Volvo on a relentless pursuit to develop work environment to adapt machines to people who work with them and to organize the work in such a way that the job performer has influence. What is job enrichment? Discuss the job enrichment initiatives of Volvo?

**What lead to Job Enrichment Programs in Volvo?**

Volvo was founded on July 25, 1924, when Gaustaf Larson (Larson), an engineer and Assar Gabrielsson (Gabrielsson), an economist, met over a meal and agreed to build a car suited for Sweden's roads and climatic conditions. The company's automobile engines were known for their reliability and were used in cars, buses, boats, fire tenders and military tanks.

In 1973 employees there were 41,000 Volvo employees in company owned plants. Additional 10,000 employed through dealer network and 15,000 through VOLVO’s sub-contractors.

Major labor unrest (strikes & other disputes) across Sweden in early 1970s. Characterized by increased absenteeism and employee turnover. VOLVO had to maintain 14% of work force as reserve causing increased HR costs.

Immigrant labors increased diversity at workplace affected work culture leading to disrupted communication system.

In its efforts to reduce employee turnover and absenteeism in its manufacturing facilities, Volvo introduced innovative job enrichment programs and Volvo followed employee centric approach.

**What is Job Enrichment?**

Involving the workers to managerial functions of the higher ranks is called job enrichment. The job enrichment also increases the self-actualization, self-control and self-respect of the workers.

The concept of Job enrichment has become a fundamental tool for management in improving

employee’s motivation and organizational growth. It occurs when an employer through

development and intensification, placed extra amount of work on employees with the aim of

making it more interesting, meaningful and increasing job challenge and responsibility. Jobs

are enriched to motivate employees by adding to their responsibilities with a greater need for

skill varieties in their jobs. Due to the rapid change in environment and increasing level of

competitive rivalry, organizations are now beginning to shift from the traditional ideological

orientation of seeing money as the greatest motivating factor to a situation where workers

today will continue to value their work, have more control in scheduling their work and

deciding how best the work should be done and to be esteemed for the work they do.

Job Enrichment is a “vertical" enlargement of job duties, providing the employee with tasks

and responsibilities normally done by a senior employee or supervisor, and usually comes

with more freedom and control over the planning, execution, and evaluation of job tasks.

The rationale behind job enrichment is to motivate employees.

Job Characteristics:

The job characteristics theory of Hackman and Oldham states that employees work hard when they are rewarded for the work they do, and when the work gives them satisfaction. Therefore, motivation, satisfaction and productivity are the three factors that should be integrated into job design.

The job characteristics model, which is based on this theory, identifies the specific job characteristics that affect productivity, motivation and satisfaction and their interrelationships. In this approach, the core dimensions or characteristics of any job have been defined as follows:

* **Skill variety**: It is the degree to which a job necessitates the use of different skills for the various activities to be performed.
* **Task identity**: It is the degree to which the job requires completion of a work, from the beginning to the end. The output should be a complete and identifiable piece of work.
* **Task significance**: It is the importance of the task and the degree to which the job makes an impact on the lives or work of other people.
* **Autonomy**: The degree to which the job provides freedom and discretion to the employee or worker in scheduling work and in determining the pace and process.
* **Feedback**: The degree to which objective, direct and timely information regarding the progress and performance of work reaches the employee from the job itself, from the superiors, or from an information system.

Jobs that are high on motivating potential must be high at least in one of the three factors (skill variety, task identity or task significance) that lead to an experience of meaningfulness in the work. They must also be high on autonomy and feedback. The following equation explains what constitutes a Motivating Potential Score (MPS) of a job.

**MPS** = {(Skill Variety + Task Identity + Task Significance)/3} × Autonomy × Feedback

A high motivating potential score indicates a positive effect on motivation, performance and satisfaction of incumbents and reduces the likelihood of turnover and absenteeism.

**Merits/Demerits of Job Enrichment**

|  |  |  |
| --- | --- | --- |
| **S.No** | **Merits** | **Demerits** |
| 1 | Interesting and challenging job | Incomplete knowledge to take decisions and wrong attitude in workplace |
| 2 | Improves decision making | Overload of work of some employees |
| 3 | Identifies future managerial caliber | Ego Problems if power given to employees |
| 4 | Identifies higher order needs of employees | If internal dissatisfaction, then even job enrichment will not do wonders. |
| 5 | Reduces work load of superiors | Not suitable if jobs already gives a lot of freedom and responsibility |

Table 1.

**Job Enrichment Initiatives at VOLVO**

**Job Rotation:**

Job rotation is a technique used by employers that would use this method on their employees to rotate their assigned jobs throughout their employment. Employers practice this technique for a number of reasons. It was designed to promote flexibility within an employee and to keep employees interested into staying with the company/organization they are employed with. There is also research that shows how job rotations help relieve the stress of employees who work in a job that requires manual labor.

