

MODERN SHOE MANUFACTURING COMPANY case study solution



Brand: Mehta Solutions

Product Code: case18

Weight: 0.00kg

Price: Rs500

Short Description

HRD DILEMMA case study solution

Description

MODERN SHOE MANUFACTURING COMPANY

analyse the Trade Union's strategy in Modern Shoe Manufacturing company's case.

On Monday, October 9, 1969, Mr. Kamal Verma Personnel Manager of the Modern Shoe Manufacturing Company, met Mr. Anil Mehta, secretary of the above shoe company's union, for a meeting. Mrs. Usha Sharma, a former employee of the above company, accompanied Mr. Metha to the meeting. Mr. Mehta asked Mr. Verma to explain why Mrs. Sharma had been laid off on the previous Friday because of lack of work. Mr. Verma replied tha Mrs. Sharma had been discharged, not laid off. Mr. Mehta showed Mr. Verma a letter signed by Mr. Subhash Kapoor, the company's assistant personnel manager. The letter stated that Mrs. Sharma had been laid off because of lack of work.

The Modern Shoe Manufacturing Company, located in Knapur, was a large manufacturer of men's shoes. The company employed about 800 people who had been organised by the union in 1960. In commenting on the Modern company's attitude towards the union, Mr. Ashok Khanna, regional director of the union, said at a union meeting in 1968, "The Modern company has been ramming things down the union's throat long enough. The company has b

A

een getting away with murder. It's time we did something about it." The union had a two-year contract with the company which expired in November 1958.

In September 1959, the company had installed a belt conveyer unit to manufacture one of its more simply constructed shoes, the loafer. A group of 22 workers were transferred from various parts of the company to work on the conveyer unit. The conveyer unit had been conceived and developed by Mr. Rakesh Sethi vice-president and industrial engineer of the Modern company. Mr. Sethi, about 33 years old, had worked as an industrial engineer for a large machine tool manufacturing company prior to accepting a position as industrial engineer at the Modern company in 1963. He was made a vicepresident in 1967 by Mr Pallav Ghosh, owner and president of the company. Mr. Ghosh, in describing Mr. Sethi, said, "Mr. Sethi is young, aggressive and smart. I have been able to devote my time almost exclusively to sales since he has been with the company. I Pay Mr. Sethi a salary and a bonus based on our production and manufacturing costs. It amounts to a fancy figure, but he's worth it."

The Modern company manufactured about 50 different styles of men' shoes, one of which was the loafer. The company, as do the vast majority of shoe manufacturers, used fiberboard boxes and four-wheeled racks to transport unfinished shoes through the factory. Shoes were put in lots of 12 pairs and each such lot was placed in a box which was pushed from operation to operation by the individual workers. A woman stitcher, for example, would leave her machine and walk 20 feet to the preceding operation where there might be 20 to 50 completed boxes of shoes. She would select a box and push it back to her machine. After she had completed her operation on the shoes, she would leave her machine again, push the box of completed shoes towards the following operation, and return to select another box. When the various parts of the shoes were sewn and assembled, the shoes were placed on racks which were wheeled through the remaining operations : lasting, welting, soling, inspection, and packing. There were about 45 to 50 operations required in the manufacture of most of the company's shoes. The loafer required 15 operations. All of the direct production employees of the modern plant were paid on an individual, straight-piecework basis. In 1959, the average wage was about Rs. 1.15 per hour.

Mr. Sethi's plan for the production of the loafer was radically different from the usual production procedure. He planned to arrange all the production operations around a mechanical conveyer. This production unit would make only loafers, and would operate independently of the rest of the factory. In explaining his plan to Mr. Ghosh, Mr. Sethi said, "Present labour costs on the loafer are. about 63 new paise per pair, and that

includes a couple of loose rates. There are also allowances for pushing racks on the several operations. Sales are excellent. We have a backlog of about five months' orders without current daily production of 30 dozen pairs of loafers. My plan would be to set up a conveyer unit making 50 to 70 dozen pairs of loafers a day. I think we could do this with about 20 operations. Sell them some form of a group incentive plan and we'll bring that 60 new paise labour cost down considerably. The conveyer unit will cost about Rs. 5,000, but can be easily written off within a year on the labour savings." Mr. Ghosh agreed to

Mr. Sethi's proposed plan. Mr. Madan Mohan, an industrial engineer who had been with the company for about a year, was assigned to design the new conveyer unit. Mr. Sethi met frequently with Mr. Mohan to discuss the proper spacing of machines and the number of operators that would be required to allow a smooth flow of work. In August 1969, plans were completed for the unit which would require 22 operators to produce a potential 70 dozen pairs of loafers daily. Mr. Sethi recruited the 22 operators from various departments of the company.

He explained to each operator that a tentative base rate of production was being set at 250 dozen pairs of loafers per week. For any production over this weekly base rate, the group would receive a bonus. Mr. Sethi worked out a base hourly wage rate with each of the operators. These base rates averaged 90 new paise per hour. In explaining how he arranged the rates with the individual operators, Mr. Sethi said, "Group incentive was something new to the operators. They had all been on piece-work and had averaged about Rs. 1.10 per hour, somewhat lower than the factory average. I had a couple of selling points for working on the conveyer at an hourly base rate : they could sit at their machines and the work would come to them; they would be working on one type shoe and there would be relatively little machine adjusting or set-up; and with a base rate of 90 new paise for 250 dozen pairs of shoes per week, they would actually make Rs.1.25 per hour when they began making the potential 350 pairs per week. They thought the base rate was guaranteed. I didn't go into any detail about it— they bought the plan." Installation of the conveyer unit was completed in September 1969. Mr.

