FAIR PROCESS & EMOTIONAL INTELLIGENCE

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Introduction

In an earlier paper (Van der Heyden et al. 2005) we presented the case for the fundamental role that *fair process* – also referred to in the organizational literature as *procedural justice* – plays in creating a perception of fairness inside a family business. The interactions in family business tend to be more complex than those in public firms because these involve at least three influential groups with different needs and interests: family members, shareholders, and employees.

In their simplest form – and this is the usual representation of firms in economic theory - businesses are an alliance between shareholders who provide capital (and assume social responsibility for the business) and employees that provide their labor. Family businesses form a more complex alliance, as they involve a family in support of a business venture, and vice versa.

In any alliance between groups, conflicts unavoidably arise about the appropriate distribution of the advantages gained, and about the principles that govern the resolution of these conflicts. For alliances to be enduring, at least two conditions must be present: mutual advantages must be experienced over a certain time period (but not necessarily at any point in time); and, more subtly, the principles governing alliances are seen by the groups involved as fair. Fairness acts as glue keeping the members together; unfairness breaks alliances apart, even in the presence of mutual advantage.

The transition to fair process – or procedural justice – as distinct from the evaluation of the advantages gained by the various groups – otherwise known as distributive justice – is that the principles that guide the appraisal of such fairness evaluation may differ radically. This is particularly the case in family firms. Family members are likely to perceive fairness when resources are allocated to members that show legitimate *need*. Meanwhile, employees are more likely to perceive fairness when decisions regarding matters such as budgets, promotions, resource allocation are based on *merit.* Finally, shareholders are more likely to perceive fairness when at every shareholder are given the same information at the same time, and the same dividend per share. In other words, the principle guiding judgments of fairness by shareholders is *equality.* It is therefore impossible for the three main constituencies of the family business to agree on a common principle that underlies procedural justice. One potential means to address this difficulty is for the family to define processes (or procedures) that are perceived as fair so that the outcomes – typically decisions that are potentially disadvantageous for the recipients – are accepted by the latter. .

It is worth underlining that the potential promise of fair process is to move the discussion from an acrimonious, divisive discussion over shares of a fixed-size pie to a structured, constructive exchange over how to generate better and bigger pies. Fair process enables constituencies to move their discussion from the quality of outcome to the process that generates the outcome. Not only fair process changes the object of the discussion, but also the very nature of the discussion. The reduced emphasis on tradeoffs (or negative sums) amongst groups or group members and the increased attention to designing and executing processes of interaction lie at the heart of the promise of the fair process concept. Indeed, the remarkable effectiveness of fair process relies on its ability to improve both the economic performance of the alliance

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and the psychological satisfaction and commitment of the people involved (see e.g. Kim & Mauborgne, 1991, 1997, 1998).

Van der Heyden et al. (2005) illustrated how difficulties inside family firms emanate from a perceived violation of fair process, and how good practice can be interpreted implicitly as application of fair process. In this article, we argue how fair process, which was known to be important to collective decision making and execution in non-family firms, is particularly useful for family firms, in areas as diverse as conflicts amongst family shareholders, human management processes, leadership succession, and the organization of *the business family*.

More importantly, we propose a new and more operational definition of fair process. The literature on fair process (e.g., Kim & Mauborgne, 1991, 1997, 1998) has shown the consequences of violations of fair process, but has explored relatively little how to avoid these violations? Van der Heyden et al. (2005) addressed this question by suggesting a relatively simple and very operational fair process model. The effectiveness of this model was validated empirically by Limberg (2007), whose results are summarized in Van der Heyden and Limberg (2007).

Recently, the management literature has begun to explore the role of emotional intelligence. Emotions were explored by early management scholars such as Lewin (1947) and Argyris (1990) who posited that people often resisted change because of their fears of uncertainty and ambiguity. Schein (1992) suggested that organizational change efforts challenge individual's "non-negotiable" assumptions regarding their belief systems and sense making abilities; these assumptions are an inherent part of their identity. Salovey and Mayer (1990) introduced the concept of emotional intelligence as the ability of individuals to understand and manage their emotions and those of other people they are interacting with. Goleman (1995) popularized the notion very effectively so that today *emotional rationality* (or the logic of emotions) is viewed as complementing the traditional notion of economic rationality.

Huy (1999) moved emotional intelligence from the individual level to the organizational one. He argued that some organizations develop routines or processes that make them more emotionally intelligent than other organizations, *and this regardless of the innate traits of their members.* As a result of Huy's work, emotional intelligence thus enters the realm of *organizational capabilities* that need to be developed and nurtured. Huy (2005) furthers this argument by identifying 5 emotion-related organizational routines – or emotion-based capabilities – that help an organization manage major strategic change. Each routine involves a dominant emotional state that can be particularly critical to the success of various sub-processes related to organizational change. The emotions that are thus addressed are emotional authenticity, constructive discontent, sympathy/empathy, fun (or passion), and hope. Considerate attention to these emotional states fosters attitudes and behaviors that open up individuals to consider and mobilize for ambitious and difficult change.

As we have alluded to earlier, family businesses are influenced to a significant degree by emotions. Positive emotions such as love, pride, as well as negative ones such as anger, fear and envy regularly permeate relations among family members. This also applies to business managers and shareholders, who all are human beings experiencing feelings and thoughts.

In this article we link fair process with the emotional intelligence literature and thereby gain new insights into the effectiveness of fair process practice. We will show how this linkage helps us understand why fair process is effective for family businesses, and thus can be construed as an organizational capability. We explain why fair process is likely to be beneficial for families and their businesses, regardless of the levels of emotional intelligence of the individual members. We suggest that fair process can be construed as an emotionally intelligent organizational routine. Our paper seeks to make a contribution to the literature by articulating the deeper emotion-related mechanisms that underlie the effectiveness of fair process.

