Treadway Tire Company Case Study

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**Case Summary**

The Treadway Tire Company has a serious dilemma. Once considered a model branch with new state-of-the-art equipment and unparalleled productivity, the branch has now become riddled with interpersonal conflict between employees and turnover rates are at an alarmingly high level. It is now the responsibility of Ashley Wall, the new human resource director, to come up with a plan of action to right the wrongs that are transpiring at the plant. She notices the company has made some recent changes such as becoming a 24/7 operation with employee shifts running 12 hours, the decision to make more external hires from college graduates, as well as a restricted budget that limits employee training possibly due to recent economic constraints brought upon by the ricing price of oil. Wall’s job begins by selecting an epically based theory to design a plan of action while the employees are away during the holiday shutdown of the plant. For this, Wall has chosen to use Sirota’s three factor theory and will design and implement a plan of action based upon its principles.

**Issues at Treadway**

Treadway is in dire need for change. One of the first issues with the plant stems from the recent budget cuts and moves for increased production and productivity at the expense of the employees. Skyrocketing raw material costs and global competition have tightened the bottom line for the Lima plant as they have struggled under the increasing economic pressure. As a result, the plant decided to save money by creating a system that has two 12 hour shifts in place of a more typical 8 hour work day. Noticeably, employees have begun to develop a propensity to call out of work leaving the foremen scrambling to find last minute replacements. Also, the hourly workers have issues with taking extended breaks. The extremely high demands from upper management have taken a toll on the workers by increasing quotas and the repercussions faced for not meeting them. This has possibly contributed to higher absenteeism, stress, and strain on the workers. Another major side effect of the restricted budget is the denied training proposal suggested by human resources to deal with the lack of experience for newly hired foremen. Foremen are hired and immediately thrust into the job without any formal training. Management believes the ‘sink or swim’ method is the most effective way for foremen to learn the job. The lack of formal training and high demands caused by the budget cut puts tremendous pressure on the foremen to provide results in a position that they are unaccustomed to. This lack of grace period creates conflicts between foremen management and foremen hourly worker dyads.

A second major issue happening at the Lima plant is the poor communication between divisions. The expectations from management are that foremen should be able to control their workers and know the ins and outs of the job without direction or guidance from the outset. This creates a perceived division and inaccessible line of communication from the beginning. When issues arise, management tends to verbal lash out and threaten the foremen and that trickles down to how the foremen treat the hourly workers. There is an unaddressed disconnect between the expectations of management such as their quota demands, and the foremen’s ability to complete that quota when they are often short staffed or plagued by inoperable machinery. Additionally, when reprimanded, workers often have their grievances cleared by the union without an explanation given to the foremen. In an employee survey, one statement was made referring to a need for better communication between the union and the foremen about decisions made at grievance hearing (Skinner & Beckham, 2008). A positive initiative was taken by the plant manager when he attempted to create a social program for foremen and other salaried employees and their managers after work hours at a local bar. The idea was create comradery, open lines of communicate, and create personal connections between the foremen and management, but management was not enthused by the idea and it fizzled out.

Related to the first two issues, a third major issue that needs to be addressed at the Lima plant is morale. According to a 2007 employee satisfaction survey, 76% of Lima employees felt that they were ill prepared to perform the duties of their job and only 6% saw their immediate supervisor as a positive role model (Skinner & Beckham, 2008). This speaks for the poor training and high level of disconnect between the average employee and his or her superior. The foremen feel as if they are left hanging by upper management and are burdened with all the responsibility that comes with their job, but none of the authority. As a result, they often bark out orders and threaten hourly workers in a manner that mirrors their own perception of their relationship with upper management. When something goes wrong they attribute this to the slacking nature of hourly workers. Hourly workers on the other hand, feel that the foremen are unrealistic and cruel. In the same survey, hourly workers cited that they felt that the foremen do not respect the workers, expect them to jump at any order, do not understand the difficulty of their job, never cut anyone slack, never have anything good to say about their work, and even take pleasure in catching the hourly worker doing something wrong. The strained relations and nonexistent support between the divisions of labor has produced poor comradery and decreased how favorably one group looks at another and morale at the company as a whole.

Another growing concern is the decreasing lack of advancement opportunities within the company. Recent initiatives to hire a greater number of external college graduates has severally diminished the growth potential for foreman which has left them feeling that there is simply no way to move up at the company. This holds true even when employees who have long-term management potential are suggested for a vacant position by the general supervisor. As part of the pre-hire screening process, potential foremen are asked to complete vigorous exams and are asked to produce writing samples which plays more into skills of a recent college graduate than the practical skills of a seasoned worker. Ultimately, the decision to bring in more and more outside management only strengthens the disconnect between the divisions of labor. If employees felt that they or their peer could rise up into a leadership position and make the changes they believe are important, then the branch may run more smoothly and there would be less disconnect between the foremen and hourly workers. Instead of taking the demanding orders of a complete stranger, they would be listening to someone who has been on the line with them and understands how difficult the job is to complete.

