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Peppers & More¹: a teaching case in organizational behavior

CASE STUDY

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Abstract

The teaching case discusses a number of organizational challenges faced by a German vegetable producer. Two business consultants were hired to assist and to explore the situation in the new production facility at Peppers & More. While the CEO assumed the employees were not motivated, the consultants uncovered that various employees' behavior, as well as a structural problem contributed to the tense situation in the production facility. During the period of analysis, it becomes apparent that there is a communication problem between the production manager and the foremen. The setup of the job rotation system and conflicts between two foremen caused further irritation at the facility. At the end of each consulting day, the consultants and the readers have to link the challenges to motivation theory and provide recommendations how Peppers & More can cope with these challenges.

Keywords: communication, conflict, horticulture, job rotation, job satisfaction, organizational structure, work motivation

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¹ The scenarios described in this case are based on a real company and its challenges. Names of places and actors have been modified for confidentiality reasons.

Part 1: A new task for Hort-Transitions

It was a pleasant morning in the fall of 2018, and Michaela Powers was sitting in her office at Hort-Transitions, a consultancy company in Bavaria, focusing on employee management, organizational change management and family business succession in German horticulture. With respect to succession, Hort-Transitions had developed an excellent reputation of supporting family businesses with planning the transition to the heir upon impending retirement of the business owner-manager. Furthermore, Hort-Transitions supported conflict mediation between successors and predecessors during the transition. By now, Michaela had worked for Hort-Transitions for four months, her first job after her graduation from her agricultural management program. With an apprenticeship and two years' work experience as a horticulturist in fruit production, she was a perfect fit for the company, as a junior consultant. Michaela was a little nervous this morning, as she had a meeting scheduled with her senior colleague Christian Schmidt. Even though she was well prepared for the meeting, she felt uncomfortable, as they were to talk about her contributions to a task for one of the key clients at Hort-Transitions. Christian Schmidt, a senior consultant in his mid-fifties, held a degree in psychology, and had over ten years of work experience in horticultural business consultancy.

'Toc, toc, toc!', and before Michaela could even answer, Christian Schmidt entered her office. Her senior colleague seemed in a hurry this morning, and briefly informed her that the meeting was postponed, because he had received a call from a client. 'Grab some coffee for us! We need to be in Weidenbach in three hours. We are going to meet a vegetable producer who has some trouble at his production facility. Here are the files; read them on the road. It will not take you very long, but I want you to be prepared.' After their coffee, Schmidt and Powers hit the road, while Schmidt was driving, Powers opened the file.

Peppers and More is a vegetable producing farm located in Bavaria, in one of the major vegetable production areas in Germany. Currently there are over 6,500 horticultural businesses producing vegetables in Germany. The production area used by these businesses takes up approximately 130,000 ha. Approximately 1,700 ha are in protected cultivation (Bavarian Ministry for Food, Agriculture and Forestry, 2018; Destatis, 2018). The most recent production data for Bavaria shows that in 2016 there were over 1,200 horticultural businesses producing vegetables on about 16,000 ha of open land; about 250 ha of vegetables are cultivated in greenhouses or tunnels (Bavarian Ministry for Food, Agriculture and Forestry, 2018; Destatis, 2017). In Bavaria, the production of crops, such as asparagus, carrots, onions, pumpkins, cabbages, iceberg lettuce, and red beets commonly takes place outdoor, while cucumbers, tomatoes, rocket, butter head lettuce, bell peppers, and red radish are produced indoor (Bavarian Ministry for Food, Agriculture and Forestry, 2018).

Peppers & More is a horticultural enterprise owned by prominent and well-established family farmers from Aulhausen, the Mair family. The new production facility in Weidenbach, approximately 45 km from Aulhausen has been newly constructed on a 20 ha property. It was officially inaugurated in the summer of 2018, with further enlargements and greenhouse expansions to be planned in a year or two. The production site currently consists of two large greenhouses of a total of 9.2 ha. About 4,000 tons of tomatoes, cucumbers, and peppers are produced there every year. The two CEO brothers, Heinrich and Jacob Mair, in charge of Peppers & More have described their company as being environment-friendly, energy-efficient and sustainable, with the use of innovative and high-level technologies to aid them in achieving these goals. About 80 employees, which include both seasonally contracted as well as permanent employees, worked there at the time the consultants were contacted.

Powers closed the file, and started thinking out loud: 'Interesting case, a new and modern facility, and many employees. Nevertheless, what is the actual problem? Hopefully not a succession case again, all this intergenerational drama, it is not my thing.' 'We will see. Something motivational? He did not say much on the phone. For now keep calm, in five minutes we will know,' Schmidt answered, when the car pulled into the parking lot of Pepper & More.

