employees to meetings in groups of 20. Employees surmised that management was either going to pretend that the survey had never happened or accuse employees of disloyalty for having voiced their
complaints. But to their amazement, managers kicked off the meeting by presenting the undiluted survey results and declaring, "We were wrong. We really screwed up. In our haste and ignorance, we did not go through the proper process." Employees couldn't believe their ears. There were whispers in the back of the room, "What the devil did they say?" At more than 20 meetings over the next few weeks, managers repeated their confession. "No one was prepared to believe us at first," one manager said. "We had screwed up too badly."

At subsequent meetings, management shared with employees the company's dismal business forecast and the limited options available. Without cost reduction, Elco would have to raise its prices, and higher prices would further depress sales. That would mean cutting production even more, perhaps even moving manufacturing offshore. Heads nodded. Employees saw the bind the company was in. The business problem was becoming theirs, not just management’s.

But still there were concerns: "If we help to cut costs and learn to produce elevators that are twice as good in half the time, will we work ourselves out of a job?" In response, the managers described their strategy to increase sales outside the United States. They also announced a new policy called proaction time: No one would be laid off because of any improvements made by an employee. Instead, employees could use their newly free time to attend cross-training programs designed to give them the skills they would need to work in any area of operations. Or employees could act as consultants addressing quality issues. In addition, management agreed not to replace any departing employees with new hires until business conditions improved. At the same time, however, management made it clear that it retained the right to let people go if business conditions grew worse.

Employees may not have liked what they heard, but they understood it. They began to see that they shared responsibility with management for Elco's success. If they could improve quality and productivity, Elco could bring more value to the market and prevent further sales erosion. To give employees confidence that they were not being misled, management pledged to regularly share data on sales, costs, and market trends—a first step toward rebuilding trust and commitment.

Elco's managers could not undo past mistakes, but they could involve employees in making future decisions. Managers asked employees why they thought the new manufacturing cells weren't working and how to fix them. Employees suggested making changes in the location of materials, in the placement of machines, and in the way tasks were performed. They began to share their knowledge; as they did so, the cells were redesigned and performance steadily improved, often far exceeding the expectations originally set by the consultants. As trust and commitment were restored, talk of bringing the union back died out.

High Park's Turn. Meanwhile, management worried about introducing the new work methods at Elco's High Park plant, which, unlike the Chester plant, had a history of resisting change. The union was strong at High Park, and some employees there had as much as 25 years' service. Moreover, the plant manager, a young engineer new to High Park, had never run a plant before. The odds seemed to be against him. If change had created animosity at Chester, one could only imagine how much worse the situation could become at High Park.

But management's fears went unrealized. When the consultants came to the plant, the young manager introduced them to all employees. At a series of plantwide meetings, corporate executives openly discussed business conditions and the company's declining sales and profits. They explained that they had visited other companies' plants and had seen the productivity improvements that cellular manufacturing could bring. They announced the proaction-time policy to calm employees' justifiable fears of layoffs. At the High Park plant, managers encouraged employees to help the consultants design the new manufacturing cells, and they encouraged active debate. Then, as the old performance measures were discarded, managers worked with employees to develop new ones and to establish the cell teams' new responsibilities.

Every day, the High Park plant manager waited for the anticipated meltdown, but it never came. Of course, there were some gripes, but even when people didn't like the decisions, they felt they had been treated fairly and, so, willingly participated in the plant's eventual performance turnaround.

Three years later, we revisited a popular
local eatery to talk with people from both plants. Employees from both Chester and High Park now believe that the cellular approach is a better way to work. High Park employees spoke about their plant manager with admiration, and they commiserated with the difficulties Elco’s managers had in making the changeover to cellular manufacturing. They concluded that it had been a necessary, worthwhile, and positive experience. But Chester employees spoke with anger and indignation as they described their treatment by Elco’s managers. (See the sidebar “The Price of Unfairness.”) For them, as for the London woman who had been unfairly ticketed, fair process was as important as—if not more important than—the outcome.