1. Emotions in family firms and emotional intelligence

The family as a social institution incorporates several key goals, including nurturing young children and providing mutual support between family patners or parents. Its principal driver is not money, but emotion. In modern societies, people often marry more for love than for economic interest (although the two can co-exist to a certain extent), and the desire to bear children is intimately related to the love of the parents – even if this love can have complex facets which scholars such as Freud (1920) has explored and which has led to the development of psychology and psychiatry. Emotions are varied, can be elicited by many different causes, are non verbal and largely tacit, and families are the first context where we experience and express them and where we learn to regulate our emotional states, albeit imperfectly. Goleman (1995) makes this argument very well too speaking about *"the family crucible."* A key point throughout the book is how emotional intelligence is developed at home and at an early age. In this Goleman also illustrates and expands upon the fundamental work of Erikson.

Erikson (1950) expanded upon Freud's development theory into what he referred to as *"eight ages of man,"* each age bringing a challenge to be mastered. The infant age (from 0 to 1 year), for example, is where children experience or fail to experience safety, leading them to become trusting or mistrusting. The next stage (from 1 to 3 years) is where toddlers start acting more autonomously and where they also learn about limits. Healthy determination to explore one's limits and learning to fail without shame are good outcomes of this stage. Unresolved development at this stage generates control issues, as well as excessive tendency to doubt or to feel shame. Erikson raises several points that important to our arguments. First, the sequential and cumulative dynamic of the stages; each stage builds upon the previous one, and hence failure at any stage leads to difficulties at subsequent stages. Second, the developmental influence is not unidirectional: children equally contribute to the development of their parents--described by Erickson as *mutuality.* The early years represent "natural" time periods for the developmental challenges to be addressed, but these challenges can also be addressed later in life when they not addressed successfully during this natural time period. Such "recovery" or "late development" can be favored by the "context" such as a meaningful spouse or parent-child relationship.

A family business context generates a distinctive context for human development. Opportunities for learning are more diverse than those that pertain to a smaller family, but so are tensions and constraints. One does not easily escape one's family; escaping one's boss is easier when the boss is not your father. Being bypassed for a promotion or for an ownership transfer by one's sibling makes the loss even more painful. Professional management is challenging by itself, and the challenge is amplified by family factors. These factors permeate the family business in various ways. First, our behaviors are determined largely by the quality of our learning during our early family development stages. When family members are involved in the same business entity, this macro organization-level factor adds a significant overlay onto our individual "micro-factors" that are already influence each of us. It is this macro-factor that shapes the centrality of emotion in the family business. This phenomenon has been described by researchers such as Kets de Vries et al. (2007), who found that emotions can be very positive or very destructive. Thus, there is no need to eliminate or deny emotions in family businesses – even if feasible, this would trigger bottled frustration and unhealthy denial. However, more than in a family unrelated to a business, it is critical for business family members to learn to regulate them so that energies are channeled positively, and not destructively.

Emotional intelligence scholars such as Mayer, Salovey, and Caruso (2004) have argued that in order to regulate emotions, people must display abilities in recognizing and distinguishing various emotional states, both in themselves and in other persons. This is where the work of Huy (1999, 2002, 2005) is particularly noteworthy.

Huy (1999) proposed that emotion regulation is not only a concern for any given individual, but should also receive organization-level attention. Previous scholars such as Kets de Vries and Miller (1984) had already describe the collective nature of emotions in organizations and its dysfunctionalities, such as *neurotic organizations*. Huy (1999, 2005) went further by identifying certain emotion-related organizational routines that can foster beneficial outcomes for organizations, including receptivity to change and organizational learning. This is very important for it connotes, amongst others, that organizations, or their routines, can be unintelligent emotionally, even when involving emotionally intelligent individuals, and, conversely, that certain routines render organizations more emotionally intelligent, even when composed of individuals that can be described as only moderately emotionally intelligent. (See Figure 1 from Appendix).

The first emotion-related organizational routine involves *authenticity*. Authenticity refers to honest expression of one's internal feeling and one that is expressed to other people, subject to sensitive consideration of the others' particular abilities, needs, and well-being. Authenticity strongly influences the well being of people at the personal level (the true self) and generates a virtual cycle of reflection inside the individual finding authenticity in others through interactions (Argyris, 1993). Hence, authenticity fosters emotional intelligence in those encountering it. On the contrary, perception of emotional manipulation by an organization leads people to reject instinctively other people's words and behaviors and rapid closure of both people's heart and the mind. At best, this results in a reduction or even complete lack of attention. At worst, defensive, opposing routines are activated.

The second emotion – *dissatisfaction* – helps to motivate questioning of the status quo. Given that people are naturally averse to the risk that change represents, a necessary step is to experience uncomfortable, agitated feelings regarding the continuation of the status quo. Dissatisfaction that one has not yet fully achieved one's aspiration levels in regard to a specific goal is more sustainable than experiencing continual fear. Although the latter emotion can energize survival reactive behaviors and therefore lead to remarkable results, people experiencing prolonged fear become de-energized. Managers who employ fear continually as a managerial lever risk eroding loyalty or commitment amongst their followers. As a result, fear as a lever for change seems suboptimal as a regular routine in organizations. On the contrary, dissatisfaction that is framed *constructively* as an invitation to improve typically inspires individuals with renewed energies and commitments.

The third emotion relates to the expression of *sympathy*. Sympathy represents a less demanding emotional process than empathy, since it refers to our ability to feel for the general suffering of another person, with no direct sharing of that person's experience (Eisenberg, 2000). Expressing sympathy in a stressful period involves behaviours that show respect for other persons' identities and demonstrate care about others' welfare.

The fourth emotion, *hope,* represents an emotional state that is elicited by appraisal of future positive prospects for self (Ortony et al., 1988). Hope buffers people against apathy and depression and strengthens their capacity to persist under adversity; it bolsters people's beliefs that they have both the will and the means to accomplish goals (Snyder et al., 1991).

Finally, *fun* (or *passion* or *joy*) as an emotional state results from the motivated search for pleasant experiences and aesthetic appreciation and is one key attribute of emotional intelligence (Salovey and Mayer, 1990). Fun fuels intrinsic motivation, which represents one of the necessary preconditions for creativity (Amabile, 1988). From a neuropsychological perspective, fun permits the rapid generation of multiple images so that the associative process is richer. A happy person engages more often in exploratory behaviour, which is necessary for creative discovery. By contrast, neurologists have found that sadness slows image evocation, thus narrowing the associative process and reduces creativity (Damasio, 1994).