Jacob Mair welcomed Michaela Powers and Christian Schmidt friendly and openly, when the two consultants entered his office. He suggested having a conversation and offered coffee and water. Powers and Schmidt agreed, and Schmidt opened the conversation, praising the new facility and relating back to the phone call in the morning. Schmidt said, 'You indicated a motivational issue? Please tell us more.' Powers took out her laptop and took notes. The conversation lasted approximately an hour, and the final statement of Jacob Mair stood out to Powers and Schmidt.

'I think it is a lack of motivation among the employees here at the new facility. I would like them to be motivated and achieve better results. To be frank, I am not completely sure what the reason is; we operate just the same at the other facility, where Heinrich is in charge. And as always, everything works just fine there. Heinrich and I had planned everything very carefully, and it was a major investment to set up this facility. We even transferred some of our long-term employees from the other facility. Some of them are now foremen, so they can support the new employees. We hired a production manager, because I cannot be here every day. We planned a smooth start, but the current situation is a major disappointment. I want this to change.'

The consultants agreed with Jacob Mair to be back in a week, to suggest a strategy how to approach the current situation. Powers and Schmidt had realized that Jacob Mair's description of the situation was not very specific. He had shared few observations to back up his assumption that employees were not motivated, beyond a lack of productivity. Powers said to Schmidt, 'Lack of productivity could have any number of reasons. He also mentioned a drop in morale and employees complaining about different issues. This can be an indicator for a lack of motivation. But it may not. Still we need to keep these things in mind.' The consultants started to wonder whether Mair had shared all he knew.

■ *Questions*

1. What seems to be the problem at Peppers & More?
2. What should Michaela Powers and Christian Schmidt do to figure out if there is indeed a motivational problem at the new facility?
3. Please provide some suggestions, which theories Powers and Schmidt should consider to deal with the problem indicated.

Part 2: Meeting the production manager

Three days after their meeting with Jacob Mair, Michaela Powers and her senior colleague were sitting together, discussing how to approach the situation. Both agreed that they were under the impression that there was properly more to the situation at Peppers and More than Mr. Mair was aware of or wanted to share. Powers suggested talking to the foremen, the production manager, and employees to get a more comprehensive picture of the situation at Peppers & More. Schmidt was delighted, and his junior colleague called Mr. Mair to suggest following this procedure.

Four days later, Michaela Powers and Christian Schmidt were back in Weidenbach and had an intensive conversation with the production manager. The production manager, Vanessa Sundermann, was a woman in her early thirties; she came from the neighboring village and held a degree in ecotrophology². The consultants were rather surprised when they heard she had neither experience in management nor in horticulture; however, their professionalism allowed them to hide their astonishment. Michaela Powers told Vanessa Sundermann that a few days ago they had met her boss and he had shared with them that there were some problems with the production. She asked the production manager about her opinion and requested her to outline the major problems.

² Other terms for similar study programs are consumer economics, consumer science, and home economics.

Vanessa Sundermann and Michaela Powers spoke about an hour, and after their conversation had ended, Michaela Powers and Christian Schmidt left and went to their car for a quick debriefing before having a conversation with two of the foremen. During their recap, the consultants emphasized the following points:

- Jacob Mair is instructing Vanessa Sundermann. Vanessa Sundermann communicates these instructions to the foremen, but is not really knowledgeable in vegetable production.
- Vanessa Sundermann cannot communicate well with the foremen, because she and the foremen do not share a common language. One of the foremen speaks Polish and the other speaks Romanian, and they both speak only broken German. She is never sure whether her instructions are clear, and understood by the foremen.
- Vanessa Sundermann is aware that there are tensions among the employees, but referred to the foremen for further details.
- Vanessa Sundermann complained that employees are not motivated, but she does not know why. In her opinion, employees should be more attentive to production processes, which includes plant protection and harvest. She described incidences when vegetables, which were not ready for harvest, were picked. With respect to plant protection she talked about an incident when a group of employees had harvested in a greenhouse, but had not reported the obvious occurrence of whiteflies. The whitefly population had affected the entire greenhouse to an extent that the economic damage threshold was reached. Clearing out the greenhouse would have been cheaper than an attempt to harvest.

■ Questions

1. Review the information that Powers and Schmidt received from Jacob Mair and Vanessa Sundermann. Compare and contrast the information shared by both. What was confirmed? What additional information was provided?
2. Based on Steers *et al.* (2004), do you have additional comments or suggestions on work motivation, now that you heard from the production manager?

Part 3: Meeting the foremen

‘Wow! I am so grateful for this little break. I am somehow scared what the foremen might tell us. All this is crazy,’ Michaela Powers groaned. ‘Well, we will see! If they tell us anything. I am actually way more curious how we manage the conversation with them. Or do you speak any Romanian or Polish by chance?’ asked Schmidt while he sipped his coffee. ‘No, I don’t. Dang!’ was Powers’ reply. From his jacket Schmidt pulled out his cellphone, and suggested to use a language app to facilitate the conversation.