Fair Process in the Knowledge Economy
Fair process may sound like a soft issue, but understanding its value is crucial for managers trying to adapt their companies to the demands of the knowledge-based economy. Unlike the traditional factors of production—land, labor, and capital—knowledge is a resource locked in the human mind. Creating and sharing knowledge are intangible activities that can neither be supervised nor forced out of people. They happen only when people cooperate voluntarily. As the Nobel laureate economist Friedrich Hayek has argued, “Practically every individual . . . possesses unique information” that can be put to use only with “his active cooperation.” Getting that cooperation may well turn out to be one of the key managerial issues of the next few decades. (See the sidebar “Fair Process Is Critical in Knowledge Work.”)

Voluntary cooperation was not what Frederick Winslow Taylor had in mind when at the turn of the century he began to develop an arsenal of tools to promote efficiency and consistency by controlling individuals’ behavior and compelling employees to comply with management dictates. Traditional management science, which is rooted in Taylor’s time-and-motion studies, encouraged a managerial preoccupation with allocating resources, creating economic incentives and rewards, monitoring and measuring performance, and manipulating organizational structures to set lines of authority. These conventional management levers still have their role to play, but they have little to do with encouraging active cooperation. Instead, they operate in the realm of outcome fairness or what social scientists call distributive justice, where the psychology works like this: When people get the compensation (or the resources, or the place in the organizational hierarchy) they deserve, they feel satisfied with that outcome. They will reciprocate by fulfilling the letter of their obligation to the company. The psychology of fair process, or procedural justice, is quite different. Fair process builds trust and commitment, trust and commitment produce voluntary cooperation, and voluntary cooperation drives performance, leading people to go beyond the call of duty by sharing their knowledge and applying their creativity. In all the management contexts we’ve studied, whatever the task, we have consistently observed this dynamic at work. (See the exhibit “Two Complementary Paths to Performance.”)

Consider the transformation of Bethlehem Steel Corporation’s Sparrows Point, Maryland, division, a business unit responsible for marketing, sales, production, and financial performance. Until 1993, the 106-year-old division was managed in the classic command-and-control style. People were expected to do what they were told to do—no more and no less—and management and employees saw themselves as adversaries.

That year, Bethlehem Steel introduced a
management model so different at Sparrows Point that Taylor—who was, in fact, the company’s consulting engineer about 100 years ago—wouldn’t have recognized it. The new model was designed to invoke in employees an active sense of responsibility for sharing their knowledge and ideas with one another and with management. It was also meant to encourage them to take the initiative for getting things done. In the words of Joe Rosel, the president of one of the division’s five unions, “It’s all about involvement, justification for decisions, and a clear set of expectations.”

At Sparrows Point, employees are involved in making and executing decisions at three levels. At the top is a joint-leadership team, composed of senior managers and five employee representatives, that deals with companywide issues when they arise. At the department level are area teams, consisting of managers like superintendents and of employees from the different areas of the plant, such as zone committee people. Those teams deal with day-to-day operational issues such as customer service, quality, and logistics. Ad hoc problem-solving teams of employees address opportunities and obstacles as they arise on the shop floor. At each level, teammates share and debate their ideas. Thus, employees are assured a fair hearing for their points of view on decisions likely to affect them. With the exception of decisions involving major changes or resource commitments, the teams make and execute the decisions themselves.

Sparrows Point uses numerous processes and devices to ensure that all employees can understand why decisions have been made and how such decisions need to be executed. There is, for example, a bulletin board where decisions are posted and explained, allowing

Fair Process Is Critical in Knowledge Work

It is easy to see fair process at work on the plant floor, where its violation can produce such highly visible manifestations as strikes, slowdowns, and high defect rates. But fair process can have an even greater impact on the quality of professional and managerial work. That is because innovation is the key challenge of the knowledge-based economy, and innovation requires the exchange of ideas, which in turn depends on trust.

