



CASE STUDY OF TREADWAY TIRE COMPANY

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EXECUTIVE SUMMARY

This paper consists of a case study of the unparallel treatment of employees and the foremen in particular at Lima plant of the Treadway Tire Company. The study critically analyses the effect turnover of foremen in order to identify some of the causes of such high levels of turnovers within the plant, which is a distinct feature among other plants of Treadway. According to the findings of the study, the high turnover of employees at Lima plant is basically caused by the pro-poor handling of the taskforce amidst many challenges which the foremen face in the dispensation of mandate.

Besides that, poor training and recruitment procedures are among the most pro-active causes of high turnover. Consequently, this results in abject disharmony between the company's objective and the manpower's willingness to offer their services. Despite the heavy investments in technology, the Lima plant continues to experience high rate of foremen turnover, as their job placement needs remain unconsidered. Furthermore, there exists poor coordination of production activities due to communication breakdown between different stages of production. These factors produce an aggregate impact of high employees' dissatisfaction and a consequent turnover, particularly by foremen.



Case study of Treadway Tire Company

REVIEW OF THE CASE STUDY

Introduction

Human resource is an important stronghold that any enterprise must employ productively in order to realize the profitable production process. In order to realize a viable production process, any company that seeks to make profits and attain the requisite satisfaction for its client, needs to obtain competent and well-trained manpower. However, the attainment of a competitive human taskforce is not the only sure way of achieving company's objectives. Besides that, the successful recruitment comes in line with the setting up of the pertinent mechanisms to maintain the taskforce within the organization and avoid time to time disruption of operations resulting from worker's turnovers. The turnover does not only disrupt the normal operations of the company but also acts as a huge liability to the organization, since it calls for time to time recruitment exercise, thus increasing the overall production costs. In the long run, the company starts experiencing diminishing returns, as the outputs of the individual worker is greatly decreased by the recurrent migration within and without the organizational setting. As a matter of fact, the successful workers' turnover is basically preceded by workers' go-slow, which is a unique period of low productivity of the individual or team of workers, which has a negative implication on the organization, as the average returns per unit investment in human resource greatly decrease.

In this regard, this paper seeks to explore the issue of staff turnover at



Treadway Tire Company. This organisation has experienced a catastrophic rate of worker turnover and a resultant change in the production capacity of the company through disintegrated production. In particular, the Lima tire plant has been experiencing a huge worker turnover, while the records of the year 2007 stood at 23 turnover incidences out of the total 50 position, representing about 46 per cent turnover. This implied that the human resource management, led by Brandon Bellingham, was experiencing a huge challenge of not only careful recruitments but also a powerful worker retention plan to be put in place. To achieve this goal, Lima's HR department ought to have understood the main cause or causes of the huge turnover, which would provide it with a better attacking strategy towards averting the turnover and enhancing worker retention of the plant and the company in general. Perhaps, Tire Company was the most vibrant tire supplier in North Carolina. However, poor performance of human resource, characterized by huge turnover, led to the closure of one of the branches in Greenville. The Lima plant, in particular, had been the highest ranked in the recorded incidences of foremen turnover until 2006, when Ashley Wall was transferred of the plant as its human resource director. She stepped up to counter the high rate of worker turnover, which was indeed one of the main challenges that she had encountered at the plant (Skinner & Beckham 2008).

Production Capacity and its Functional Inputs, Lima Plant

The Lima Tire Plant was characterized by high output in 2007, when it produced about 25,000 tires and passengers each day of production. It is also clear that the Lima Tire plant employed workers of two main categories, namely salaried and hourly workers. This, indeed,



established significant differences in the job placement and affected negatively the production process of the plant despite the persistent application over the span of time. However, the plant recorded a total of 100 million dollars improvement plan in the year 2000, which saw the installation of modern equipment and production strategies aimed at improving its production capacity. Consequently, the improved quality rating as well as productivity sent the plant becoming the best plant of the Treadway Company in the production accruing from updated spending and technological advances in the manufacturing sector (Rocco 1999). However, the staff turnover remained a huge challenge to the plant, while the management sought to eliminate it and perhaps shoot to become the best Treadway plant in the entire North American region. The fateful closure of the Greenville plant due to the old and outdated equipment by its current HR director, sir Wall, saw the expansion of the Lima plant to accommodate a 24-hour service with a 4 shift working pattern. However, despite many shifts in worker turnover within the Lima Treadway Tire Company, majority of the staffs worked for at least 12 hours a day. This implied that some workers worked more hours than others, while other worked for considerably shorter periods of time. The overall implication of this, however, was a rise in artificially instigated workplace diversity that perhaps escaped the management's resolution. Consequently, this set forth a realm of challenges that saw a rise in the rate of workers dissatisfaction and their resultant departure leading to a wave of high and unprecedented turnover (Skinner & Beckham 2008).

