**Alvis Corporation**

Kevin McCarthy is the manager of a production department in Alvis Corporation, a firm

that manufactures office equipment. After reading an article that stressed the benefits of par-

participative management, Kevin believes that these benefits could be realized in his department

if the workers are allowed to participate in making some decisions that affect them. The

workers are not unionized. Kevin selected two decisions for his experiment in participative

management.

The first decision involved vacation schedules. Each summer the workers are given two

weeks’ vacation, but no more than two workers can go on vacation at the same time. In

prior years, Kevin made this decision himself. He would first ask the workers to indicate

their preferred dates, and he considered how the work would be affected if different people

were out at the same time. It was important to plan a vacation schedule that would ensure

adequate staffing for all of the essential operations performed by the department. When

more than two workers wanted the same time period and they had similar skills, he usually

gave preference to the workers with the highest productivity.

The second decision involved production standards. Sales had been increasing steadily

over the past few years, and the company recently installed some new equipment to increase

productivity. The new equipment would allow Kevin’s department to produce more with the

same number of workers. The company had a pay incentive system in which workers

received a piece rate for each unit produced above a standard amount. Separate standards

existed for each type of product, based on an industrial engineering study conducted a few

years earlier. Top management wanted to readjust the production standards to reflect the

fact that the new equipment made it possible for the workers to earn more without working

any harder. The savings from higher productivity were needed to help pay for the new

equipment.

Kevin called a meeting of his 15 workers an hour before the end of the workday. He

explained that he wanted them to discuss the two issues and make recommendations. Kevin

figured that the workers might be inhibited about participating in the discussion if he were

present, so he left them alone to discuss the issues. Besides, Kevin had an appointment to

meet with the quality control manager. Quality problems had increased after the new equip-

ment was installed, and the industrial engineers were studying the problem in an attempt to

determine why quality had gotten worse rather than better.

When Kevin returned to his department just at quitting time, he was surprised to learn

that the workers recommended keeping the standards the same. He had assumed they

knew the pay incentives were no longer fair and would set a higher standard. The spokes-

man for the group explained that their base pay had not kept up with inflation and the

higher incentive pay restored their real income to its prior level.

On the vacation issue, the group was deadlocked. Several of the workers wanted to take

their vacations during the same two-week period and could not agree on who should go.

Some workers argued that they should have priority because they had more seniority,

whereas others argued that priority should be based on productivity, as in the past. Since it

was quitting time, the group concluded that Kevin would have to resolve the dispute himself.

After all, wasn’t that what he was being paid for?

**Answer these questions**

**1. Analyze this situation using the Hersey–Blanchard model and the Vroom–Jago model. What do these models suggest as the appropriate leadership or decision style? Explain.**

**2. Evaluate Kevin McCarthy’s leadership style before and during his experiment in participative management.**

**3. If you, were Kevin McCarthy, what would you do now? Why?**