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Short Description

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Description

1. GROUP DYNAMICS

CASE STUDY - IV

DONNELLY MIRRORS

Donnelly Mirrors, a small company employing about 759 workers, manufactures practically all of the rear-view mirrors for all of the automobiles produced in America. Even though, it is a privately held corporation, it has developed a participative management style where the workers are actively and genuinely involved in the governance of the company. This may be one of the reasons why the company has been enjoying continuous success over the years.

The participative system started in 1952 and initially, the employees simply participated in cost saving efforts and they shared those savings among themselves and with the company. The cost savings resulted from efficient use of labor, materials and machines. Employees were assured that they would not lose jobs because of introduction of technologically advanced machinery or change in production methods. This resulted in reduced resistance for change on the part of employees.

The employees became so involved in cost reduction efforts and activities that they started to volunteer various ways of improving operational efficiency including selection of equipment and machines. Various problem solving groups were formed for various operational areas and in order to achieve efficient coordination among all the groups and activities, a linking-pin organizational structure was adopted, whereby, members of various groups make decisions relative to their own tasks and these decisions are presented to the next higher level of management for consideration.

There are no time clocks and even though workers get paid on a salary basis, their working times are not closely watched or scrutinized. There is sufficient group cohesion so that the workers do not take undue advantage of these relaxed rules. If a member is late or absent for a good reason, other workers in the group

will cover his work. If some one misses work frequently, he becomes answerable to other group members. The group selects its own leader and together the members set their own production goals within the general framework of the objectives of the organization and are responsible for meeting such goals.

The company has formed a committee comprised of representatives both from employees as well as management and the committee handles all personnel matters such as pay policies, fringe benefits and employee grievances. Since the workers are represented in this committee, all decisions made by this committee are easily accepted by all. Pay scales are also recommended to the management by this committee and these are consistent with the industry practices. As per pay policies, the company is guaranteed a return of 5.2% on its investment and the balance of the profits is shared with the employees. If a 5.2% return is not achieved in a given year, the deficit is compensated from the earning of the following year before any additional bonuses are given to the employees.

Because of its reputation for employee treatment, it attracts a large number of applicants for jobs, but because the turnover rate is very low, the company can select the best from this pool of applicants. The company is like a close-knit family and enjoys a reputation for productivity, quality and employee loyalty and dedication.

Questions

1. Does the success of the company reflect a general statement that profit sharing and employee involvement in company affairs is highly motivating for employees? Explain your reasons in detail.
2. How do you think that the group dynamics is at work in this organization? How are the group goals integrated with the organization goals?
3. Is the concept of worker participation in the management of the company equally applicable in the work culture of Indian organizations? Give examples.
4. Do you think there is enough group cohesiveness in this company so that the individuals would not violate group

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Details

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