The engstrom auto mirror essay sample

Introduction

The Engstrom Auto Mirror plant employs over 200 people at its Indiana location. Since 1999, workers at the plant have received bonuses based on the Scanlon Bonus Plan, which paid a percentage of all labor savings each month. Workers were motivated by the bonuses to increase their productivity, thus saving the plant from its unprofitable state during the 1990s. However, in 2007, the plant once again faced issues of unproductivity and low profits. The plant manager, Ron Bent, had to lay off 46 employees in 2006, and employees had not received a bonus in seven months. Employees had become dissatisfied with the Scanlon Plan (“ Engstrom”, 2008, p. 1-6).

This paper will examine the use of Scanlon Plan as an incentive program for staff to motivate them in good and bad time. Analysis of the Engstrom Auto Mirror case will explore specific perception and motivation factors. Finally, using knowledge of perception and individual decision making, suggestions as to how Kravitz and Brooks could have reacted better to the situation will follow. Analysis

Due to the low productivity and profitability of the Indiana plant, the Engstrom family was threatening to close the plant altogether (“ Engstrom”, 2008, p. 6). Bent described the issue at the plant as “ a vicious cycle. We’re paying a stiff price for slips in productivity – and that’s money I would far rather be paying to workers as a reward for high performance” (“ Engstrom”, 2008, p. 2). Although there are many different issues at the Engstrom plant, the main concern to be addressed is that the management is not properly motivating the employees. Motivation is important because it is one of the three main forces that lead to good job performance. Job performance is a combination of motivation, ability, and environment. There is an overwhelming amount of evidence to show that employees are not being motivated to achieve a high performance level, thus leading to the problems of low productivity and profitability. For example, Engstrom is not giving employees the proper incentive to raise their productivity levels, plus they are using a financial incentive plan with major problems in the design.

First of all, suggestion rates from employees have dropped to just 50 a year, showing that employees no longer feel like they are contributing successfully to the plant (“ Engstrom”, 2008, p. 5). This is a major issue, as feedback is an essential part of motivating potential, more so than skill variety or task identity and significance. Employees need to know that their ideas are being listened to, and must be presented with ways to improve themselves as a result. Currently, employee suggestions are submitted to a committee that made the executive decision on which suggestions to implement and which to discard. This suggestion system was not terrible, but could be improved by making the decision making process more generic to employees. In addition, various issues in the company are disrupting employee motivation. One such issue can be pinpointed by means of the equity theory, where employees’ motivation drops when they perceive inequity within the company. Specifically, workers at Engstrom have complained that supervisors should not receive such a high bonus, because they are “ not working as hard” (“ Engstrom”, 2008, p. 6).

When employees perceive that their input is not producing as much output (in the form of bonuses) as another person’s equal or lesser input, they often respond by reducing their own input. In addition, individuals expect that certain amount of effort would lead to a certain amount of reward. When individuals do not see such a link, their motivation to put in the effort decreases (Bauer & Erdogan, 2013, p. 108-9). In the case of Engstrom, employees complained that the Scanlon plan was too complicated, leading to distrust on the honesty of their bonus amounts. Employees expected that their effort would produce bonuses, however, increased performance actually resulted in decreased bonuses due to the complicated nature of the plan (“ Engstrom”, 2008, p. 6).

Thus, employees feel as if their effort is not leading to the expected rewards, contributing to the lack of motivation. Finally, the current Scanlon plan, while initially successful, has many design flaws. The plan currently pays out bonuses so regularly that workers began to perceive the bonus as part of their regular paycheck, instead of associating the bonus with their own increased efforts (“ Engstrom”, 2008, p. 2). Thus, the plan, which originally was designed based on positive reinforcement, used a method of continuous rewarding, which reduces the durability of its results (Bauer & Erdogan, 2013, p. 112). Conclusion

Engstrom should create a modified Scanlon Plan that clearly relates bonuses to increased productivity, allows for feedback to improve performance, and sets goals for production would be the best way to motivate employees. First, the new Scanlon Plan should have a simplified payout calculation. The bonuses should not be paid on a continuous monthly basis, but rather on a fixed ratio schedule, which provides rewards “ every nth time the right behavior is demonstrated” (Bauer & Erdogan, 2013, p. 112). In practice, this would mean that employees are paid a bonus every time a certain amount of money in allowed payroll is reached. The current allowed payroll is at 38% of sales value (“ Engstrom”, 2008, p. 7, Exhibit 1).

This does not have to be changed. Instead, as soon as Engstrom reaches an allowed payroll of one million dollars, then 10% of that amount is automatically distributed to employees in the form of bonuses. This solves many previous issues with the Scanlon plan. Firstly, it clearly connects the effort of employees with rewards, so employees can expect that increasing their efforts would increase their rewards. The faster employees can reach the set goal, the faster they earn their bonuses, while at the same time the company enjoys higher productivity. Secondly, there is much less secrecy within the plan, as employees are fully in charge of how fast they earn their bonuses, so they cannot blame the management for withholding money. This modified Scanlon plan is the key to providing employees with a direct way to earn rewards by working harder.

Analysis

Perception and Decision Errors

Prescriptions for a better working relationship

Conclusion

Both Jane Kravitz and Lyndon Brooks entered into their working relationship with optimistic expectations, but their personal conflict and subsequent perceptual and decision making errors quickly impaired their work relationship and productivity. Kravitz should neither have let Taylor’s negative comments influence her first impression of Brooks nor neglected to discuss her perception with Brooks initially and get his side of the story. Kravitz received responsibility for an employee who had already been repeatedly disappointed by the organization, but failed to change his path from that of someone who would not be productive and would leave the company. When Brooks joined Jensen Shoes he was looking for a job where he could " quickly move up the ladder." Brooks had his first disappointment when he learned that Taylor had set Brooks' goals without consulting him, and subsequently given inadequate resources, which assisted in the environment causing Brooks to failed at achieving his strategic objectives (along with everyone else in the department).

Later, Brooks was placed into what he felt was a position assigned to him based on a stereotype and that would not lead to achieving his career goals. Once again his assignment was made without his input, as Kravitz failed to consult any of her subordinates prior to making the assignments. Then, Kravitz ignored Brooks' entreaties to change his work environment into one where he would feel motivated and successful. Brooks missed an opportunity to work with a new supervisor, Kravitz, and change the downward spiral in his career path with Jensen Shoes. If Brooks wanted to stay with Jensen Shoes, he needed to work harder, even an extraordinary amount, to achieve his objectives, or else he should have been open with Kravitz about his disappointment and intentions not to complete his assignments.

Instead, he tried to minimize his risk and stall for time by working on the parts of the job that he enjoyed. Clearly there was a conflict that impaired the perceptions of both Lyndon Brooks and Jane Kravitz. Instead of identifying the root causes, each participant allowed their errors and biases to snowball into the situation described at the end of the case studies:

neither of the two trusts the other, the strategic objectives are not complete, and each of them is talking with a private mentor to help solve the problem instead of talking to each other.