Sethi asked Mr. Madan Mohan, who had designed the unit, to work as foreman of the new unit. Mr. Madan Mohan objected. He had done production work at other companies, but he preferred to do methods and industrial engineering work. Mr. Sethi then asked Mr. Mohan to take the job until a suitable foreman was found. Mr. Madan Mohan agreed on this basis. The potential daily production of 70 dozen pairs of shoes on the new unit was based on the conveyer running for 420 minutes at its maximum rate of speed. When Mr. Madan Mohan agreed to accept the foreman's job, Mr. Sethi said, "I've had a lot of experience with conveyers. I want you to keep the conveyer going at all times except for rest periods, and I want it going at top speed. Get these people thinking in terms of two pairs of shoes per minute, 70 dozen pairs of shoes a day, and 350 dozen pairs of shoes a

week. They are all experienced operators on their individual jobs, and it's just a matter of getting used to doing their jobs in a little different way. I want you to make that base rate of 250 dozen pairs a week work." Mr. Madan Mohan replied, "If I'm going to be foreman of the conveyer unit, I want to do things my way. I've worked on conveyers and don't agree with you on the first getting people used to a conveyer going at top speed.

These people have never seen a conveyer. You'll scare them. I would like to run the conveyer at one-third speed for two or three weeks, and then gradually increase the speed. I think we should discuss setting the base rate on a daily basis instead of a weekly basis. I would also suggest setting a daily base rate at 45 or even 40 dozen pairs. You have to set a base rate low enough for them to make. Once they know they can make the base rate, then they will go after the bonus." Mr. Sethi said, "You do it your way on the speed, but remember it's the results that count. On the base rate, I'm not discussing it with you; I'm telling you to make the 250 dozen pairs a week work. I don't want a daily base rate."

After three weeks of operation, the conveyer unit was averaging 20 dozen pairs of loafers per day. Mr. Sethi made a daily 15-minute visit to the conveyer unit. In speaking of Mr. Sethi's daily visits. Mr. Madan Mohan said, "I wish the hell he'd stay away. I'm doing all right, but it's going to take some time getting these people used to the conveyer. Sethi has come down to the unit, and has found the conveyer shut down on a few occasions. We may have had a machine breakdown or some operator buried. There was no use running the conveyer until we had the trouble squared away, but Sethi, whenever he saw the conveyer down, would run over to the control box and turn it back on. Then he would come over and ask me if I knew the conveyer had been clown. He could get me damn mad. Sure, I knew the conveyer had been down. I had turned it off myself. Sethi's point was if a worker got buried, then he would just have to work faster to get caught up, but that was no reason to shut the conveyer down. And at least three times, Sethi, without my knowing it, speeded the conveyer up to its top speed. He was just doing it to see what would happen, he told me. I could tell what would happen without his doing it."

On Friday morning of each week, Mr. Sethi met with Mr. Madan Mohan to discuss the conveyer unit's weekly production, quality, and actual costs. During the third week of operation, Mr. Sethi had noticed that Mr. Madan Mohan was borrowing a girl from another department to help out on the conveyer's packing operation whenever the packer, Usha Sharma, was behind on her work. At their next weekly meeting, Mr. Sethi criticised Mr. Madan Mohan for using the extra girl on the packing operation. The following conversation took place :

Mr. Sethi : You have to let these people sweat out their problems. You can't add an extra girl whenever your packer gets buried. You're only making 20 dozen pairs a day. That's 240 pairs. If you were running the conveyer at the speed I suggested, you could make 240

pairs in 120 minutes. That's two hours. You could make all the shoes you're making in two hours, and you add an extra girl because your packer gets buried. How can she get buried when she's only doing two hours' work? You're too soft with the operators and if you let them, they will walk all over you. Mr. Madan Mohan : I'll admit the packer waits around some of the time. She labels boxes during some of her waiting time. The trouble is that when the work gets down to the packer, it comes in bunches. She just can't keep up with the packing if the work doesn't come to her evenly. As a matter of fact, having an extra girl available relieves some of the pressure in the unit. The girl can help out on inspecting and finishing as well as packing. The operators haven't gotten used to staying on the job and working at a set pace. On their previous jobs they could take a break whenever they liked. Some of them have complained that it makes them nervous not being able to leave the conveyer when they want to. I'm all for having an extra girl in the unit.

Mr. Sethi : Sure, you're all for having an extra girl in the unit. Anybody could make the conveyer unit work if I gave them enough people. The fact is, Madan Mohan, that in our original plans you and I agreed that one packer could handle the work on the conveyer. We did agree, didn't we?

Mr. Madan Mohan : Yes, we agreed but that was when the conveyer was in the design stage. Sometimes things don't work out the way you plan them.

Mr. Sethi : You agreed to one packer and that's all there is to it. Usha Sharma is an experienced packer. We were short of work in the welt department and had planned to lay her off when the conveyer job came up. She was glad to take the job. Usha Sharma is a shrewd cookie, and I think she's giving you the business in order to get the base rate set lower than 250 dozen pairs. She does the last operation on the conveyer, and it's damn easy for her to control the production that comes off the conveyer. She probably thinks by keeping the production down, we will lower the base rate. Well, she's mistaken. Everyone on the conveyer agreed to the 250 dozen pairs. At their meeting in the following week, Mr. Sethi told Mr. Madan Mohan to the Usha Sharma. Mr. Sethi said, "You have had an extra girl on packing for most of the week. We agreed last week that if Usha Sharma couldn't handle the work, we were going to let her go. Did you talk to her ?" Mr. Madan Mohan replied, "No. I didn't talk to her. I still think you have to go easy with these people until they're used to the conveyer." Mr. Sethi asked, "And when is that doing to be?" He continued, " I want you to let Usha Sharma go to-night. I'll have someone in here on Monday morning who can do the packing job."

