

Report: Holden Cars

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Executive Summary

Australia was considered among the best investment destinations in the world. Unfortunately, its image as a great supporter of investment is darkening in the light of the reported closure of GM Holden automotive operations in Victoria and Adelaide on December 31 2017. Holden employees 3500 in total and 2900 of them work in automotive meaning a lot of jobs are going to be lost.

The report; however, concentrates on a plan of action to ensure that car manufacturing continues with the same integrity, spirit, and strength as before while awaiting December 31 2017 when it will officially terminate its automotive operations and transit to a full-dealer in cars and spare parts. The general implication is that GM Holden will retain its presence in Australia, but in the capacity of an importer, exporter, and distributor of cars manufactured by other automotive firms.

The plan of action encompasses performance appraisal, reward management and employee training and career development. A greater portion of this report will focus on the action plan that is supposed to be submitted to the General Motors headquarters in Detroit, US.

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Introduction

Car production is among the heaviest employment multipliers and is a huge GDP determinant not only among G20 countries, but also in other small emerging economies. Automotive has a giant manufacturing capability and is responsible for pushing innovation forward as well as ensuring that the provision of learning and skill development platform is done in the most conducive manner. The motor manufacturing industry is a source of wealth generation via its extensive supply and logistics chain and it is by no coincidence that nineteen out of the G20 nations hugely rely up on automotive production. Technically, the manufacturing capability of a country is what puts it in the G20 list. Australia, the UK, the US, Japan, China, South Korea and other nations making a cut in the G20 mass produce cars for domestic use and exports (“Closure of GM Holden: Government Response”).

Automotive industry operates in sophistication; production, logistics, and efficiency procedures, innovation, improved technology, robotics, and skilled labor are the coordinates that determine success or failure of car production. For that reason there is stiff competition between countries as far as the automotive industry is concerned. The closure of GM Holden operations in Victoria and Adelaide by 2017 has been described by the Australian PM as a dark day for the country. The Premier knows the blow the families of the 2,900 GM Holden employees who are going to lose jobs are going to take. The reputation of Australia as an investment attraction country is also blurring.

Considering that 50% of Holden cars used across the world are manufactured in Australia, it is evident that the Asian giant is going to lose its ground in terms of political and economic influence. Australia should be attracting investors other than being a repellent. That

said, the current events are going to make anybody wanting to invest in Australia think twice (“Australia’s Automotive Manufacturing Industry: Productivity Commission Inquiry Report No. 70, 31 March 2014”).

Background of Holden

The history of Holden does date back to 1856 when it began as a saddlery enterprise in South Australia. The company enjoyed instant success and presently it is one of only 7 fully-integrated worldwide GM operations responsible for designing, building, and selling cars for Australia and the world at large. Holden is headquartered in Port Melbourne, Victoria, with an on-site engine making sub-factory and car making operations in Adelaide, South Australia. Nationwide, Holden prides in having dealerships in excess of 230. In totality, Holden has 3500 employees.

Holden Vehicle Operations (HVO) manufactures 45 models from six body styles and two core vehicle ‘architectures’ for home and foreign consumers. For instance, the Commodore variety of sedans, Caprice, Sportwagon and Ute are specifically designed and manufactured for Australian customers. The Cruze model started to be produced in 2011 by Holden’s Adelaide factory. This model saves fuel and soon became globalized. The firm has a “press plant and metal assembly workshop, body hardware facility, paint shop, plastics operation, body assembly and vehicle assembly operations”.

In 2013 GM Holden started manufacturing the VF Commodore, which is the most sophisticated car made in Australia. The VF Commodore has raised the bar in the Australian car manufacturing activities as it incorporates lightweight technology, driver safety, and infotainment systems.

Holden's Global V6 Engine factory – that had an initial cost of \$400 million back in 2003 - is based in Port Melbourne, Victoria. The engine has helped Holden cement its status as a flexible automotive company and sells the V6 engine to China, Mexico, South Korea and other GM brands.

Unfortunately, Ashley Winnett – Holden's Executive Director of Human Resources – in consultation with other hierarchical stakeholders, announced in December 2013 Holden would stop producing cars in Australia and undergo a transition to a national sales firm and full-line importer in Australia and New Zealand by the end of 2017. That is to say Holden is going to put an end to vehicle and engine production and considerably decrease its engineering operations in Victoria and Adelaide by year ending 2017 (“GM to Transition to a National Sales Company in Australia and New Zealand: Company to Cease Manufacturing in Australia by 2017”).

Out of the 3500 employees, 2900 who work in the engineering field will lose jobs. Holden intends to continue operating in Australia as a national sales firm, a national parts distribution center and a global design studio (Holden Media Release Final).

