

The Head-Down Theory: How Unfairness Affects Employee Engagement

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Modern HR practice suggests that the difference between successful and struggling companies can be found in employee engagement. Those companies who engage employees to actively participate in the success of an organization report greater productivity, morale, innovation and health. Most companies offer rewards as a way of promoting employee engagement. Yet very few have analyzed the reasons why employees are not engaged. Our research at the Workplace Fairness Institute has led to a conclusion about the real reasons for lack of employee engagement – it's all about fairness.

What is Workplace Fairness?

Drawing from the works of John Rawls and Ronald Dworkin, we define workplace fairness as “equity of concern and respect for each workplace participant regardless of his/her position in the organization.”

We define “equity of concern and respect” in the following manner:

- “Equity” does not mean “exactly the same”; rather that on balance individuals and groups will be accorded the same level of respect regardless of their position.
- “Concern” means that one person’s views on a particular conflict should be given as much consideration as another’s.
- “Respect” means that all individuals should be accorded the same level of dignity in the way decisions are made regardless of their position in the organization.

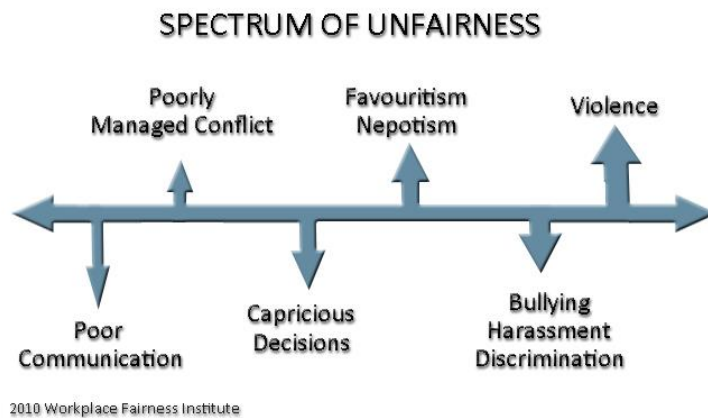
What is a Culture of Workplace Unfairness?

The vast majority of organizations in the world exhibit some characteristics of a culture of unfairness. Workplace violence, bullying and harassment sit at the extremes of such a culture. However, there are many other more subtle factors that contribute to a culture of unfairness including:

- Capricious decision-making
- Nepotism
- Vague and opaque selection, promotion and merit award decisions
- Poorly managed conflict
- Poor communication
- Excessive and unreasonable workloads
- Excessive requirements to work beyond normal hours
- Insensitive handling of concerns
- Inadequate diversity measures
- Structural favouritism

In fact, a culture of unfairness usually involves a whole spectrum of more or less subtle contributing activities. The low end of the spectrum exhibits poor communication or poorly managed conflict. And the upper end includes workplace violence, harassment and discrimination. (See Figure 1)

Figure 1: Spectrum of Unfairness



Many organizations have isolated circumstances of unfairness. This does not necessarily make them fundamentally unfair. On the other hand, if the “situation” is largely emblematic of an organization’s behaviour then the organization’s culture of unfairness runs deep. This culture is responsible for low morale, low productivity, low engagement, high attrition rates and absenteeism.

What are the Individual Responses to Unfairness and What are their Costs?