Again, the argument of Huy (1999) is triple: i) organizations can foster emotional intelligence amongst its members – even if the latter are not necessarily emotionally intelligent to begin with; ii) a specific number of emotions (authenticity, constructive dissatisfaction, sympathy, fun, hope) are key to organizational change; iii) for organizations to benefit from these positive routines, it is important to properly *sequence* these emotional routines properly so that the individuals can master and manage their emotions, and not simply become confused due to an excessive emotional input and blockage.

3. Fair Process in family firms

Having highlighted the potential importance of emotions for individuals, families, and organizations, we now describe fair process, as discussed by Van der Heyden et al. (2005). We will then show how fair process interacts with emotions to explain its influence on the performance of family firms.

Van der Heyden et al. (2005) construe fair process as a dual construct encompassing a series of specific sequential steps related to the decision and execution process, as well as of the demonstrated behaviors that help recipients involved in the process and who are affected by the outcomes to perceive it as fair. The framework is presented in Figure 2. (See figure 2 froma Appendix)

The organizational literature on fair process had, since the early work of Leventhal (1980) recognized the importance of fair process, but had not so far explicitly introduced a process description in this definition. The framework presented in Van der Heyden et al. (2005) was motivated by a standard decision making frameworks as given in the decision making literature, such as Russo & Schoemaker (2002). These authors describe a decision making process as consisting of a set of iterative steps defined as: 1) Framing, 2) Gathering Intelligence, 3) Coming to Conclusions, 4) Learning from Experience. The last step typically starts a new decision cycle.

We made three changes to this definition. The first integrates the fair process lessons as emanating from the work of Kim and Mauborgne (1991, 1997, 1998). These identify the three fair process failures regularly made in organizational decision-making. These consist in a failure to engage relevant actors, as well as a failure to adequately explain the rationale of the decision reached. The relevant actors are those that are impacted by the decision, those that will be involved in its execution, and finally those that may have some useful information on the decision. Finally, these authors stress the importance to clearly state expectations on those affected or those involved in implementation. By integrating these "negative" aspects of common organizational decision making into the Russo and Schoemaker (2002) framework, the latter is enriched and a positive or normative framework results.

Further thinking led to a second change to the framework of Russo and Schoemaker. It concerns the introduction of a step corresponding to the execution of the decision. This single addition changes the flavor from a decision-making framework to a managerial one that is very much concerned with execution of decisions. This link establishes very clearly that quality of decision making and quality of implementation are intimately linked, and that preparation of execution is best done with those involved in or affected by its execution. This is also the perspective of Black and Gregersen (1997) whose framework is similar to ours, without emphasizing the fair process aspect.

The process framework that results (and that appears in Figure 2) makes the point that each of the steps contributes to the quality of the outcome of decision-making and execution. By insisting on a sequential or process-like progress consisting of 5 steps, confusion and ensuing conflict are typically reduced in a context which is prone to such outcomes. It is our experience that not paying adequate attention to any of the five steps typically results in inferior decision formulation and execution.

Techniques and tools exist to support each of the 5 steps, as presented, e.g., in Russo and Schoemaker (2002). The fair process literature makes a further observation by enouncing behavioral characteristics that these decision steps ought to evidence to be considered by those concerned as fair. These characteristics are largely the ones mentioned in the literature and go back to Leventhal (1980). We present them now.

The first characteristic that a fair process must display is to give those concerned with the decision *a voice* so that they can have their views heard and represented. This voice provides those affected with the possibility of shaping the decision under consideration. This voice in larger organizational settings is typically a representative or advocate for a particular stakeholder group. The lack of voice of non-family managers or non-managing family members often represents a difficulty in family firms. The topic of engaging all those concerned in communication by giving them a voice is indeed the first step for building fairness in the family firm.

The second characteristic of fairness concerns the *clarity and accuracy of information.* It requires the process to be informed with the best data and information relevant to decision making. Kim and Mauborgne (1997) make a key contribution by underlining that this informational requirement must include proper explanation of rationale as well as expectations with regards to execution. Lansberg (1989) would suggest that clarification of entitlements should fall under this rubric too, by which we include rewards that will follow successful execution. Some of the recurring difficulties that business-owning families face often result from misunderstandings of individual or family goals, of aspects of the family firm's decision-making processes, or of clarity on rewards that will be bestowed upon those concerned. Younger generations increasingly view this lack of clarity quite negatively. In sum, fair process requires clarity and clarity enhances fairness.

The third requirement asks for *consistency across people, over time, and with agreed values and norms.* We also see consistency as supporting Leventhal's ethicality requirement, which can be framed as consistency with prevailing values and norms. Consistency of current decisions with past ones forms the basis for the *rule of precedence* in law. In management the saying "walk the talk" requires actions to be in line with espoused intent. Inconsistencies inside the family takes on forms such as "my brother was treated differently than me" while in business they might be expressed as "we are treated differently than non-family members." The requirement can be stated succinctly as requiring that the decisions and the processes yielding or executing them should be consistent across individuals, over time, and with family firm principles.

The law is presumed to be fair, including in dealing with new evidence or circumstance. When such evidence is brought forward, the courts typically follow particular procedures about how this new evidence should be taken into account to review past decisions and possibly alter their content. The inability to alter course turns the family and its firm into a prison whose members will be increasingly motivated by the sole desire to escape. This is the basis for the *changeability requirement* of Leventhal (1980). It is important to note that the latter requirement conflicts with the previous one, which emphasized consistency, but that this conflict is only an apparent one. Its resolution lies in combining them: a clear process should always be followed even to alter past decisions, or when considering changes to organizational processes, goals or principles. For fairness to prevail in the context of unavoidable change, this change ought to be executed in a clear and transparent manner. Family businesses must be prepared to address changes to the business as well as family conditions due to natural or economic life cycles. The ability to adapt values, goals, commitments in the light of changes in the surrounding economic, social, political, and physical environment is a critical success factor for all organizations. In the case of family businesses, changes in the family – whether in the composition of the family shareholding or more simply of the family's changing needs and aspirations -- should lead the family and its business to reassess its plans, policies and agreements. A unique challenge of family business is that family life cycle events (e.g. death, but also birth) can suddenly cause discontinuities for the business.