Later, Mr. Sethi notified Mr. Kamal Verma, the personnel manager, and his assistant, Mr Kapur, to have an experienced packer available for Mr. Madan Mohan on Monday morning. He explained that Usha Sharma was being let go. Mr. Kamal Verma thought he would be able to borrow a packer from another department on Monday morning until an

experienced packer could be hired. That afternoon Mr. Kamal Verma called Mr. Madan Mohan, and informed him that there would be someone available to do his packing on Monday morning. When the plant closed down for the day, Mr. Madan Mohan talked to Mrs. Usha. He explained, "I am sorry' but things have not worked out the way I had hoped they would. I have to let you go. You have been able to keep up with the present production of the conveyer which is not half of the production we plan to make. I am only allowed one packer on the conveyer. I am sorry. A conveyer is a tough job to get used to, so don't feel badly about it." Mr. Madan Mohan avoided mentioning Mr. Sethi's contention that she had been deliberately holding back on production to get a lower base rate for the unit. On the following Monday morning, Mrs. Sharma reported for work at the Kanpur plant. She was stopped by the gate watchman who had been instructed that no discharged employee be allowed in the plant. The watchman referred Mrs. Sharma to the personnel office at another entrance to the plant. Mr. Kapur, the assistant personnel manager, was in the office when Mrs. Sharma came in. Mr. Kamal Verma, the personnel manager, was in Kanpur on company business. and was not expected back until 12 o'clock for his weekly meeting with the union's business agent, Mr. Anil Mehta. Mr. Kapur asked Mrs. Sharma why she had reported for work. She replied that Mr. Madan Mohan was very vague in his talk with her on Friday night. She said, "After I had arrived home and given some thought to the matter, I wasn't certain whether I had been fired." Mr. Kapur stepped into an adjoining office and called Mr. Madan Mohan who assured him that he had told Mrs. Sharma she was fired. Mr. Kapur returned to the personnel office and explained to Mrs. Sharma that Mr. Madan Mohan had tired her because she was unable to keep up with the conveyer's production. Mr. Kapur who was aware that Mr. Sethi had thought Mrs. Sharma was deliberately holding back on the conveyer's production, did not mention this fact to Mrs. Sharma. Mrs. Sharma asked, Mrs. Subhash, could you give me a letter of reference ? It's awfully difficult to get a job in town if you don't have some sort of a reference"

Mr. Subhash, who had been with the Modern company for nine months worked for Mr. Kamal Verma as part of a company training program for young college graduates. Mr. Subhash had hired Mrs. Sharma in March 1969. He decided to give her a reference, and typed a letter that stated, "Mrs. Sharma has been in the Modern Company's employ for the past eight months. She has been steady employee. She, has been laid off because of lack of work." Mr. Kapur signed the letter as assistant personnel manager, and gave it to Mrs. Sharma. Mrs. Sharma thanked Mr. Kapur and left. At 12 o'clock Mr. Kamal Verma arrived at the plant for his meeting with Mr. Mehta, the union business agent. It was a company policy that the union business agent was not allowed to go into the production area of the Kanpur plant; however, Mr. Mehta could meet with Mr. Verma in the company's personnel office. Their meetings were regularly held in the personnel office Monday and Thursday of each week during the company's lunch period— 1.00 P.M. to 2.00 P.M. Workers could present their grievances to Mr. Mehta either at the union's office or at these noontime meetings. The union had asked that the business agent have free access to

the Kanpur plant at the time of their last contract signing December 1968. The company had refused, and was successful in maintaining its stand. Mr. Verma had been instructed by Mr. Sethi that he was to assume a "wait and see" attitude on all minor grievances such as a worker's objection to new piece rates or requests for piecework make-up. On any serious union grievance, Mr. Sethi usually met with Mr. Verma and Mr. Mehta. When Mr. Verma had read Mrs. Sharma's letter of reference, signed by Mr. Kapur, he explained that any discussion would have to be postponed until Mr. Kapur returned from lunch at 2.00 P. M. When Mr. Kapur returned, he joined Mr. Verma at the meeting with Mr. Mehta and Mrs. Sharma. Mr. Kapur explained under what circumstances the letter had been written.

Mr. Kapur : Mrs. Sharma asked me for a letter of reference. I felt sorry for her. I couldn't say we fired her, so I said we laid her off. She knows that. Mr. Mehta : All we know is what the letter says. Mrs. Sharma was laid off because of lack of work. There's no lack of work on the conveyer unit. She wants her job back. She's entitled to it.

Mr. Verma : You're taking advantage of the situation. I think Kapur did a dumb thing, but that doesn't change the situation. We fired Mrs. Sharma. Mr. Mehta: All we know is what the letter says.

Mr. Verma called Mr. Sethi. Mr. Verma explained what has happened, and asked his advice. Mr. Sethi replied, "Put Mrs. Sharma back on her old job in the welt department. Tell Mehta she's not suited for the job on the conveyer, and send Kapur to my office right away." Mr. Verma told Mr. Mehta that the company was willing to put Mrs. Sharma back on her old job in the welt department. He added that the company could not return her to the conveyer job because she apparently wasn't suited for that type of work. Mr. Mehta agreed to Mr. Verma's alternative, and Mrs. Sharma reported for work in the welt department.

Mr. Kapur reported to Mr. Sethi's office. Mr. Sethi said, "Of all the dumb, sentimental things I've heard of, the stunt you pulled today was a prize. Kapur. I told you the day I hired you that there was no place for sentiment in this business. I hope you realise that now. We just rehired your friend, Mrs. Sharma, on her old job in the welt department, but I intend to get her out of this factory within a month. Kapur, You've got to learn that they don't pay off on nice guys."

