

Ancol Ltd.

by

Steven L. McShane
University of Western Australia
Perth, Australia

Copyright © 1998 Steven L. McShane. This case is based on actual events, but names and some facts have been changed to provide a fuller case discussion.

This case may be used by current adopters of:

S. L. McShane *Canadian Organizational Behaviour*, 5th ed. (Toronto: McGraw-Hill Ryerson, 2004); S. L. McShane & M. A. von Glinow, *Organizational Behavior*, 3rd ed. (Boston: McGraw-Hill, 2005); S. L. McShane & T. Travaglione, *Organisational Behaviour on the Pacific Rim*, 1st ed. (Sydney: McGraw-Hill Australia, 2003)

Ancol Ltd.*

By Steven L. McShane, The University of Western Australia

Paul Simard was delighted when Ancol Ltd. offered him the job of manager at its Jonquiere, Quebec plant. Simard was happy enough managing a small metal stamping plant with another company, but the headhunter's invitation to apply to the plant manager job at one of Canada's leading metal fabrication companies was irresistible. Although the Jonquiere plant was the smallest of Ancol's 15 operations across Canada, the plant manager position was a valuable first step in a promising career.

One of Simard's first observations at Ancol's Jonquiere plant was that relations between employees and management were strained. Taking a page from a recent executive seminar that he attended on building trust in the workplace, Simard ordered the removal of all time clocks from the plant. Instead, the plant would assume that employees had put in their full shift. This symbolic gesture, he believed, would establish a new level of credibility and strengthen relations between management and employees at the site.

Initially, the 250 production employees at the Jonquiere plant appreciated their new freedom. They felt respected and saw this gesture as a sign of positive change from the new plant manager. Two months later, however, problems started to appear. A few people began showing up late, leaving early, or take extended lunch breaks. Although this represented only about five percent of the employees, others found the situation unfair. Moreover, the increased absenteeism levels were beginning to have a noticeable effect on plant productivity. The problem had to be managed.

Simard asked supervisors to observe and record when the employees came or went and to discuss attendance problems with those abusing their privileges. But the supervisors had no previous experience with keeping attendance and many lacked the necessary interpersonal skills to discuss the matter with subordinates. Employees resented the reprimands, so relations with supervisors deteriorated. The additional responsibility of keeping track of attendance also made it difficult for supervisors to complete their other responsibilities. After just a few months, Ancol found it necessary to add another supervisor position and reduce the number of employees assigned to each supervisor.

But the problems did not end there. Without time clocks, the payroll department could not deduct pay for the amount of time that employees were late. Instead, a letter of reprimand was placed in the employee's personnel file. However, this required yet more

* Copyright © 1998 Steven L. McShane. This case is based on actual events, but names and some facts have been changed to provide a fuller case discussion.

time and additional skills from the supervisors. Employees did not want these letters to become a permanent record, so they filed grievances with their labour union. The number of grievances doubled over six months, which required even more time for both union officials and supervisors to handle these disputes.

Nine months after removing the time clocks, Paul Simard met with union officials, who agreed that it would be better to put the time clocks back in. Employee-management relations had deteriorated below the level when Simard had started. Supervisors were burnt out from overwork. Productivity had dropped due to poorer attendance records and increased administrative workloads.

A couple of months after the time clocks were put back in place, Simard attended an operations meeting at Ancol's headquarters in Toronto. During lunch, Simard described the time clock incident to Liam Jackson, Ancol's plant manager in Northern British Columbia. Jackson looked surprised, then chuckled. Jackson explained that the previous BC plant manager had done something like that with similar consequences six or seven years ago. The previous manager had left some time ago, but Jackson heard about the BC timeclock from a supervisor during the manager's retirement party two months ago.

"I guess it's not quite like lightning striking the same place twice," said Simard to Jackson. "But it sure feels like it."