Approximately 10 minutes later, Powers and Schmidt were in a deep conversation, again. They spoke for about an hour with each foreman, independently. The consultants felt quite relieved that a conversation was possible, by using simple language, the app for a few words, hand gestures and body language. Yet, to the consultants’ further surprise, the foremen would not participate in a joint conversation, because of personal differences between them. The conversation with the first foreman, Dimitri Shevzov, a long-term employee at Peppers & More revealed that tensions started at the new production facility when Juri Perishov, the second foreman, joined the team. Both foremen had clearly separated responsibilities, Dimitri Shevzov was in charge of the outdoor production, while Juri Perishov was in charge of the greenhouse production. Regular and seasonal employees rotated between their working groups. Every four weeks a change in the work groups occurred, because Jacob Mair wanted for all employees to get experience in different areas of work. Further, Dimitri Shevzov and Juri Perishov were not consistent in their rules and working styles, because requirements had not been explicitly communicated, neither by Vanessa Sundermann nor by Jacob Mair. Apart from these problems, Dimitri Shevzov complained that Juri Perishov behaved unprofessionally because he openly had voiced doubts about of Dimitri Shevzov’s competencies in front of other employees.

The conversation with Juri Perishov confirmed the tensions between the two foremen, and revealed the employees were unhappy with the frequent rotations. Juri Perishov reported that he himself did not like the

rotation system either, because he was not able to teach specific skills, and every four weeks, he had to start again instructing new people. Employees moved laterally to unrelated tasks and too much organizational energy was absorbed during the process. The foreman indicated that a further reason why the rotation system was not appreciated by the employees was the separation of work groups and conflicts among people belonging to different groups of friends.

After these meetings, Michaela Powers and Christian Schmidt headed back to their office. They agreed to discuss their new findings, on the next day.

■ *Questions*

1. Evaluate the problems occurring. Considering the different perspectives, how are the problems at Peppers & More interrelated and what are the consequences?
2. Please outline the advantages of job rotation. What are prerequisites of successful job rotation?

Part 4: Meeting the workers

The next day, senior and junior consultant reflected on the previous day. ‘Oh, at Peppers & More, there is quite a bit of trouble in the new production facility. I cannot even decide what the worst aspect is,’ Michaela Powers said. ‘Yeah, I agree there is plenty of room for improvement, but in fact, it may not be the end of the story. I have scheduled an appointment in three days. We will talk to the first-line workers. Two seasonal employees who speak a bit of German and English agreed to talk to us. Michaela, you did a good job interviewing. You will lead the conversation,’ Christian Schmidt replied. ‘Thank you, Christian. Fine with me!’ answered Powers.

Three days later after another hour of interviews, Michaela Powers was excited. ‘We brought all the puzzle pieces together. Finally, it makes perfect sense.’ Powers and Schmidt revisited the information they had collected at Peppers & More. The workers had reported dissatisfaction with the rotation system, due to their inability to develop knowledge and a more sophisticated skillset, as well as the frequent separation of established working groups. Sonia Öztürk, one of the seasonal employees, indicated that she could quickly carry out the tasks, as she has been doing the job for seven years, but that she had been much happier at the other production facility. There, her supervisor was a foreman who explained the practical procedures, but also reasons and consequences related to the work and the plants. Here at this facility, she misses the communication of expectations and additional explanations, and became confused by different work standards and rules. Also, she misses the morning meetings when responsibilities for the day were discussed. Andre Marovic confirmed that there was confusion among the majority of workers. However, he did not care that much, because it was his first year at Peppers & More. He reported that he was very satisfied with payment, working hours, the housing situation, and the other benefits he received for his work. Both workers reported that the Mair family treated their employees very well and that they were very approachable.

■ *Questions*

1. What kind of structural problem is present at Peppers & More? How does this problem affect employees’ motivation?
2. Considering the results of Bitsch and Hogberg (2005) and Herzberg’s hygiene and motivation factors, identify and discuss both groups of factors at Peppers & More.

Part 5: Writing the report

It was a rainy day; Michaela Powers sat in her office and still had to finalize the presentation for the Mair family. A bit worried she thought that Schmidt may be upset that the report was not yet done. ‘Toc, toc, toc!’, and as usual, without giving her a chance to respond, Schmidt entered her office. To her surprise Schmidt

did not come alone. ‘Here, this is our new intern of who you will take care. Until I come back, the two of you will make progress on the presentation for Peppers & More. It will be quite a day, so you better get some coffee. I want to close this file. By the way, Powers,’ Schmidt said, before closing the door, ‘There is a new client. A succession case, you will love it.’

■ Questions

1. Put yourself into the shoes of the new intern at Hort-Transitions. You are asked to help Michaela Powers with the presentation. You need to develop recommendations for Peppers & More. Consider everything the consultants learned during the interviews and meetings with Jacob Mair and the staff of Peppers & More. What needs to be changed at Peppers & More? What will you suggest to Jacob Mair?

Supplementary material

Supplementary material can be found online at <https://doi.org/10.22434/IFAMR2020.0010>.

Teaching Note.

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