Besides that, the level of supervision of workers within the production line at the Lima Treadway Tire Company was characterized by a consistent supervision with respect to ranking within the job placement and not directly by the human resource department personnel. For instance, the production of the hourly workers was supervised by a



crew of the salaried workers, who did not owe any affiliation to workers' unions, commonly known as the line foremen comprised of 50 members within the Lima plant. Furthermore, the line foremen were further supervised by a team of 13 senior foremen, who reported to a crew of 5 general managers, who were responsible for overseeing the overall production of the entire plant with respect to human resource. In essence, this represented a complex chain of command, both downwards and upwards. Consequently, the information systems were at bay where communication from the junior workers on the tire production could hardly get across to their seniors in the general management positions. As a result, the needs and concerns of the workers were highly 'neglected' due to a poor communication network accelerated by the complex chain of command (Skinner & Beckham 2008).

Roles and Goals of the Manufacturing Foremen

The company's manufacturing plant at Lima employed a pool of foremen in the manufacturing sector, employing the most highly paid workers on its premises. Indeed, these workers were responsible for oversight control of the smooth production process alongside other support activities. However, the high number of supervisors at this particular production level presented the plant with a lower than expected value of production level. This was perhaps due to a lesser motivation of workers employed on an hourly basis, as this would suggest a lack of job security and therefore lower vigour in the production process. However, in 2006, Lima plant used to acquire majority of its foremen through promotion from the lower production level, which consisted of 80 per cent of the total hire. Additionally, the



plant also recruited foremen from among college graduates, comprising 16 per cent of the total hire. Finally, in this context, Lima hired only about 4 per cent of experienced foremen from the other plant of the Tire Company. As a result, this has been one of the main causes of high turnover, since the majority of the foremen actually looked for promotions as they were at their middle career age, where there were various operating dynamics from within the particular dynamisms of the workers' cycle (Rocco 1999).

In this regard, the plant employed just a small fraction of foremen with a positive trend of performance from the other company's plant, whose tendency to vacate the job can be considerably calculated, while at the same time acquiring a pool of workers whose tendency to vacate is virtually guaranteed. It is also eminent that the plant also employed just a small fraction of college graduates, while the hourly employees consisted basically of low educated certified personnel. This negates the move to increase the number of supervisors as proposed by Wall. In addition to that, the number of foremen with the requisite qualifications at the foremen level is relatively small, thus discouraging the promotion of such personnel to the supervisor levels, which could apparently leave an acute deficiency in the position of foremen. The eminent shortage is, however, associated with the high rate of worker turnover. Furthermore, the plant also experiences low employment of inter-company transferred victims, perhaps because of the reluctance of the employees to work under the tight working conditions within the complex chain of commands. This effect does not only discourage production but also the marginal production of the individual workers as well (Rocco 1999).



Experience Considerations of Line Foremen

The Line Foremen have the main role that supports and dictates the production of the plant and the company in the long-run. The foremen are, however, faced with complex challenges of striking a balance in the coordination of the various working consideration of all internal stakeholders, ranging from the management, the ground workers, as well as the unions, under which the workers' rights and procedures are channelled through. The physical orders under which the workers operate are also inhumane, as they discourage the workers participation and the urge to leave the organization. For instance, according to the worker satisfaction survey 2007, one of the line foremen experienced a humiliating situation, where he unintentionally arrived late from break. On account of this, one of the foremen supervisors screamed at him despite the explanation that he gave. This was one of the many episodes that reflect on the unfriendly treatment of the personnel, which acts as the driving force towards high turnover, thus discouraging the efforts of workers retention strategies that the human management put in place (Dessler 2000).

In this regard, this may be an indicator of a lack of management ethics of the line foremen's supervisors. This also indicates a loss of the company's etiquette, which discourages employees from perpetual service delivery within the organization. In addition, the foremen also depart from the enterprise due to the low morale and powerlessness despite the many responsibilities bestowed on them. The workers' survey in 2007 revealed that the foremen felt insecure in their job placement at the company, since they were stripped of power. This discouraged their commanding ability and therefore depressed the overall production. In essence, Lima's General Manager, Bellingham,



claims that the cause of such distraction is poor communication along the long command channel. According to the manager, foremen are ill-treated and therefore feel isolated from the rest of the Lima plant community. Besides this, the plant has employed complex recruitment procedures that may keep off most prospective applicants, as they have to go through a 5-hour test that each applicant is expected to undergo. All these factors lower the probability of attaining the best candidates for the foremen positions, following the attrition of existing foremen (Rocco 1999).

Theoretical and Argumentative Approach to the High Employees' Turnover, Lima

Turnover of employees can be of great importance to the organization if controlled and managed properly. However, its effect can be quite devastating if it happens in the absence of management control. Furthermore, it is the responsibility of the general manager as well as the HR to understand the causes of turnover in order to avert any impending shocks that would come about as a result of eventual turnover. In essence, the migration of workers from one company to the other is a common phenomenon that exists due to particular individuals' feeling and conceptions towards their levels of qualifications, as well as return competences. However, on the negative part of it, turnover can be the result of poor and unfavourable working conditions, which may compel the workers to vacate their current job placement for a lower rewarding one with more favourable working conditions. Hence, they may depart on a so called job seeking condition. The latter is, indeed, the situation that characterizes foremen's turnover at Tire Company and its Lima plant in particular (Janove 2004).