Volvo’s plant workers were enthusiastic about the job rotation programs. About 20% of the 7000 employees at the car assembly plant in Gothenburg participated in the programme, implemented in various departments at the plant. The programme was useful for both the management and the employees. For instance, the women at the factory’s upholstery unit were required to handle the tasks of assembling car seats. Each woman was assigned a separate task for this job. Doing the same task repeatedly caused severe physical strain, making the women take several days of leave or even ask for a shift to another job.

**Management-Employee Councils:**

Volvo introduced an innovative HR concept – management-employee councils -- to enhance employee participation in framing employee welfare policies. For instance, the Gothenburg car assembly plant had Local Works Council (LWC) along with 16 sub-councils spread across manufacturing and staff departments. These sub-councils and committees enabled local work councils to handle issues relating to production and marketing surveys and financial reports. The plant also had a working committee within the LWC that consisted of 10 members, of which two were from the management, four from the salaried personnel and three from assembly line workers. The committees looked after varied aspects such as developing plans for improving working conditions, employee policies, health and safety.

**Small Work Groups:**

Volvo also made attempts to improve employee satisfaction by introducing small work groups. Instead of a task being performed by an individual, teams of three to nine people were created, who divided the work among them. Each group was allotted a particular task and a timeframe was set to accomplish it. The group was responsible for dividing the work, using the required equipment and handling necessary procedures. The group, rather than individuals, was compensated in tune with results.

Each group had a leader and a foreman; and both were acquainted with behavioral sciences and human development theories during training. Group members took turns to become team spokesperson, who would voice the group’s problems to supervisors.

**Change Implementation:**

Based on the insights obtained from the experiments as well as employee feedback, Volvo developed a comprehensive change strategy, involving two focus areas – work environment and work design. Alongside, the management realized that the existing mechanically operated assembly lines in its plants hindered its plans for employees. Work could not be adapted to people unless their basic work design – the way they worked at the shop floor -- was changed. The traditional assembly line set up, where, workers had to perform the same task over and over again as the vehicle body moved along the conveyor belt, was proving a major obstacle to changing work design. To solve this, Volvo decided to design new plants keeping in mind workers’ requirements and the nature of work, rather than using pre-designed set ups.

Volvo also spent millions of dollars from 1972 to 1977 on improving working conditions at its existing facilities. The manufacturing facilities were always kept clean and the shop floor was made more congenial so that workers were motivated to do their jobs well. Rather than considering it another financial obligation, Volvo felt it a responsibility towards its employees. Volvo also felt that work environment changes would prove worthless unless basic job design was modified. So, jobs of a repetitive nature were automated. To realize the full effects of change, active worker involvement was an absolute necessity. A mechanism had to be installed so that their voices were heard. The final element of Volvo’s change strategy, therefore involved the overall development of individual employees in all spheres, including work. The company provided opportunities to employees to acquire more skills and build their careers at Volvo.

**Employee Oriented Facilities:**

Volvo’s new plants at Kalmar (cars), Skovde (engines), Umea (truck cabins) and Hallby (tractors) served as a testing ground for the hypothesis of adapting work to people rather than other way round. Volvo’s Kalmar plant commenced operations in February 1974. In Kalmar, the company implemented its pioneering socio-technical approach to automobile manufacturing, giving importance to people as well as technology. Volvo implemented the worker-centric production system, different from the typical assembly line system6. Instead of individual workers assembling the car body as it moved along the conveyor, the plant had the car body moving around the plant, mounted on a carrier, which stopped at a work area where teams of people worked on the car. The plant layout comprised four hexagon-shaped structures, called wings, joined together. The common area between the structures was where the production material was stored and distributed to the respective wings.

**Conclusion**

Job enrichment is an excellent means of enhancing employee job satisfaction and prevention of staff turnover or intention to leave an organization. Job enrichment has become an essential aspect in motivating employees for better and greater performance through a mutual sense for skill variety, task identity, task significance and autonomy. Increased recognition of task significance will stimulate the

employees to further raise their commitment towards the attainment and realization of the goal and objectives of the institutions/organizations. The principle of job enrichment in the practice of human resource management has tremendously been seen as a dynamic process of increasing the work structures and processes with an environment that gives room for autonomy, flexibility, personal growth and satisfaction to the workplace. Strike a balance between increasing job responsibilities and job enrichment opportunities. This is the key to keep employees satisfied, motivated and focused on success - both for themselves and their company.

Analysts have commented that Volvo’s human centric approach is no longer feasible in a competitive scenario as Volvo couldn’t compete with the global scenario with the Japanese and American automobiles dominating the scene nor did they want to compromise on their dictums of human centric approach.  Justify your view with relevant points.

Volvo Car Corporation (stylized as VOLVO) is a Swedish luxury vehicle manufacturer established in 1927 and headquartered in Gothenburg, Sweden, where it operates out of the VAK building.