In our efforts to characterize fair process in the family business context, we largely followed Leventhal (1980) and identified communication, clarity, consistency, and changeability as essential features of the decision-making processes. However, we have experienced that a family business can have clear procedures and principles, communicate well, act consistently, and allow for changes, and yet still fall short in its fair process practices. This is the case when either family or business members' actions appear to exhibit fair process practices, but do so in a mechanical way, without a deep commitment to fairness. In such cases, the introduction of fair process as a concept and a practice is generally perceived as a utilitarian exercise intended to maintain or even facilitate support for the leadership. Or when the family's leader becomes more established and more powerful, yet follows the same managerial processes but in an increasingly routine and abusive manner. Such impressions often signal that the leader's commitment to a practice of fair process is gradually replaced with executive requirements and a dominating managerial style. This behavioral change, if left unchallenged, ends up affecting the family business system, causing commitment to be replaced with cynicism, resentment and finally a desire for revenge. The benefits of fair process become rapidly replaced by the liabilities of its mechanical and abusive application. Our conclusion is that a deep commitment to a *culture of fairness* in the family business system is the best and ultimate antidote to such slow pernicious changes in leadership style and behavior at the top, affecting both the leader and his or her followers.

Our second observation is that people tend initially to view fairness and justice as *absolute requirements*, which can never be achieved in actual practice. This leads them to conclude too hastily that the concept can have no relevance for the business, or the family, which require compromise and tradeoffs. As clearly demonstrated by Kim and Mauborgne (1991, 1997, 1998), it is critical to see fair process as *a relative concept*, precisely because its full essence can only be aimed at in practice while never being fully attained. There is no guarantee that its application will be outstanding or perfect in practice; in fact, its application will always be imperfect. But, and this is the key, any increases in fair process *relative to the past* will improve performance and individual satisfaction, with consequent increases in commitment and trust. Such implications cause a fundamental change to the entire system, as well argued by Weick (1984). No relative gain is to be ignored and arguments based on the lack of absolute fairness miss the understanding that the concept has considerable incremental value. It is a deep commitment to fairness that fuels the continuation and even improvement in fairness in the processes governing the family business system, and that also is the best anti-dote to any mechanical application of fair process or to its abandonment all together.

To conclude this section we would like to refer to the major result of the fair process literature: the relationship between fair process and performance, economic and psychological, is positive and strong. As an example, the relationship evidenced in Van der Heyden and Limberg (2007), where innovation performance is reported in 15 German manufacturing plants, is both positive and linear (which can not be considered a given). Fair process is measured using the five stage fair process framework exposited in Van der Heyden et al. (2005), while innovation performance (in Figure 3 we show the performance of a critical sub-process, the strategic product planning process) is measured as a weighted average of different perspectives on innovation outcomes.

----- Figure 3 : The relationship between fair process and the performance of the strategic product planning process (SPP) as identified by Limberg (2007) in 15 German manufacturing plants -----

The result mentioned in the previous paragraph can be summarized very simply as follows: fair process works and is fundamental for high performance. The operational nature of the fair process definition used provides a normative framework that proves most useful to stear management teams in the fair process direction. This raises the final issue of caveat: are there any reasons why fair process, which promises such great benefits, is so often violated in practice? Brockner (2006) presents a number of reasons, including lack of knowledge, risk of appearing weak and indecisive, or losing control of the agenda. Wu et al. (2007) confirm the latter by presenting a model where strong and conflicting private agendas are shown to make fair process less prevalent than it would be in the absence of private agendas. Because of its importance, we detail the model these authors present.

Wu et al. (2007) use a principal-agent framework where both the principal and the agent have private agendas. The paper shows that the principal will choose for fair process when private agendas do not matter too much. This is the case when either the principal's private agenda is relatively well aligned with the transparent common "public" agenda, or when she realizes that the incentive benefits incurred through a more motivated agent outweigh private agenda losses due to the empowerment of the agent. On the other hand, when the principal estimates that opting for fair process would lead to excessive private agenda losses, then she will choose against fair process and follow a more traditional "dictatorial" approach where she simply tells the agent what her chosen project is while accepting the ensuing motivational losses on the agent's side. In other words, private agendas, if they are important and cause substantial deviations from a transparent "public" agenda, are not consistent with a fair process approach.

It is worth noting that if fair process is pursued when private agendas prevail and matter, it is quite likely to reveal their presence. Indeed, our advice here is subtle and apparently "naïve": engage all, including those possibly motivated by private agendas, but evaluate their inputs only in the light of the commonly and explicitly agreed common objectives. Those with private agendas will either be passive (and then they do not affet the process or its outcomes), may (perhaps inadvertently) contribute worthwhile ideas, or alternatively will reveal that they are motivated by private agendas. One such instance occurs when the principal turns dictatorial and puts a sudden end to a fair process that generates outcomes that run counter to his private agenda. Such incident at least has the merit to signal the existence of such agendas, and the inconsistency of the principal's behavior with a genuine fair process approach. The latter outcome does create a loss of face and credibility for the principal, so that the principal does not escape unharmed. Assuming the latter, any actor identified as pursuing a private agenda can only amend. The leader in charge of fair process can then either give the offender a second (and final) choice, or be disregarded having revealed himself to be untrustworthy. If given a second chance, suspicion will remain and the only way to recover lost trust is through impeccable behavior that, if sustained over time, becomes convincing of real change by that individual. It would thus appear that while private agendas appear to run counter engagement – the first step of fair process - which initiates fair process. Fair process thus has its own logic of focusing on process and letting go of controlling outcomes. In the presence of private agendas, fair process might even reveal them; so, even here, there is a subtle argument for fair process.

