

comparable male colleagues had received raises that were almost twice as large. The employee had prepared a massive pile of exhibits to show that the manager had a history of downgrading women and upgrading men. Upon review, it was established to the satisfaction of all seven members of the committee that the manager did have a history of favoring men, at least for promotions and raises. Although the manager at first insisted on his objectivity and fairness, he came to see that his record did not support his claim. The employee was given her full raise, retroactive for three years, and her performance ratings were upgraded. The manager promised to reform his processes of review.

Everyone was buoyed by the success of this first case. Even the manager praised the fairness of the process. But as time wore on, the managers had become less satisfied with the experimental procedure. Over the full two-year period, management decisions were upheld in 59 percent of the cases, but managers came to view this statistic as more a failure than a success. Most management victories were won in cases in which employees under their supervision were desperate and had no real opportunity to win. Moreover, virtually every manager had been overruled in a case in which he or she was certain that an unfair decision had been reached through the peer review process. The managers had lost 86 percent of the cases in which they had fired an employee. These employees were typically reinstated under the same manager's supervision, leading to hostility and tension. The reinstated employees disliked working under someone whose authority they had undermined through the grievance process.

Managers came to believe that a system of four peers and three managers was unbalanced and unfair. They felt embarrassed by many of the decisions and believed that their authority was undermined by a procedure that could overturn any of their decisions at any time. Most concluded that they had been asked by the company to be supervisors but that the authority that permitted them to supervise was denied by the peer review system. They were now leery of firing any employee, no matter how poor the person's performance. Almost anything was preferable, they thought, to another grievance hearing. The plant manager who had most closely monitored the hearings admitted that after the end of the two-year experiment, the morale of the managers was at an all-time low.

Pellegrino is fully aware of this disappointing history as he stands before his board. He has repeatedly interviewed the managers at the plant, 85 percent of whom would like to see either the peer review process dismantled or its composition changed so that managers are in the majority. Pellegrino disagrees. He wants to make the process more objective by adding one outside member to the committee, a person from neither labor nor management. Although his managers are highly skeptical of this "third-party solution," as they called it, Pellegrino is firm in his convictions. He now concludes his presentation to the board with the following statement of what are for him heartfelt views:

Business firms have typically been organized hierarchically, with production line employees at the bottom and the CEO at the top and the interests of the stockholders given supremacy. However,

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