***Analyzing Promotion Data: Applying the 80% Rule***

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 immediately began to investigate his claims. He called in Mark Walters, his personnel assistant, and explained to him the conversation he'd just had with Jackson. "The last thing J 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, whUe you're at it, get the same infonnalion 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, "} 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 also interview the three black employees. As Mark left his office, Ruthelford 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, bal<ery, 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 tood, 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 tor the same position. A warehouse crew leader is a working supervisor who assigns duties but also performs the same duties as subordinates. Management positions in the stores consist of assi!>tant 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 tbe 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 were no system tor employees to apply for promotions. Written perform· acne 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 or 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 received the reports and data prepared by Mark on promotions within the warehouse and stores for the past two years (see Exhibit 1.24). Mark 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.