The major issue however, as Brockner (2006) argues, is that the fair process option requires the people in charge to let go of controlling outcomes – which they have already mentally committed to. For many people, this choice for certainty of process, but a priori ambiguity of outcome is simply too hard to take. Of course, the rejoinder is that good leaders will already have a *hypothetical* decision outcome in mind. Fair process will then allow such leaders to *validate* their prior by virtue of a fair process cycle with those affected by the decision outcome. The psychological and emotional payoffs are considerable, both for the process leader and for those implicated, for both will come out of the cycle with greater insight into and commitment to the decision finally reached; the decisions will be better for the organization, will be more easily implemented, and all concerned will in the end of the process feel much better for it. This effect is illustrated in Figure 4. (See Figure 4 from Appendix)

4. Fair Process analyzed from an Emotional Intelligence viewpoint

In this section we present a second argument that complements the empirical evidence cited in Van der Heyden et al. (2005) and in the dissertation of Limberg (2007). This argument is that fair process induces an emotionally intelligent approach, as defined organizationally by Huy (1999, 2002, 2005). As stated in our introductory section, that the latter author identifies five sub-routines that contribute to an organization's emotional intelligence. These are : the practice of authenticity, the generation of constructive dissatisfaction, the demonstration of empathy, the experience of fun (if not passion), and also the elicitation of hope regarding the future. We review these major emotional requirements in turn, and indicate how fair process indeed incorporates these routines throughout, or at particular instances of the fair process cycle.

The first requirement identified by Huy for organizational emotional intelligence is *authenticity*. This requirement must permeate every step and is thus must be captured by the characteristics to be displayed at every step of a fair process approach. In fact, the requirement of *a culture of fairness* - which precisely states that those involved in fair process must be fully genuine about their approach, and not simply "go through the motions" or pretending to be fair when actually being motivated by other objectives – is synonymous to requiring authenticity. Indeed, this implies that the actors will seek and recognize the truth as best they can, however relative the truth is when it takes place in a possibly complex organizational setting, when it concerns a discussion that is largely concerned with the future (as opposed to the past where objectivity is easier to come by), and when the discussion involves many other people, many of whom might not even be known (like family members discussing about employees they do not personally know). Let us note further that *transparency,* another fair process characteristic, is a catalyst for authenticity.

The discussion of the last paragraph of the previous section dealt with the question as to whether fair process cannot be used in a utilitarian way, to get one's way in pursuit of a private agenda. Private agendas, by definition, cannot be pursued in a transparent way. We also argued that it is hard in practice to follow fair process while covertly pursuing private agendas. When persons engaged in a fair process cycle start to counter what appear to be regularly changing their minds or obviously excellent options with little convincing argumentation – because of private agendas they cannot reveal – then they start appearing as 'incoherent or illogical' and raise the possibility of private agendas. They may also start deviating from the agreed upon fair process approach and discount it, as the approach starts driving them in directions that are counter to their private agendas. All this typically signals the presence of private agendas. What is most interesting is that fair process has a dual way of dealing with this. It first asks the individuals to come forward at the engagement step in a very transparent way with their stated objectives (using the principle that what is not revealed at this stage does not need to count – as one can only discuss and manage what has been explicitly put on the table). Secondly, the approach typically leads people to reveal that the approach runs counter some private agendas directions; the signals for this are that particular individuals appear to lose coherence in the discussions, discount the approach, or simply walk away from the approach (precisely because staying would force them to reveal their private agendas).

The second emotional intelligence requirement is *empathy*. The *voice* characteristic is of course a first requirement, essential for human exchanges. Being endowed with a voice – often through representatives - *engagement* of those implicated or knowledgeable can start. Engagement is a very operational way of evidencing sympathy and generating empathy. Engagement starts with asking people for their ideas and their views on issues and problem framing them. The most direct way for the fair process leader to engage her people is to ask them: *"What do you think I ought to be working on or pay attention to? What would you do if you were in my shoes?"* This remarkably simple question has many emotional virtues. First, it recognizes others as individuals, with heads (to think), hearts (to express emotions), and bodies (to get things done and execute properly). Secondly, the above engagement questions connote a real humility as the process leader through engagement is willing to let her brain be filled with a possible answer by the person thus engaged . The emotional payoff of course is consequential, as the *law of reciprocity* states (Cialdini, 2001). This type of engagement is typically reciprocated by an attachment to and trust of the person and/or organization that addresses an individual in this way.

This is a good moment to underline a remarkable contribution made by the fair process and that concerns the leader/follower dilemma. The leader, implementing fair process with engagement starts by offering the followers *a leadership opportunity* to the followers by engaging them in the framing of the agenda, and further in its resolution. In short, the fair process leader offers her followers the opportunity to be leaders themselves. This "leadership gamble" has tremendous emotional payoffs, as long as the leader understands that she should lead only if the followers are not capable to exercise the leadership that is offered to them in the first two steps of fair process. In fair process, a leader de facto puts her leadership – in terms of framing and planning - on the table for others to actively dispute it until resolution becomes obvious, or until the leader calls for an end of the debates and a decision. Of course, this requires her to be comfortable and secure enough. Her leadership rests less on being in front telling others what to do and providing all the answers, but instead on *process leadership*. If we can use the analogy of legal proceedings, leaders in fair process move from being the *advocates* of strategies and possible outcomes to that of *judges* overseeing adversarial proceedings about goals, means and outcomes.

We close with a final remark on reciprocity: it is precisely because the leader has given the so-called followers plenty of opportunities to propose issues and craft answers that, when it comes to deciding, the followers will reciprocate the leader's behavior and actively listen to what she has decided, why she has done so, and what is expected of the followers to properly execute the decision. This has a further leadership implication: conscious that the followers will look to the leader for an answer should they be unable to generate one, the leader ought to be ready for providing such an answer, should the first two steps not reveal a satisfactory answer. In fact, while the followers prepare their answers, she ought to *anticipate* already for the contingency that the followers do not propose a good plan. Even if not implemented, this anticipatory answer ought also to make her a better listener as she will gauge proposals in a more active way, being informed and knowledgeable with a situation already examined.