Executives and professionals rarely walk the picket line, but when their trust has not been won, they frequently withhold their full cooperation—and their ideas. In knowledge work, then, ignoring fair process creates high opportunity costs in the form of ideas that never see daylight and initiatives that are never seized. For example:

A multifunctional team is created to develop an important new product. Because it contains representatives from every major functional area of the company, the team should produce more innovative products, with less internal fighting, shortened lead times, and lower costs. The team meets, but people drag their feet. Executives at a computer maker developing a new workstation, for example, thoughtfully deploy the traditional management levers. They hammer out a good incentive scheme. They define the project scope and structure. And they allocate the right resources. Yet the trust, idea sharing, and commitment that everyone wants never materialize. Why? Early in the project, manufacturing and marketing representatives on the team propose building a prototype, but the strong design-engineering group driving the project ignores them. Subsequently, problems surface because the design is difficult to manufacture and the application software is inadequate. The team members from manufacturing and marketing are aware of these issues all along but remain passive in sharing their concerns with the powerful design engineers. Instead, they wait until the problems reveal themselves—at which time they are very expensive to fix.

Two companies create a joint venture that offers clear benefits to both parties. But they then hold their cards so close to their chests that they ensure the alliance will create limited value for either partner. The Chinese joint-venture partner of a European engineering group, for example, withholds critical information from the field, failing to report that customers are having problems installing the partner’s products and sitting on requests for new product features. Why do the Chinese fail to cooperate fully, even if it means hurting their own business?

Early in the partnership, the Chinese felt they had been shut out of key product and operating decisions. To make matters worse, the Europeans never explained the logic guiding their decisions. As the Chinese withhold critical information, the increasingly frustrated European partner responds in kind by slowing the transfer of managerial know-how, which the Chinese need badly.

Two companies create a supplier partnership to achieve improved value at lower cost. They agree to act in a seamless fashion, as one company. But the supplier seems to spend more energy on developing other customers than on deepening the partnership. One consumer goods manufacturer, for example, keeps delaying the installation of a joint electronic consumer-response data system with a major food retailer. The system will substantially improve inventory management for both partners. But the supplier remains too wary to invest. Why? The retailer has a history of dropping some of the supplier’s products without explanation. And the consumer company can’t understand the retailer’s ambiguous criteria for designating “preferred suppliers.”
Two Complementary Paths to Performance

**Management tool**
- **Distributive justice**
  - Traditional tools
  - Resource allocation
  - Economic incentives
  - Organizational structure

- **Procedural justice**
  - Fair process
  - Engagement
  - Explanation
  - Expectation clarity

**Attitude**
- **Outcome satisfaction**
  - "I got what I deserved."

- **Trust and commitment**
  - "I feel my opinion counts."

**Behavior**
- **Compulsory cooperation**
  - "I'll do what I'm told."

- **Voluntary cooperation**
  - "I'll go beyond the call of duty."

**Performance**
- **Meet expectations**
- **Exceed expectations**
  - Self-initiated

employees who haven't been directly involved in those decisions to understand what's going on and why. In addition, in more than 70 four-hour seminars, groups ranging in size from 50 to 250 employees have met to discuss changes occurring at the division, learn about new ideas under consideration, and find out how changes might affect employees' roles and responsibilities. A quarterly newsletter and a monthly "report card" of the division's strategic, marketing, operational, and financial performance keeps each of the unit's 5,300 employees informed. And the teams report back to their colleagues about the changes they are making, seeking help in making the ideas work.

Fair process has produced significant changes in people's attitudes and behavior. Consider, for example, the tin mill unit at Sparrows Point. In 1992, the unit's performance was among the worst in the industry. But then, as one employee explains, "People started coming forward and sharing their ideas. They started caring about doing great work, not just getting by. Take the success we've had in light-gauge cable sheathing. We had let this high value-added product slip because the long throughput time required for production held up the other mills in the unit. But after we started getting everyone involved and explained why we needed to improve throughput, ideas started to flow. At first, the company was doubtful: If the product had created a bottleneck before, why should it be different now? But people came up with the idea of using two sequential mills instead of one to eliminate the bottleneck. Did people suddenly get smarter? No. I'd say they started to care."

The object in creating this new way of working at Sparrows Point was to improve the intellectual buy-in and emotional commitment of employees. It has apparently been successful. Since 1993, Sparrows Point has turned a profit three years in a row, the first time that has happened since the late 1970s. The division is becoming a showcase demonstrating how a declining industry can be revitalized in today's knowledge economy. In the words of one Sparrows Point employee, "Since we know now everything that's going on in the company, we have more trust in management and are more committed to making things happen. People have started doing things beyond the normal call of duty."
Overcoming Mental Barriers
If fair process is such a simple idea and yet so powerful, why do so few companies practice it? Most people think of themselves as fair, and managers are no exception. But if you ask them what it means to be a fair manager, most will describe how they give people the authority they deserve, or the resources they need, or the rewards they have earned. In other words, they will confuse fair process with fair outcomes. The few managers who focus on process might identify only one of the three fair-process principles (the most widely understood is engagement), and they would stop there.