Human resource retention capacity is a major investment front that any management team should always seek to attain. This is particularly the case for highly performing personnel, whose output to the company is irrefutably great. Such employees have special talents that form a competitive advantage to the company. According to the marginal productivity theory of wages, the companies' aggregate revenue is a function of the employment of extra unit of labour. On the other hand, the loss of one unit of labour results in a relatively proportional loss of a unit output, as expressed in the neoclassical model. However, the overall concern for the output of the individual worker is the interplay of the general management and the human resource management. In essence, human resource policies are developed by general management in close consultation with the human resource and its implementation is effected by the human resource management. However, lack of coherence in the hierarchy of power and management of the human resource department can result in the unviable implementation of the policies and hence the failure to attain the management objective, as provided for in the organizational objectives (Brown & Williams et al. 2004).

According to the provisions in the general human resource policies, it is unlawful to discriminate prospective employees on the grounds of race and gender, among other criteria. However, it is eminent that Lima plant employs foremen and supervisors in distinct categories that set forth clear discrimination imagery. For instance, the human resource department at Lima plant employs very few individuals from other companies, because other companies have different production objectives. This squarely undermines the company's fateful utilization of positive diversity, which is an important component in the improvement of performance, when properly managed (Simmons-Welburn & Mcneil 2004).



In the contemporary period, the number of world companies examining the international market has steadily risen to higher levels. This may be due to the improvement of technology, which consequently spearheads easier modes of information sharing process besides providing globally produced commodities and human resource market across the divide. Furthermore, the legal compliance of the companies has been a huge challenge in the modern business world and has grossly affected the human resource hiring and employment due to the company's focus on profit maximization and the subsequent negligence of the social ethics in the production. As a result, workers have continuously experienced low profile treatment, which leads to low vigour in the job placement, while at the same time resulting in product distortion (Mondy et al 2005). In the Lima plant, for instance, the management have consistently overlooked the multigenerational diversity, which has further led to the loss of employees' trust. In the contemporary period, there has been an emerging trend in enhancing the training programs for the current working team in order to foster service delivery as well as suit the employee's needs with respect to motivation. However, those factors have been grossly neglected in the Lima plant; at the same time, the intake of new generation employees is constrained. In essence, poor consideration of the employees' welfare is eminent at the Lima plant of Tire Company (Skinner & Beckham 2008).

Due to the poor ability to handle the needs of the employees, Lima has continuously experienced poor worker retention figures. In order to retain workers in any given organization, the human resource, through the general management board, must allow the employees to be part owners of the organization by ensuring comfort and the sense of self-worth at all the times of undertaking the business activities. Conversely, the Lima plant has neglected consideration of working environment characterized by their absurd communication, particularly



for the foremen. As a result, many foremen were uncomfortable with the working environment, the sense that compelled them to migrate out of the plant in search of a better working environment.

Performance appraisals are one of the most important moves by the HR to encourage employees to increase their unit marginal productivity. However, the foremen experience absolute negligence at the plant besides a racing concern for more humane treatment. These factors stifled worker retention plans, which in essence had a far reaching effect on the overall management despite increased investment in technology. According to Leigh Braham, an author of 'The Seven Hidden Reasons Employees', the employees' loyalty is a function of their confidence and courtesy towards the management, as well as the reciprocated appreciation for employees' talents (Mathis & Jackson 2003).

In summation, the management team of the Lima overlooked the essence of further training of its human resource. Furthermore, the pre-existing training was characterized with unfriendly approaches that perhaps discouraged the clients. For instance, Adams, the general supervisor, was quoted saying, 'I do not have a lot of time to devote to hand-holding.' This statement expresses the ruthlessness of the manner in which the available training was executed. This further discouraged the foremen and accelerated the rate of turnover, particularly of the foremen.



RECOMMENDATIONS

Foremen's turnover in the Lima plant is bound to continue if measures are not taken to avert this trend. In essence, the aggregate measures that are necessary within the organization basically involve the employment of a friendlier working environment. In this regard, the foremen should be accorded due respect and the power to command in their areas of jurisdiction. They should only be expected to report to the overall manager regarding the progress of the production process. This move will act to raise their esteem and motivate them in the execution of various working responsibilities. The foremen should therefore carry on their duties without abject interference from their senior supervisors. Consequently, they ought to be charged with the all round aspect of production within their area of supervision. This will act to increase their sense of belonging and encourage them to serve longer in the institution to see the 'fruits' of their work. Additionally, the general managers should also ease the chain of command and enhance communication, both vertically downwards and upwards. This ensures that sentiments or comments from one level are successfully communicated onto the next level, while at the same time encouraging the momentous feedback mechanism. In this regard, the Lima plant should not only invest in material technological advancements but also boost recruitment and training procedures besides improving workers retention capacity of the entire organization.

