**Case study 17.2** Design an intervention to increase the motivation and the flexibility of the work-force in a large dairy company.

 The new CEO and the director of HR of a large dairy company have sought your advice regarding the kind of intervention that might be effective in helping them involve employees in order to motivate them to work more flexibly and support the modernization of the diaries.

 The company is Danish-owned. It began production in the UK six years ago following the acquisition of a number of British dairies. It now employs 2,400 people at six dairies and one other plant that produces fruit drinks. The last few years have been a difficult time for the dairy industry in the UK and many companies have gone out of business. Supermarkets are selling milk at very competitive prices, presenting a fierce challenge to the doorstep-delivery business and the abolition of the Milk Marketing Board (MMB) has led to a sharp increase in the price of raw milk.

 After the new CEO was appointed he initiated a restructuring of the UK business, creating strategic business units (SBUs) serving particular segments of the market and major customers such as the large supermarket chains. The company has also invested heavily in state-of-the-art processing and packaging equipment. But further action is still needed to ensure the company's success.

 Labour requirements fluctuate considerably, as the demand for dairy products varies over the week and over the year. Operations managers cope with peak periods by making extensive use of overtime working. Many of the workers at the company's processing sites are low-paid and make a living wage by working overtime. It is not unusual for workers to work more than fifty hours over a six-day week and up to seventy hours at peak periods. There is always plenty of overtime at peak times such as Christmas, but in order to ensure that overtime is available at other times employees operated machines inefficiently.

 Managers experience great difficulty persuading employees to work flexibly or accept new practices. Over the years they have used supplementary payments as a way of getting things done. There are over ninety different rates of pay and no formal grading system to justify ninety differences.

The state of industrial relations varies across sites, ranging from good to difficult. Absenteeism is high, running at about 10 per cent.

The company needs a skilled and well-motivated workforce able and ready to react flexibly to customers' demands and willing to support the modernization of the dairies.

**Your task:**

1. **Design an intervention that will involve the employees in order to motivate them to work more flexibly and support the modernization of the diaries.**
2. **Identify issues that might affect the success of your proposed intervention and explain how you would address these issues.**

**Below are students’ responses to the case study above. Provide a response to each of these initial student responses.**

**First Response: S.A.**

I believe that the company needs to have both human process interventions and human resource management interventions. The company needs to accomplish several things in order to compete, and make their employees feel wanted and loyal again. The company needs to properly train the employees on the new machinery, while explaining to them that it will not only be beneficial for the company but also for them. The new machinery can accomplish the needed quota in the normal allocated hours without causing the employees to work overtime.

The company has a big problem with its payroll. It’s no wonder that the employees are absent and not producing quality because they are working very long weeks and are under paid. The company should review the new machinery outputs, and correlate that with the number of hours needed to have the right amount of production. This reduction in work hours can then translate that into higher pay for the employees and in turn create more loyalty and quality. The company needs to establish a formal grading system to correct the huge range in rates of pay. When similar workers are getting paid very differently without explanation, this creates animosity very quickly.

I believe that the change to use the new machinery correctly will be an immediate action. You simply cannot invest in machinery when you are in a heavily competitive environment and not use it to your advantage. I believe that this could be accomplished by meeting with the workers and explaining the benefits of using the new equipment are. It should be a conversation that allows the employees to express their concerns and also unveil the long term plan of regulating pay and hours more closely.

Regulating pay is essential, however once you begin talking about people’s income, they become very sensitive. Over time the company can begin to implement a structured pay schedule, and also begin to close the gaps between top paid employees and lower paid employees. The company can also explain that by fixing the differences in pay, having a structured pay setting, using the machinery more efficiently, the workers will be able to make more money, and not have to work so much overtime. Having to work less hours will also increase the productivity, quality, and make the workers happier to be at work reducing absenteeism. It will take an effort on both the individuals and the company, but in the end I believe that the two can work together and the company can become competitive again.

