

CASE STUDY 1 – UNREST AT THE FACTORY

“The workers on the production line are not happy with these changes. They have been used to working as fast as they can to earn piece-rate bonuses and now you want to put them all on the same salary and to make them join teams. Up till now they have really been competing with each other, now you expect them to cooperate together.” Bik-Kay’s reaction to the management proposals was typical amongst the supervisors at Harvard Electrics. As she had not been consulted about the changes, she was reluctant to both accept them and to explain them to the staff.

Min-Chul, the manager with responsibility for organizing production, had met with Bik-Kay and the other supervisors to justify the changes after they had been introduced. “We need to move to a culture of cooperation and team responsibility. By reorganizing production into teams, staff will become more skilled, benefit from working in groups and have the opportunity, through quality circles, to contribute to solving work-related problems. The new payment system will take some getting used to but we want to focus on quality, not just output.

1. What problems might the business have experienced from the old production and payment system?
2. Examine the possible benefits to be gained from the changes that managers wish to make to the production and pay system at Harvard Electrics.
3. Why might working in teams not lead to the expected benefits?
4. Discuss why there is reluctance to change in this firm and how the managers could overcome this resistance.