Case analysis.

The situation is a power play and ego tussle between the management representatives and the union. The management is always looking for employees who are not ready to work on their agenda and take actions against them. At the same time the union is also looking for opportunities to pounce upon the management where ever they find any loop hole.

Whether or not in the interest of the company, the union would try to favor employees even in a situation where they are wrong.

The situation is definitely significant from the company, as the conveyer belt was built with a great set of aspirations and time consumption and the management would like to see it becoming successful. With the same intention Mr. Sethi asked Mr madan mohan that he should run the conveyer belt at the maximum speed from the start as Mr Sethi already suspected that the workers may try to lower the target rate so as to take lesser burden. Even with the group incentives being their the workers would have tried this trick to keep the basic rate lower so that with lesser effort they can earn more incentive.

But Mr Sethi was definitely experienced on this issue and hence he advised Mr Madan mohan of the group psyche that they once are used to lower rate of production they may resist to go to higher productivity. But Mr Madan who is not actually a supervisor and foreman didn't agree with Mr sethi.

This resulted what Mr Sethi suspected in the lowing of the production and even higher utilization of manpower. The workers should have supported the initiatives taken by the management by trying to learn to work on the conveyer belt and try to accustom themselves on the new environment of working.

But what really happened, the workers were not ready to take the initiative to do the job.

The project at this stage definitely required a hard action by the management to tell the workers that if they try to sabotage the initiatives of the management they will be dealt hard by the company

For the same Mr sethi rather than just removing Mrs. Sharma fro the conveyer belt and putting her on the old job as she was not being successful on the new job decided to dismiss her from the job though evidently it does not look to be such a grave matter for dismissal but Mr Sethi knew that this would ser a very clear message for the other workers and they would know how to behave in their job.

But the union in the company is always looking for opportunities to retaliate back to the company and hence they rather than really understanding the reason for such a dismissal and communicating with other workers only sided with ms Sharma and using the loophole for the language in the letter given to her argued to put her back in her job. They did not bother about the seriousness of the behavior Mrs Sharma engaged got her reinstated her. The actions of Mrs Sharma can be categorized as sabotage and willful misleading which deserves a higher punishment. Mr Madan being an industrial engineer is unaware of such games that are played could neither apprehend this problem but also could not take action in the right way.

The action of Mr Sethi is harsh but is definitely justified and it will clearly set clear precedent in the company so that workers will take the work seriously.

Analyse the Trade Union's strategy in Modern Shoe Manufacturing company's case.

On Monday, October 9, 1969, Mr. Kamal Verma Personnel Manager of the Modern Shoe Manufacturing Company, met Mr. Anil Mehta, secretary of the above shoe company's union, for a meeting. Mrs. Usha Sharma, a former employee of the above company, accompanied Mr. Metha to the meeting. Mr. Mehta asked Mr. Verma to explain why Mrs. Sharma had been laid off on the previous Friday because of lack of work. Mr. Verma replied tha Mrs. Sharma had been discharged, not laid off. Mr. Mehta showed Mr. Verma a letter signed by Mr. Subhash Kapoor, the company's assistant personnel manager. The letter stated that Mrs. Sharma had been laid off because of lack of work.

The Modern Shoe Manufacturing Company, located in Knapur, was a large manufacturer of men's shoes. The company employed about 800 people who had been organised by the union in 1960. In commenting on the Modern company's attitude towards the union, Mr. Ashok Khanna, regional director of the union, said at a union meeting in 1968, "The Modern company has been ramming things down the union's throat long enough. The company has been getting away with murder. It's time we did something about it." The union had a two-year contract with the company which expired in November 1958.

In Sepember 1959, the company had installed a belt conveyer unit to manufacture one of its more simply constructed shoes, the loafer. A group of 22 workers were transferred from various parts of the company to work on the conveyer unit. The conveyer unit had been conceived and developed by Mr. Rakesh Sethi vice-president and industrial engineer of the Modern company. Mr. Sethi, about 33 years old, had worked as an industrial engineer for a large machine too manufacturing company prior to accepting a position as industrial engineer a the Modern company in 1963. He was made a vicepresident in 1967 by Mr Pallav Ghosh, owner and president of the company. Mr. Ghosh, in describing Mr. Sethi, said, "Mr. Sethi is young, aggressive and smart. I have been able to devote my time almost exclusively to sales since he has been with the company. I Pay Mr. Sethi a salary and a bonus based on our production and manufacturing costs. It amounts to a fancy figure, but he's worth it."

The Modern company manufactured about 50 different styles of men' shoes, one of which was the loafer. The company, as do the vast majority of shoe manufacturers, used fiberboard boxes and four-wheeled racks to transport unfinished shoes through the factory. Shoes were put in lots of 12 pairs and each such lot was placed in a box which was pushed from operation to operation by the individual workers. A woman stitcher, for example, would leave her machine and walk 20 feet to the preceding operation where there might be 20 to 50 completed boxes of shoes. She would select a box and push it

back to her machine. After she had completed her operation on the shoes, she would leave her machine again, push the box of completed shoes towards the following operation, and return to select another box. When the various parts of the shoes were sewn and assembled, the shoes were placed on racks which were wheeled through the remaining operations : lasting, welting, soling, inspection, and packing. There were about 45 to 50 operations required in the manufacture of most of the company's shoes. The loafer required 15 operations. All of the direct production employees of the modern plant were paid on an individual, straight-piecework basis. In 1959, the average wage was about Rs. 1.15 per hour.