Problem Analysis

It has been announced that 2,900 employees Holden employees in Victoria and Adelaide are going to be relieved of their duties due to the closure of all engineering operations end of 2017. It is therefore necessary to keep the employee spirit up for performance related benefits. Knowing the company will close in the next couple of years, GM Holden employees are having unstable minds, bad attitude and are always on the lookout for employment in other companies. Thus, it is crucial to make sure while they await their time to be over, they should continue work, cookie they have been doing in the past at Holden. Performance appraisal, reward management

and training and development strategies are the things going to be considered in the report to GM Holden headquarters in Detroit, the US.

Performance Appraisal

“Organizational performance and its resultant efficiency and effectiveness can only be achieved when individuals are continuously appraised and evaluated” (Obisi, 2011). Achieving competitive advantage without the installation of an effective performance appraisal can be hard for any organization, with GM Holden included. Appraisal procedures do not follow a specific system, but it is good to note that some organizations do make blunders in doing secretive appraisals. To serve organizational objectives, performance appraisals must be done transparently to allow all stakeholders know what is exactly expected of them (Obisi, 2011). This is to say that organizations have only one way of acquiring competitive advantage; through people. Holden employees are the backbone of automotive industry in Australia and other countries that depend on them.

Obisi (2011) define performance appraisal as an organizational system that allows the hierarchy to identify the performance levels of employees and the areas employees have to improve both individually and as a team. To make performance appraisal effective, the HR manager must tell every employ what his or her roles and responsibilities are. Holden employees stand what they stand for in the organization and work hard and smart to achieve what they believe in.

Type of Appraisal

There are three categories of appraisal; confidential appraisal, open appraisal, and semi open and semi confidential appraisal.

Confidential Appraisal

The individual being appraised is not involved in the process as the appraisal results are never disclosed to her or him.

Open Appraisal

This appraisal openly tells appraise his or her strengths, weaknesses, contributions and failures that are communicated to him or her in an interview by the HR manager; therein, revealing and creating self-awareness. This makes the employee reflective, objective, and self-vigilant at work.

Semi Open and Semi Confidential Appraisal

The appraisal is made open at the start and made confidential in the end. The appraise is given an appraisal form to fill by his or her boss after which the HR manager will evaluate but the results are not communicated to the employee.

The Choice of Appraisal

For Holden, the open appraisal is the best option. It makes all the 2,900 workers understand their contributions, strengths, weaknesses and failures, providing a platform for improvement. While employees understand that they would have to go by the end of 2017, the HR manager has a duty to convince them that the company needs them now more than ever (“Workplace Emotions, Attitudes, and Stress”). Emotions do really affect attitudes and behavior of employees and an open appraisal approach must be implemented to get the best of what they do from now to December 31 2017.

Reward Management

Reward System and Performance

The provision of the best reward packages attracts workers who are qualified and more competent; awful employees seem to run away from organizations rewarding based on professional competency.

HR experts suggest appropriate, effective and timely reward does increase employee motivation. Employees should get effective and timely feedback to increase their volume of output and spirit.

The Concept of Motivation in GM Holden

Motivation of employees is anything that positively changes their behavior, attitude, and emotions. Holden employees would want to feel still wanted and valued and by so doing, they would work even harder. As Holden HR Manager, I would recommend the implementation of an effective and sustained employee reward management strategy to stop them from looking for employment elsewhere

Rewarding employees for their outstanding work would give GM Holden a moral and tactical victory. Manufacturing and production sector cannot prosper without winning the hearts of employees and offering them tangible things for their hard work can work miracles. Employees must be guaranteed pension schemes, promotions, and other forms of recognition as much as they know time will come for them to go somewhere else (Karami, Dolatabadi, and Rajaeepour, 2013).

Double-digit salary increments are not recommended as a reward management strategy, instead, employees must see that the policies and everything done is aimed at accomplishing company goals. Holden employees at the Victoria and Adelaide plants do realize the gravity of their responsibilities to the company. As such, automotive production operations must run even smoother, perhaps Holden could get strong government support in terms of subsidies and moral go ahead (“Managing Rewards: How Best to Do It”).

Variables of Employee Motivation

Job satisfaction, internal motivation and external motivation go together with reward management system and performance. That said, GM Holden must not only focus on customer satisfaction, but also employee satisfaction. Employee satisfaction is a product of reward management system consisting of financial reward, inherent reward and non-financial rewards.

