

# Case Study: Possible Demotion Of A Long-Time And Faithful Employee

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## ABSTRACT

*This HRM case deals with the transfer and demotion of a “long-time and faithful” employee due to poor work performance. The case is based upon an actual event that occurred at a Fortune 500 company. This case study can be used for any undergraduate or graduate level human resource management class.*

**Keywords:** Demotion, Poor Work Performance

## BACKGROUND

Lucas was a General Clerk I in the General Accounting department for eight years and had 28 years of service with the ABC company. He was a member of the International Brotherhood of Electrical Workers (IBEW) and considered a “role model” employee because he had a perfect attendance and tardiness work record during his tenure with the company. His primary responsibility as a General Clerk I was to prepare various financial statements and reports for the ABC company. The General Clerk I was the highest level bargaining unit clerical position in the union contract and the salary was \$21.85 per hour.

Approximately six months ago, a new department head was appointed to the General Accounting department. The newly appointed department head conducted various audits of the work performance of each employee. He quickly discovered that Lucas could not perform the essential elements of his job. After a series of performance meetings with Lucas and requested additional training by the union, Lucas still could not perform his assigned work assignments. Furthermore, it was revealed that other bargaining unit employees had performed Lucas’ financial reports for the past eight years. After extensive consultation with the Human Resource Department, it was recommended that Lucas be evaluated by the Medical department at the ABC company. After a series of psychological and aptitude tests, it was determined that Lucas had the mental capacity of a fifth grader even though he was forty-five years old. Therefore, he could not perform the essential elements of the General Clerk I position.

## UNION’S POSITION

Lucas had been a “role model” employee for 28 years with a perfect attendance and tardiness record at the company. He had been a General Clerk I in the General Accounting department for eight years and there were no performance reviews conducted or any written documentation to indicate that Lucas was not performing his job. It had been the primary responsibility of management to inform him that he had not been performing the essential elements of his job during the past eight years. The determination of the new department head was regarded by the Union as simply a “witch hunt” being conducted by a new department head who wanted to be recognized as a “rising star” by the senior leadership at the company. Therefore, Lucas should not be demoted and salary taken away from him.

## COMPANY’S POSITION

This was a very unfortunate situation for both the company and Lucas. The company agreed that Lucas has been a “role model” employee in regard to his perfect attendance and tardiness record for his tenure at the company. In simple words, his record was remarkable. However, the fact remained that Lucas could not perform

the essential duties and responsibilities of the General Clerk I position in the General Accounting department. This is a critical job position in the General Accounting department, especially with the preparation and interpretation of various financial reports that must be performed by the individual serving in this job capacity. This was not a “witch hunt” being conducted by management, but rather an attempt to resolve a work performance issue with an employee who did not have the mental capabilities to perform his job. Lucas was simply promoted to this clerical position, in accordance with the seniority provision of the collective bargaining agreement between the company and IBEW. Management took full responsibility for not conducting proper performance reviews. It is the intent by management, with extensive consultation with the Medical department, to transfer Lucas to a job for which he could perform the essential elements of that job assignment.

### **QUESTIONS FOR THE CASE STUDY**

1. When Lucas is transferred into another job, should his pay be protected? Why or Why not?
2. What if there were no jobs, within the company that Lucas could perform, based upon the recommendations by the Medical department?
3. Should Lucas be disciplined for poor work performance or should he simply be transferred into a job that he can perform?
4. Should the employees, who had prepared Lucas’ financial statements for the past eight years, be disciplined or terminated?
5. What action, if any, should be taken against the former department head whose lack of action contributed to this workplace dilemma?
6. What possible recourse is available to Lucas, if he is transferred and demoted into a lower paying job?

### **INSTRUCTOR’S NOTES**

This case provides an interesting examination of the possible demotion of a “long and faithful” employee due to poor work performance. The case represents an important issue of poor work performance in the workplace and the appropriate steps to address such an issue. The case can be used in any undergraduate or graduate level human resource management class. It is designed to be conducted as a group assignment or general class discussion within one class hour.

### **AUTHOR INFORMATION**

**Dr. John J. Lucas** is a Professor at Purdue University Calumet and teaches a variety of human resource management courses. He earned his Master of Science in Industrial Relations (MSIR) and Ph.D. degrees from Loyola University Chicago. His research interests are in the areas of labor relations, employee benefits, and health education. He is also a graduate of Purdue University Calumet.