But there are two more fundamental reasons, beyond this simple lack of understanding, that explain why fair process is so rare. The first involves power. Some managers continue to believe that knowledge is power and that they retain power only by keeping what they know to themselves. Their implicit strategy is to preserve their managerial discretion by deliberately leaving the rules for success and failure vague. Other managers maintain control by keeping employees at arm’s length, substituting memos and forms for direct, two-way communication, thus avoiding challenges to their ideas or authority. Such styles can reflect deeply ingrained patterns of behavior, and rarely are managers conscious of how they exercise power. For them, fair process would represent a threat.

The second reason is also largely unconscious because it resides in an economic assumption that most of us have grown up taking at face value: the belief that people are concerned only with what’s best for themselves. But, as we have seen, there is ample evidence to show that when the process is perceived to be fair, most people will accept outcomes that are not wholly in their favor. People realize that compromises and sacrifices are necessary on the job. They accept the need for short-term personal sacrifices in order to advance the long-term interests of the corporation. Acceptance is conditional, however, hinged as it is on fair process.

Fair process reaches into a dimension of human psychology that hasn’t been fully explored in conventional management practice. Yet every company can tap into the voluntary cooperation of its people by building trust through fair processes.

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or go to www.hbr.org
Fair Process
Managing in the Knowledge Economy

Further Reading

**ARTICLES**

**The Smart-Talk Trap**
by Jeffrey Pfeffer and Robert I. Sutton
*Harvard Business Review*
May–June 1999
Product no. 4061

Knowledge is a resource that can't be forced out of people. In "Fair Process," authors Kim and Mauborgne urge managers to build trust and create an environment where employees freely share their creativity and expertise. Pfeffer and Sutton explore another obstacle to sharing knowledge: smart talk, a type of inertia. An organization is plagued by smart talk when its employees let talk substitute for action, when they know too much and do too little. Confronted with a problem, people act as though discussing it, formulating decisions, and hashing out plans for action were the same as fixing it. People who engage in such talk generally sound confident and articulate; they can spout facts and may even have interesting ideas. But they also often exhibit a more insidious aspect of smart talk: focusing on the negative and favoring unnecessarily complex or abstract language. The former tendency lapses into criticism for criticism's sake; the latter confuses people and decreases their level of trust. Both tendencies can stop an action plan in its tracks. Pfeffer and Sutton offer five strategies for avoiding the smart-talk trap, rebuilding trust, and creating a more decisive organization.

**Putting Your Whole Company's Brain to Work**
by Dorothy Leonard and Susaan Straus
*Harvard Business Review*
July-August 1997
Product no. 4088

Leonard and Straus articulate another important aspect of building trust: creative abrasion, or colliding different ideas, perceptions, and ways of thinking so that they "grate" against one another productively. When people who see the world differently (abstract versus concrete thinkers, analytical versus intuitive problem solvers) try to collaborate, constructive conflict often degenerates into personal disputes, the creative process breaks down, and mistrust flourishes. But when managers put their company's "whole brain to work," they actively manage a team's collaborative process to ensure trust and greater creativity. They do so by taking time at the outset to acknowledge team members' differences. Before problems arise, they devise clear, simple guidelines for working together. For example, no one can disagree without stating the reason. Managers also schedule time for both convergent thinking (uncovering imaginative alternatives) and convergent thinking (focusing in on one option and then implementing it). And finally, they depersonalize conflict by acknowledging that other approaches are not wrongheaded, just different.
APPENDIX C
"INVOLVE" – A Toolkit For Fair Process Communication

Ludo Van der Heyden, Chaired Professor of Corporate Governance & Professor of Technology and Operations Management, Director of the INSEAD Corporate Governance Initiative at INSEAD and Ian C. Woodward, INSEAD Senior Affiliate Professor of Organisational Behaviour and Programme Director of the INSEAD Advanced Management Programme | June 9, 2016

