

## **Employee nightmares: Management's favoritism, discrimination, and ethics gone awry**

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### **ABSTRACT**

In business, relationships are critical and the value of building and maintaining healthy, productive relationships can translate to sustainable organizations. However, when management relationships result in power plays, discrimination, escalation of commitment, questionable ethics, favoritism, and inept decisions designed to protect those with the power and authority, the detrimental impact to the company can be significant and in some ways irreversible. To protect employees and the viability of the organization, policies and procedures are created and people are provided a work environment in which their concerns can be freely expressed. This case explores the atomic nightmare that happens when management prioritizes each other over the organization and its employees' well-being. Furthermore, this case demonstrates the impact poor management practices, such as discrimination and favoritism, have on company culture and employee morale.

Keywords: management, discrimination, ethics, favoritism, escalation of commitment

This is a fictitious case. All information contained herein was fabricated by the author(s). Any similarity contained herein to actual persons, businesses, events, etc. is purely coincidental.

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Suggested courses: Principles of Management, Human Resource Management, Organizational Behavior, Conflict Resolution, Business Ethics

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## **MEET THE TEAM**

The management team at Industrial Company United (ICU) consists of President Timothy Thomas, Director of Operations Gregory Ulrich, Manager Jonathan Collins, and Team Leader Craig Rushing. Throughout the chain of command, each lower rung manager was hired by the one currently holding the position above and all are males having been hired by a male supervisor. Their reputations throughout ICU as individuals and as a group of managers is that they are a boy's club in which they protect one another and will vehemently defend the decisions, positions, and directions the others take. As such, it is widely known that complaints fall on deaf ears, regardless of their seriousness and of their possible fall out. In fact, Rushing was declared by Collins to be his "best hire ever" despite numerous accusations, grievances, investigations, allegations, and audits (all internal to ICU, meaning the ones collecting data and making decisions are within the management team of ICU) resulting from concerns of his employees.

## **DEMANDING RESPECT**

In meetings with his subordinates, Collins stresses they owe him respect, self praises his integrity, and celebrates his professionalism. His subordinates on the other hand find his management style to be heavy-handed, cruel, and egocentric. Collins has selected three subordinates to favor and permits those three to obstruct, degrade, violate, and bully their coworkers, including making comments about their appearances, heritage, ethnicity, race, gender, and intelligence.

Collins often issues stipends to his selected favorite employees, claiming they are working on extra projects that remain shrouded in secrecy to the point in which there is no record or proof of any kind that the projects exist. The anointed ones enjoy other privileges not afforded to their peers, especially when they are displeased with another employee or situation and they are bestowed the right to bypass set policies and procedures to complain to a higher level of management and seek a decree from that level that will set things as the favored would prefer. In the midst of this, Collins regularly lectures his employees on his outstanding leadership style and insists they revere him for his perfection.

## **COMPANY CULTURE**

Recently, an incident occurred in which one of Collin's favorites approached an Asian female coworker as she was speaking with others and spewed racist comments as he mocked her accent. The victim and witnesses reported the incident to Rushing, the team leader. Rushing consulted with Collins and they decided not to move forward in investigating the event or in addressing the accusation with the instigator. The victim and witnesses' received new schedules the following week in which they were on different shifts and their weekly quotas were increased. When they questioned the changes, they were told by Rushing that there was a complaint filed against them for unprofessional behavior and the investigation concluded that appropriate action must be taken. In consultation with Collins, Rushing changed their schedules and due to the new shifts, their quotas were also adjusted. None of the employees were notified of or interviewed with regards to the complaint and as such each filed an appeal. The appeal was reviewed by Ulrich, who decided conclusively that all company policies and procedures were

followed accordingly and that the employees had no grounds for questioning their schedule and quota changes.

## **THE REVOLVING DOOR**

Several employees have left the organization as a result of the lack of responsibility required of the management team when problems arise and the blatant allowance for policy, procedure, precedence, and laws to be ignored and/or bypassed. Incidents like the one described are common practice and quickly becoming company culture.

The turnover of qualified employees has resulted in the hiring of underqualified talent at a lower rate of compensation. As such, the management team has gained a financial windfall that they freely use on their pet projects and that favor their preferred employees. At the same time, employees are told that there are ongoing budget cuts throughout the organization, resulting in questionable cost cutting measures, such as extending the use of equipment past the manufacturer's recommended time period resulting in safety concerns. Additionally, the never-ending stream of outgoing experienced workers and incoming inexperienced workers results in a loss of organizational knowledge, history, and irreplaceable quality.

## **PART A QUESTIONS**

Based on the case presented so far, answer the following questions and discuss with your peers the situation faced at Industrial Company United.

