

Why fair play pays

A short overview

1. This is one of the tales told by David Bodanis.
2. A writer best known for his science books, who has turned his attention to the issue of how leaders should exercise their authority.
3. The core message in his book, "The Art of Fairness", can be found in the subtitle: "The power of decency in a world turned mean".

A third section

The author contrasts Starrett's story with the tale of Eastern Air Travel, an airline built by Eddie Rickenbacker, a pioneer aviator who had granted mechanics a 40-hour week, profit-related pay and a pension. But when Frank Lorenzo took over the company in the 1980s, he cut wages, alienated the staff and pursued a policy of asset-stripping the company. The workers went on strike in protest and Eastern went bankrupt.

Another contrast cited by the author is that between Steve Ballmer, the hard-charging chief executive of Microsoft notorious for his towering rages, and his more emollient successor, Satya Nadella. Mr Ballmer so disliked Apple that he seized an iPhone from a subordinate in full view of the humiliated employee and pretended to stomp on it. On his watch Microsoft missed out on several promising business opportunities. On the day Mr Ballmer announced his departure the share price jumped by 7.5%. Under Mr Nadella, Microsoft has successfully shifted its attention to cloud-based services and even briefly regained the title of the world's most valuable listed company.

The Empire State Building was constructed in just 13 months, and that included the dismantling of the Waldorf-Astoria hotel that sat on the site. Paul Starrett, the builder, treated his workers rather well by the standards of the time, paying much attention to safety and paying employees on days when it was too windy to work. Daily wages were more than double the usual rate and hot meals were provided on site.

Another part to the puzzle

The concept is known as "efficiency wages". Companies that compensate workers well and treat them fairly can attract better, more motivated staff. Unlike most construction projects, the Empire State Building had low staff turnover, and workers suggested productivity improvements such as building a miniature railway line to bring bricks to the site. But Starrett was not naively generous; he hired accountants to patrol the works,

checking that all materials were accounted for, and staff attendance was recorded four times a day.

Public projects also require management skills. When Danny Boyle, a film director, was asked to organise the opening ceremony of the 2012 London Olympics, he faced the tough task of keeping the details secret when the project required thousands of volunteers. The conventional approach would have been to make the volunteers sign a non-disclosure agreement. Instead, he asked them to keep the surprise—and trusted them to do so. They did, thanks to the grown-up way he treated them. He listened to their ideas for improving parts of the ceremony and ensured (by threatening to resign) that the volunteers did not have to pay for their costumes.

Mr Boyle demonstrated one of the most important traits of good leadership, the author argues, which is a willingness to listen. This relates to a concept known as the “power distance”. If a relationship has a high power-distance score, it is assumed that junior staff should not question their superiors’ decisions; a lower score means that senior staff are willing to listen.

Perceptions may differ sharply over whether listening takes place. A study by Johns Hopkins University found that 64% of the medical specialists interviewed felt that their operations had high levels of teamwork, whereas only 28% of their nurses agreed.

Individuals can become fixated on a particular approach to resolving a problem and ignore any advice that suggests a different tack, especially if it comes from a junior colleague. “When your underlings aren’t terrified of you, and you’re modest enough to know you’re fallible, you can set up the channels that will help you avoid fixation,” Mr Bodanis writes. It is a wise lesson. Ruling by fear may work for a while, but it is doomed to fail in the long run. Remember Durocher.

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