

16 Resistance, mischief and misbehavior @ The Jad-Gin Co. (JGC) ¹

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INTRODUCTION AND CONTEXT

JGC is based in Brisbane, Australia, producing artisan small batch gins for several pub chains and wine bars globally. Starting out as a small, family-run micro-distillery with fewer than five staff, it grew rapidly to 120 employees, and more than trebled its overseas exports. JGC would be classified as a dominated SME, as it has to compete with more sophisticated and larger corporations. Nonetheless, JGC punches far above its weight for its market share.

At the Brisbane site the Australian Manufacturing Workers Union (AMWU) holds a formal recognition agreement with JGC. Around 100 of the staff, mainly process operatives, are union members. The nature of work on the production floor is reminiscent of a Tayloristic division of labor, with a concentration of multi-skilled production cells, each working on several lines simultaneously. The distillery's most popular item is its caraway-flavored Genever gin, followed by its high-end priced Jade Juniper, while its Old Tom Double Strength is a very niche production of only a few hundred casks per year (due to the limited supply of locally grown herbs). While the pace of work would not be viewed as intense, it is physically demanding, at times monotonous, but demands strict precision in relation to timing of actions on the production floor. The fermentation zone is the least comfortable area to work in owing to the humidity levels so staff regularly rotate the time spent in that section amongst themselves. The site operates a two-cycle rotation shift from 6am to 2pm and 2pm to 10pm, across five days with a skeleton staff at weekends, operated on an overtime basis. Also, on site there are five highly skilled chemists and laboratory technicians who design new flavoring compounds from botanicals for gin flavors, as well as a production manager and quality supervisor.

Two years ago, the founder of JGC decided to put the distillery up for sale. Many of the employees had been with JGC since its inception, including the production manager and quality supervisor. Together, they sought and secured finance to purchase the distillery from the original owner, and the sale was agreed in principle. However, a few weeks later the owner, known for his carefree attitude to business and employment rights, changed his mind. He announced that he had been approached by a major large-scale distiller, WeKnowGin (WKG), who own multiple maturation warehouses across the Asia-Pacific. The founding owner of JGC accepted the higher

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offer from WKG, which effectively meant he reneged on former promises to protect jobs and quality standards he made to JGC employees. As a result, several different types of resistance and relationship (mis)behaviors developed as the new ownership structure played out

NEW OWNERSHIP STRUCTURE AND MANAGEMENT CONTROL

The ownership and change-over of JGC went through very quickly, leaving employees with little time to prepare for the changes. There was no information forthcoming from management during this period, despite worker representatives requesting a meeting with them to discuss employee concerns regarding rumored redundancies and changes in working conditions.

Shortly after WKG officially took over JGC, a new vice-president was appointed, Mr Jeremy Kunz. He began his first week on site by gathering all 120 JGC staff to inform them that it was a “great pleasure to take the helm of a fledgling entity like JGC in order to turn it into a real brand of substance”. He announced a number of senior managerial staff were being seconded from WeKnow-Gin’s Kuala Lumpur’s head office to “professionalize” the informal and ad hoc manner of JGC. In contrast to JGC, all WKG sites are non-union. A much greater proportion of staff are in administration, sales and marketing, while the numbers of manufacturing staff have been slimmed to a minimum through lean production techniques and automated processes. It is probably accurate to say that Mr Kunz and WKG are in fact quite hostile to the idea of unionization. Within months the new management made significant changes at JGC. The first action taken by the management team appointed by Mr Kunz was to formalize things. New techniques including employee involvement (EI) became much more formal and also based around individualist type mechanism (briefings, suggestion schemes, newsletters etc.). Previously, at JGC, such voice arrangements had always been informal, typically the owner speaking to staff on a random or casual basis when on site.