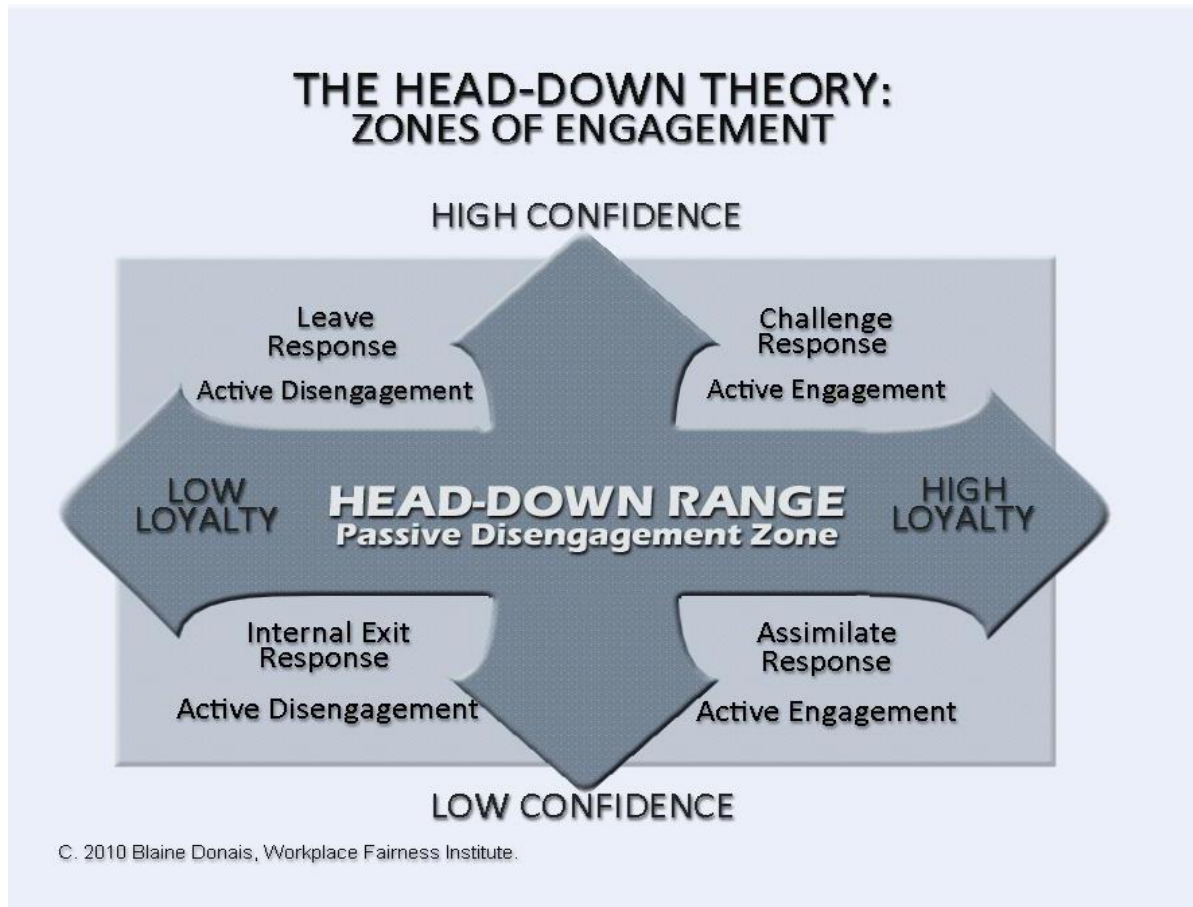
To understand the costs of unfairness, it is useful to consider the individual responses to a culture of unfairness in a workplace. In our research over the last 15 years, the Workplace Fairness Institute has developed a theory of individual responses to unfairness that involves the individual’s loyalty to the organization compared to the individual’s confidence in the availability of options outside the workplace. We call this the “Head-Down Theory.” (See Figure 2)

The Loyalty Plane

At the low end of the loyalty plane, an individual cares little for the success or failure of an organization, except perhaps to the extent that the person continues to be employed. At the high end of the loyalty plane the employee cares greatly about the success of the organization. Often at this end, the workplace participant sees a direct relationship between his/her interests

and those of the organization. But even where that is not the case the participant may be prepared to put the interests of the organization above their own.

Figure 2: The Head-Down Theory



Many assume that loyalty increases the higher up you are in the organizational hierarchy. This view is fortified by the reasoning that those higher up in the organization have more “say” in what is going on – that the organization is more reflective of their own styles. Thus the organizational leadership will be more comfortable with the organization’s culture and have more at stake in the success of the enterprise.

However, this is not always the case. In many organizations leadership changes more rapidly than the line employees do. In fact the upper echelons of some organizations look like a revolving door. Chief executives and directors change on a fairly regular basis in such places. They usually come from organizations with different cultures and don’t expect to be around for more than a few years. Often they are specifically hired to do a job and then move on. In fact, many large businesses merge or change ownership multiple times over the course of 20 years.

For most of the larger organizations in the western world, on the other hand, it is not surprising to find hundreds of employees with 20+ years of service working for the same company (even though the company might have changed hands multiple times throughout the 20 years.) These employees have their careers, mortgages, family's wellbeing, children's college funds, and their own sense of self-worth tied up in the success of the organization to which they have devoted, in some cases, their entire working lives.

The Confidence Plane

The confidence measurement is also somewhat complex. This plane measures the level of confidence of an employee in the available options they may have outside the organization. At the low end of this plane the employee feels a lack of confidence that he or she will obtain a suitable position outside the organization. Note that this is not just a matter of personal self-confidence. A highly self-confident person may still rightly recognize an inability to obtain options outside the existing workplace. If an employee is a miner and there is only one mine in the region, the employee's confidence of finding a position elsewhere may be weak – regardless of how much personal confidence the miner has. Thus the confidence measure is as much situational as it is personal in nature.