Mr. Sethi's plan for the production of the loafer was radically different from the usual production procedure. He planned to arrange all the production operations around a mechanical conveyer. This production unit would make only loafers, and would operate independently of the rest of the factory. In explaining his plan to Mr. Ghosh, Mr. Sethi said, "Present labour costs on the loafer are. about 63 new paise per pair, and that includes a couple of loose rates. There are also allowances for pushing racks on the several operations. Sales are excellent. We have a backlog of about five months' orders without current daily production of 30 dozen pairs of loafers. My plan would be to set up a conveyer unit making 50 to 70 dozen pairs of loafers a day. I think we could do this with about 20 operations. Sell them some form of a group incentive plan and we'll bring that 60 new paise labour cost down considerably. The conveyer unit will cost about Rs. 5,000, but can be easily written off within a year on the labour savings." Mr. Ghosh agreed to

Mr. Sethi's proposed plan. Mr. Madan Mohan, an industrial engineer who had been with the company for about a year, was assigned to design the new conveyer unit. Mr. Sethi met frequently with Mr. Mohan to discuss the proper spacing of machines and the number of operators that would be required to allow a smooth flow of work. In August 1969, plans were completed for the unit which would require 22 operators to produce a potential 70 dozen pairs of loafers daily. Mr. Sethi recruited the 22 operators from various departments of the company.

He explained to each operator that a tentative base rate of production was being set at 250 dozen pairs of loafers per week. For any production over this weekly base rate, the group would receive a bonus. Mr. Sethi worked out a base hourly wage rate with each of the operators. These base rates averaged 90 new paise per hour. In explaining how he arranged the rates with the individual operators, Mr. Sethi said, "Group incentive was something new to the operators. They had all been on piece-work and had averaged about Rs. 1.10 per hour, somewhat lower than the factory average. I had a couple of selling points for working on the conveyer at an hourly base rate : they could sit at their machines and the work would come to them; they would be working on one type shoe and there would be relatively little machine adjusting or set-up; and with a base rate of 90

new paise for 250 dozen pairs of shoes per week, they would actually make Rs.1.25 per hour when they began making the potential 350 pairs per week. They thought the base rate was guaranteed. I didn't go into any detail about it— they bought the plan." Installation of the conveyer unit was completed in September 1969. Mr.

Sethi asked Mr. Madan Mohan, who had designed the unit, to work as foreman of the new unit. Mr. Madan Mohan objected. He had done production work at other companies, but he preferred to do methods and industrial engineering work. Mr. Sethi then asked Mr. Mohan to take the job until a suitable foreman was found. Mr. Madan Mohan agreed on this basis. The potential daily production of 70 dozen pairs of shoes on the new unit was based on the conveyer running for 420 minutes at its maximum rate of speed. When Mr. Madan Mohan agreed to accept the foreman's job, Mr. Sethi said, "I've had a lot of experience with conveyers. I want you to keep the conveyer going at all times except for rest periods, and I want it going at top speed. Get these people thinking in terms of two pairs of shoes per minute, 70 dozen pairs of shoes a day, and 350 dozen pairs of shoes a week. They are all experienced operators on their individual jobs, and it's just a matter of getting used to doing their jobs in a little different way. I want you to make that base rate of 250 dozen pairs a week work." Mr. Madan Mohan replied, "If I'm going to be foreman of the conveyer unit, I want to do things my way. I've worked on conveyers and don't agree with you on the first getting people used to a conveyer going at top speed.

These people have never seen a conveyer. You'll scare them. I would like to run the conveyer at one-third speed for two or three weeks, and then gradually increase the speed. I think we should discuss setting the base rate on a daily basis instead of a weekly basis. I would also suggest setting a daily base rate at 45 or even 40 dozen pairs. You have to set a base rate low enough for them to make. Once they know they can make the base rate, then they will go after the bonus." Mr. Sethi said, "You do it your way on the speed, but remember it's the results that count. On the base rate, I'm not discussing it with you; I'm telling you to make the 250 dozen pairs a week work. I don't want a daily base rate."

After three weeks of operation, the conveyer unit was averaging 20 dozen pairs of loafers per day. Mr. Sethi made a daily 15-minute visit to the conveyer unit. In speaking of Mr. Sethi's daily visits. Mr. Madan Mohan said, "I wish the hell he'd stay away. I'm doing all right, but it's going to take some time getting these people used to the conveyer. Sethi has come down to the unit, and has found the conveyer shut down on a few occasions. We may have had a machine breakdown or some operator buried. There was no use running the conveyer until we had the trouble squared away, but Sethi, whenever he saw the conveyer down, would run over to the control box and turn it back on. Then he would come over and ask me if I knew the conveyer had been clown. He could get me damn mad. Sure, I knew the conveyer had been down. I had turned it off myself. Sethi's point was if a worker got buried, then he would just have to work faster to get caught up, but that was

no reason to shut the conveyer down. And at least three times, Sethi, without my knowing it, speeded the conveyer up to its for speed. He was just doing it to see what would happen, he told me. I could tel what would happen without his doing it."

On Friday morning of each week, Mr. Sethi met with Mr. Madan Mohan to discuss the conveyer unit's weekly production, quality, and actual costs, During the third week of operation, Mr. Sethi had noticed that Mr. Madan Mohan was borrowing a girl from another department to help out on the conveyer's packing operation whenever the packer, Usha Sharma, was behind on her work. At their next weekly meeting, Mr. Sethi criticised Mr. Madan Mohan for using the extra girl on the packing operation. The following conversation took place :

Mr. Sethi : You have to let these people sweat out their problems. You can't add an extra girl whenever your packer gets buried. You're only making 20 dozen pairs a day. That's 240 pairs. If you were running the conveyer at the speed I suggested, you could make 240 pairs in 120 minutes. That's two hours. You could make all the shoes you're making in two hours, and you add an extra girl because your packer gets buried. How can she get buried when she's only doing two hours' work? You're too soft with the operators and if you let them, they will walk all over you. Mr. Madan Mohan : I'll admit the packer waits around some of the time. She labels boxes during some of her waiting time. The trouble is that when the work gets down to the packer, it comes in bunches. She just can't keep up with the packing if the work dosen't come to her evenly. As a matter of fact, having an extra girl available relieves some of the pressure in the unit. The girl can help out on inspecting and finishing as well as packing. The operators haven't gotten used to staying on the job and working at a set pace. On their previous jobs they could take a break whenever they liked. Some of them have complained that it makes them nervous not being able to leave the conveyer when they want to. I'm all for having an extra girl in the unit.