Collectively, these issues culminate in the tremendously high turnover rate that has developed over the last few years at the company. Out of the 50 foremen at the Lima plant in 2007, 23 had turned over. With nearly half of the foremen leaving the company within one year it is clear that there are major concerns surrounding the position. The toxic environment, lack of communication, inadequate training, and lack of growth potential has foremen leaving the company at a rapid pace. As cited in one exit survey, the general supervisor’s response to questioning was to ‘just do it’ and this particular employee felt dissatisfied with his training and development, working conditions, supervisors, and advancement opportunities (Skinner & Beckham, 2008).

**Sirota’s Three Factory Theory**

Based upon years of data collection and millions of data points, the Sirota model proposes that the three primary factors that contribute to employee enthusiasm, productivity, low turnover, and ultimately organizational success. By statistically, analyzing questionnaires, asking employees what their needs are directly, and conducting focus group, the themes of equity, achievement, and comradery are most prevalent amongst the basic needs of an employee (Sirota & Klein, 2014). Equity is comprised of three basic conditions that need to be met. The first subcategory, physiological equity, can be considered adequate when an employee feels that he or she has a safe working environment, a reasonable workload that does not harm the worker’s emotional or physical well-being, and comfortable physical working conditions. Employees desire to work in an environment that has minimal risk of harm to themselves through physiological safety, and also one that is also not emotionally draining due to an unsound work atmosphere. The second facet is economic equity. For this form of equity, employees require having a reasonable degree of job security as well as competitive compensation and benefits. Individuals are realistic in terms of how much they should be paid and have a generally grounded sense of the value they bring to a company. The final component of equity, as defined by the Sirota model, is psychological. Employees must feel that they are being treated with respect, have reasonable accommodations made for their personal and family life, credible and consistent management, and having their complaints recognized and heard by influential members of the company. Workers are much more than emotionless interchangeable cogs in a machine and needed to be treated with humanistic care to perform at an optimal level within a corporation.

The second component of the Sirota’s model is achievement, or taking pride in work related accomplishments and receiving recognition for those accomplishments by the organization. Pride emanates from within the employee and it is the role of the organization to not squander the self-motivated nature of workers. Achievement is obtained by having challenging work that draws upon the intellect and abilities of the worker, the ability for the worker to acquire new skills, having the ability to perform with the assistance of training, resources and directors, a perceived importance of the job at hand, recognition for excellent job performance, and finally by working for a company in which the employee can be proud (Sirota & Klein, 2014).

Finally, camaraderie completes the three factor model and is defined by having warm, cooperative relationships with fellow employees. Although seemingly simplistic, one of the most consistent and widely cited feedbacks given during data collection was about an employee’s coworkers. Human beings are inherently social creature and will create relations with the individuals they interact with at work. Poor communication or toxic relationships can be detrimental to employee productivity, while high levels of comradery promote teamwork and job enablement (Sirota & Klein, 2014).

**Analysis**

The Lima plant is having difficulty meeting the criteria established in Sirota’s model for equity. In the first subcategory, physiological, it is clear that workers are burdened with a vigorous 12 hour shift. Coupled with the strict demands of adhering to a tight forecast, it is clear that there is both emotional and physical strain brought upon the workers by the grueling daily demands. The second facet economic equity is being met and surpassed with flying colors. Treadway pays new foremen about 16% above the national average and were also eligible for overtime pay. Salary increases were also adequately adjusted to reflect experience and length of service at the company. While the turnover rates were high, nearly half of the turnover was voluntary and on the exit survey, an employee cited the salary and benefits as being highly satisfactory. Finally, for psychological equity, Sirota’s criterion for respect, credible and consistent management, and being able to get a fair hearing for complaints are clearly unsatisfactory. Coming straight from the employee survey, employees feel disrespected and mismanaged. With such high turnover, it is hard to establish credible and consistent management as the foremen position has become a revolving door. While the hourly workers are able to have their complaints heard, there is a disconnect between the decisions that are made by the union and the foremen.

For Sirota’s second factor of achievement, an employee should feel a sense of pride for their work and the organization as a whole and this is met through the employee perceiving their work as challenging, having the ability to acquire new skills, the ability to perform, and importance and recognition of their work (Sirota & Klein, 2014). While the workers at Lima may agree that their work is challenging there is little evidence that they take more and a neutral amount of pride in their work or their company. The lack of training for both their immediate position and the lack of skill or leadership development available at the company have created stagnation. Foremen do not have access to the training or resources Sirota’s model establishes that are fundamentally important to achievement and there are no programs in place to develop employees into advancing their career at the company. Additionally, employees feel that they are never praised or recognized for good work and are consistently lashed out at when their work is not up to par. There is little balance between the two and the performance review that is conducted is extremely meek and provides little meaningful feedback to the employees.