"Tell me and I'll forget; show me and I may remember; involve me and I'll understand." - Ancient Chinese proverb

Over the past 20 years the democratisation of the workplace has seen businesses increasingly focused on improving employee engagement in decision-making processes and developing leaders' and teams' capabilities to better engage people around them. This has come to be known as fair process leadership (FPL). Effective communication is essential for FPL in action.
FPL is an integrative approach to leadership that emphasises high levels of transparency and open engagement with stakeholders. It involves leaders actively engaging and connecting with people and teams: in effect, listening more, asking more and telling less. This encourages all those involved in the decision-making process to take on all these engaging and interactive communication behaviours.

While the FPL paradigm is widely accepted and aspired to, research has not thoroughly explored how to implement its principles inside the workplace, particularly in larger organisational settings. Noting this gap in the literature - and given that effective communication is fundamental to FPL’s culture of deep and authentic engagement - we set out, with Elizabeth A. More, National Academic Director at the Australian Institute of Management to define and describe a range of communication approaches that support fair process in organisational practice. The result was INVOLVE, a toolkit identifying a core principle and three communication practices to help leaders, teams and organisations instil fair process into their decision-making and work culture.

Deep authentic engagement

Adopting fair process in teams and organisations is remarkably challenging and surprisingly subtle. As one participant in our class noted, “It is common sense, but not common practice”. Effective FPL communication approaches (especially those role modelled by leaders) require openness, inclusion, inquiry and clarity – as opposed to exclusion, advocacy, ambiguity and outright confusion – demanding a culture of deep and authentic engagement. To this end INVOLVE seeks to bring on board relevant stakeholders with effective and transparent communication behaviours at all stages of the decision-making, implementation and review process.

The core principle for effective FPL communication is to continuously involve employees in identifying and communicating a shared belief in the team or organisation and the goals they are working towards. This gives a “tone of voice” to FPL communication that is respectful, open and objective, forming a strong foundation for the toolkit. To support the implementation of FPL, organisations should adopt three crucial communication practice areas:

- Active listening and constructive dialogue— with an emphasis on inquiry, asking and listening.
- Agreed communications protocols – mutually developed and transparent communication rules and follow-through.
- Accessible connection – useful, convenient and readily available communication activities, formats and media to facilitate far-reaching participation and engagement.

Detailed examples of the three INVOLVE communication practices can be found here. These three INVOLVE communication practice areas support the fair process leadership model (developed by Ludo Van der Heyden) that seeks to engage, explore, explain, execute and evaluate, ensuring leaders “listen well, ask more and tell less” at each stage, and where the decision stakeholders are deeply involved.
INVOLVE
Three Communication Practices
for Fair Process Leadership in Action

Active Listening and Constructive Dialogue
Agreed Communication Protocols
Accessible Communication Connection

Fair Process Leadership Cycle

1. Engaging & Seeing & Framing
2. Generating & Exploring & Eliminating Options
3. Deciding & Explaining & Setting Expectations
4. Executing & Realizing & Rewarding
5. Evaluating & Learning & Adapting

Fair Process Characteristics
   Communication
   Clarity
   Consistency
   Changeability (with evidence)
   Culture (authenticity)

Embedding fair process and trust into company culture
To create a fair process team or organisation requires more than the ambitions of a single leader or a few members to introduce and implement fair process behaviour. Rather, the entire team or organisation needs to develop communication norms, routines or processes that encourage the consistent application of fair process. When this occurs, companies and teams will notice an improvement in their work effectiveness, organisational culture, and overall performance.

By adopting INVOLVE’S three fair process communication practices, organisations open the way for the engagement and genuine involvement of participating stakeholders. Processes included in the framework, such as constructive debate, emotionally intelligent conversation, question time, and the creation of corporate communication systems which take into account different knowledge needs and competencies, help organisations, promote transparency and commitment, developing a strong level of trust across all levels. The communication protocols do not need to be bureaucratic, but the fact team members agree on the ways in which they will communicate and engage with one another ahead of activities increases the likelihood of effective interaction with reduced frustration.