Mr. Sethi : Sure, you're all for having an extra girl in the unit. Anybody could make the conveyer unit work if I gave them enough people. The fact is, Madan Mohan, that in our original plans you and I agreed that one packer could handle the work on the conveyer. We did agree, didn't we?

Mr. Madan Mohan : Yes, we agreed but that was when the conveyer was in the design stage. Sometimes things don't work out the way you plan them.

Mr. Sethi : You agreed to one packer and that's all there is to it. Usha Sharma is an experienced packer. We were short of work in the welt department and had planned to lay her off when the conveyer job came up. She was glad to take the job. Usha Sharma is a shrewd cookie, and I think she's giving you the business in order to get the base rate set lower then 250 dozen pairs. She does the last operation on the conveyer, and it's damn

easy for her to control the production that comes off the conveyer. She probably thinks by keeping the production down, we will lower the base rate. Well, she's mistaken. Everyone on the conveyer agreed to the 250 dozen pairs. At their meeting in the following week, Mr. Sethi told Mr. Madan Mohan to the Usha Sharma. Mr. Sethi said, "You have had an extra girl on packing for most of the week. We agreed last week that if Usha Sharma couldn't handle the work, we were going to let her go. Did you talk to her?" Mr. Madan Mohan replied, "No. I didn't talk to her. I still think you have to go easy with these people until they're used to the conveyer." Mr. Sethi asked, "And when is that doing to be?" He continued, "I want you to let Usha Sharma go to-night. I'll have someone in here on Monday morning who can do the packing job."

Later, Mr. Sethi notified Mr. Kamal Verma, the personnel manager, and his assistant, Mr. Kapur, to have an experienced packer available for Mr. Madan Mohan on Monday morning. He explained that Usha Sharma was being let go. Mr. Kamal Verma thought he would be able to borrow a packer from another department on Monday morning until an experienced packer could be hired. That afternoon Mr. Kamal Verma called Mr. Madan Mohan, and informed him that there would be someone available to do his packing on Monday morning. When the plant closed down for the day, Mr. Madan Mohan talked to Mrs. Usha. He explained, "I am sorry' but things have not worked out the way I had hoped they would. I have to let you go. You have been able to keep up with the present production of the conveyer which is not half of the production we plan to make. I am only allowed one packer on the conveyer. I am sorry. A conveyer is a tough job to get used to, so don't feel badly about it." Mr. Madan Mohan avoided mentioning Mr. Sethi's contention that she had been deliberately holding back on production to get a lower base rate for the unit. On the following Monday morning, Mrs. Sharma reported for work at the Kanpur plant. She was stopped by the gate watchman who had been instructed that no discharged employee be allowed in the plant. The watchman referred Mrs. Sharma to the personnel office at another entrance to the plant. Mr. Kapur, the assistant personnel manager, was in the office when Mrs. Sharma came in. Mr. Kamal Verma, the personnel manager, was in Kanpur on company business. and was not expected back until 12 o'clock for his weekly meeting with the union's business agent, Mr. Anil Mehta. Mr. Kapur asked Mrs. Sharma why she had reported for work. She replied that Mr. Madan Mohan was very vague in his talk with her on Friday night. She said, "After I had arrived home and given some thought to the matter, I wasn't certain whether I had been fired." Mr. Kapur stepped into an adjoining office and called Mr. Madan Mohan who assured him that he had told Mrs. Sharma she was fired. Mr. Kapur returned to the personnel office and explained to Mr. Sharma that Mr. Madan Mohan had tired her because she was unable to keep up with the conveyer's production. Mr. Kapur who was aware that Mr. Sethi had thought Mrs. Sharma was deliberately holding back on the conveyer's production, did not menti on this fact to Mrs. Sharma. Mrs..Sharma asked, Mrs. Subhash, could you give me a letter of reference ? It's awfully difficult to get a job in town if you don't have some sort of a reference"

Mr. Subhash, who had been with the Modern company for nine months worked for Mr. Kamal Verma as part of a company training program for young college graduates. Mr. Subhash had hired Mrs. Sharma in March 1969. He decided to give her a reference, and typed a letter that stated, "Mrs. Sharma has been in the Modern Company's employ for the past eight months. She has been steady employee. She, has been laid off because of lack of work." Mr. Kapur signed the letter as assistant personnel manager, and gave it to Mrs. Sharma. Mrs. Sharma thanked Mr. Kapur and left. At 12 o'clock Mr. Kamal Verma arrived at the plant for his meeting with Mr. Mehta, the union business agent. It was a company policy that the union business agent was not allowed to go into the production area of the Kanpur plant; however, Mr. Mehta could meet with Mr. Verma in the company's personnel office. Their meetings were regularly held in the personnel office Monday and Thursday of each week during the company's lunch period— 1.00 P.M. to 2.00 P.M. Workers could present their grievances to Mr. Mehta either at the union's office or at these noontime meetings. The union had asked that the business agent have free access to the Kanpur plant at the time of their last contract signing December 1968. The company had refused, and was successful in maintaining its stand. Mr. Verma had been instructed by Mr. Sethi that he was to assume a "wait and see" attitude on all minor grievances such as a worker's objection to new piece rates or requests for piecework make-up. On any serious union grievance, Mr. Sethi usually met with Mr. Verma and Mr. Mehta. When Mr. Verma had read Mrs. Sharma's letter of reference, signed by Mr. Kapur, he explained that any discussion would have to be postponed until Mr. Kapur returned from lunch at 2.00 P. M. When Mr. Kapur returned, he joined Mr. Verma at the meeting with Mr. Mehta and Mrs. Sharma. Mr. Kapur explained under what circumstances the letter had been written.