The second human behavioral law that needs to be mentioned in the context of fair process is the *law of self-determination (*Deci and Ryan, 1985). It states that people have innate needs for competence, autonomy and relatedness. Fair process seeks competences out, provides people with an opportunity to "write their own script", and make people relate to each other. Self-determination, as well as reciprocity, is hard wired in fair process, which helps us understand and accept its power. We will also refer to reciprocity later when speaking about the third step of fair process, devoted to decision making.

Creative dissatisfaction is another essential ingredient of Huy's emotional intelligence framework. *Engagement*, especially when followed by *Exploring and Elimination Options*, typically involves framing issues or searching for improvement opportunities, not by affirming ex cathedra what is not working, but by probing people affected by the organization, its products and services. It therefore is a great way to generate, in a creative way, dissatisfaction with the status quo. Given that it invites those concerned to express their views, the defensive reaction that can be triggered by telling individuals outright about their failures is replaced by the joy and challenge of is creative engagement. Given that individuals are risk averse to changes, the fact that they first examine rationales for change and then ways of change makes change infinitely easier.

This then leads us to the fourth element of emotional intelligence, which is that of *fun* and even *passion.* One of the main aims of the fair process approach is to spend enough time examining and preparing a decision, before it gets executed. By allowing people to voice their opinions and by inviting them then to explore solutions to commonly identified issues, change is itself becomes experienced differently: from being an anxiety cause, it is turned into an activity – and even an attitude - that is seen as fun and personally rewarding. As people work on change plans, they gradually risk becoming more interested, if not outright passionate about them, both in terms of convincing others that their work is superior, but including seeing it into execution (see Black and Gregersen, 2002). Recognizing, like one of my colleagues told me, "that only a baby with wet diapers looks forward to change" this is a major step forward in the change process that the fair process approach aims for.

The second way in which fair process generates fun and even passion is by a disciplined application of the process itself. "The proof is in the eating" might be the saying here. As fair process generates results (see e.g. Van der Heyden et al. 2007), people having been involved with it will appreciate its outcomes, economic and psychological, and will gain confidence in the approach, turning what is often an anxious threat into fun, and from there on, possibly a passion for taking on problems and solving, pretty much the way accomplished consultants go about things when faced with organizational crises.

The final element of emotional intelligence identified by Huy (1999) is *hope.* Again, fair process increases hope for three fundamental reasons. First, those affected or knowledgeable are involved in the pre-decision phase which means that objections and counters will have largely been dealt with and that people will not reject a decision that they have been involved to frame and give content to. Secondly, the quality of execution of *deciding, explaining and setting expectations* is key in this regard. The first requirement for a change recipient is not to agree necessarily with the decision, but to at least understand the rationale that motivated the decision. So explanation is key to commitment. It is hard to put one's full efforts behind a decision that one does not understand. The *clarity* does not stop there: fair process makes a big point explaining expectations for all actors involved in execution; this is key for I will agree to execute a decision that involves others only if I know that the others will do their duty. Given that we are always more generous with ourselves, having clarity on what is expected of others, and hearing them hear this message, also assures my commitment. Finally, the fact that the people who execute have been addressed, hopefully in a collective way, in the exploration and explanation phase, makes the *execution* phase very different: expectations are clear and shared, hence in the execution phase it is the entire team that goes forward, informed about and expecting the actions of others. This turns executors into both controllers – and if needed coaches – of the execution step. In any case, execution is clearer to see, and generates hope as progress is actually observed against expectations.

The third reason why fair process generates hope lies in the final step pertaining to *evaluation and learning.* Life is never perfect; or as another colleague puts it "a plan is what one starts with, but not what one ends up with". Mistakes are part of life. What fair process underlines strongly is that the effective way to deal with mistakes is not to ignore them, but to actively search for them, as execution has ended. We accept that our leaders fail us, we do not accept that they do not recognize that this is the case. If they have failed us, we expect apologies, but more than apologies, transparent acknowledgments of the failure. Not doing so leads to credibility loss, unavoidably, and fair process reminds us explicitly of this. It is common knowledge that companies are poor at learning the lessons of successful projects, or failed ones for that matter. It is in this capacity to recognize failure and to learn from it that people find new hope for the future. A learning organization then is just that: an organization that is able to turn mistakes into learning opportunities, so that similar mistakes are avoided in the future. It is a fiction, but aiming for it remains a laudable goal, and certainly one that makes its members hopeful.

5. Conclusion

The main argument of the paper is that fair process, in its more operational definition due to Van der Heyden et al. (2005), contributes to the emotional intelligence of the actors involved with it. In this article we thereby provide an emotional underpinning to why fair process is so powerful. Earlier work had already underlined the value of fair process for firms, and for family firms in particular. Here we provide a rationale for this practice rooted in emotional intelligence. The fact that the argument could be made in turn supports the operational definition of fair process used here.

Families are institutions that are largely governed by emotions, even if not exclusively so. Love, pride, but also anger, fear and envy often enter and govern the family. Business managers, and even shareholders, are not without emotions too. Hence, it can be stated that family firms are, amongst firms, those where emotions play a larger role.

Establishing that fair process is an emotionally intelligent capability then provides the family business system with a means for dealing effectively with emotions in the system, even when particular individuals may not be endowed with this capacity. The latter is a critical conclusion, for it makes the family business system more robust to emotional idiosyncracies of its members. Furthermore, it makes the case that a family group, even moderately intelligent emotionally at the individual level, may be superior when it concerns the functioning of the business system.

More simply, it establishes why fair process often is able to effectively deal with rather complex emotional issues.

