

Unfair Promotions at Food Chain Supermarkets

Thomas L. Rutherford, Human Resource Director of Food Chain Supermarkets, Inc., was jolted by the conversation he just had with Walter Jackson, an employee in the company's distribution warehouse. Jackson had complained that black employees were being passed over for promotions in favor of white employees who had less experience and seniority. Jackson had gone on to explain that he had resigned his position in the meat department of the warehouse because, despite his experience and job performance, he felt he would not get promoted. He explained that he had been passed over for promotion three times since he started work with Food Chain.

After Jackson left his office, Rutherford began to immediately investigate his claims. He called in Mark Walters, his personnel assistant, and explained his conversation with Jackson to him. "The last thing I want on my hands is a discrimination suit," Rutherford told Mark. "I want you to get some data on promotions that have occurred in the last couple of years in our warehouse operations. Also, while you're at it, get the same information for our stores. Also, here are the names of three black employees given to me by Jackson. Pull their files and try to get any facts on what happened with their promotion requests." Mark replied, "I don't think it will be too difficult to pull together the information, Tom, now that we have finally gotten our personnel records centralized. But I'll probably have to talk with some of the department managers and supervisors also." Rutherford suggested that he interview the three black employees also. As Mark left his office, Rutherford began to think about the company's human resource practices and Jackson's allegations.

Background

Food Chain Supermarkets, Inc. is a regional chain of supermarkets located in the Midwest. Additionally, the company operates a central warehouse, bakery, and its own transportation system. Its main office, distribution center (warehouse), and a dozen stores are located in Reed County. Presently the company employs over 1,600 people in the county. According to recent census data, Reed County's labor force is about 22 percent black. The company has plans to refurbish its stores and to open four additional stores over the next two years. Rutherford was hired in anticipation of this growth to help better manage the company's personnel needs.

The distribution center has five departments: grocery, meat, frozen food, produce, and transportation. Each department has two shifts. The starting times of various employees on the same shifts are staggered. Both receiving and shipping functions are carried out at the warehouse. Order puller, order

selector, order picker, and picker are synonymous terms for the same position. A warehouse crew leader is a working supervisor who assigns duties and performs the same duties as subordinates. Management positions in the stores consist of assistant produce manager, produce manager, grocery manager trainee, relief grocery manager, deli manager, relief assistant manager, assistant manager, head cashier, and assistant head cashier.

Human Resource Practices

When Rutherford was hired four months ago, the President had explained that because of the physical dispersion of the stores, human resource policies were decentralized with a great deal of responsibility placed on the district managers. Promotion recommendations and decisions were made by supervisors of the different departments in the warehouse. In order to be promoted to a warehouse crew leader, an employee had to be on the same shift and in the same department as the opening. The factors utilized in promotion decisions at the warehouse were character, integrity, good sound morals, correct attitude, and initiative. The company felt that the supervisor was in the best position to judge whether or not an employee was promotable. There was no system for employees to apply for promotions. Written performance evaluations were limited to office employees, merchandisers, and store managers. At the retail stores, store supervisors made promotion recommendations to the district manager. Promotions were limited to persons recommended by the store managers. The district managers agreed with the store managers 90 to 95 percent of the time. The district manager decided who would be promoted, transferred, demoted, hired, or terminated for all positions up to the department head. Job vacancies were not routinely posted. Employees could be transferred from store to store as needed.

Rutherford recalled a conversation he recently had with one of the district managers, Joe Perkins: "We really don't need to post jobs since each district manager is usually aware of openings in his or her district and which employees are ready for promotion. Further, an employee doesn't have to ask in order to be considered for a promotion. Although we don't have a written evaluation system, the job performance of an employee is conveyed by word of mouth from one level of supervision to another."

Two Weeks Later

Rutherford had received the reports and data prepared by Mark on promotions within the warehouse and stores for the past two years (see Exhibit 1.14). Mark had also prepared summaries of what had happened to Jackson and the other three black employees mentioned by Jackson. As Rutherford began reading through the report, he wondered what changes would be needed at Food Chain. He certainly did not want to have another conversation like the one he had with Jackson two weeks earlier.

Questions

1. Analyze the table in Exhibit 1.14. What conclusions do you reach? Is there evidence of discrimination in promotion decisions?
2. Do you believe that Gemson, Thompson, LeBlanc, and Jackson were discriminated against?
3. What are some of the potential disadvantages of a "word of mouth" promotion system?
4. What should Rutherford do now?
5. What kinds of policies can the company design to better integrate minorities into management positions?