Mr. Kapur : Mrs. Sharma asked me for a letter of reference. I felt sorry for her. I couldn't say we fired her, so I said we laid her off. She knows that. Mr. Mehta : All we know is what the letter says. Mrs. Sharma was laid off because of lack of work. There's no lack of work on the conveyer unit. She wants her job back. She's entitled to it.

Mr. Verma : You're taking advantage of the situation. I think Kapur did a dumb thing, but that doesn't change the situation. We fired Mrs. Sharma. Mr. Mehta: All we know is what the letter says.

Mr. Verma called Mr. Sethi. Mr. Verma explained what has happened, and asked his advice. Mr. Sethi replied, "Put Mrs. Sharma back on her old job in the welt department. Tell Mehta she's not suited for the job on the conveyer, and send Kapur to my office right away." Mr. Verma told Mr. Mehta that the company was willing to put Mrs. Sharma back on her old job in the welt department. He added that the company could not return her to the conveyer job because she apparently wasn't suited for that type of work. Mr. Mehta agreed to Mr. Verma's alternative, and Mrs. Sharma reported for work in the welt department.

Mr. Kapur reported to Mr. Sethi's office. Mr. Sethi said, "Of all the dumb, sentimental things I've heard of, the stunt you pulled today was a prize. Kapur. I told you the day I hired you that there was no place for sentiment in this business. I hope you realise that now. We just rehired your friend, Mrs. Sharma, on her old job in the welt department, but I intend to get her out of this factory within a month. Kapur, You've got to learn that they don't pay off on nice guys."

Case analysis.

The situation is a power play and ego tussle between the management representatives and the union. The management is always looking for employees who are not ready to work on their agenda and take actions against them. At the same time the union is also looking for opportunities to pounce upon the management where ever they find any loop hole. Whether or not in the interest of the company, the union would try to favor employees even in a situation where they are wrong.

The situation is definitely significant from the company, as the conveyer belt was built with a great set of aspirations and time consumption and the management would like to see it becoming successful. With the same intention Mr. Sethi asked Mr madan mohan that he should run the conveyer belt at the maximum speed from the start as Mr Sethi already suspected that the workers may try to lower the target rate so as to take lesser burden. Even with the group incentives being their the workers would have tried this trick to keep the basic rate lower so that with lesser effort they can earn more incentive.

But Mr Sethi was definitely experienced on this issue and hence he advised Mr Madan mohan of the group psyche that they once are used to lower rate of production they may resist to go to higher productivity. But Mr Madan who is not actually a supervisor and foreman didn't agree with Mr sethi.

This resulted what Mr Sethi suspected in the lowing of the production and even higher utilization of manpower. The workers should have supported the initiatives taken by the management by trying to learn to work on the conveyer belt and try to accustom themselves on the new environment of working.

But what really happened, the workers were not ready to take the initiative to do the job.

The project at this stage definitely required a hard action by the management to tell the workers that if they try to sabotage the initiatives of the management they will be dealt hard by the company

For the same Mr sethi rather than just removing Mrs. Sharma fro the conveyer belt and putting her on the old job as she was not being successful on the new job decided to

dismiss her from the job though evidently it does not look to be such a grave matter for dismissal but Mr Sethi knew that this would send a very clear message for the other workers and they would know how to behave in their job.

But the union in the company is always looking for opportunities to retaliate back to the company and hence they rather than really understanding the reason for such a dismissal and communicating with other workers only sided with Ms Sharma and using the loophole for the language in the letter given to her argued to put her back in her job. They did not bother about the seriousness of the behavior Mrs Sharma engaged in to get her reinstated. The actions of Mrs Sharma can be categorized as sabotage and willful misleading which deserves a higher punishment. Mr Madan being an industrial engineer is unaware of such games that are played could neither apprehend this problem but also could not take action in the right way.

The action of Mr Sethi is harsh but is definitely justified and it will clearly set clear precedent in the company so that workers will take the work seriously.

analyse the Trade Union's strategy in Modern Shoe Manufacturing company's case.

On Monday, October 9, 1969, Mr. Kamal Verma Personnel Manager of the Modern Shoe Manufacturing Company, met Mr. Anil Mehta, secretary of the above shoe company's union, for a meeting. Mrs. Usha Sharma, a former employee of the above company, accompanied Mr. Mehta to the meeting. Mr. Mehta asked Mr. Verma to explain why Mrs. Sharma had been laid off on the previous Friday because of lack of work. Mr. Verma replied that Mrs. Sharma had been discharged, not laid off. Mr. Mehta showed Mr. Verma a letter signed by Mr. Subhash Kapoor, the company's assistant personnel manager. The letter stated that Mrs. Sharma had been laid off because of lack of work.

The Modern Shoe Manufacturing Company, located in Knapur, was a large manufacturer of men's shoes. The company employed about 800 people who had been organized by the union in 1960. In commenting on the Modern company's attitude towards the union, Mr. Ashok Khanna, regional director of the union, said at a union meeting in 1968, "The Modern company has been ramming things down the union's throat long enough. The company has b

A

een getting away with murder. It's time we did something about it." The union had a two-year contract with the company which expired in November 1958.

