

# Truly a great disappointment

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



The following report will examine the series of events that took place in Chatroux, a French based company, dealing with printing and paper based documents. Auskunft AG is an Austrian based company, with headquarters in Vienna. The company deals in various areas of the media industry. Auskunft AG did business in the European market. In this market they benefited from the free movement of capital, goods, services and labour between EU member states, since it was a Free Trade Area. The company was also recognised for its acquisitions of other European companies working in the media industry.

One of their major takeovers was in the year of 2004, with a French based company known as Chatroux. Chatroux was founded in the year of 1886, and was currently being headed by M. Jacques Giraud. Chatroux had contracts with Parisian hotels, clubs and restaurants for menus and other important material. M. Giraud had impressive qualifications for the post of President Director General but no past experience in the printing industry. Hence he was heavily dependent the experience of his senior managers, one of them being M. Guy Legris. M.

Legris had been working in the organisation for 27 years and had equal knowledge about the functioning of the organisation; hence he relied mostly on what he believed to be effective to make decisions for the organization, without consultation. Being French, he naturally practiced a French style of management and working culture in his department. Legris was completely a task oriented leader and practiced a paternalistic style of leadership. He maintained a good social relationship and a mutual level of respect with members of the organisation.

The culture at Chatroux was about showed a level responsibility and mutual agreement which resulted in low employee turnover giving a sense of high job security. Recently M. Legris had been facing certain coronary illnesses, which had been brought into the attention of M. Giraud and the parent office. Auskunft AG took the initiative of recruiting a successor for M. Legris and intended to replace him with a younger manager. The man recruited for the job was a 32 year old German manager, who was known as Herr Dr Rudolf Barfuss. Dr. Barfuss had a Master's degree in print technology and PhD in e-business.

He had also taken a French language course from Marseilles where he was awarded a distinction. Dr Barfuss possessed the necessary requirements and qualifications to handle the Chatroux business organisation as a Production Director. Dr Barfuss had commenced a different work culture in Chatroux. He introduced a style of management where the employees were encouraged to be more involved and participative in meetings that he held to enhance the working procedures. He delegated more responsibility and tried to implement joint decision making. He also set up and emphasized on the performance related pay system.

It had been 3 months since Dr Barfuss was appointed and company's functioning had remained stable. Dr Barfuss was happy with the performance of the employees, even though the output had remained the same as before. He also felt that joint consultation committee strategy had shown good results. Sacha Aznavour, the head of the production planning department, who was one of Dr Barfuss' direct subordinates, had written a letter to M. Giraud regarding the effects of the change in working

environment in the organization. Sacha Aznavour was a highly efficient and dedicated employee.

He grievously mentioned about the change in the work environment and also said that the employees were used to paternalistic style of management. Dr Barfuss was a democratic leader and the employees couldn't adapt to his style of management. From the following report we can deduct that employees were getting demotivated enough under Dr Barfuss style of management, which had caused three employees to leave the organisation. Certain theories of motivation (Content and Process theories) are used further in the report to help Chatroux understand and strategically tackle this problem.

Employee motivation is significant for any organisation for better productivity. Every employee has certain needs, and when they are met it leads to motivation. Some needs are prioritised over others. By using an academic resource of Maslow's need hierarchy model and ERG (Existence, Relatedness and Growth) needs, Chatroux can recognise the priority of certain employee needs over others. In the production department of Chatroux, it can be observed that, most of the employees share similar characteristics with each other and follow similar trends in terms of working style.

Most of the employees of this department are over 45 years old. They belong to the same nationality hence share the same culture. They prefer being led by a paternalistic approach of leadership. Hence for majority of the employees the priorities that they place to their needs in different orders is almost in the same order. The need that they give first priority to which

needs to be fulfilled is their existence in the organization, i. e. their safety needs. Their physiological needs are already being fulfilled hence; it isn't needed to be taken into consideration.

The need that they give second most priority to is their growth in the organization, i. e. their esteem needs. Currently the employees are happy with their current stable jobs hence; their self-actualization needs are also being met. They also want their relatedness needs, i. e. social needs to be fulfilled, even though comparatively they are given a lower priority. They like a certain amount of personal interaction with their leader, which also increases their compatibility with him.