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Figure 1: 5 Emotional levers for organizational change according to Huy (1999)

2-Dissatisfaction opens up
(vs Satisfaction)

5- Hope moves people
(vs Despair)

1- Authenticity attracts
(vs Pretense)

3- Sympathy attaches
(vs Antipathy)

4- Fun/Passion makes creative
(vs Boredom)

Figure 2: Fair Process framework due to Van der Heyden et al. (2005)

(with a description of the five process steps and associated behaviours)

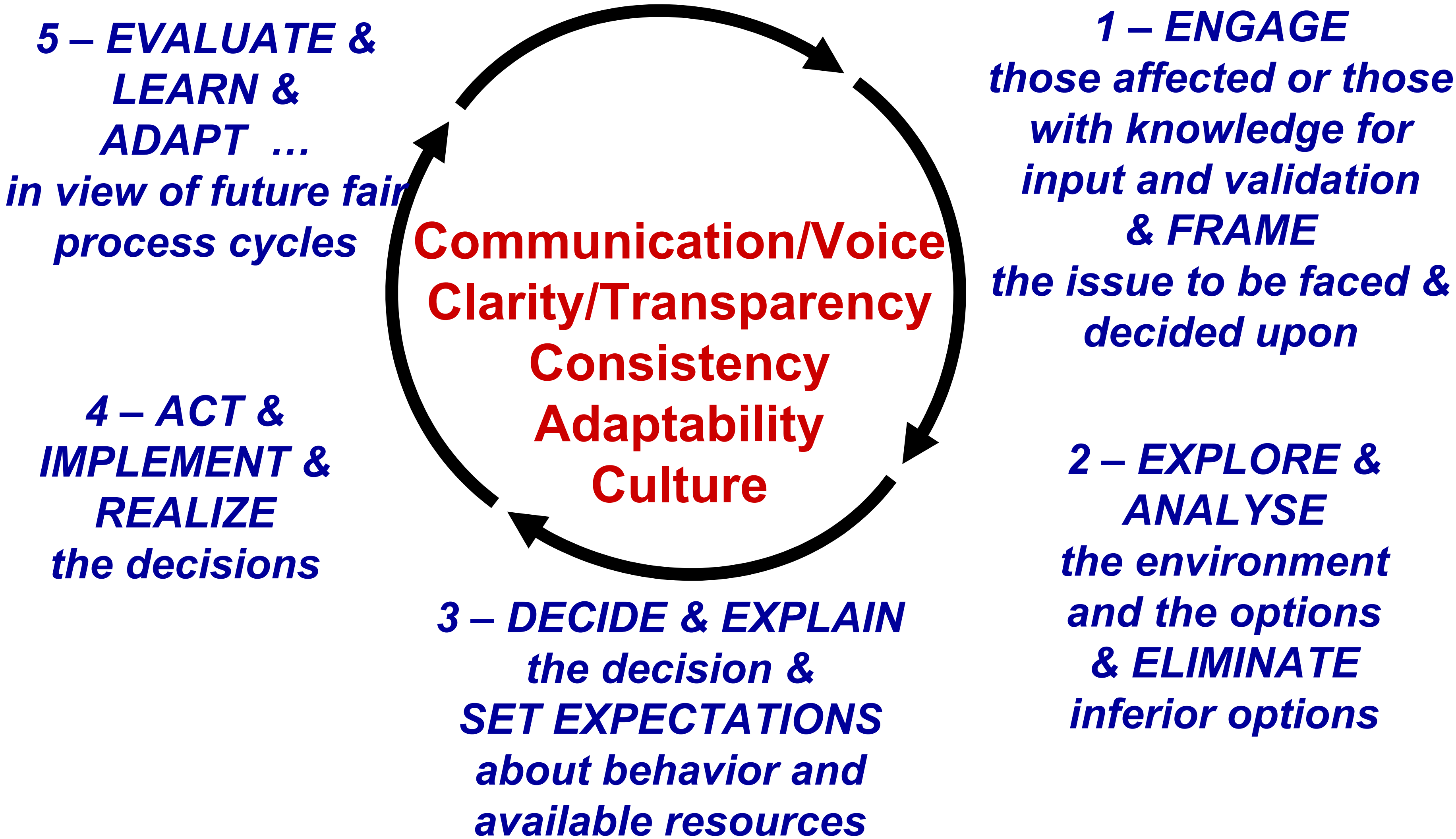


Figure 3 : The relationship between fair process and performance as identified by Limberg (2007) in the strategic product planning process (SPP) of 15 German manufacturing plants

