Case Study – PlastiCo

This case study is taken from an interim report to the CIPD prepared by the Kingston Business School

PlastiCo is a leading plastics manufacturer producing blow-moulded plastic bottles for the UK food and drink industry. The company grew in the 1990s from the merger between several medium-sized manufacturing businesses. The company operates from seven sites across the UK and has a turnover in excess of £100 million. It currently has a workforce of around 650 employees and is part of a multinational packaging group of companies. The leadership style at PlastiCo has traditionally been described as ‘top–down’ with an autocratic approach to problem-solving. However, recent changes in senior management have led to a new strategic direction for the company. A new managing director was appointed in 2007, bringing a more participative vision. With full board support, a business case was made for a three-year transition towards an involvement-oriented culture.

At the heart of this approach are people development, teamwork, communication and a more open leadership style. The new management team made clear that the company was profitable and performing well and that the change was part of a new strategy of continuous improvement towards greater performance. PlastiCo joined the Kingston Business School Employee Engagement Consortium at the start of this transition to help assess the levels of engagement in the company and identify potential avenues for improvement. The majority of PlastiCo employees work within the bottle-producing factories operating the blow-moulding machinery. There are head office functions such as personnel, managerial and administrative roles outside of the factory, but these are relatively small in number. The factory work setting presents many challenges for managers trying to increase employee engagement. Many of the jobs require a relatively low level of skill and are repetitive, with tasks including transporting materials around the factory and operating particular parts of the machinery. Employees generally have few qualifications.

A further challenge is the shift pattern on which the factory process is based. Around 80% of factory employees work a strict 12-hour shift pattern, with four days on followed by four days off. Shifts either run through the day (7am–7pm) or night (7pm–7am). The production process runs 24 hours a day, 365 days a year, including all bank holidays and Christmas Day. Employees have to adjust their home lives to the system and adapt to unsociable working hours. A further potential challenge is the factory working environment, which is noisy and hot.

Considering the challenges in the manufacturing setting and traditional management approach at the company, it was a bold move from the senior managers to attempt to change towards a more participative approach. One of the first steps the managing director took was to create an ‘Employee Engagement Steering Group’ involving key managers from across the organisation. A ‘Leadership and Development Manager’ was also appointed with the specific role of increasing the engagement of the workforce. The incumbent to this role described the company as being at a crossroads: ‘We either go on as before, or we take some risks, evolve and let go gradually.’ She also stressed that the change is ‘not about driving employees to work harder, but about providing the conditions under which they will work smarter and to offer their opinions, ideas and solutions to problems that they encounter’.

Demonstrating the new participative approach, all PlastiCo employees were included in the employee engagement questionnaire conducted for this project. A total of 650 questionnaires were distributed and 484 were returned, providing a high response rate of 75%. Thirty-four interviews were also conducted with managers from various departments and levels. Finally, two focus groups were held with 11 shop-floor workers across the sites. Employees were given paid time on their shift to complete the questionnaire, and help was offered to employees for whom English was not a first language.
The results of the survey suggest that at the start of the change process the company had a generally 'high' level of engagement in workforce, with 60% of employees in this category. However, only 7% of employees were 'very' engaged and 3% had a 'low' level of engagement. This outcome was not a huge surprise for the senior management team but gave a measure of the work that was needed to create a highly engaged workforce.

Analysis of the data from PlasticCo uncovered three main areas that need addressing to improve engagement – decision-making, people management and organisational advocacy.

**Decision-making**
A common problem identified by managers across the organisation was that problem-solving tended to be 'reactive' rather than 'proactive'. In practice, this meant there was little effort to come up with ideas for improvement, but rather issues were resolved only when problems arose. A plant manager summarised this: 'I think it’s probably more based around problems rather than them sitting around and asking how am I going to improve my job? It’s very much if there's an issue, how can we improve it? So I think it’s more reactive problem-solving.' This problem linked into how decisions were made more generally in the factories. Control and responsibility tended to be concentrated with a few managers who made changes on an ad hoc basis. There was very little encouragement from managers for shift workers to become involved in decision-making. With little chance of influencing decisions, workers tended to ignore issues unless they were told directly by managers about them. This problem was picked up by one senior manager who reflected on the level of involvement in the factories: 'Very little at the moment, very little I would think. As far as people actively talking about [ways to improve their job] instead of talking about the weather or the traffic or the newspaper or TV, do they then say, “How can I do my job better?” I doubt it.' Perhaps the biggest opportunity for the future at PlasticCo was the survey finding that employees really care about their work and want to do a good job. However, because in the past they were given little opportunity to contribute to the improvement of work processes their interest had gradually declined: ‘I do realise working in places that you are just a number... if they didn’t need you, you wouldn’t be here. I do feel as well, when I’m in my job I give it 110% but I used to give it 130%.’ To respond to these considerable barriers to engagement, the recently established employee engagement steering group introduced a number of measures to increase employee involvement and a more participative decision-making process. First, an initiative was set up that would allow all employees to feed back their views and ideas directly to the managing director. In break periods, he invited the employees from each team and shift to meet with him and ‘challenge’ him. This was a strong signal of change to the workforce and produced some early enthusiasm from employees.

