Performance management within the context of organizational culture[1]

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ABSTRACT

This case describes a problem related to theft of valuable materials from an elite research lab. The lab is part of the Research and Development (R & D) Division of a large multinational technology firm. The disappearance of valuable materials causes problems for the person who noticed the problem as well as the manager who is notified of the problem. These individuals must identify a way to address this problem while considering expectations of the overall organization as well as the lab's scientists. Students completing the case must analyze the different options available to the manager and consider the likely consequences of pursuing these options. Students initially consider the problem as an employee disciplinary issue since employee theft (especially by one suspected employee) is the most likely reason for the materials' disappearance. However, they also must consider the fact that the materials could have been taken by someone other than the most obvious suspect or even by someone not working in the lab. In addition, students must analyze this situation in the context of the organizational culture (at all levels in the organization—especially the overall organization as well as the research team in the lab). They also must address related issues such as the manager's training, the working relationships of the individuals who would be involved in an investigation of the missing materials, and security issues needed when valuable materials are used. The case can be used in human resource management, organizational behavior, organizational culture, or other management courses.

Keywords: Employee discipline, performance management, organizational culture

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[1] Note: This is a fictitious case developed for educational use. All statements, names, numbers, dates, etc. used herein were created for the purposes of this case and should not be construed as factual. Any resemblance to any actual organization or individual is purely coincidental

INTRODUCTION

The employer

The employer (BIG) is a large multinational technology firm with employees working in many locations throughout the world. This case describes events at the TOP Research Lab, which is an elite research lab that is part of the Research and Development (R & D) division.

Organizational issues at TOP

TOP is organized into various Research Units that include Project Groups. This case describes events in the Special Projects Unit, which is considered the most prestigious project group. The individuals described in this case work for the Alpha Team, which is the most elite Research Team at TOP.

The organizational culture at TOP feels more like a college campus at an elite research university than a corporate division. This culture is especially pronounced among the top scientists, who go through an incredibly selective process in order to be considered for a job at TOP.

Although TOP's organizational culture is different from that found in most corporations, there is a formal hierarchy to the organizational structure at TOP. For example, the Chemists on the Alpha Team report to their team's Managing Chemist, who reports to the Director of TOP Special Projects, who reports to the TOP Research Director. The TOP Research Director is in charge of everyone working at the TOP Research Lab, and he reports to the Vice President of Research and Development, who reports to BIG's President. The offices of the Vice President and President are located at BIG's Corporate Office, which is located about forty miles from the TOP campus. Employees at TOP and the Corporate Office seldom interact.

The research scientists at TOP

TOP's research scientists all have earned at least one Ph.D. (usually in a specialized area of Chemistry or Physics) from a top research university, completed at least one post-doctoral program at a prominent research lab or university, published in top journals in their field, and received wide recognition for their accomplishments before they are considered for a position at TOP. Many are internationally known scientists who are recognized internationally through achievements such as awards and patents. They go through a very rigorous and comprehensive selection process before being hired. They usually continue to earn prestigious awards (nationally and internationally) and have patents approved after joining TOP.

These research scientists are highly committed to their profession and their research. They consider themselves true scientists who are completing important work. Since their positions require so much education and other achievements, it is unusual for them to start working at TOP until they are at least 35 years old. The highly selective hiring process, the scientists' extraordinary commitment to their work, and the very specialized nature of their work result in exceptionally low turnover rate among research scientists. TOP research scientists often work at TOP for at least twenty years. Their most common reasons for leaving TOP are retirement or appointment to head of a prestigious research laboratory at another organization.

Security issues at TOP

The TOP Research Lab is located on a separate campus with only one entrance, which is staffed at all times by security guards. All buildings on this campus have a security guard on duty for about sixty hours each week. Outside these sixty hours, electronic access is allowed to designated buildings through electronic ID cards. Further controls are required for specific rooms, floors, labs, storage areas, and so on. In all cases, electronic access is carefully controlled so that employees are given keycard access only to the buildings and areas for which employees can justify the need for access. The most liberal access is granted to research scientists, who often choose to work unusual or extended hours.

The scientists at TOP use various equipment and materials to conduct their research. Some of the equipment is very expensive, so there are careful controls over the possession and location of equipment. For example, employees are not allowed to bring equipment out of the room designated for the equipment unless they have written approval for such a move; and they are not allowed to bring equipment off the TOP campus unless there is written approval for such a move. In general, the only types of equipment authorized for use off campus are laptop computers, iPads, and iPhones.

The cost of research materials at TOP varies widely, and the level of security associated with these materials varies with their cost. For example, materials such as water have minimal costs and are considered part of ordinary overhead. Other materials may be very expensive, so use of these materials is carefully monitored and subject to strict security measures.

