

Treating people with 'process fairness'

Company A downsized with a big safety net. Severance included many weeks of pay, outplacement counseling and health insurance for up to a year. But nobody ever explained why the layoffs were needed.

Naturally, midlevel managers mumbled a few words and handed people off to HR. Those who kept their jobs heard about it on the way home Friday and waited until Monday to find out they were “safe.”

Nine months later, the company still bumped along with low morale and performance.

Company B downsized with far fewer resources, but senior managers explained what was happening — and why — many times before the ax fell.

Executives and middle managers made themselves available to answer questions. They said they were sorry, both to those who were losing their jobs and those who would stay. Line managers got HR support, so they could break the news as gently as possible.

Nine months later, performance stood better than before the layoffs.

The difference? Something called **process fairness**, which means treating people fairly along the way, even if the *outcome* isn't fair. People won't always get what they want, but at least they've been heard.

Researchers have found that a big factor in whether laid-off employees sue is their perception of how fair the termination process was. Besides legal costs, fair processes also reduce employee theft and turnover.

Three factors drive process fairness:

1. How much input employees believe they have in decisions.
2. Whether they believe decisions are made wisely. Are they consistent, based on accurate information, and correctable? Are personal biases left out? Is enough notice given? Is the process clear?
3. How managers behave. Do they explain? Do they treat people with respect? Do they listen?

Note: You also can use process fairness to create value. In 1994, Progressive Casualty Insurance began giving potential customers the rates of two competitors to compare with its own quotes. Customers saw the process as so fair that, for Progressive, business boomed.

— Adapted from “Why It’s So Hard to Be Fair,” Joel Brockner, *Harvard Business Review*.