A second initiative also showing new commitment to listening to employee views was being involved in the Kingston Business School Employee Engagement Consortium and survey. After receiving the results, the leadership and development manager visited all factory sites to report back the results directly to staff. A third initiative in the area of decision-making was to set up cross-functional problem-solving groups that would meet periodically to discuss ideas for improvement.

**People management style**
The management style at PlasticCo was traditionally left to the proclivities of individual managers. In most factories, the leadership style was described as performance-focused and, in some, the culture was seen as ‘hard-nosed’, to quote one manager. In essence, little attention had been paid to people management in the past. Before the strategic redirection, there were few strategic HR practices in place. Training was limited and there was little emphasis on teamwork. When comparing the employee engagement levels against the performance of the factories, there was generally a positive correlation between engagement and performance. It was interesting to note that factories tended to perform well or badly across all employee attitudes.

The most surprising result came from one factory that was performing very well by many measures including productivity, efficiency and unplanned downtime. However, workers in the factory were among the least engaged from the employee sample. This clearly contradicts the idea that engagement and high performance are always related. An important piece of information that may help to explain this is that the
factory was recently reconfigured with new machinery, which increased automation of the production process. While management saw this as an excellent investment, shift workers were less satisfied with the change because they saw this as another snub for them and their interests. They felt that all management attention was put into improving the production process with no investment in the people. It only reduced the opportunities to contribute to the improvement of the production process. The plant manager admitted:

‘All the sites were very much driven on running better, running lean, running light, we’re all very focused on that and I think maybe sometimes we forget the people side of things.’ To attempt to overcome the problems of people management, senior managers at PlasticCo introduced some new initiatives for managers to think about their style and start to develop new ways of working. Management groups were set up to identify areas of skills shortage and staff development needs. Formal HR practices, such as appraisals and training were discussed as important avenues for the future. Many of the line managers who participated in the research said how they thrived on the challenge of their work: ‘I enjoy the role. I think there’s a challenge of something different every day. There are things that you get frustrated with but I enjoy it. I’m still motivated, I’m determined for the site to get better so, for me personally, I find it quite a challenging role and an enjoyable role.’

An important consideration for shaping people management in PlasticCo is to be realistic about the scope for new ways of working. The nature of manufacturing work often leads to highly automated, repetitive tasks and a clear performance focus on efficiency and productivity. For example, some of the lowest-skilled job roles were seen as too restrictive to be able to foster job satisfaction and engagement by managers. Conversely, we might argue that because there is a highly mechanised work environment, it is more important for managers to make a concerted effort to consider their team’s needs because these do not flow naturally from work processes. A key challenge for the senior management team is to explore how people management and development can become a core focus for first-line managers at PlasticCo.

**Organisational advocacy**

A final area that needs careful attention at PlasticCo is the finding of very low levels of employee advocacy for the organisation. Most employees said they would not recommend the company as an employer to their friends and family. Improving decision-making and people management style will be two clear avenues for improving advocacy. Another suggestion is to put more effort into celebrating what the organisation already does well. One such area mentioned during interviews was the opportunity for career development and promotion within the business. There was recognition that, if employees wanted to stand out and work hard, their efforts would be recognised and they could be promoted: ‘I started 15 years ago driving a forklift. So I can see that it’s a very encouraging business for developing people and I’m a prime example. I’ve obviously got through various roles within our business to get to a senior management position.’

There have been some recent changes at PlasticCo with the aim of improving communication and advocacy. One group of employees had taken responsibility for a two-day recruitment event, which they ran alone without the involvement of HR or senior managers and which had been a huge success. This gave shift workers the chance to talk about what they liked about their jobs and promote this to the public. A company magazine had also been introduced to communicate news and celebrate success in the organisation – feeding into a more positive work climate.