

Problem Solving and Decision Making
BMSW4004

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Introduction

Problem solving and decision making are important and desirable skills that belong together due to the fact that we can not solve a problem without making a decision.

In this paper I will also refer to both, because I will describe a complex work problem whose causes I will analyze so that, in the end, I can propose several potential options and an action plan.

With the intention of analyzing the situation and the causes correctly, I used some of the most recognized tools for solving problems, such as SWOT Analysis, PEST Analysis and Fishbone Diagram.

Problem Summary

In a factory that produces mattresses, pillows and other bedding products the employees are dissatisfied with the salary level and this has reflected in a poor job performance.

Each employee signed a contract for employment which included the salary scale for the following years. Everyone planned their life, decisions, expenses, vacations according to the earnings received. With the onset of the pandemic, the company suffered from global economic destabilization. As a result, the management proposed for signing a series of additional documents by which they modified the salary scale, so that the evolution of earnings was paralyzed, motivated by the difficult situation the company was going through.

The pandemic situation, then very unpredictable, now manages to be balanced for more than a year, and the company has reported a profit for last year similar to that of two years ago. However, almost 2 years after, it seemed natural for the employees to return to the previous situation, but the requests have been rejected by the management.

It is important to add that there is no difference between the workload or the difficulty of the activities carried out in the present moment compared to the period before the contract change. In addition, the employees claim that their skills have improved in the meantime, which allows them to do the work more efficiently as they have more experience.

Moreover, the employees are dissatisfied because even during the peak of the pandemic the activities were not less or easier, they did the same work. They feel like they

compromised their salary rights for what was intended to be a method to alleviate the consequences of the pandemic. Now the management has information that the business is not endangered and it does not proceed to their satisfaction.

SWOT Analysis

Currently, many internal and external changes influence the company's activity. Which requires conducting a SWOT Analysis, in order to have an updated idea about the company's position on the market at the moment, its strenghts and weaknesses and better understanding of opportunities and threats.

In the following table I have categorized several aspects that I considered relevant for the situation in question:

Strenghts:	Weaknesses:
-well recognized brand -loyalty of costumers -wide selection of products -efficient supply chain management	-unstimulating atmosphere -lack of ambition -frustrated staff -employees feel lied to
Opportunities:	Threats:
-recovery in the midst of the pandemic will give confidence to other consumers to contract the company in the future -increasing sales -technological capabilities will allow to serve a larger market	-job quality is unlikely to improve without a change -mass resignations, turnovers -bad reputation -tense, stressful atmosphere -competition, another companies can attract customers with a better offer and a positive company image -increasing concern about the company ethic

Fig. 1 SWOT Analysis on keeping low wages

The quantitative distribution of information in the above frames is worrying. What will ensure that the company is not affected will be the mastery with which it will work with the

weaknesses to be eliminated or improved, and with the threats to be able to be really compensated by the strenghts and opportunities.

Fishbone Diagram

For a visible cause and effect deduction I decided to draw up a Fishbone Diagram on the employees performance problem, diagram which is also called the cause and effect diagram itself.

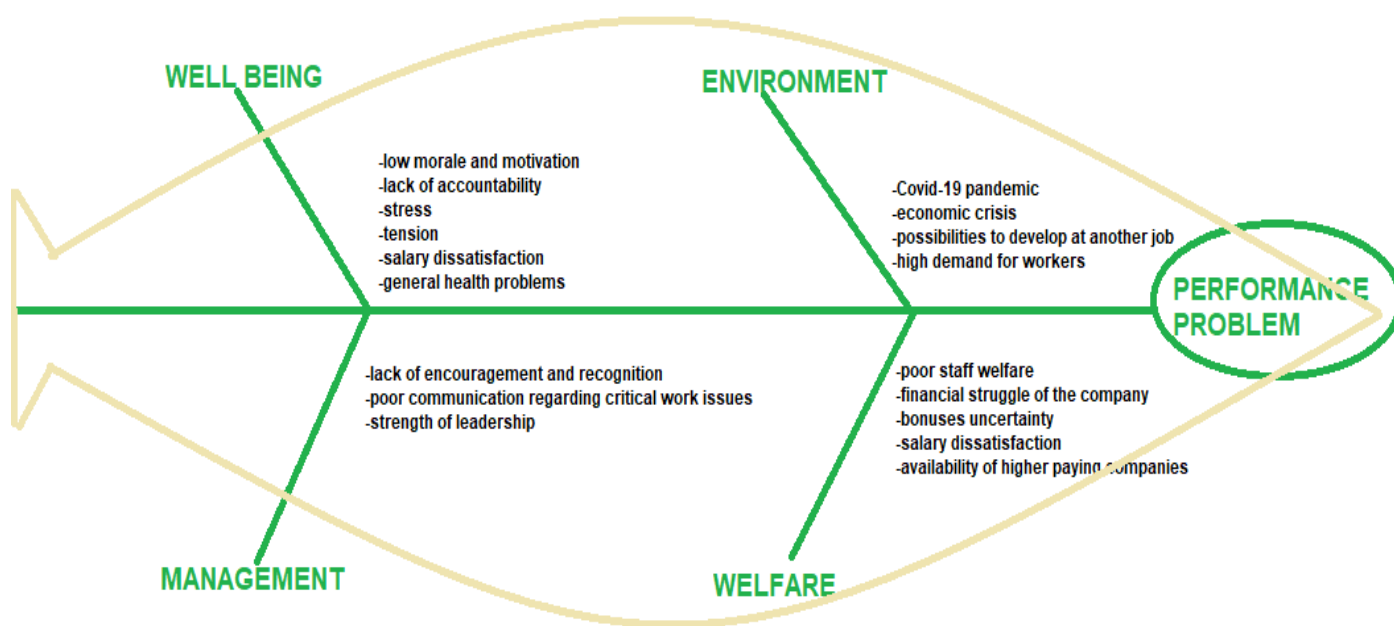


Fig. 2 Fishbone diagram on performance problem

Many causes can lead to a performance problem and then to bigger problems, such as mass turnovers or company failure.

