

Engstrom auto mirrors plan essay sample

[Business](#), [Employment](#)



Issues/Problem

The main problem that I see presented by Engstrom Auto Mirrors Plan is their usage of extrinsic motivation in the form of pay bonuses. The bonuses were removed and 20% of the workforce was laid off in 2006. By May of 2007, plant productivity, employee morale, and product-quality were all issues that began to surface. While sales started to decline in 2005, the pay bonus plan was still in effect. It had worked previously to resolve the issue, but now people have come to expect them. When bonuses were removed, it exacerbated the problem further with a reactance effect. While we do not know what else is affecting the declining sales, we do know that the employees have been sensitive to pay bonuses with the given information.

Alternatives

1. Re-instate pay bonuses as they were in the past. This would be the short-term solution. It would be most beneficial to the employees who saw their absence over the past two years, but it would be temporary, as employees would learn to slow productivity down to receive higher pay, causing a negative feedback loop. They would regain productivity for another period of time until the next crisis.
2. Increase surveillance. It would be beneficial to have cameras placed by work stations and to have higher ranking officials walking down to make sure production is making quota in both quality and quantity. This would potentially increase intrinsic motivation as they would be less likely to slack on the job. However, resistance would occur from laborers about working conditions, which could further be detrimental to employee morale.
3. Adjust pay bonuses so that they are not affected by fluctuations in sales, but by worker productivity.

There are not enough measurements given, but it seems that after sales decreased, workers were less motivated to produce, which should not affect the production plant. This would cause workers to work harder despite slouching sales, but it could also cause them to work less smart. It is important that the metrics for the pay bonuses reflect the quality and quantity of output produced.

Recommendation

I recommend that the company go with a mixture of the latter two solutions. It would be beneficial to have more eyes surveying production, and this would provide synergy to acquiring the proper metrics to properly award employees. First, define how many producers one supervisor can oversee. Second, define and set target metrics. Then supervisors would be able to provide pay bonuses to the employees that truly deserve them. The role of the supervisor would also include providing morale boost and mediating collective meetings to discuss innovative ways to benefit both the employer and employee. Employees would have pay bonuses reinstated, would be less likely to slack off, and more likely to contribute ideas to improve production and working conditions.