A means to an end

FPL is a means to an end and not simply a goal in itself. To help prepare for effective FPL communication and to monitor its implementation, the toolkit also provides a diagnostic assessment. This tool acts as a guidepost or benchmark from which teams and leaders can calibrate their results over time to assess progress.

It is important to note that fair process leadership is authentically collaborative and must be perceived to be so by all stakeholders. This may require some tradeoffs, such as the extra time required to make inclusive and consultative decisions.

Fair process leadership, as an aspiration, must be founded on a desire to achieve effective and inclusive communication to engage and involve. Even if the aim for a leader is not to institute fair process leadership per se – the INVOLVE toolkit should lead to communication behaviours and outcomes that are positively engaging in any case. These INVOLVE practices will also support the notion of using “communication intelligence” (developed by Ian Woodward) to increase leadership communication effectiveness.

In summary, our recommendation to fair process leaders is:

Be respectful, open and objective; listen actively, ask more, tell less; discuss and decide constructively and clearly; develop and role model mutually agreed protocols; and connect in accessible ways and means for all involved.

Ian C. Woodward is Senior Affiliate Professor of Organisational Behaviour at INSEAD specialising in Leadership and Communication. He is Director of the Advanced Management Programme in Fontainebleau, an INSEAD Executive Education Programme.

Ludo Van der Heyden is Chaired Professor of Corporate Governance & Professor of Technology and Operations Management at INSEAD. He is co-Director of the International Directors’ Programme and Value Creation for Owners and Directors and lectures on governance, leadership, and business model innovation.

Read more at https://knowledge.insead.edu/leadership-organisations/involve-a-toolkit-for-fair-process-communication-4739#46i0okslJazHeQH1.99
APPENDIX D
## Examples of INVOLVE Fair Process Leadership Communication Practices

<table>
<thead>
<tr>
<th>Active Listening and Constructive Dialogue</th>
<th>Agreed Communication Protocols</th>
<th>Accessible Connection</th>
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<tr>
<td>• Emotionally intelligent conversation.</td>
<td>• Involvement with, and commitment to the creation and execution of team communication rules.</td>
<td>• Has the ability to use, and access to the agreed formats and media of communication.</td>
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<tr>
<td>• Focused and respectful Listening.</td>
<td>• Role models the team rules.</td>
<td>• Understands and respects the communication preferences of others in the team and promotes the forms of communication agreed by the team in its protocol.</td>
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<td>• Question asking to develop ideas and understanding.</td>
<td>• Will subvert individual frustration when someone is taking longer to make a point in a Telecom.</td>
<td>• Once decisions are made, communicates these to relevant stakeholders quickly, and takes the time to answer questions.</td>
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<td>• Technology devices do not become distractions.</td>
<td>• Actively seeks and gives constructive feedback on individual communication habits – especially as these relate to agreed approaches in the team’s protocol.</td>
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<td>• Use of demonstrable evidence to support advocated positions and ideas.</td>
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<tr>
<td>• Use of appropriate non-verbal behaviours (eye contact, voice, and facial expression) to convey engagement.</td>
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<th>Teams</th>
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<td>• Meetings (in-situ and virtually) where debate is constructive.</td>
<td>• Team members understand the overall fair process being used, and each of the steps within the cycle.</td>
<td>• Team members have equivalent access to technology.</td>
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<td>• Team members are allowed to complete their statements without interruption and ideas are given a “fair” hearing.</td>
<td>• Team collectively creates and implements a short and defined protocol covering issues such as:</td>
<td>• Team members are notified and pre-prepared for important team discussions and events.</td>
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<td>• Counter viewpoints are presented to debate the issue constructively, rather than be seen as a personalized attack.</td>
<td>• Meeting rules for agendas, timekeeping, reporting, and debriefing activities.</td>
<td>• Team members have similar information available to them to be able to explain opinions or decisions to others.</td>
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<td></td>
<td>• Agreed approaches for email and text exchange.</td>
<td>• There is a convenient system for knowledge-sharing and dissemination.</td>
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<td>• Agreed approaches for team conflict resolution and feedback.</td>
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<th>Organizations</th>
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<td>• Respect, Integrity, Transparency and Trust are corporate values.</td>
<td>• The organization has clearly defined communication rules, systems and procedures; yet these are flexible enough to allow teams to adapt to undertaking the fair process steps in their own situations.</td>
<td>• Relevant media and technology are available, and people are trained to be able to use these effectively and efficiently.</td>
</tr>
<tr>
<td>• Using fair process is obvious, not sacrificed to other short-term objectives.</td>
<td>• Creating and using communication protocols are seen as important and valuable tools within the organization’s teams and units.</td>
<td>• Corporate communication systems and practices are clear and timely. These take account of different knowledge needs, competencies, and levels in the organization.</td>
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<tr>
<td>• Using evidence is an obvious quality in making and taking decisions.</td>
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<td>• Corporate and organizational communication that is frequent, timely and clear.</td>
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6 Surprising Insights Of Successful Employee Engagement

