

## Marriott International

**1. What were the forces operating upon the organizational system in 1993 (from within and from outside) that were creating the organization's challenges?**

The low wage employees are having serious problems which creates a negative impact on the company performance. It threatens the high standards of service. Outside problems that affected the employees.

Inside problems is the referral program that do not help the employees.

The employees change jobs quickly.

**2. What could be other forces operating upon organizations (from both within and from outside)?**

Outside problems like cultural problems (different national problems).

Markets. Unions. Governments Policys. Social systems. The general economy. Electronic innovation.

Inside problems: Emotions and families.

**3. What are the stressors operating on the lower wage associates (hourly workers) at Marriott and what is the business impact on the company? Looking at the enormity of the problems that are largely outside the organization's control, should Klein bother to attend to these? Why/why not?**

The low wage employees do not have time for their kids and other daily needs because they need to work many hours to pay for groceries and their house. There is a lot of sibling care issues.

They should attend to these issues, because it has a negative on the service standards. A reason for not to handle the problems is that the employees will change jobs quickly.

The employees are the people the costumer meets which is why the problems should be concerned. Look at the asset specificity is low, because many people can do the job.

- 4. What is the scale of the problem in numbers – how many hourly workers does Marriott employ? What jobs do these employees perform? What is the strategic importance of the hourly workers for the business at Marriott?**

Around 135.000 workers. They perform jobs as housekeepers, food service personnel, customer service representatives and maintenance workers.

The strategic importance is, that the employees are cheap and do not require specific skills.

- 5. Being an enormous, international conglomerate, is it not possible for Marriott to fulfil its responsibility towards its employees by simply enhancing wages of the hourly workers?**

It depends on whether or not the employees will use the money efficiently to solve their problems. Also, it depends on how much more money the employees will need to solve their problems. Therefore, the company could instead make research of the most common problem and create an incentive plan to resolve those, this might be cheaper than and more effective than just raising all the wages.

- 6. Make a calculation of how much the workers would be earning at an average of 40 hrs/week, 50 weeks/year.**

7\$ an hour times 40 = \$280 a week times 50 weeks = \$14.000

- 7. Make a calculation of how much it would cost Marriott to increase wages by a dollar/hour and look at the figures in Exhibit 1 to check feasibility of such an increase.**

The low wage workers wages sums to  $\$14.000 \times 135.000 = 1.890$  mil. With \$1 increase:  $8 \times 40 \times 50 = 16.000 \times 135.000 = 2.160$ . The company will pay  $2.160 - 1.890 = 270$  mil extra if they increase minimum wages to \$8. Their net income is 126 mil, so they can't afford to increase wages by 1\$.

- 8. Under the circumstances, what feasible solutions could be looked at to solve the stress-related problems of hourly workers at Marriott?**

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- 9. According to Williamson's theory, what would be the best way of organising to solve the problem? (refer to asset specificity, uncertainty/complexity and frequency of transactions)**

The company should require their own childcare system instead of letting the employees dealing with their problems concerning the kids.

Complexity low: They do not show up work. Not that complex.

Uncertainty high: because the employees are unreliable. They do not show up for work.  
Transaction frequency.

We need to provide a centralized solution that assert all the problems. They solved it with. The idea of having a hotline. This also requires expert behind the hotline.