Financial rewards include but are not limited to salary increment, social security, allowances, and pension schemes. These are things that must be improved at Holden to avoid employee exodus. Inherent reward and non-financial rewards include promotions, recognition through certificate issuance, office and work place customization, and praise by the word of mouth. While GM Holden wants to see results in employees, employees want to see tangible results in terms of good remuneration, better job security, rewards, and personal development. It is, therefore, important to make both the customer and employees happy.

Training and Development Strategies

Training and development strategy is part and parcel of organizational prosperity. GM Holden produces 50% of all cars used in Australia and is also a major global car maker. Holden’s employees are already good, but a couple of technological adjustments would amplify its

competitive advantage for this period to the time the automotive manufacturing operations come to a halt in December 31 2017 (“Training and Development Strategy 2008-11”).

Why Need Employee Training?

Employee training and development strategy is important to GM Holden. Contrary to what most think, training is not done on new employees; experienced personnel also engage in the training program. This is another way of saying that even veterans need training and development. For instance, performance appraisal report that indicates a certain employee has a weakness in a given area; training should be done to improve skills.

Secondly, automotive is a technology-based industry and more than often technological advancements are inevitable. Sometimes competing companies produce technologically advanced cars and GM Holden cannot sit back and watch; work must be done to embrace technological changes.

Importance of Employee Training and Career Development

Quality Improvement

Employee quality is one of the most important things in an organization. The company may be intending to wind up its car manufacturing operations, but it will not refuse to respond to customer demands. There are more than 30 months left on the calendar and these are enough to even design a new model or improve on a pre-existing one. The automotive industry is 100% dependent on technology; as such Holden has to be on the driving seat to train employees and help them in career development.

Some of Holden employees want to leave the company in 2017 being different people; promotions and competency advancement being among the privileges they would like to have. Training the employees will make them better employees when they seek job elsewhere.

Saves Time

Leaving employees to struggle with certain concepts and career realities is almost suicidal to Holden. Training is usually done within a prescribed time frame by the organizational hierarchy.

Training Courses

Employee training is not all about technology. Technology alone cannot make GM Holden successful, thus, the following list of courses can be integrated into the learning program.

Emergency Response

Experienced employees are all aware of the safety rules and precautions at Holden, but nothing would be taken for granted. With the advancements we have in technology, new sources of hazards and injuries arise. While the Safety Department is focused on preventive measures, nobody wants to be caught unprepared. An effective and quick disaster response team and strategy must be implemented and improvements made on any existing measures. The capability to respond to emergency situations timely and accurately is a measure of organizational success. With third party claims and victim compensation obligations, companies lose millions of dollars annually and that is why GM Holden should use everything in their disposal to avoid injuries.

Workplace Safety for Employees

Engineering is an accident prone profession. As such, Holden must embrace the culture of observing workplace safety in employees. In other words, the training program will only be achievable if it is done effectively (Bullock, 2012).

Other areas of training are as follows:

- ✓ Workplace team building
- ✓ Office ergonomics training
- ✓ Hazard communication
- ✓ Team building for employees
- ✓ Workplace sexual harassment training for employees. Employees must be taught how to co-exist at Holden. Sexual profiling, harassment, and discrimination must be stopped at Holden. In some cases, employees harass one another sexually not because they are being disrespectful, but because they have no idea what they are doing is wrong.
- ✓ Employee diversity training. Employees should be able to excellently do more than one thing. For instance, each of Holden's employees has the right to know how to simultaneously or separately handle more than one area of expertise. An engine maker can be taught sales and marketing; customer relations officer can also be delegated storekeeping duties and so on.

Conclusion

Car production is among the heaviest employment multipliers and is a huge GDP determinant not only within the G20 bracket, but also in other small emerging economies. GM Holden has been enjoying tremendous business both locally and internationally and the dose of reality that the firm will eventually close its engineering operations come end of 2017 is a dark day for Australia as described by Tony Abbot. The country's GDP will eventually decrease and many jobs are going to be lost; however, no one deserves blame ("GM to Transition to a National Sales Company in Australia and New Zealand: Company to Cease Manufacturing in Australia by 2017").

GM Holden, for decades has been receiving support –both moral and financial – from the Australian government. Billions of dollars have been granted to Holden by the government, a generous move that saw the company expanding its operations and adding new models like the Commodore ("GM to Transition to a National Sales Company in Australia and New Zealand: Company to Cease Manufacturing in Australia by 2017").

Recommendations

- ✓ Execution of performance appraisals
- ✓ Effective reward management practices
- ✓ Implementation of employee training and career development
- ✓ Seeking solutions to prevent Holden from closing its automotive production line.
- ✓ Australian Government must support GM Holden to produce world class cars.

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