Now with the new cadre of professional managers, more formal structures had been created. A new “e-ticketing service” was implemented, where employees could request interaction with an HR business partner and monthly plant-wide meetings run by Mr Kunz were scheduled. Further, WKG used employee communication methods as a way to marginalize collective bargaining and weaken union influence. Representative participation has taken a lower order to newer, more individualistic forms of EI. Collective negotiations regarding pay and conditions remain with the AMWU for manufacturing employees, although a former bi-monthly joint consultative committee (JCC) now meets quarterly and only deals with health and safety matters, whereas previously it dealt with all terms and conditions.

WORK INTENSIFICATION AND THE ONSLAUGHT OF MISBEHAVIOR

At shop floor level, team leaders and production supervisors now have new responsibilities for staff appraisal, objective-setting and disciplinary action short of dismissal. Production levels have been ramped up significantly as JGC gins were launched in new markets. The quality manager and chemists expressed concern that the gin recipes had been amended on the instructions of WKG's Master Distillers and that much of the ingredients, once locally sourced, were now being imported. Artisan craft gin was being replaced with low-cost, high-volume sales. Staff concerns about quality were ignored by WKG management, who pushed new and higher production targets. One consequence has been an increase in the reported level of breakages and spillages by workers on the production line.

The increased growth has delivered little in the way of returns for staff, as even weekend over-time has been replaced with the use of temporary agency staff. As feared by the workers, automation used by WKG at other sites has started to be introduced. Staff were informed that "redundancies would only be required should growth fail to keep pace with projected forecasts". The union sought clarification on how any selection process would work if that were to occur. They were informed that redundancies would be a "managerial decision based on skills and value to the organization".

Management also introduced a new automated clock-in system for all (non-managerial) staff replacing the old manual sign-out sheets. Previously all workers simply "signed out" on a timesheet each day at the end of their shift. Following some brief compulsory training sessions the new system was rolled out and all workers must now log-in on site by scanning a barcode on their ID card via an online system. However, with the old system workers had over the years devised a way for one person on each shift (taking it in turns) to go home twenty minutes early before the end of the shift. Others on the shift would claim that the person was on a toilet break or a cigarette break if supervisors asked (which they rarely did). The "early bird" would then "sign-out" the previous day's timesheet when "signing-in" for the next day's shift. Now the online system makes all that impossible as the clock automatically voids hours for the entire day at midnight if no "clock out" has been registered for an individual employee. The system can only be amended if authorized by management. Nonetheless, workers have learnt to circumvent and/or counter managements' systems of surveillance and control. One of the tech-savvy younger workers has discovered it is possible to down-load the same time monitoring system via an app on his mobile phone, and sign in remotely using his personnel ID number and password. By simply changing the time of the clock on his phone he can clock in and out through the app, as if on site in the factory. He has shared this information with his friends on the shift. Workers have even discovered it is possible to clock in before they arrive on site at work.

Another change that workers find irksome is the introduction of a dress code and uniform. Workers were invited to vote in an online poll to determine the color of the new shirts that form

part of the uniform but had no other input. The new policy stated that shorts and t-shirts were not appropriate attire and were no longer permitted. Given the hot weather conditions, this means staff now have to change into “appropriate attire” on arrival at work. In rebellion against the change, a cohort of long tenured male staff arrived at work in skirts, which the policy made no reference to! The work intensification of many of management’s unilateral changes has been met with different forms of challenge and resistance by workers. In one production unit a series of sabotage attacks were carried out shortly after the system of devolved management was introduced. The production line in question manufactured a unique gin for the European market and a prestigious exclusive boutique hotel in the Burren, Co Clare, Ireland. JGC lost this exclusive contract. The sabotage in question took a variety of forms. Gin bottles were incorrectly labelled, so the hotel name was misspelt. Other acts included innuendoes and graffiti written inside cartons. In commercial terms, these acts had a significant impact. They not only led to the loss of a contract with the specific hotel, but also wider reputational damage spread by word of mouth among a craft gin niche market.