Employees of Chatroux were motivated under the leadership of M . Legris because their basic needs such as job security were being fulfilled. Since the average employee age at Chatroux was above 45 they wanted to maintain a secure and stable job. They may feel that it is difficult for an employee of their age to get other alternative jobs that provided similar fringe benefits and remuneration packages. This is because they will have to compete with a younger age group of people with the same skills and equivalent or better qualifications to get good jobs. Hence safety needs held a highest importance in their perspectives.

Low employee turnover brought a high sense of job security, hence showed that the safety needs of the employees were met. Employees had their esteem needs fulfilled under M. Legris because they trusted his experience and belonged to a similar age group and nationality, which created a good understanding and mutual respect between the employees and him. There were low barriers of communication between M. Legris and the employees

because of the similar personality traits that they shared. The employees also preferred the fact that they were responsible only for their individual tasks.

The social needs of the employees were met because they knew M. Legris at a personal stage even though Legris was considered to be a dictator. Chatroux's situation can also be analysed from another perspective. We can use the academic resource of McGregor's theory X and theory Y to analyse the working style that Legris brought into the organization by analysing his workforce. M. Legris believed in the theory X approach for the employees. He believed that his employees needed to be given clear instructions and to be supervised. However, Legris did not believe that his workers were lazy people who tried to avoid work if possible.

Legris had been leading the employees in a style which was derived from what he perceived about his employees' characters, how they preferred to work and also from the type of department he was from and what their main purpose was. He may have known that a theory Y approach would more suitable for organizations that need its employees to focus on having more creative results. However he was running the production department of a printing firm. The level of creativity that would be needed in the production department would be very low.

Hence a theory X approach was more suitable. Since he adapted his leadership style to how his employees' characters, his employees were greatly satisfied by him and they were able to provide good and efficient productivity. This was a great motivating factor for the employees. Being paternalistic in nature, he emphasized on achieving targets set by him.

Legris also believed that their employees were competent enough to achieve organisational objectives yet they needed his guidance to do so. Therefore Legris also perceived his team to have traits of the theory Y. Hence he also used to try to have a slight casual atmosphere around the employees by sharing a laugh with them. This motivated the employees as they were able to connect with him well.

Dr Barfuss was brought into Chatroux by the parent company Auskunft AG to replace M. Legris. He brought along with him a completely different type of working structure and practiced very different leadership style from what the employees had been accustomed to under M. Legris' leadership. The sudden change in the style of management was difficult for the employees at Chatroux to adapt to which led to demotivation.

Vrooms expectancy theory can be used as a tool to analyse the precise reason that led to this demotivation. Vrooms theory suggests that “ people will only put in effort to do a task when they expect that their role will help to achieve the required result”. The distinction between Vrooms theory and other process theories is brought about by the three factors that Vroom takes into consideration, i. e. expectancy, instrumentality and valence. Vroom's suggests under expectancy is that employees have a certain level of expectations about their potentials which are derived from their qualification and experience.

The employees of Chatroux have been given more responsibility than they were given previously under the leadership of Legris. They do not have the confidence, experience or qualification to tackle several tasks at a particular time. They also cannot take the extra work pressure of losing their job

security because of Dr Barfuss introducing performance related pay into the organisation. The pressure of tackling the new responsibilities has led to certain employees leaving the organisation because of lack of job security.

The employees of Chatroux were accustomed to a culture where they were being rewarded for their loyalty rather than their performance. Porter-Lawler theory is based on the rewards that the employee enjoys for performing certain tasks. There are two kinds of rewards which Porter and Lawler mentioned in his theory i. e. intrinsic and extrinsic. Intrinsic rewards are the ones which connect emotionally to the employees such as task satisfaction and motivation leading to another task. Extrinsic rewards are the ones where employee needs are meant materialistically such as bonus, and pay as per the performance in the company.

In Chatroux M. Legris satisfied the employees by motivating them to a new task as well as improve the perception of employees towards a certain task. Since the leadership changed and was rested in the hands of Dr Barfuss, he completely changed the method of employee reward scheme. Dr Barfuss used the system of rewarding his employees by introducing the method of performance related pay. Employees at Chatroux enjoyed intrinsic rewards over extrinsic rewards because of the loyalty shown by them towards the company.