Response:

**Second Response: A.A.**

In designing an intervention to motivate the employees of the Dairy Company, I will consider the three main factors required in such situations. These include the diagnosed problem, the level of change targets, and the depth of intervention required, the first two factors being the most relevant in this scenario. With regards to the diagnosed problem, it appears the problem is a system wide one that requires a transformational change. At the micro-level, it also involves human resource issues that have to do with attracting, selecting, developing, motivating and retaining competent and committed people. Taking these factors along with the time available to implement the require change and the efficacy of the available methods, the most appropriate in this circumstance appears to be an intervention that will focus on the employees changing the group’s norms and cultures. It is obvious that a major target or candidate for change in this instance is the employees as a group. According to Hayes (2010), research has shown that the behavior, attitudes, beliefs and values of individuals are based on the groups to which they belong and that these groups exert a great deal of influence on whether individuals will either accept or reject a change. The employees need to be made to appreciate the benefits to, not just the organization, but individual employees of a change in the status quo. The group can then be used as a medium of change that can then be used to influence individual members of the group. According to Cartwright (1951), “information relating to the need for change and the consequences of change” or maintaining the status quo must be shared by all relevant people in the group. This principle, according to Hayes (2010) is geared towards people talking about the need for change because changes can be blocked without proper communication.

To make the changes meaningful and sustainable however, human resource interventions also need to be considered considering the apparent poor welfare of the company’s workforce. Of particular importance are career planning and management interventions to help employees manage their careers and employee wellness interventions designed to promote the wellbeing of organizational members and contribute to the development of a productive workforce.

The major issues that might affect the success of the proposed intervention have to do with the dynamics of change namely causal links, effects of groups on individuals and the effects of attitudes on behavior and vice versa. The prevailing negative culture of inflexibility and the strongly held negative values and attitudes that influence the bad behaviors of the employees could rubbish whatever systems put in place to increase productivity because, according to Hayes (2010) culture is seen to have a stronger influence over systems (p.292). Another issue is the resistance from individuals to the change efforts. This is where need to intervene at the level of the group comes in taking advantage of the effect of the influence of the group over individual employees. Another solution suggested by Hayes (2010) is “training selected individuals to provide them with competencies they might need to make a more effective contribution to group performance. Utilizing interventions targeted at values and attitudes and creating conditions that require people to behave differently or modifying structures and interpersonal processes that address the issues of managerial style, attitudes and the social climate of the organization will also go a long way in addressing negative behaviors. These include reviewing the pay structure of the employees and job redesign to ensure that the employees are engaged in “varied and challenging work” (Hayes, 2010, p.290).

**Response:**

**Third Response: M. L.**

As the consultant being brought in on this project, it is very apparent to me that there are immediate concerns that need to be addressed surrounding staff wages and payment methods, along with general low staff morale which is evident in their high absenteeism. It is apparent that with moving towards more state-of-the-art processing and packaging equipment, and the creation of strategic business units serving more major customers, a change in the workforce is needed.

With any major change in operational style or technology, the current workforce should be trained and brought up to speed on how to move forward with the change. I feel that all too often these changes are implemented without proper education of the current employee base to make the move smoothly as well. In this case, since it seems that part of the issue is related to an informal and unregulated pay structure of employees, I would suggest creating a salary structure that is based on the skills required to work with the new processing and equipment, and offer the education and training to employees on the equipment. This also gives an incentive to the employees to adapt to the new technology because of receiving a proper salary.

In any situation, communication is key. As the consultant I have my ideas of what is beneficial for the employees, but I must also take the time to hear their side of the story. As part of this process I would bring the employees in, without the presence of the CEO and other administration, and allow for a true honest and open conversation to occur, encouraging the employees to share their ideas of how to move forward. In taking this information, along with my ideas and that of the CEO, we can create a truer picture of how to move forward without having to continually focus on issues from the past.

Looking at this overall process, it is still likely that there will be employees resistant to any sort of change, and will become the loud squeaky wheel trying to hold the process back. What starts as one poor advocate for the change and multiply very quickly throughout the work force. Within every change process there has to be a review and evaluation process. Part of this review would not only be about the overall implementation, but on employee performance as well. If an employee is meeting the new standards set, and are unable to improve their workplace performance, then a decision would have to be made if they are the best person for that position within the company.

**Response:**