The strictest controls are used for materials such as gold, silver, and platinum. These minerals not only are expensive. They also have uses outside the laboratory. They are unlike many lab materials that have minimal uses and/or value outside a laboratory. Gold, silver, and platinum are stored in a special safe, which is located in a locked room in the supply area of the Alpha Team's lab. The Alpha Team members are the only BIG employees who are conducting research requiring the use of gold, silver, and platinum. Therefore, the seven Alpha Chemists and the one Alpha Managing Chemist are the only BIG employees who have access to the safe and the locked room where these minerals are kept. They refer to these areas as the GSP room and the GSP safe.

Careful records are kept regarding any use of GSP materials. The Chemists typically use only a small amount of these minerals, which are measured in milligrams (mg). They must weigh and record use of all materials by signing a log book that requires the date, name of mineral used, amount used (in mg), and the Chemist's signature. They also enter this same information (other than the signature) in a computer, which is located in the GSP room. The computer can be accessed only with a special Alpha password and an individual employee password. After entering the amount used, a computer program automatically computes the amount remaining for each of the three minerals. Similar information is recorded for all deliveries of these materials and for any damaged materials that must be discarded. The software is programmed to give a warning message if the remaining amount falls below the minimal amount considered necessary to keep on hand for expected lab use.

The amount of each mineral is checked once a year[2] during an inventory check conducted by the Managing Chemist in the presence of a security officer. The Managing Chemist weighs the amount of remaining inventory and compares this weight with the weight listed by the

[2] Usually, this inventory control is conducted as close as possible to December 31.

computer program. The two amounts should be identical. These inventory checks have been conducted for over sixty years, and the two amounts always were identical. The Managing Chemist is authorized to complete additional inventory checks at any point during the year, but no one can remember such a check having been completed at any time other than the required end-of-year inventory check.

As part of his annual report, the Managing Chemist reviews the amount of all materials used to be sure that these materials are being used efficiently. He includes these amounts in an annual report that describes all research conducted by the Alpha Team during that year. This information is sent to various people (ranging from TOP's Director of Special Projects to BIG's President).

Dr. Anna Santos

Anna Santos is a Senior Research Chemist who is a member of the Alpha Team at the TOP Research Lab. She has worked at TOP for about ten years.

Dr. Jay Drake

Jay Drake is a new Research Chemist working on the Alpha Team at the TOP Research Lab. He has worked at TOP for about six months.

Dr. Andrew Sakso

Andrew Sakso is the Managing Senior Chemist for the Alpha Team at TOP. He has worked for TOP for about fourteen years. His Alpha Team includes seven Research Chemists. Like most Managing Chemists at TOP, Andrew considers himself more of a colleague to his team than a supervisor. His team members are highly motivated and need minimal supervision. Andrew's management responsibilities, which are more administrative than supervisory, are only part of his job. Most of his time is spent conducting research.

CASE DESCRIPTION (PART I): A PROBLEM IS FOUND

Last month, Anna Santos started a new research project requiring the use of gold and silver. She entered the relevant information each time she took these minerals from the GSP safe. Three weeks ago, she looked at the amount of the gold and silver inventory listed in the computer program total and thought that the amount seemed higher than the amount she saw in the safe. She did not consider this matter further until she had to obtain some of these materials again two weeks ago. She thought that the amount in the safe looked "light" again. Yesterday, she made a similar observation, so she weighed the amount of gold, silver, and platinum in the current inventory. The weight she found for each of the three minerals was significantly less than the amount the computer reported. She compared the handwritten log with the computer information to see if she could find an explanation for the discrepancy. For example, it is possible that someone entered information in the handwritten log and forgot to enter it into the computer program (or entered differing amounts in the computer program and the written log). She looked back at all listings since the last inventory control and could find no information to explain the discrepancy.

Anna had never seen a situation like this during all the time she worked at BIG. She also remembered hearing some of the "old guard" (who now are retired) complaining about the "double system" when she first started working at BIG. She remembered statements such as the following: "There has never been a time when the two systems disagreed, and there has never been a time when any GSP was missing, so why do we have to do this?" "We are all dedicated scientists. We resent the extra work."; "We are being treated like criminals." "We are professionals dedicated to science, not salespeople in a jewelry store."; "Do they really think that we would steal from them?"

The discrepancy in the GSP amounts really bothered Anna. She knew she had to do something, but what should she do? She went home and thought about it that night. She wanted to find an explanation or a solution for this problem.

