



THE BIG IDEA

INVOLVEMENT = COMMITMENT

CITATION: Kim, W. Chan and Renee Mauborgne, "Fair Process: Managing in the Knowledge Economy," *Harvard Business Review* (January 2003): 3-11.

What Did the Researchers Do?

In London, a police officer gave a woman a ticket for making an illegal turn. When the woman argued that there was no sign prohibiting the turn, the police officer pointed to one that was bent over and twisted, making it difficult to see from the road. Furious, the woman decided to appeal her ticket in court. At her hearing, she began to tell her story only to be immediately interrupted by the magistrate who issued a ruling in her favor. Afterwards, the woman explained that she was still frustrated and deeply upset. Why was this woman so unhappy? According to researchers Kim and Mauborgne, it's because she was never able to explain what had happened. "Although she liked the outcome, she didn't like the process that had created it." (p. 3)

This study of fair process began in the mid-1970s when two social scientists combined their interest in the psychology of justice with the study of process. Their findings "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." (p. 5) Years later, researchers Kim and Mauborgne used that initial research to look into the relevance of fair process to effective management by studying the strategic decision-making skills of 19 multinational corporations.

What Did the Researchers Find?

In the 19 companies studied, the researchers found a direct link between processes, attitudes, and behaviors. Employees who believed their company's decision-making processes were fair displayed a high level of trust and commitment, and were eager to share ideas. "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." (pp. 5-6) However, employees who believed their company's decision-making processes were unfair were unmotivated and not as productive. "When employees don't trust managers to make good decisions or to behave with integrity, their motivation is seriously compromised." (p. 3) This distrust and lack of engagement is a huge problem, as it profoundly influences attitudes and behaviors critical to high performance.

To promote fair process in decision-making, the researchers found three basic principles that serve as underlying elements:

Engagement. Engagement refers to the involvement of individuals in the decisions that affect them. This concept reaches beyond just asking for input and encourages participants to discuss and even refute the merits of one

another's ideas and assumptions. This process "communicates management's respect for individuals and their ideas." (p. 6)

Explanation. Management must work to ensure that everyone understands how final decisions are made and the reasoning behind them. This increases employees' confidence that managers have considered their opinions and allows employees to trust the manager's intentions, even if they don't agree with the decision.

Expectation clarity. Once a decision has been made, managers must clearly and accurately state "the new rules of the game." (p. 6) This enables employees to know from the beginning the standards by which they will be judged and the penalties they'll face for failing to meet those standards.

The researchers cite several examples of seemingly irrational behaviors by employees in response to their perceptions of the fairness of the process used.

- In 1992, Volkswagen employees were given a 20 percent pay raise. But because the union had done a poor job of communicating the new agreement and the basis for several work-rule changes, the positive outcome (the raise) was negated by the distrust and betrayal the workers felt at not being included in the process.

- An elevator manufacturer responded to a declining market by changing the manufacturing system in two of its plants. The first plant was a model operation where employee relations were so good that they had decertified their own union. But because management violated fair process in assessing, planning, and implementing the changes, plant employees panicked, morale fell, and trust and commitment to the company deteriorated.
- The second plant had a strong union and was in general suspicious of management. However, management involved employees in all aspects of the manufacturing changeover. They provided a clear, unvarnished description of the company's financial woes and how the new system would help, engaged employees in redesigning the system, and actively sought suggestions and input from workers. As a result of the fair process used, the "employee meltdown" that management expected never occurred.

The researchers conclude that employee perception of fairness is so important that it can mitigate even positive outcomes, as in the case of Volkswagen. Conversely, it can ease the way in troubled times, as in the case of the Siemens-Nixdorf Company, which was able to rebound from huge losses within a year and double employee satisfaction by embracing the principals of engagement, explanation, and expectation clarity.

What Are Possible Implications for School Improvement?

The researchers point out that while fair process is important in any system, "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." (p. 9) It is easy to see, then, how critical the perception of fair process is in our system of schooling. Successful and continuous school improvement is, by its nature, a collaborative process. Because involvement builds commitment, stakeholders—staff, parents, and students—must be engaged in some way in every step of the process. Changes that are required must be clearly explained so that everyone understands how decisions were made and why. Finally, teachers, students, and parents must know what the changes mean to them, what they will be required to do, and how their performances will be judged.

Unfortunately, many schools and school districts have yet to understand the concept of fair process. Change is still handed down from the central office, or perhaps the principal's office. Why is this so, when the concept of fair process seems so simple? One explanation is that managers often confuse fair process with fair outcomes. They think by giving resources or rewards that people will be satisfied. Another is the managerial view that knowledge is power, and to share power is to lose control. Until schools and

school districts embrace the idea of fair process, which in fact mirror the democratic ideals that we are trying to instill in our students, effective and sustainable school improvement will continue to be out of reach.

To do this, everyone involved in the education of our young people must take a "leap of faith" and trust the process of continuous improvement, even if initially stakeholder groups don't trust one another. This research shows that fair process—which is strikingly similar to the continuous improvement process—can bring even traditionally adversarial groups together in pursuit of the common good. "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." (p. 10) And where is this needed more than in our public schools?

— Kathleen McKee &
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