

Selected Readings in Business, Millennium Edition

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Case Studies

This problem-solving activity offers the opportunity for students to work together in analyzing a case study and writing a case study report. Each case presents a dilemma that may be resolved in several different ways; no one solution is correct. The cases are built on the readings in each chapter and reinforce the vocabulary and major concepts. This first case study provides a model for answering the discussion questions and writing the case study report.

Working in groups, read the following case study. Then answer the discussion questions and write a brief report on how your group would solve the problem. (Choose one member of the group to do the writing.) Use brainstorming to come up with as many suggestions as possible before choosing a preferred solution. (Brainstorming involves the unrestrained offering of suggestions by all members of a group to generate numerous ideas.) After making a list of suggestions, narrow the possible solutions to four, and through analysis of the advantages and disadvantages of each solution, arrive at a final decision on your group's choice.

Chapter 1

The United States: The Case for Flexibility

Tom Jacobson is President and Chief Executive Officer (CEO) of TJ Electric (TJE), which designs and manufactures upscale lighting products. Lately, he has been thinking about selling the company. Although Tom, the founder of TJE, has built a highly successful business over the years, today TJE is facing tough competition. With the unemployment rate at 6%, there is no labor shortage in the state. Nevertheless, Tom hasn't been able to fill all the positions in the design, production, accounting, and distribution departments. In addition, a number of longtime employees are reaching retirement age and planning to leave. To make matters worse, some employees have resigned from the company to go to work for his competitors. Tom has no idea why they left.

Over the past several months, Tom has personally interviewed a large number of job applicants, but he has found few qualified to work at TJE. The younger applicants, while strong in computer skills, are weak in basic skills, such as reading, writing, and math. (The quality of the education system in the United States has certainly changed since Tom was in school.) The more competent and experienced applicants, especially the women, seem to want all sorts of flexible scheduling and job options, such as family leave and an onsite day care center for their children. And some of the older applicants lack skills in information technology.

For many years, TJE has had a reputation as a good company to work for because of its substantial benefits, like profit sharing, not to mention excellent working conditions. Of course, Tom is aware that he has taken a somewhat conservative approach by refusing to offer job options such as flextime and job-sharing. But Tom has never been convinced of the benefits of these flexible work arrangements. In fact, he tends to worry that they will lower productivity--and productivity is Tom's main goal and source of pride. The average productivity growth rate of TJE has been 4% for the past several years. However, with so many unfilled jobs, the productivity rate has begun to decrease rapidly, and Tom is feeling as if TJE has somehow fallen behind the competition.

Unfortunately, Tom has had several arguments with Walter Harrington, who has been Director of Human Resources for eleven years, about how to solve the labor and productivity problems. He and Walter used to see eye to eye about company policies and procedures, but lately Tom has begun to question Walter's judgment. It was Walter who would never consider instituting flextime or job-sharing at TJE or establishing a daycare center for the children of employees. He was certain that such options would decrease productivity; he thought of them as benefits only for employees, not for management. His solutions to the problems at TJE are to cut wages and de-skill jobs through automation, using robots. Walter believes that if automation were used to complete very simple work tasks, TJE could hire employees at low wages and achieve cost competitiveness and better productivity--and with fewer workers.

Tom sees Walter's ideas as short-term solutions that would change the basic nature of his company and that could eventually lead to ruin. He wants a long-term solution that will be good for all involved: the company, the employees, and management. Since he is unsure about what to do, he has set up a meeting with a management consultant to get a new perspective on the situation and to help him decide on the strategic direction of the company in the 21st century.

Discussion

Answer the questions below before writing the case study report.

1. What could Tom do to stop the decrease in productivity at TJE?
 - He could hire retired TJE employees on a part-time basis or as consultants to fill the vacant positions.
 - He could institute a training program for the employees to improve their skills and to make them multiskilled and more adaptable.
 - He could upgrade computers, add robots, and use automation to increase productivity.

2. What may be the causes of TJE's losing valued employees to competitors?
 - TJE is probably losing workers to competitors because it does not offer flextime, part-time jobs, job-sharing, and family leaves, or provide a daycare center.
 - Its pay scale may not be as good as those in other companies.
 - Its director of human resources may be incompetent.

3. What should Tom ask the management consultant to do?
 - Tom should ask the consultant to conduct a survey of the employees to elicit their opinions on working conditions at TJE, on flexible scheduling, and on job options such as an onsite daycare center.
 - He should ask the consultant to interview the director of human resources.
 - He should ask the consultant to conduct a needs analysis to determine what types of training programs TJE should offer.

4. What can TJE do to attract, develop, motivate, reward, and retain employees?
 - TJE can implement flexible job arrangements, such as job-sharing, part-time jobs, and family leaves, and establish a daycare center.
 - It can institute special training programs to improve the skills of both new and old workers and to make them multiskilled.
 - It can conduct a job audit, evaluate the wage scale, and raise wages.

Case Study Report

Write a case study in the following format.

- I. Define and analyze the problem.

- II. Suggest possible solutions.

- III. Evaluate possible solutions.

- IV. Select a solution.

Case Study Report

I. Statement of the Problem

- A. Definition: Tom Jacobson may have to sell TJE if he cannot find skilled workers and increase productivity.
- B. Analysis: TJE is facing a decrease in productivity because it has a labor shortage. Many jobs are unfilled, and several employees are leaving the company to go to work for competitors. Tom and the director of human resources have different visions of the future of the company.

II. Suggestions of Possible Solutions

- A. Tom Jacobson could sell TJE.
- B. Tom Jacobson could upgrade the computers and add robots to take the place of certain employees and to de-skill jobs through automation.
 - C. Tom Jacobson could offer flexible work arrangements and training programs to the employees at TJE.
 - D. Tom Jacobson could offer part-time employment to TJE employees who have retired.

III. Evaluation of Possible Solutions

- A. Tom Jacobson could sell TJE.
 - 1. Advantages: Tom would have no more worries.
 - 2. Disadvantages: It is a poor time to sell, and Tom may lose money.
- B. Tom Jacobson could upgrade the computers and add robots to take the place of certain employees and to de-skill jobs through automation.
 - 1. Advantages: It would be a possible solution to the labor shortage and productivity decrease.
 - 2. Disadvantages: New computers would be a great expense, the robot technology may become quickly obsolete, and the workers' skills would be downgraded.

C. Tom Jacobson could offer flexible work arrangements and training programs to the employees at TJE.

1. Advantages: This would increase his ability to recruit, develop, motivate, and keep workers.
2. Disadvantages: Tom would need to restructure personnel policies and replace the director of human resources (which may not be a disadvantage).

D. Tom Jacobson could offer part-time employment to TJE employees who have retired.

1. Advantages: He would have experienced, skilled, and knowledgeable workers who are familiar with the company.
2. Disadvantages: The older part-time workers may have low productivity and more absenteeism because of health problems, and they may not have strong computer skills.

IV. Selection of a Solution

A. Choice: (C) Tom Jacobson should offer the employees flexible work arrangements at TJE (flextime, job-sharing, part-time jobs, family leaves, sabbaticals, day care) and implement a skills-based training program.

B. Justification: TJE will have to match the current work options offered by other companies if it wishes to remain competitive as an employer in the area. These job options will enable TJE to increase productivity and will therefore be cost effective. In addition, TJE can train its employees so they are multiskilled and can adapt to new conditions and technology, which will increase productivity.