**VOLVO & Ford Relation – The American Way**

Volvo Car Corporation was part of Ford Motor Company's Premier Automotive Group (PAG), along with Jaguar, Aston Martin and Land Rover. Ford decided to restructure plans for Volvo Cars, pushing it further upmarket alongside the lower end of Mercedes and BMW sedans, wagons, and SUV crossovers. The outcome was the luxurious second generation Volvo S80 and the new small premium crossover Volvo XC60. When the global economic crisis of 2008 threatened the US automakers, Swedish authorities became concerned about the fate of Volvo if Ford would file for bankruptcy. These concerns mounted after repeated mass-layoffs at Volvo.

Ford Motor Company offered Volvo Cars for sale in December 2008, after suffering losses that year. On 28 October 2009, Ford confirmed that, after considering several offers, the preferred buyer of Volvo Cars was Zhejiang Geely Holding Group, the parent of Chinese motor manufacturer Geely Automobile.

Today's cars may not look like Henry Ford's Model T, but most are still made pretty much according to the assembly line mass-production formula that he pioneered at the start of the century. Building on concepts it pioneered at its 13-year-old plant, Sweden's A. B. Volvo is now intent upon entirely jettisoning Ford's assembly line approach at a $315 million plant it is constructing at Uddevalla on the west coast of the Swedish peninsula. The plant will be organized into work teams - each of which will ultimately assemble a complete car by itself.

At its Kalmar facility on Sweden's east coast, Volvo has for a long time been pulling away from assembly line manufacturing, in which one worker does the same single task over and over again.

The cars being assembled here are ferried around the plant by separate computer-controlled carriers. Work teams of about 20 people are responsible for putting together entire units of the car, such as the electrical system and the engine. In this batch-work system, each worker typically does a series of tasks.

Thus VOLVO took over the assembly line mode of production from Ford. The best guide to Volvo's car-making future is the two-story Kalmar plant, whose hexagonal cellular configuration makes it resemble, from above, a giant honeycomb. Today Kalmar is a success story and a continuing source of innovative techniques that have been copied both by other Volvo plants and other auto makers, including the General Motors Corporation.

**The Japanese Attempt**

Volvo is synonymous with vehicle safety for many, having introduced numerous world firsts including the three-point safety belt, blind spot warning and pedestrian detection systems.

Volvo Cars’ dedication to safety dates back to the company’s start in 1927. At that time, the following directive was given to the engineering team by the founders: “Cars are driven by people. Therefore, the guiding principle behind everything we make at Volvo is – and must remain – safety.” This human-centric approach to cars continues beyond just safety and is core to Volvo’s entire design process.

An approach known as the Andon system, pioneered by the Japanese Car manufacturing companies like Toyota, is used to ensure quality throughout the production process. The aim of the system is to simplify the production process and make it easier to overview for the people working on the assembly line. One aspect of Andon is that every employee can sound the alert by pulling a yellow cord if a problem arises. A team board shows each day’s target achievement and quality level, so as to identify any possible areas of improvement.

Volvo did join with Japanese firm Mitsubishi with aim of producing competitive automobile. Mitsubishi, founded in 1873, entered into this arrangement because it wanted to obtain its first manufacturing facility in Europe and to do it rather cheaply. The Japanese also wanted to know how Volvo built its high quality and safe cars. Mitsubishi estimated that Volvo had to cut down its labor force by 20% to in order to attain leaner production. Volvo had might have to shifty its factories and foundries to third part, shifting 1300 employees in process. In learning the Mitsubishi, Volvo employees also were challenged by learning problem from communicating in Swedish & Dutch and then switching to common language English.

Volvo’s workers had difficulty in understanding the Japanese interpretation of accessible quality levels and quality “circles”. Volvo also attempted to induce its labor force to participate in decision making from the early design stage to the final manufacturing phase. The project backfired. Instead of energizing employees to perform more effectively, it actually made workers uncertain of their role in production process. In other words, workers and managers at Volvo found it hard to adopt Japanese techniques.

**Conclusion**

American and Japanese company had lot to give to Volvo, be it the assembly system, The quality system, etc. Still Swedish car maker VOLVO didn’t last long on these theories. Volvo announced the closing-down of its innovative plants in Kalmar and Uddevalla. These plants have become world-wide symbols of the possibility of combining high productivity and rewarding jobs. These plants had the best of the American & the Japanese way, but couldn’t sustain owning to pressure and human-centric core on which Volvo stood. Continues dominance of traditional assembly lines and the innovative Japanese automobile production systems affected Volvo’s performance.

Volvo puts the utmost emphasis on customer satisfaction, on safety and on protecting the environment and its resources. Volvo is the human-centric brand. Its cars are “Designed around You!” with the customer being the focus of all its activities.