1. If you were a member of the Board of Directors for Industrial Company United and you had an upcoming meeting with the President Thomas, what points would you make about the management team, working conditions, and other concerns regarding what you have heard about the company?
2. There is a concept known as escalation of commitment in which people are prone to remaining devoted to a past decision even as it becomes increasingly obviously disastrous. Do you believe the management team of ICU could be suffering from escalation of commitment? If so, explain and give one example. If not, explain your rationale and give one example.
3. Discrimination is commonly viewed as unfair, unethical, and in most places, unlawful. The case presented demonstrates discriminatory behavior. Identify the possible discrimination practices of ICU, the types of discrimination observed, and offer remedies for ICU's Board of Directors to take action to rectify those practices.
4. If the current trajectory of ICU continues, what predictions do you have regarding the company's future?

## **FIGHTING BACK**

Following the incident and subsequent actions taken against the Asian employee and witnesses to the discriminatory act, the group filed a grievance against the unprovoked attacker, Rushing, and Collins claiming hostile work environment and unfair employment practices, with favoritism and discrimination amongst those practices (U.S. Equal Employment Opportunity Commission, n.d.-b). ICU's policies and procedures require all grievances be investigated by the human resource department and all accusers and accused be allowed to share their perspectives,

observations, and explanations of actions during the investigation. Furthermore, investigation interviews are covered under the Fair Labor Standards Act (United States Department of Labor, 2011) in which those who participate are protected from retaliation. All of this is explained to participants before each interview begins.

Throughout the investigation, Collins holds meetings with individual employees and openly seeks to “resolve the issue” through intimidation, strong-arming tactics, and threats. These incidents are reported to the investigators. Rushing’s strategy is to push forward with business as usual, meaning policy violations and circumventing procedures. The employee who verbally attacked his coworker continues to be exalted and praised by Collins for his resounding successes and congratulated for doing nothing more than his basic job duties. The employees who filed the grievance have continually changing schedules, ever increasing quotas, and new company rules are set in place that appear to target these individuals specifically.

## **THE REPORT AND ACTIONS**

Upon the conclusion of the investigation, a report is generated which provides a summary of the incident, any found policy, law, or other violations, and required actions. Proper company procedure states that the report is submitted to the immediate supervisor of the highest-ranking employee in which the grievance was filed against, in this case Ulrich received the report. The next step of the grievance process has the report recipient reviewing the report and upon the employees’ next annual evaluation, choosing to address the findings of the report, ignore the report, or take actions based on the report. Ulrich chooses to meet with Collins a month after receiving the report during his regularly scheduled annual evaluation and informs Collins that the grievance and subsequent report are of no concern, no action will be taken, and no notes related to the incident or grievance will be included in his performance evaluation. He instructs Collins to move forward in his annual evaluation of Rushing and that the grievance can be ignored for that review as well. Based on advice and instructions from Ulrich, Collins informs Rushing that the grievance against the alleged perpetrator was found to be insufficient to result in any notations or actions in his annual review. When Rushing conducts evaluations on the employees who filed a grievance, he notates in his review that they are problems, bullies, and unfairly accused their coworkers of inappropriate actions. His conclusions result in disciplinary action against each of the grievance filers for their misuse of company resources. This decision and damaging label causes the employees trouble as they seek to continue their employment at ICU, as promotions, raises, bonuses, and fair evaluations are unattainable, and in their careers, as finding quality positions proves difficult with the stigma of individuals who are not respectful of organizational resources implies they are thieves, dishonest workers, and cannot be trusted.

## **PART B QUESTIONS**

Based on the case presented so far, answer the following questions and discuss with your peers the situation faced at Industrial Company United.

1. In the event you are President Thomas, what are your thoughts and concerns about the situation developing at ICU, the actions/inactions of the management team members, and what steps would you take?
2. In the event you are one of the employees who filed the original grievance, what steps would you take?

3. As a business student learning about business practices, what alarms you about this situation?

### **LEADERSHIP IN ACTION**

President Thomas received a copy of the report and watched carefully and intently as the management team of Ulrich, Collins, and Rushing decided their next moves and took action. Upon learning their choices, he scheduled meetings with each and had a discussion about his observations based upon his knowledge gained from the report. In the report, it was stated that the discrimination incident was valid and that the organization was at risk of legal action if the perpetrator was not appropriately disciplined and educated on his wrongdoing (U.S. Equal Employment Opportunity Commission, n.d.-a). The report also found that there were several violations by Collins in his practice of favoritism and by Rushing in his inactions against the perpetrator at the time of the incident. Furthermore, the report found the victim and witnesses were credible in their complaint. Additionally, Collins was identified in the report as having acted inappropriately and unprofessionally when he met with individuals and sought to resolve the situation outside of the company's grievance process. President Thomas also addressed the retaliatory actions of Rushing against the employees who filed the grievance when he altered schedules, increased quotas, branded their grievance as a misuse of company resources, bypassed them for promotions, denied them bonuses, continued to penalize them on future evaluations, and severely damaged their professional reputations (El Kharzazi et al., n.d.).

### **PART C QUESTIONS**

Answer the following questions and discuss with your peers the situation faced at Industrial Company United.

1. President Thomas has options at his disposal as to what he can do next to correct the course the company's current path. What are those options (name at least 3)? Rank them as most desirable to least desirable.
2. As a future business professional, what lessons can you take from this case as it relates to your future career?

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