By comparing these two planes, we have discerned five types of individual responses to unfairness:

- Leave Response
- Internal Exit Response
- Active Assimilation Response
- Challenge Response
- Head-Down Response

Leave Response – Low Loyalty/High Security

In 2007, the Level Playing Field Institute conducted a survey of some 19,000 professionals and managers across the United States. On the basis of this survey they estimated that approximately 2 million professionals and managers leave organizations solely due to unfairness in the workplace.¹ The employee exit option contributed largely to the survey's estimate that U.S. corporations lost approximately \$64 billion every year as the sole result of unfairness in their workplaces.²

¹ *The Corporate Leavers Survey: The Cost of Employee Turnover Due Solely to Unfairness in the Workplace*, Level Playing Field Institute, 2007 page 1

² *Ibid.*, page 1

Ultimately, employees who witness unfairness in their workplace and who have options that are more attractive than staying, tend to take these options. Two million professionals and managers every year tend to take that option in the United States. They do so because the organization has not earned their loyalty and because they have other options. And this response, as demonstrated by the Level Playing Field Institute's study, has significant consequences for organizations with strong cultures of unfairness.

Internal Exit Response - Low Loyalty/Low Confidence

If the cost of losing good employees is substantial, the cost of employees staying in a culture of unfairness may be even higher. Employees who realize there is a culture of unfairness and chose to stay are likely staying because they have no other alternatives or the alternatives are less attractive than staying. While there have always been such employees in most organizations, the 2008 economic meltdown has surely contributed to many more employees staying when they might have left before.

Employees who stay in an organization that they consider unfair and they have lost (or never had) any loyalty towards, tend to treat their workplace as a prison camp and their employer as the enemy. Another way to describe this phenomenon is "active disengagement." Employees in such circumstances tend to have a higher rate of absenteeism. They will sometimes passively or even actively sabotage the efforts of their employer through gossip or lack of useful communication.

Moreover, employees who are actively disengaged tend to exhibit behaviours associated with informal "presenteeism." Formal presenteeism involves employees attending work even when they are sick. They do so because they fear a loss of wages due to inadequate sick leave provisions or fear termination from an unfair employer. Informal presenteeism, however, runs much deeper. This is the circumstance where an employee will do the absolute minimum to remain employed. They show up to work; they do a minimally sufficient job and they sabotage the work of others.

Active Assimilation Response – High Loyalty/Low Confidence

Employees witnessing what they consider to be unfairness, who fit in the low confidence/high loyalty quadrant, are likely to respond by emulating the unfair behaviour. There might be various explanations for this.

The first explanation is a sort of workplace version of the Stockholm Syndrome, where the employee is appreciative of the fact that the unfairness is committed on other employees and not him or herself. The employee appreciates being considered special and being above unfair

treatment.³ In the classical definition of the Stockholm Syndrome, the captive begins to misinterpret lack of abuse as a kindness and develops appreciative feelings for the captor's perceived benevolence.⁴

In the workplace version of this syndrome, the "captive employee" begins identifying with the "captor culture", seeking to concentrate on the culture's non-existent benevolent side as a self-defense mechanism.

A second reason is related to Socialization Theory. Many clinicians and scientists have studied the conversion of abused children into abusive adults. The process of conversion holds some important parallels with the workplace context.

In the workplace version of this phenomenon, employees become socialized to the abusive behaviour of those around them. Their choice to emulate such behaviour is rewarded in a culture of unfairness and thus is reinforced. Those who perceive no (or few) other options, sometimes take on that behaviour, choosing a position of power over that of perceived weakness.

To be sure there are certain kinds of people who thrive in a culture of unfairness. They know how to use the rules of the unfairness game to ascend to leadership positions in the organization. Leaders in an organization have a tendency to replicate the culture in which they thrive.

The consequences of such a response to unfairness are obvious. A culture of unfairness is self-perpetuating; unfairness breeds more unfairness. Unfairness produces its own cultural champions who will seek to promulgate its culture.

Challenge Response – High Loyalty/High Confidence

If there is hope for organizations with a culture of unfairness, it will come from those in the organization who have high confidence in their available options but choose to stick with the organization out of loyalty. They recognize the damage that unfairness is causing to their organization and will actively seek to change the culture. These are the champions of fairness, challenging the cultural norm, sometimes at their own personal expense.

In organizations where the culture of unfairness is loosely rooted, the challenge response may have a significant impact upon an organization. Sometimes these fairness champions are respected and talented individuals who can help to drive a culture of unfairness out of the organization. By demonstrating the value of a shift toward fairness, the fairness champion, in

³ "Understanding Stockholm Syndrome". *FBI Law Enforcement Bulletin*. Department of Justice Federal Bureau of Investigation. July 2007. pp. 10. <http://www.fbi.gov/publications/leb/2007/july2007/july2007leb.htm#page10>. Retrieved 7 January 2010.