MANAGEMENT’S SUBSEQUENT RESPONSES: RESTRUCTURING AND REDUNDANCY

Management’s explanation for the sabotage was variable. One manager felt it arose because several employees in the particular unit were young and immature. Mr Kunz also commented that “some long service staff” were just “unable to keep pace with new demands of their roles”. Another supervisor put the sabotage down to the use of agency staff brought in to help meet sudden demand. In contrast, the union shop steward explained the sabotage as a form of resistance to inferior employment conditions under WKG; for example increased supervisory powers (i.e. devolved management responsibilities), increased production targets, and fewer opportunities to voice concerns alongside a newer and more macho management style. Interestingly, management failed to pin-point the culprits because of multi-skilled production cells. It was common for employees to work on several flavoring (botanicals) lines simultaneously, and switch to packaging duties periodically during the same shift. Due to the loss of the exclusive hotel contract, management announced that there would be “a review of structures, positions and number of posts”.

The AMWU immediately expressed outrage at the decision, claiming that the contract loss was not significant enough to warrant any redundancies, particularly given the levels of growth in other markets. The targeted redundancies result-ed in job losses for three of the five on-site chemists (who had not been union members originally, but who quickly sought membership after the WKG takeover) and up to 12 percent of production staff (around 15 of the 120 workers). The company insisted that given the level of broader expertise in the wider organization there was no longer a need for their skills. Having seen the experience of their co-workers with the recent redundancies, many staff, particularly senior staff, worry that they will be next and have started

talking about protecting their jobs and their rights to know what's going on in their company. In fact, someone has set up a webpage 'haditwithjade.com' where workers have started to post online about their dissatisfaction with the job, their fears for the future, and most importantly what they can do about it.

The AMWU requested a meeting with management with four items on the agenda: an enhanced severance package for the three chemists and 15 production staff; discussion of the dress code, negotiation of a technology agreement governing automation and skills retraining in the future; and the reintroduction of overtime pay. They claim that some of the changes introduced border on breaching the enterprise agreement (EA) at JGC. Management declined the request, indicating that these items were outside the remit of the union agreement. The AMWU's real concern is that WKG will use the temporary staff employed on the weekend shift to undermine the existing EA. The union was involved in a similar case a number of years ago that was brought before the Fair Work Commission but still resulted in significant industrial action which was difficult for the workers involved.

The AMWU local organizer and a number of worker activists organized a meeting over the weekend to discuss a potential ballot for strike action. Knowing how important image and marketing is to WKG, the union decided to do something to capture media attention and create a sense of solidarity in challenging management and the changes led by Mr Kunz. The workers were all asked to bring to the meeting empty bottles of JGC and were provided with t-shirts with a likeness of Jeremy Kunz printed on the front (some of the group continued to wear their skirts!), thus directing their attention to Mr Kunz himself as failing to deliver on promises previously made to the workers of JGC. The workers then recorded themselves (and posted on YouTube) singing the working-class ballad,

"The Man that Waters the Workers' Beer": I am the man, the very fat man that waters the workers' beer. And what do I care if it makes them ill, if it makes them terribly queer. I've a car, a yacht, and an aeroplane, and I waters the workers' beer.

The following week, the local management team, including Mr Kunz, contacted the AMWU indicating that they would like to bring forward the date of their next meeting with the union group. They stated that they were prepared to discuss the union concerns on the issues raised but that in order for talks to be productive it was critical that all members of the "JGC family" refrain from behaviors that "damage the brand and reputation" of WKG (and JGC products). A condition of management meeting the union is the discussion of a revised disciplinary policy, sent to the union for review, in advance of the upcoming meeting. The revised policy includes a new paragraph which specifically notes that any employee who is found to engage in behavior (either on or off site) which "in any way ridicules, derides or disparages any member of management (or staff) of WKG or jeopardizes the name or reputation of the company in any way shall be considered

as having engaged in gross misconduct” and shall be liable to be dismissed. The meeting is due to take place next week.

Questions

1. Identify the reasons behind the resistance of employees
2. What was the type of organizational culture with the old ownership and what was the type of organizational culture of the acquired company?
3. Why the new management failed to make the transition? If you were the new management which acquired this company, how would you make this transition more effective? You need to take into consideration the culture of this organization and the culture of the acquirer as described in the case. Please describe your 5 most important steps/actions.