This diagram helps us see clearly the contributing elements to an unwanted perspective.

One of the biggest risks is that the quality of work will be severely damaged (Cominetti, McCurdy, Slaughter, 2021).

On the other hand, increasing employee turnover will be a serious issue for the company and the cost of this phenomenon is high because it requires training new employees and the bearing of their lower efficiency during their first months of employment.

PEST Analysis

A PEST analysis was conducted to understand the macro-environment in which the company operates and to review the factors which will impact the business and its ongoing success, by scanning the political, economic, socio cultural and technological situation and think an overall strategy. It also helps anticipate future difficulties in order to avoid or ameliorate their effects, or raise awareness of the threats.

Political	The Low Pay Commission reported a problem of underpayment in 2021 (Cominetti, McCurdy, Slaughter, 2021). It also set out a challenge for the Government to reinforce the National Minimum Wage and to promote its compliance. „The low tax, low regulation regime combined with globalisation ended up widening income disparities in a way that not only hurt those at the bottom of the income distribution, but ended up having adverse macroeconomic effects” (Boris Johnson fot The Guardian).
Economical	Low paid workers have been more adversely affected by the Covid-19 crisis than higher paid workers. According to the Low Pay Commission Report for 2021, low paid workers have been three times as likely as higher paid workers to experience a negative impact on their work: „in March 2021, more than one-in-five (21 per cent) workers in the bottom weekly pay quintile had either lost their job or lost hours and pay due to the crisis, or were furloughed, compared to less than one-in-ten (7 per cent) of those in the top earnings quintile” (Cominetti, McCurdy, Slaughter, 2021).
Socio-cultural	Problems of insecurity and abuse of employment rights are already unacceptably prevalent. 1 in 5 (20 per cent of) low paid workers has an insecure job, defined as having a zero hours contract, involuntary working on a temporary contract, or working low hours and wanting more. This compares to 6 per cent of higher paid workers. And 14 per cent of workers in the lowest pay quintile said they did not receive any paid holiday – compared with 6 per cent of the highest paid workers. Unfortunately, the

	Employment Tribunal system is not effective at supporting low paid workers, who are less likely to bring cases than higher paid workers, despite being more affected by labour market abuses.
Technological	According to BBC latest news, „the Office for National Statistics (ONS) has estimated that more than 1.5 million low-skilled jobs are at high risk of automation. Of those, 70% are women and 99% do not have degrees. The 16-24 age group are more than eight times as likely to be in these high-risk jobs, the ONS said.” The commission on Workers and Technology called for urgent action, including: „-An immediate plan for free training for all furloughed workers, and more support for freelancers and the excluded self- employed -A focus on retraining and job support for the retail and hospitality sectors -An overhaul of adult training and skills, and expansion of apprenticeships -Action to increase the pay and status of caring jobs and other low-paid key worker roles that are less likely to be automated -Stronger privacy laws and a review of equality law to stop employers using new technology to monitor and exploit staff.”

Fig. 3 PEST Analysis

It is much easier now to look at the big picture and all these analysing tools will help the management to make decisions towards solving the problems so as to prevent big inconveniences.

Evaluation of Possible Solutions and Action Plan

First of all, it is very important not to delay or postpone the moment when we start solving a problem because in many cases managers could wait too long to raise performance concerns. It is quite possible that the employee or, worse, the employees, are already involved in the decision to leave or have already done so.

Loss of any stimulus for the activity would only motivate the employees to obtain mediocre results, they would not bother more to get results that bring them no benefit, so at least a part of them should be respected.

In the particular case that I described in this report the best options would be, if possible, increasing compensation and benefits and developing a plan of recognition and rewarding superior performance.

Subsequently, some other solutions could be to return to the salary benefits provided before the pandemic, if not better ones; to return to the bonuses and rewards depending on the carried out activity; to give another occasional bonuses, such as the birthday bonus, the holiday bonus.

Conclusion

Motivating human resources is one of the most important investments to get incredibly strong results on behalf of any business, firm, company, organization. Clearly, if the motivation of the employees is high, the level of efficiency and performance will be also high.

Performance management represents a significant part of each manager's job. Their main responsibility is to deliver high productivity by determining the team to reach its maximum potential. But this is not that easy as it sounds, and from time to time problems may occur.

In order to ensure the overcoming of the situations and the maintenance of the focus on the success of the company, the problems must first be properly analyzed, and then they must be solved efficiently.

A detailed analysis will prevent any errors and will not allow to lose energy and resources by solving some problems according to other causes than the real ones. Only then is it safe to issue solutions and draw up strategies.

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