When Anna arrived the following day, she saw some of the Lab Assistants gathered in the coffee room having an animated conversation. She assumed this was the usual morning chatter about weekend plans or a television show. As she poured her coffee, she overheard the conversation. One of the Lab Assistants was showing the others a silver-plated key she had just purchased. She described her trip to Jay Drake[3]'s house and the "awesome" workshop he had in his basement. Jay's hobby was making jewelry. He had made the silver-plated key for the Lab Assistant (who planned to give it to her parents as an Anniversary present). "He can make anything you want, and he does inscriptions too! Gold, silver, whatever you want. He does great work, and he charges much less than any of the mall stores."

Anna put down her cup of coffee as her brain processed this conversation along with information about the missing amounts of gold, silver, and platinum. "No," she told herself. "Don't even think that. Jay is an accomplished scientist. Surely, he would not steal from BIG. Why would he jeopardize his career like that?"

Anna walked back to her office and closed the door. On the one hand, she was embarrassed to realize that she considered one of her colleagues to be a possible thief. On the other hand, theft would explain the missing inventory. There had never been an inventory problem in the sixty plus years of TOP operation. Jay Drake started working six months ago, and now there was a problem. Also, the side business making jewelry provided additional information.

Anna asked herself what she should do. She did not want to accuse Jay directly without more information, but she could not let this go. If there was a reasonable explanation and no one took the inventory, then the explanation should be found; and the problem would be resolved. It also did not have to be Jay. Maybe there was some other explanation.

Anna thought about the core values at BIG: Honesty and integrity were always prominently included in any discussion of BIG's values. She thought back to the orientation program she attended when she first started working at BIG. She remembered the frequency with which these values were cited. She also remembered a statement made by one of the Vice Presidents, who said that, "We require the highest levels of honesty and integrity from our employees. We take this very seriously. We'll fire someone immediately if the person lies or steals. The amount does not matter. Even padding an expense report for an extra ten cents will get you fired."

Anna concluded that if someone was taking materials from BIG, BIG should know; so she would be displaying her own lack of integrity if she did not pursue this issue. Anna

[3] Jay Drake is a Research Chemist on the Alpha Team.

consulted Employee Handbook materials to see if there was any mention of problems such as these. Maybe there was some special office or hotline where she could report her suspicions. Unfortunately, she found no mention of such an option. However, she did remember BIG's reliance on the organizational structure and the role of managers. Solutions to problems were expected to work their way through the "chain of command". The first step in finding a solution was reporting the matter to the employee's manager. If an employee was not able to contact this manager or was dissatisfied with the manager's response, the next step was to contact the manager at the next higher level. If employees believed the next level manager should be excluded, they were allowed to initiate a "skip level" meeting with a manager at an even higher level. Theoretically, they could move through all the organizational levels to meet with BIG's President.

Anna knew that her first step required meeting with Andrew Sakso, Managing Chemist of the Alpha Team. She took a few minutes to compose her thoughts and then went to her manager, Andrew Sakso, who was working in his lab. "I have to speak with you," she told him. He said, "Fine, I am listening." "No, not here." she said. "Let's go to your office." Andrew took off his glasses and looked up at Anna. "Is something wrong?" he said. Anna had never made this type of request to Andrew, and he sensed real urgency in her voice. He knew instinctively that something was wrong. He did not wait for an answer. He walked to his office with Anna and closed the door.

Anna described her concerns to Andrew, who became increasingly uncomfortable as she spoke. If Anna's suspicions were correct, he knew that this was a serious problem; and he did not know what he should do. He remembered his concerns when he was offered the position of Managing Chemist. Issues like this made him wish he had not accepted the position. He was a scientist with extensive training in the lab and an excellent reputation in the scientific community. None of his past training (including the New Managers Training given by BIG) ever prepared him for anything like this. He never even heard of something like this in all the years he had worked or been in school—not anywhere he had worked or anywhere any of his friends and colleagues had worked. He could not even imagine a freshman stealing valuable lab materials, and a respected scientist doing this seemed totally impossible.

Andrew thought about what he should do. He could not imagine confronting Jay (or anyone else) with the problem. He respected all members of Alpha Team. They all were highly accomplished scientists, and they saw each other every day. He dreaded the thought of speaking to them about this problem. If he accused anyone wrongfully, he knew the person would be greatly insulted. What would this do to their working relationship?

Andrew thanked Anna for bringing the matter to his attention, and he told her that he would handle the problem. Anna returned to her office as Andrew considered his options. Before he made any decisions, he went to the GSP room and verified the information Anna had described. He weighed the GSP inventory three times to be sure he had the correct amounts. He found the same weight, which was significantly less than it should be, all three times. He reviewed all information in the computer file and the written log to see if there was any explanation for the discrepancy. There was none.