Finally, there is a glaringly obvious hole in the comradery department. For Sirota, comradery is defined by warm, cooperative relationships in the workplace (Sirota & Klein, 2014). There is little evidence to suggest that changes need to be implemented on inter-unit relations. However, between positional lines, there are noticeable tensions. Argumentative behavior has been both received by and distributed by foremen and it has alienated them from their supervisor and those they manage. The overall theme of disrespect between positions has corroded interpersonal relationships and any efforts to promote social interactions outside of the plant has been met by resounding reluctance.

Low Equity

* Strenuous long shifts
* Unrealistic forecast
* Feelings of disrespect

Low Achievement

* Lack of skill development
* Lack of training program/resources
* Lack of performance rewards

Feelings of dead end job

Turnover

External hires

Budget Restrictions

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Low Comradery

* Hostile interactions
* Lack of socialization outside of work

Poor Communication

**Alternatives & Solutions**

It is without question that the Lima plant needs solutions to their immediate issues as well as a plan to follow for future sustained success. In addressing the issues with equity it is first important to establish that the current economic equity should remain intact. Employees are being paid incredibly well, enjoy excellent benefits, and have a sense of job security. In order to improve physiological equity, the plant may want to consider adopting an 8 hour work day which would decrease the lengthy daily strain imposed upon workers. Despite the current economic bind the company is in, moving to an 8 hour work schedule can address the issues of absenteeism and tardiness amongst the hourly workers and alleviate the stress of scrambling to find new workers each day for the foremen. Being understaffed can put workers in physical danger and risks burnout. Long-term this may prove to be the more economically sound option as well as an excellent way to increase physiological equity. Finally, to promote psychological equity, is to minimize or eliminate the verbal lashing and to promote constructive goal-oriented criticism. A solution to the issue with unexplained grievance hearings with the union would be to mandate explanation to the foreman upon the completion of the meeting or to include the foreman in the deliberating process. By making it a more collaborative process, the dynamic will shift away from the ‘us versus them’ mentality that has emerged between division lines within the plant.

In regards to improving achievement, the first step begins by establishing a low-cost training program for the new foremen. While an extensive program may not be in the budget, there needs to be a minimum standard for preparing employees to work before they are thrust into the role. Once the training program is established a resource network needs to be created for answering work related questions that arise on the job. ‘Just do it’ is not enough support from management and working in the plant should be modeled and viewed as a collaborative effort. Secondly, a program should be designed to train and advance current employee’s skills. An investment in training talent is nonexistent in this company and establishing a skill development program or reimbursing college tuition is an excellent way for the company to show that it cares about its employees and wants them to grow as individuals. This is an investment for both the employee and the company as the employee becomes trained at a higher level and, therefore, becomes a more valuable asset to the company. Additionally, this may create a solution for the high turnover rates. If employees can train themselves there may not be as great of a need for the company to hire college students. If they send their employees to classes, the ultimate foreman is produced because they will have both the practical experience from working within the company as well as the education from attending courses. This will merge the distance between the divisions of labor because friends will be hired for managing position instead of strangers, and the negative connotation that they are working a dead end job will be relinquished. Finally, performance appraisals need to be taken more seriously and constructive feedback needs to be given. It is also important for the company to reward good work instead of constantly focusing on poor performance. Enacting a rewards system seems like a logical solution for the company to pursue. Something as simple as creating an employee of the week is a great way to motivate workers to try harder and recognize the work that is being done at no cost to the company. If the budget allows for some marginal spending, managers can create a points system in which good work is recognized with a point. Employees can collect these points and redeem them for a small prize, such as a gift card or extra-long lunch break or pool them together as a unit for a bigger prize such as an office party social.

The final area that needs to be addressed based upon Sirota’s theory is comradery. The hostile and uncompromising social boundary between workers needs to be bridged. A simple initiative could be to have monthly discussions in which all of the foremen talk about certain aspects of the job that have been working and others that have not been as successful. From this meeting, new proposals and initiatives can be taken into making each foreman better at their job. It is important that representation from both the hourly workers as well as upper management be present and notified about the outcomes of these discussions. This opens a direct line of communication between the hourly workers, foremen, and upper management. Open communication should reduce hostility and may break down the barriers enough for management to consider attending the proposed social events outside of work. An example could include a weekend picnic social event in which employees are encouraged to bring their families and food items. This is a good time for informal bonding amongst the workers and will contribute to work comradery growth. This provides a setting in which all workers get a chance to view one another outside of their normal work context which has previously been centered around the sole objective of meeting production forecasts and allows them to learn a little about one another at a low cost to the company.

References

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