

Plant Closing

This video focuses upon the relationship between workers and employer in the context of a long-standing production facility that a new top management team suddenly closes down. Its core concepts include the psychological contract, that is, understandings regarding the obligations between employees and employers, the contract makers, that is, the sources of information to workers (or union members, managers, or employers) regarding what each can expect from the other.

I. Formulation and Development of the "Psychological Contract"

Key Words

"It was a great company to work for."
"They took care of their people."
"Just do the best job you can and go home."
"I really had a feeling about the place...thought I had a job for life."
"I would be there 'til the day I retire."
"They don't care."

This segment can be used to help the class become aware of how organizational actions are interpreted by employees and, in particular, what sources of information are relied upon in forming an understanding of a psychological contract with an employer.

Ask the class to answer two questions:

1. What obligations do Nabisco workers believe they have to their employer? What obligations do Nabisco workers believe the company has to them?

Concepts will include: "forty hours work for forty hours pay," "set a good example," "give beyond 8 hours," "I held promise for Pittsburgh bakery."

2. Where do these beliefs in obligations come from? What information do people rely upon in arriving at these beliefs?

Sources include: the company's reputation (embodied in that big Premium sign near the Pittsburgh plant), history (the plant stayed open for 30 years after hiring these employees), and successful exchanges between workers and Nabisco (asked for cost cutting improvements which were achieved).

3. What does it mean to be "a number?" How were people "always told we were a number?" How does being a number compare with the simultaneous message of "a job for life?" How can

both understandings co-exist?

When sources of information conflict, people may rely on those closest to them (e.g., local management) or elect to focus on information that is more consistent with their existing beliefs or preferences.

II. New Forms of Labor-Management Relationships

Key Words

"The agreement was we would work more closely with the company."

"Work with union and company to set up guidelines and to stop grievances"

"They had an open door policy...the management."

"Everybody got scared, but in February, they brought the redesign team back."

"Then, the e-mail came."

What assumptions do workers and managers make when a company seeks to create new forms of labor-management relationships? How was this initiative "read" by workers, the union, local management?

Why was the e-mail a surprise?

III. Impact of Performance on the Psychological Contract

Key Words

"Every product line runs at a certain cost level."

"We qualified for every bonus."

"I really can't explain it."

Before viewing this segment of the video, divide the class into three groups:

1. Workers -- Instruct them to view this segment from the perspective of a 30-year veteran of the company.
2. Local Management -- Instruct them to view this segment from the perspective of the local plant manager who receives top management directives and then works to gain local worker support in carrying directives out.
3. Top Management--Instruct them to view this segment from the perspective of a new chief

executive who has come from outside the firm.

Differences in vantage points reveal asymmetries in both information and values. This segment reveals that local management may not be included in top management's plans and thus may send a message to the workforce inconsistent with top management's actual intentions. Ask the class, "In your opinion, is this inconsistency 'an accident,' 'intentional,' 'inevitable?' What should Nabisco's top management and local management have done differently?"

What responsibilities does the employer have for the psychological contracts its workforce holds? What responsibilities do individual workers have for the psychological contracts they have formed with their employer? What should Nabisco have done differently?

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