Leaders finally realize the importance of a fully engaged workforce. Now they should learn what practices drive and sustain happy employees.

BY MARK C. CROWLEY

Finally, leaders are now convinced one of their last remaining competitive advantages lies with their people. Businesses have begun to signal to workers that their needs will now be honored on a scale only previously reserved for customers and shareholders.

Raising employee engagement has become one of the highest priorities for organizations all around the globe, according to a 2015 Conference Board CEO study.

While leaders have come to appreciate the importance of having a fully engaged workforce, they also have a very limited understanding of what practices truly drive and sustain it.

Researchers from Deloitte Consulting, Sirota, and the Conference Board combined efforts in October 2014, and performed a deep dive into 12 companies consistently recognized for having high-performing, employee-centric cultures. The end product of their study defined the common-denominator characteristics, or the DNA, of highly engaged organizations.

Employee engagement can never be bought; it must be earned.

Although the analysis was specifically performed to benefit the clients of the three respective organizations, I had the privilege of reading it, and later meeting with the leader of the project, Rebecca Ray PhD, executive vice president for human capital and engagement research at the Conference Board.

The study yielded many uncommon and useful insights, most especially these six:

1. ENGAGEMENT IS STILL A NEW CONCEPT
In the 1990s, William Kahn, professor of organizational behavior at Boston University, introduced the term engagement based on his observation that people have a choice as to how much of themselves they're willing to invest in their jobs.

Kahn conducted in-depth interviews with employees at two organizations. He discovered they were far more emotionally and physically engaged when they experienced:

- Psychological meaningfulness: a sense that their work was worthwhile and made a difference
- Psychological safety: a feeling they were valued, accepted, and respected—and able to perform in a positive work environment
- Availability: routinely feeling secure and self-confident while possessing the emotional and psychological energies to perform their job

Nearly 25 years later, these three elements remain at the core of most theories of employee engagement. It’s also important to note that pay isn’t even on the list.

While fair compensation will always be a key component of job satisfaction, it’s not a factor as a day-to-day motivator of engagement. Neither is whether a company can attract and retain talented people.

The conclusion for organizations everywhere is this: Employee engagement can never be bought; it must be earned.

2. EVERYONE MEASURES ENGAGEMENT DIFFERENTLY, BUT THE FINDINGS ARE THE SAME

Gallup reported in January 2015 that 30% of the working population in the United States is willing to do anything and everything they can to help their boss and organization succeed.

Many business leaders remain unpersuaded that engagement is anywhere near that dire in their respective organizations, often because they create their own surveys and don’t use the same tools as Gallup.

"There is really no way to compare organizations to organizations tied to survey data, simply because there’s no consistency in what questions get asked," says Ray. "But most of the published engagement studies report the very same thing. Only a third of the population, more or less, is really engaged."

3. LOW ENGAGEMENT CAN’T BE ENTIRELY PINNED ON BAD MANAGERS
In April 2015, I wrote in *Fast Company* that directly expressed the idea that managers have the greatest impact on employee engagement.

While Ray doesn’t refute this, she’s nevertheless hesitant to say this “lays entirely at their feet.” Ray sees a workplace that changed profoundly amid the crash and recovery that began in 2008. Many companies removed multiple levels of management as cost-cutting and preservation-motivated measures. Consequently, many people who were individual contributors were additionally tasked with managing teams on top of their original roles.

The culture you create or the culture you destroy will determine the success of your business.