In September 1959, the company had installed a belt conveyer unit to manufacture one of its more simply constructed shoes, the loafer. A group of 22 workers were transferred from various parts of the company to work on the conveyer unit. The conveyer unit had been conceived and developed by Mr. Rakesh Sethi vice-president and industrial engineer of the Modern company. Mr. Sethi, about 33 years old, had worked as an industrial engineer for a large machine tool manufacturing company prior to accepting a position as industrial engineer at the Modern company in 1963. He was made a vice-president in 1967 by Mr Pallav Ghosh, owner and president of the company. Mr. Ghosh, in describing Mr. Sethi, said, "Mr. Sethi is young, aggressive and smart. I have been able to devote my time almost exclusively to sales since he has been with the company. I Pay Mr. Sethi a salary and a bonus based on our production and manufacturing costs. It amounts to a fancy figure, but he's worth it."

The Modern company manufactured about 50 different styles of men's shoes, one of which was the loafer. The company, as do the vast majority of shoe manufacturers, used fiberboard boxes and four-wheeled racks to transport unfinished shoes through the factory. Shoes were put in lots of 12 pairs and each such lot was placed in a box which was pushed from operation to operation by the individual workers. A woman stitcher, for example, would leave her machine and walk 20 feet to the preceding operation where there might be 20 to 50 completed boxes of shoes. She would select a box and push it back to her machine. After she had completed her operation on the shoes, she would leave her machine again, push the box of completed shoes towards the following operation, and return to select another box. When the various parts of the shoes were sewn and assembled, the shoes were placed on racks which were wheeled through the remaining operations : lasting, welting, soling, inspection, and packing. There were about 45 to 50 operations required in the manufacture of most of the company's shoes. The loafer required 15 operations. All of the direct production employees of the modern plant were paid on an individual, straight-piecework basis. In 1959, the average wage was about Rs. 1.15 per hour.

Mr. Sethi's plan for the production of the loafer was radically different from the usual production procedure. He planned to arrange all the production operations around a mechanical conveyer. This production unit would make only loafers, and would operate independently of the rest of the factory. In explaining his plan to Mr. Ghosh, Mr. Sethi said, "Present labour costs on the loafer are. about 63 new paise per pair, and that includes a couple of loose rates. There are also allowances for pushing racks on the several operations. Sales are excellent. We have a backlog of about five months' orders without current daily production of 30 dozen pairs of loafers. My plan would be to set up a conveyer unit making 50 to 70 dozen pairs of loafers a day. I think we could do this with about 20 operations. Sell them some form of a group incentive plan and we'll bring that 60 new paise labour cost down considerably. The conveyer unit will cost about Rs. 5,000, but can be easily written off within a year on the labour savings." Mr. Ghosh

agreed to

Mr. Sethi's proposed plan. Mr. Madan Mohan, an industrial engineer who had been with the company for about a year, was assigned to design the new conveyer unit. Mr. Sethi met frequently with Mr. Mohan to discuss the proper spacing of machines and the number of operators that would be required to allow a smooth flow of work. In August 1969, plans were completed for the unit which would require 22 operators to produce a potential 70 dozen pairs of loafers daily. Mr. Sethi recruited the 22 operators from various departments of the company.

He explained to each operator that a tentative base rate of production was being set at 250 dozen pairs of loafers per week. For any production over this weekly base rate, the group would receive a bonus. Mr. Sethi worked out a base hourly wage rate with each of the operators. These base rates averaged 90 new paise per hour. In explaining how he arranged the rates with the individual operators, Mr. Sethi said, "Group incentive was something new to the operators. They had all been on piece-work and had averaged about Rs. 1.10 per hour, somewhat lower than the factory average. I had a couple of selling points for working on the conveyer at an hourly base rate : they could sit at their machines and the work would come to them; they would be working on one type shoe and there would be relatively little machine adjusting or set-up; and with a base rate of 90 new paise for 250 dozen pairs of shoes per week, they would actually make Rs.1.25 per hour when they began making the potential 350 pairs per week. They thought the base rate was guaranteed. I didn't go into any detail about it— they bought the plan." Installation of the conveyer unit was completed in September 1969. Mr.

Sethi asked Mr. Madan Mohan, who had designed the unit, to work as foreman of the new unit. Mr. Madan Mohan objected. He had done production work at other companies, but he preferred to do methods and industrial engineering work. Mr. Sethi then asked Mr. Mohan to take the job until a suitable foreman was found. Mr. Madan Mohan agreed on this basis. The potential daily production of 70 dozen pairs of shoes on the new unit was based on the conveyer running for 420 minutes at its maximum rate of speed. When Mr. Madan Mohan agreed to accept the foreman's job, Mr. Sethi said, "I've had a lot of experience with conveyers. I want you to keep the conveyer going at all times except for rest periods, and I want it going at top speed. Get these people thinking in terms of two pairs of shoes per minute, 70 dozen pairs of shoes a day, and 350 dozen pairs of shoes a week. They are all experienced operators on their individual jobs, and it's just a matter of getting used to doing their jobs in a little different way. I want you to make that base rate of 250 dozen pairs a week work." Mr. Madan Mohan replied, "If I'm going to be foreman of the conveyer unit, I want to do things my way. I've worked on conveyers and don't agree with you on the first getting people used to a conveyer going at top speed.

These people have never seen a conveyer. You'll scare them. I would like to run the

conveyer at one-third speed for two or three weeks, and then gradually increase the speed. I think we should discuss setting the base rate on a daily basis instead of a weekly basis. I would also suggest setti

Details

1. Case study solved answers

2. pdf/word in 24-48 hrs

3. Fully Solved with answers