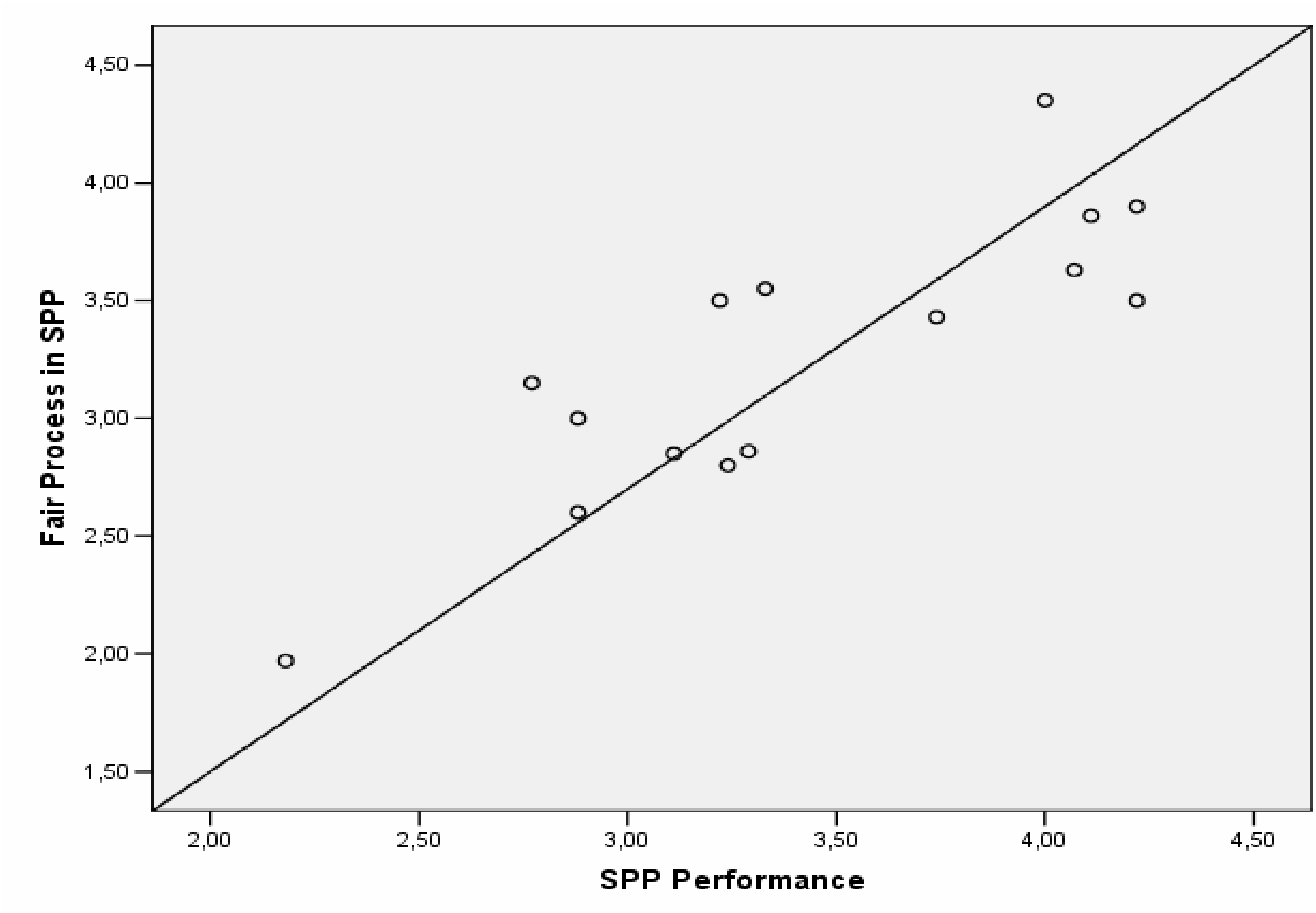
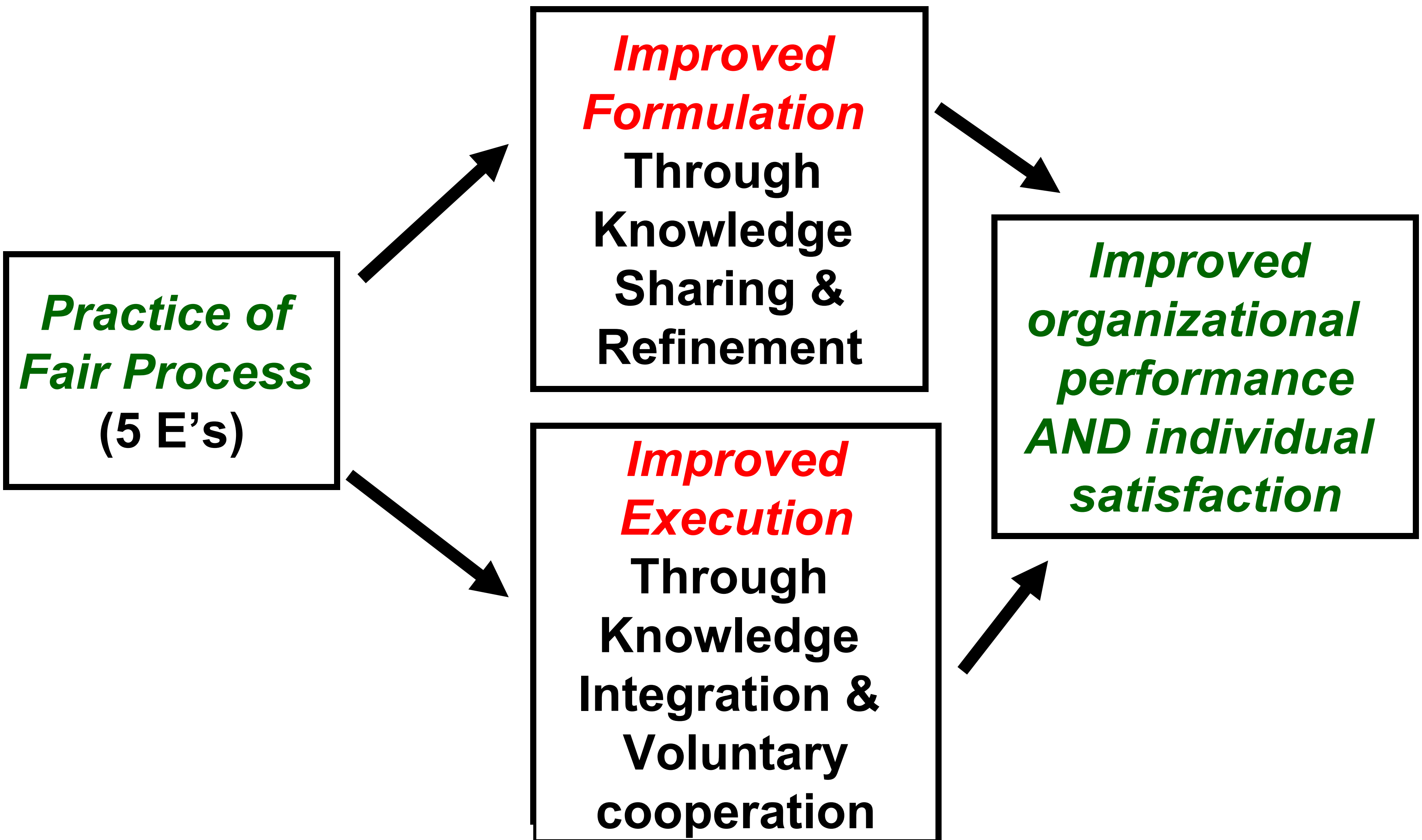


Figure 4: How fair process improves organizational performance AND individual satisfaction?



Source: Kim & Mauborgne (1997)

The virtuous cycle of Fair Process : building trust & motivation