HIGH ROAD TO WORK ORGANISATION

CASE STUDY

MalacoLeaf

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Abstract

MalacoLeaf has 350 employees who have worked in autonomous groups since 1995. They have moreover worked with job development and further development of the groups. The change has improved the work environment while productivity has also been increased by 15-20%. For the moment they are aiming at establishing production lines that can support the groups' functions and contribute to an increased job quality making it possible to reduce the monotonous, repetitive work which is impacting the production.

HI-RES Case Study: Malacoleaf

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1. Background Information

MalacoLeaf in Ringsted is the largest manufacturer of sweets in Scandinavia. The enterprise is located in the western part of Sealand. Malaco and Leaf merged in 1999 and they are today a part of CSM, an international company engaged in the development, production, sale and distribution of food ingredients and sugar confectionary. CSM has 10.905 employees, among other places in Holland, Scandinavia and other European countries as well as North and South America and the Far East.

MalacoLeaf has 350 employees of which 300 are hourly paid workers. They produce for the domestic market in Denmark, Sweden and Norway and export to England and USA. The market is very competitive, and therefore the enterprise has been through numerous mergers, especially with foreign manufacturers, during the latest 20 years.

In spite of many changes of ownership the enterprise has been able to carry through an extensive employee development in relation to the introduction of production groups.

2. Drivers for Change

In the mid 90'ies, the competitive conditions caused the enterprise to implement a major restructuring according to the Lean-concept. In that connection it was decided to establish autonomous production groups and transfer a large number of planning tasks from the supervisors to the production groups. The philosophy being that if the employees got responsibility and competence in connection with the daily production, then idle time could be avoided and inexpedient work procedures could be cleared away. The aim was to increase productivity and earnings by 15-20%.

Another driver was the EGA action plan adopted by the Danish Parliament and executed by the labour market parties in 1992. The aim was to halve the fatiguing monotonous, repetitive work before year 2000. Exactly this plan caused MalacoLeaf to become an active player in a large EGA project aiming at 10 enterprises in western Sealand. In this project managers and employees took actively part in focussing on work organisation, production layout and design of technology in order to reduce EGA.

3. Characteristics and Process of Change

MalacoLeaf has carried through an extensive education of all employees at AMU courses and internal seminars. It was the intention to enable the employees to take on the responsibility of the autonomous production groups' job areas.

The production groups have learned to manage according to key figures that are handed out at a large meeting once a month. On the background of these targets the groups are independently planning their work and they are themselves staffing the various workplaces within their area. Once a week they have a meeting to discuss how they have progressed in relation to the production targets and they are planning next week's work. Furthermore, they are responsible for the quality control of the products they are making. If a machine should break down they themselves must call a repairman.

The meetings are headed by a co-ordinator who is also a messenger between the groups and between the management and the groups. The co-ordinator function is shifted between the members of the group.

In order to support the employees' independence and personal development they have attended a 3 months stay at the local folk high school for physical education where they attended classes in general education (Danish, math, English, etc.) and also sports classes such as swimming, ball games, gymnastics, etc. The education was planned in such a way that it supported the employees' mental and physical function and wellbeing.

While staying at the folk high school the employees were substituted by unemployed workers who had been trained to enter a so-called rotation arrangement. Several of these workers were later employed at the enterprise in stead of employees who resigned. The folk high school period had a very positive influence on the development of the employees; they have become more independent and inclined to take on a responsibility in relation to the new demands made on them in the production.

In connection with the EGA project the employees were challenged to find new ways in relation to the heavy types of job that are typical for the production. Within the frames of the production groups, the possibilities for extending the job functions to become more varied are limited. Therefore, they have been working on rotating and lending employees to other groups.

Moreover, designers, production managers and employees have taken part in a development work around new production lines and new technology. The aim here was to establish production lines and place the technology to support the production groups' function and at the same time create workplaces on the lines that made it possible to create variation and good working conditions.

4. Obstacles to Change

Through the whole organisational change process and attempts to improve the job quality there were two well-defined problems, being:

1. resistance to leave the autonomous group in order to work in other groups
2. production design and production layout.

The resistance to leave an autonomous group was primarily due to the good co-operation that the groups of 8-10 employees had achieved within the groups. They could easily embrace and plan the work within the groups' job area and rotate the employees within this area in the best way to obtain a physical variation. They know each other well and feel very secure. As soon as an employee has to move to another group in order to change between an EGA job (short cycle times and quick work movements) and a supervision job, insecurity spreads with the one who is being moved and as well as among the group that is going to work with a colleague from another group. The reason is not alone resistance against changes but also the fact that planning within the group becomes a bit more difficult and that the group co-ordinator is being assigned more duties in relation to keeping the worker from another group informed.

If the production layout and the production lines were designed to match the group organisation and there were sufficient possibilities within the groups' job areas to change between different job types, then rotation between the groups would be unnecessary. However, the vast majority of industry productions are not adjusted to group organisation, and thus neither this production. During the development work, the technology construction constituted a big barrier to the progress of good ideas of job development and the function of the groups. Therefore, efforts were concentrated on adjusting and developing a new production line that could support the groups' function.

5.Risk Analysis

The risk of the groups becoming locked in their development is forthcoming if the machines are not successfully designed to match the groups. A better job quality will be very important for an industrial firm in the future if it is to attract manpower. Therefore, it is vital that the jobs and the groups are currently developed further. The enterprise therefore has to involve the employees in this development process all the time and to ensure that there are new challenges for the employees in the future.

6. Benefits of Change

Through the development of autonomous groups and the effort as regards development of the individual employee and the jobs, the enterprise has obtained a production increase of 15-20% compared to the situation before the restructuring. Simultaneously, they have obtained a staff that is satisfied with the working conditions. The employees are motivated and active within the autonomous groups and they take on an independent responsibility for the production.

In the efforts to increase job quality it has become evident to the managers, designers and employees how important it is to design the technology to fit the group organisation and the individual person working with the technology. Consequently, one of the results from this change process is that the technicians designing the production lines have to involve employees and managers in the actual design process instead of just presenting the technology at a single meeting. The technicians have realised that they can actually get a constructive support from workers and managers to develop the production lines that will increase the employees' satisfaction.

The efforts to reduce EGA and to vary the work, therefore, depend on whether the continued work to develop the production technology succeeds. The preparations for a new production line are in process and can therefore give an example of the way technology development can be adjusted to the workers of autonomous groups in the future.

One worker expresses the result of the changes like this: "Things have to move in order to keep up with the key figures, but nevertheless work satisfaction has increased because we have got much more influence and responsibility". An other production worker says: "Even if we are busy, I still think that the social conditions are working, of course mainly within the groups. We are like one big family, but we can also talk across the groups".

The production manager states that it has been positive to have autonomous groups and that they are functioning well: "Today, the autonomous groups have been implemented and only a few of the employees would like to return to the former situation". As regards the co-ordinator function the production manager says: "We have good experiences with the workers shifting the co-ordinator function between them. The principle is that everyone within a group shares an equal responsibility. A few can not cope with the task and they are exempted from the co-ordinator role, to avoid that they should feel forced to take on something they don't feel up to.

Conclusions

MalacoLeaf has increased the employee qualifications and implemented autonomous groups with a positive effect. For a long period, managers and workers have worked to improve job quality with the intention to reduce the very heavy EGA work in the production. However, there are a number of barriers in the design and layout of the production facilities that make it difficult to obtain the desired effect. Therefore, managers and workers have started a development process together with designers and health and safety consultants which is meant to show an example of how a production line can be elaborated in order to support the function of the autonomous groups and contribute to the increase of variation in the job.

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