“When you put pressure on people to perform in that kind of environment—and they themselves are scrambling to learn how to be a good manager—their go-to impulse is to just get the work done in any way they can,” Ray explains.

Ray also believes many companies have “broken the contract,” giving people far fewer reasons to be loyal and sacrifice their personal lives to their organizations.

“People feel there’s too little reward for their discretionary efforts,” she adds. “Most workers today have seen co-workers or family members get laid off, and also have had their benefits cut and bonuses frozen. All this just makes people focus on their survival.”

4. HELPING PEOPLE GAIN BACK TIME IS ONE POWERFUL WAY OF DRIVING ENGAGEMENT

With people spending most of their waking days at work, many have the additional stresses of raising children, caring for elderly parents, and dealing with long and tedious commutes.

Ray insists that companies have no direct responsibility for supporting employees with these challenges. “Smart employers are figuring out that helping people gain back time back in their day,” she says. This is an extremely powerful way of demonstrating how highly they are regarded.

Allowing people flexibility with work hours, where they work, and being willing to accommodate individual needs all have proved to have very positive impacts on performance and job satisfaction, the Conference Board study shows.

“Not everyone can work flexibly because of the nature of some roles,” Ray says. “But more and more, people are looking for that flexibility because it gives them the ability to exhale, and come at work very differently.”

5. QUICKEN LOANS: AN EXAMPLE OF WHAT FULL ENGAGEMENT LOOKS LIKE
Organizations including Whole Foods, Alcoa, and NASA were profiled during the DNA study. However, Ray was emphatic in suggesting that mortgage giant Quicken Loans may now be the most actualized employer on the planet.

She stressed that few companies have committed themselves more to creating a positive and enabling workplace, which they fully leverage to drive high performance. In fact, Fortune magazine has ranked them as one of the Top 30 Best Places to Work in America for 11 consecutive years.

At Quicken Loans, employee engagement is not a process, a department, or a survey, states the DNA report. Engagement is part of the business strategy and culture. Much of this is owed to the vision and leadership of the company’s founder and chairman, Dan Gilbert.

Quicken Loans is headquartered in Detroit. As part of its mission, the company has made a deep commitment to helping that community recover from the devastating effects of the economic downturn.

Employees themselves frequently have written heartfelt letters to express how much a job at Quicken Loans has helped them turn their own lives around. “So many of the stories they tell about working there are things of kindness, things of caring about one another, or going the extra mile,” Ray says.

If you can get a caring manager who makes you feel valued and respected, people are hesitant to go someplace where they might not be as lucky as with the manager they have now.

Gilbert has created a culture that’s as demanding as it is nurturing. Once a year, he updates a book that describes all of the firm’s key values. He ensures every person knows what behaviors are rewarded, and what principles are to inform every decision.

Wanting all of his people to know and feel that they matter to the success of the company, Gilbert and CEO Bill Emerson, personally facilitate an eight-hour long orientation for all new employees.

Quicken Loans is intentionally generous with benefits and perks—which includes a concierge service—knowing that by highly supporting their people they’ll instinctively do the same for customers.

6. A CARING BOSS MAY STILL BE THE GREATEST DRIVER OF ENGAGEMENT

Ray shared what she would say to large group of CEOs seeking to create high engagement in their companies.

“Many recruiters try to tell people how it’s going to be much better down the street,” she says. “But if you can get a caring manager who makes you feel valued and respected,
people are hesitant to go someplace where they might not be as lucky as with the manager they have now. If you have a boss who cares about you, is interested in your development . . . if you find someone who has your back and has your best interests at heart, and wants to see you become better and more down the road, that’s one very powerful cocktail."

FEELING LOVED AND RESPECTED AT WORK

With unemployment back to pre-recession levels and the job market heating up, people now have choices about where they work. All things equal, people will stay at a company where they feel loved, respected, and where they can do work they enjoy and believe in matters.

For all of us who manage other humans at work, we must always remember what Ray said was one of the most important conclusions of her research: “The culture you create or the culture you destroy will determine the success of your business.”

ABOUT THE AUTHOR

Mark C. Crowley is a leadership consultant and speaker, and the author of Lead From The Heart: Transformational Leadership For The 21st Century

More