EXHIBIT 1.14 *Report on Promotion Rates*

TO: T. L. Rutherford, Director of Human Resources
FROM: Mark Walters, Human Resource Assistant
RE: Promotions

I have collected the data you requested on promotion rates at our warehouse and stores for the last two years (see table). I have also summarized what I could learn about the Jackson situation and the other three promotion cases he mentioned.

PROMOTION RATES

Unit	Year	Total Employees		Total Promotions		Promotion Rates	
		White	Black	White	Black	White Rate	Black Rate
Warehouse/stores	1998	1,603	284	171	21	10.66%	7.39%
Warehouse/stores	1997	1,414	291	122	27	8.62	9.27
Warehouse	1998	411	173	42	13	10.21	7.50
Warehouse	1997	223	192	18	21	8.07	10.90
Stores	1998	1,192	111	129	8	10.80	7.20
Stores	1997	1,191	99	104	6	8.73	6.10

Note: In 1996, blacks represented 5.8% of 137 store promotions and 9% of the work force. In 1997, 94.6% of the managers were white and in 1998 it was 94.7%.

CLIFFORD GEMSON: Clifford Gemson was hired as a produce clerk in June of 1997. He had originally applied for a management position. He had three years of grocery store management experience including six months in produce management with another company. Gemson worked in two stores between June 1997 and April 1998. On several occasions Gemson asked his district manager (J. Perkins) and his store manager (C. Fagen) about promotion to vacant produce manager positions. The first vacancy was filled on October 8, 1997 by Bob Watkins, a white employee. Watkins, a produce clerk, had 18 months of experience with us. Watkins, who had no management experience, was replaced by another white employee, Sheila Wilson, on November 8, 1997. Wilson was selected on the basis of her Food Chain experience as a produce clerk and an assistant produce manager for six months. Gemson was not considered for either vacancy.

ROY THOMPSON: Roy Thompson was hired by Food Chain at our warehouse on 9/18/96 as a maintenance (sanitation) employee. His duties included forklift driving, sorting damaged food, and rebuilding pallets. His prior work experience included supervisory duties and self-employment. Thompson trained a white employee of Food Chain (Neal Marcy, hired 5/12/97) who was promoted to crew leader of the maintenance (sanitation) department on 6/16/97. Before Marcy was hired, Thompson asked his supervisor (E. Jones) for the crew leader job to which Marcy was promoted. Jones told Thompson that he would never be a crew leader as long as he was supervisor. Jones denies saying this. According to Thompson, his supervisors had repeatedly told him that he had both excellent attendance and performance. On 8/15/98 a junior white employee, Earl Hanes (with less company experience than Thompson), was promoted to a sanitation crew leader for the same shift and in the same department that Thompson worked. According to Jones, Hanes was better qualified because of his previous work experience.

LESLIE LeBLANC: Leslie LeBlanc was hired by Food Chain on 7/8/96 as a frozen food picker. Her next position was frozen food loader. LeBlanc was trained to act as a "fill-in" crew leader, and in fact did fill in as a crew leader until Ricky Anderson (white) was hired. LeBlanc trained Anderson in the duties of a "fill-in" crew leader. Anderson then assumed LeBlanc's place as "fill-in" crew leader. Anderson was offered a full-time crew leader's position, which he refused. LeBlanc was never offered this job. LeBlanc had previously informed Food Chain management of her prior experience as a shift leader at a textile mill.

WALTER JACKSON: Walter Jackson was employed by Food Chain on 4/14/96 at the warehouse in the meat department. Milk, dairy products, and meat are in the same department. Jackson's job duties prior to April 1998 included milk picking, unloading, and forklift driving. In the spring of 1998 a crew leader told Jackson that he was up for promotion to crew leader in the department. Terry Gibson (a white employee) received the job on 6/7/98. Gibson was initially hired on 1/11/96, resigned 2/5/96 and was rehired 11/3/96. Jackson had more company and departmental experience than Gibson. However, he was never considered for the position. Gibson's prior duties were solely picking meat and Jackson had supervised Gibson when Jackson served as "fill-in" crew leader prior to Gibson's promotion. The supervisor asserted that Gibson had broader departmental experience than Jackson. Since that time two other employees in the meat department with less seniority and experience have been promoted over Jackson.