⁴ Ibid.

very rare circumstances, achieves significant changes in the organization. Effective fairness champions build support for such change throughout the cultural leadership of the organization. And often through a very slow and eventual process, the organization moves away from the hallmarks of a culture of unfairness toward that of fairness.

Often, however, the challenge response simply leads to the person being branded as a trouble-maker. After all, the process of change involves the elimination of old behaviours, old ideas and old structures. These old behaviours, ideas and structures have become comfortable to those who have an active voice in the culture of unfairness. Largely, these people also have the power to thwart any move toward fairness. Fairness champions may be viewed as challengers to the authority of those who have prospered so well throughout the culture of unfairness.

The Head-Down Range

While we have described the extremes of this model, it is likely that most employees within a culture of unfairness fit somewhere in what we call the “head-down” range. These are employees who are neither highly loyal, nor highly disgruntled. These are employees who are not completely insecure about their external prospects, nor are they secure enough to either leave the organization or become fairness champions. So they come into work, do their job and leave. While at work, they do not act out in any passive aggressive way. They do not identify with the abusers. They simply keep their head-down.

Later in their careers, these employees are described as pension sailors. They do what is required of them. They do not seek promotional positions for personal development. Even though they could contribute more to the organization they choose not to. The organization has not earned enough of their loyalty for them to take the steps necessary to add more value.

Some employees in the head-down range end up moving either to the internal exit or assimilation ranges, depending on how they are personally affected by the culture of unfairness. If this culture of unfairness is something that tends to benefit them in some way, they are more likely to oscillate toward the assimilation range. If the culture produces negative personal outcomes for them, then they may move more toward the internal exit range.

Another way to describe employees in the head-down range is to call them “passively disengaged”. These are the employees who see no particular reasons to act out in any way either positively or negatively to the culture of unfairness in the workplace. They are not, however, contributing their discretionary time, energy, or insight to the organization.

The passively disengaged are distinguished from the other groups as set out above. All the other groups are either actively engaged or actively disengaged. The other groups will be more noticeable by the deliberateness of their actions. In the active disengagement zone the responses of employees are more obvious: they either leave or act in a passive-aggressive or belligerent manner. In the active engagement zone the responses of employees are similarly more obvious. They are either actively participating in the culture of unfairness or they are actively challenging it. In the head-down or passive disengagement zone, however, employee's actions are far more subtle. They will not openly challenge the culture, nor openly support it, nor will they "act out" or leave. Instead they will contribute minimally and not offer anything extra to the success of their workplace.

This, of course, has serious consequences for an organization seeking to have engaged employees. In *Engaging Unionized Employees: Employee Morale and Productivity*, the Workplace Fairness Institute reviewed research into organizations who have engaged employees. The research shows that successful employee engagement results in:

- stronger employee loyalty to the organization
- better communication between employees
- better communication between employees and managers
- more job satisfaction
- higher productivity
- better employee retention
- less workplace conflict
- improved reputation for the organization⁵

Therefore, organizations with a rampant culture of unfairness will have a hard time competing with demonstrably fair organizations. Productivity, communication, reputation, employee retention, loyalty and ultimately the bottom line will be impacted by the relative fairness of organizations.

In summary, a culture of unfairness tends to be self-perpetuating, it produces mostly negative and harmful individual responses and it is likely to severely damage the organization in the medium to long term.⁶

⁵ Donais, *Engaging Unionized Employees: Employee Morale and Productivity* (Aurora: Canada Law Book, 2010) page 2

⁶ A good accounting of the organizational impact of unfairness can be found in: Katrina L. Goreham, "Does unfairness have a ripple effect? The impact of independent and interdependent self-construals." A thesis presented to the University of Waterloo in fulfillment of the thesis requirement for the degree of Doctor of Philosophy in Psychology, Waterloo, Ontario, Canada, 2009 http://uwspace.uwaterloo.ca/bitstream/10012/4221/1/Goreham_Katrina.pdf

About the Author



Blaine Donais (B.A., LL.B., LL.M., RPDR, C. Med.) is President and Founder of the Workplace Fairness Institute. Blaine is a labour lawyer and an expert in labour/management facilitations, mediation, and investigation. He teaches human resources professionals, labour leaders and others in areas such as human rights, labour and employment law, human resources, collective bargaining and conflict resolution.

Blaine is author of *Workplaces That Work: A Guide to Conflict Management in Union and Non-Union Work Environments* (Carswell, 2006), and of *Engaging Unionized Employees* (Carswell, 2010) and *The Art and Science of Workplace Mediation* (Carswell, 2014). Blaine is an Adjunct Professor of Workplace Conflict Management, and Advanced Mediation Academic Director at York University. He also teaches at the Centre for Industrial Relations and Human Resources at the University of Toronto and at Royal Roads University.