He also checked the scale used to weigh materials. If the scale was not accurate, this would explain the apparent problem. He selected six standard reference weights and tested the weight measurements three times. All of his weight tests indicated that the scale was accurate.

Andrew went back to his office as he considered his options. Should he confront Jay? Should he speak with all the Alpha scientists? Should he speak with them together or alone?

Perhaps he should report the problem up to the next level. The Director of Special Projects may have some recommendations (or maybe decide to handle the problem himself), which would be even better. This would get the problem out of Andrew's hands. Andrew thought about the problem some more and worried about the Director's reaction. Would the Director conclude that Andrew was not doing his job if he could not handle this himself? Would he blame Andrew for the fact that the inventory problem occurred? Perhaps Andrew should have kept a closer watch himself. Should he have discovered the problem sooner?

Andrew also considered contacting the building's security officers to report the incident as a theft. This would have the advantage of getting the problem out of his hands, but he was not sure what kind of investigation the security department would conduct.

Case questions for Part I

1. Describe the options you would recommend Andrew consider at this time.
2. What are the likely consequences of using each option?
3. Which option seems best?
4. What do you think Andrew did?

CASE DESCRIPTION (PART II): ANDREW REACTS

Andrew considered all his options and the consequences of each option. He went through each option in the same methodical way he analyzed scientific data. He became more upset as he considered each option.

He first considered turning the problem over to the next level of management (the Director of Special Projects). He excluded this option since he concluded that he should first try to address the problem himself. If he could not solve the problem, he would contact the Director; but it was too early for that now.

He next considered calling Jay into his office and discussing the issue with him. Andrew also excluded this option. The available information definitely made Jay the most likely suspect, but this information was not so compelling as to exclude all other possibilities. If Jay was guilty, he most likely would not admit it. Also, there was a small chance that Jay had not taken the materials. If this was the case, Andrew would have insulted Jay unnecessarily and risked jeopardizing his relationship with a respected scientist. Andrew excluded this option.

Andrew then considered speaking with all the Alpha members (individually or in a group). Both possibilities seemed very unattractive. He would have insulted colleagues unfairly (since it was extremely unlikely that all the chemists had taken materials). In addition, this option most likely would result in problems not only with the team members' relationships with Andrew. It also would most likely result in problems among many of the team members. Andrew excluded this option.

Andrew considered contacting the building's security officers, but he was concerned that this option could have some real disadvantages. The security department would investigate the matter, and the investigation surely would not be pleasant. The investigation may even involve the local Police Department, who would create a police report. Andrew could not imagine security officers and Police questioning people at TOP, and a police report could be accessed by people outside BIG.

Notifying BIG security also would make the situation known to many people other than the Alpha Team. Would this become the topic of conversation for BIG employees outside the Alpha Team or by scientists at other research labs? The situation may even receive attention by outside media. Andrew shuddered as he thought about facing colleagues at the next professional conference he would attend. Worse yet, the situation could be discussed on internet blogs or reported on the six o'clock news. Andrew decided not to contact the security department.

After excluding the aforementioned options, Andrew began to panic. He had excluded various options, and he had not identified a favorable option. If this had been a problem in the lab, he would have contacted other people to obtain new ideas and look for a fresh approach. However, Andrew did could not think of anyone else he would want to contact for such a discussion.

Finally, Andrew considered a different option. If the "thief" would return the materials anonymously, BIG would have their materials back. This seemed more important than trying to assign blame for the loss.

Andrew called a meeting of the Alpha Team Chemists. Six[4] chemists joined Andrew in the conference room to hear Andrew make various routine announcements and discuss plans for an upcoming project. At the end of the meeting, Andrew casually announced the need to conduct more frequent inventories of GSP materials. He would complete the next inventory the following Monday.

The following Monday, Andrew completed an inventory of the GSP materials. He was relieved to find that the amount of all three minerals was significantly more than the amount found the previous week. In fact, the amounts were exactly what they should be.

Case questions for Part II

1. Consider the option Andrew used to address the problem.
    a. Describe the advantage(s) of his chosen option.
    b. Describe the disadvantage(s) of his chosen option
    c. What effect(s) would you expect the use of this option to have on future behavior in the Alpha Team?

2. Why did Andrew choose this option?

3. Is there anything else Andrew should do at this point?

4. Consider Anna's reaction when she returns to work and learns what has happened.

    a. How would you expect her to react?
    b. What would you recommend that she do at this point?

[4] The six Chemists represented the entire Alpha team except Anna Santos, who was out-of-town on business. Anna was expected to return to the office the following week.