

# [Buenavista plywood corporation](https://assignbuster.com/buenavista-plywood-corporation/)

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Buenavista Plywood Corporation The Problem The problem confronting Mr. Antonio Garcia, the Plant Superintendent of Buenavista Plywood Corporation is how to deal with the absentee rates of the employees from Bohol such that the production of the plant will operate at capacity, with adequate workforce and the interests of the company and employees be served. Objectives More specifically, the problem resolves itself into the following objectives which Mr. Garcia has to achieve in the course of action he has to take: 1. To maintain a stable and reliable workforce; 2.

To protect the company’s reputation by avoiding confrontation with formal union groups; 3. To address production problems and costs; 4. To meet the rated capacity of the plant; 5. To safeguard the long-run profitability and stability of Buenavista Plywood Corporation. Situational Analysis The Buenavista Plywood Corporation was organized in Cagayan de Oro City in 1950 by the SantiagoFamily. Don Jose Santiago, the present head of the family, was well qualified to carry the traditions of this prominent family. The Santiagos have been involved in politics in nearby Bohol, the ancestral home.

They had been pioneering industrialists in the plywood business. Don Jose had been an early advocate of local processing of lumber as opposed to the shipping of log abroad. VISTAWOOD, the trademark chosen for their plywood, was one of the first export plywood production in the Philippines. Late in the fall of 1960, at a time when the plant was operating at capacity, working three shifts a day, some representatives of a national labor organization gained the allegiance of a large group of workers to establish a union at VISTAWOOD.

Over the period of several months, the union activists who were assigned to the logging concessions left the company at their own initiative. These events marked the end of any organized activity at VISTAWOOD. As a matter of general policy, management preferred to hire people from Bohol and even tolerate some irregularities due to this peculiar working arrangement, than to risk another confrontation with formal union organizations. In fact, Don Jose soon began to rely on political leverage this group of workers afforded him in his election campaigns in Bohol. Late in 1967, VISTAWOOD was facing serious production problems.

Rated capacity and management profitgoalshad not been attained for several years. Fierce competition in the export market and decreasing selling prices, coupled with new duties being levied by importing countries had aggravated the situation. It was apparent to management that the only source of improvement would have to be the production function. Costs of operating the plant had been steadily rising without no accompanying rise in production volume. Mr. Antonio Garcia was brought to VISTAWOOD Superintendent in the hope that he could bring some improvements in the plywood plant.

Discovering the absentee rate of the plant, Mr. Garcia began to examine this and other related problems at VISTAWOOD. It became increasingly clear that: (1) production was low and highly erratic and (2) one of the main causes of this gloomy situation was the unstable and unreliable workforce. The absentee rates fluctuated between 50% during Monday and Saturday nights and 30% during the rest of the week. Daily production was so adversely affected by this shifting workforce, that Sundays had to be regarded as regular work days but with higher labor costs. Mr.

Garcia was convinced that the plant could be run on a six-day schedule and meets the rated capacity if an adequate workforce could be maintained in the ratio of 3: 2. Decision Framework Constraints Given the problematic framework on situation described, Mr. Garcia now had to decide what to do with the problem on the imported workers from Bohol. The fluctuating absentee rates of these employees has resulted to serious problems such as the unstable, unreliable and inadequate workforce unable to meet the rated capacity at the plant and resulted to low and highly erratic roduction. Rated capacity and management profit goals had not been attained for several years. Aside from the fierce competition in the export market, decreasing selling prices, and rising production costs, imported workers from Bohol have created greater problems. Increasing the production volume through having an adequate stable workforce is the only solution to the problems faced by the company. And that would mean to fire those workers from Bohol who have absentee problems. These people create greater inefficiencies for the company.

However, this will risk the company to face formal union organizations. And these would mean putting the company in bad public image ore reputation. Retaining the employees from Bohol will protect the company’s reputation but the absentee rates of these employees affect production costs and volume. And if not addressed will result to financial ruin for the company. Mr. Garcia is therefore caught in a seemingly difficult dilemma and has to formulate a decision which would both safeguard stability and profitability at the company and at the same time, protect the reputation of the company.

DECISION ALTERNATIVES The following choices are open to Mr. Garcia: 1. Fine the employees from Bohol who have absentee problems but spell ruin on the company’s reputation; or 2. Retain the employees from Bohol but creates problems on the production costs and volume and eventually spell financial ruin to the company. RECOMMENDATION The first alternative to fine employees from Bohol is preferable given the following considerations: 1.

It will decrease absentee rates of employees and having a stable and reliable workforce will result in meeting the rated capacity and volume of the plant. 2. It will dissociate political expediency from management decisions. 3. Mr. Garcia could talk to the workforce from Bohol to avoid establishing a union at VISTAWOOD. CONCLUSION Firing the workers from Bohol will address production problems of the company and insure the long-run stability and profitability of VISTAWOOD. Such a course of action, therefore, would achieve all the objectives set out earlier in the present dilemma.