

THE ORGANIZATION case study solution



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Short Description

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Description

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Thomson and Richards, two technocrats from Holland, both in the age group of late 30s came as consultants to Calcutta with French Company on a project assignment in 1940. They were quite impressed with Indian culture and decided to settle down in India. Upon completion of their project, they started their own company under the name Thomrich Pvt. Ltd. which manufactured agricultural equipments. Encouraged by the performance of the company, they ventured into the manufacturing of fertilizer manufacturing equipments in 1944 under the same banner. Their entrepreneurial skills and success promoted them to diversify their business into manufacturing of entrepreneurial skills and success promoted them to diversify their business into manufacturing of lubricants in 1951, and subsequently to electrical gadgets for industrial use in the year 1970. In the lubricants in the same year, they pioneered the manufacturing of hovers at Chennai . In 1992 , Thomrich Pvt. Ltd. entered the tractor segment and established its plant at Gwalior, M.P. It entered into the tractor segment when another company KCP had already established its reputation as a sole reliable brand, Unaffected by the competition, they started their brand of tractors and soon , after three years they started manufacturing cultivators too. So far Thomrich had a smooth sailing. With the coming of liberalization and globalization in the 1990. Thomrich did not remain untouched by the surmounting pressure of MNCs venturing into the Indian market.

This made them sell one of their profit- making divisions, i.e., the fertilizer manufacturing to a leading Indian business houses, to concentrate on their core competency areas. To add to the woes, the rumours of Elegators, the world's No 1 tractor manufacture foraying into Indian market gave sleepless nights. Being world's No.2 tractor manufacturer, and rechristened itself to Thomrich- Wooge Pvt. Ltd. In the year 2002, they improvised the then existing model in terms of efficiency by reducing its cycle-time thereby becoming No. 1 in the country. The company considered this product as flagship product, although it had been takes the place of KCP Tractors, despite improvisation in its efficiency . The company was purely technocrat in nature with an annual turnover of Rs. 10,000 crores, With Thomrich-Wooge Pvt. Ltd. contributing Rs. 125 crores to it. The Gwalior unit had a total strength of 308 employees, which included 94 executives and supervisors and the rest 214 as workmen. All; the executives were engineering graduaes with 50% of them as locals. The workman were ITI qualified with 60% of them as Weldors 10% as Mechanics and 30% as Fitters. 40% of the workmen were from Maharashtra and the rest were from Madhya Pradesh K Vaswani , a 54 years headed the Gwalior units as Chief Executive (C.E) . Vaswani had been with the company from 1972 to 1993 and had left to join Conclave Ltd, an MNC, as Chief Executive. He rejoined Thomrich Wooge Pvt. , in June 2004. Vaswani did not seem to be different from the earlier CEs who had ingrained an employee- friendly culture in the organization. He regularly held meetings with employees irrespective of their levels and also made frequent visits to the shop floor to have face – to- face interaction with the workmen.

HR PROCESSES

Thomrich- wooge had a policy of recruitment in two phases. The corporate office at Calcutta through campus selection, recruited the engineering graduates and the Certificate and Diploma holders were recruited independently at the unit level. The company did not encourage inter unit transfers, although there were a few need-based transfers to facilities the employees' and company's operations. The company had the policy of recruiting the graduate engineers at entry level and nurturing and grooming them for higher positions. As a result, only the Thomrichains occupied all the top position in all the units of the organization. The company had a firm belief the workers would always put their best efforts if facilitated with good quality of work life and therefore, did not have the provision of monetary incentives. They also believed that the incentive therefore, did not have the provision of monetary incentives. They also believed that the incentive scheme would hamper the quality of products by compelling the employees to pay more attention to quality rather than quality. Lured by the incentives they will somehow try to sell the product without due consideration to the customer's need. They felt that monetary incentives can motivate an employee to a certain extent, and beyond that level it would fail to have nay impact on his efficiency .Rather , it would raise his expectations and unfulfilled expectations would lower the efficiency . Rather, it would

Raise his expectations and unfulfilled expectations would lower the morale of the employees. Nonetheless, the top management acknowledges and appreciated the morale of the employee. Nonetheless, the top management acknowledges and appreciated the performance of workers from time. The company had a fixed wage/ salary structure across all the units in India. However, allowance varied from place to place. Thomson – Wooldridge had a performance appraisal system based on management by objectives (MBO). The top management would set the goals and communicate it to the CEs who in turn would pass down to the HODs. They were given sufficient time to speculate on its feasibility and once the feasibility was decided. They were given sufficient time to speculate on its employees. At every quarter the superior would discuss the performance with the employees who were being evaluated, and then they committee consisting of 4-5 members from various functional departments evaluated these ratings. These members knew all the employees who were being evaluated, and then they re-rated them to reduce the inter-rater bias. The ratings of the committee were final and were communicated to the respective superior, which was then discussed with the concerned employees. The superiors would also counsel the subordinates in order to redress their grievances, if any. Decisions regarding promotions and rewards were annually and were based on quarterly performance appraisals. The Company had a 2-tier system of training, one at the plant level and other at the corporate level. It had its own Management Development Centre at Darjeeling where most of the training programs were conducted for manager, incorporating prayers and yoga too. The company did not have a separate budget for training, it was need-based. Every employee was required to undergo at least 15 company were outsiders. All the training programmes were thoroughly evaluated every quarter by taking the feedback from the immediate superior. The company would administer psychometric measures once in three years to appraise the potential of employees from various functional areas. Once the competence and aptitude was identified in an employee, he was groomed in that particular area by a mentor.

The company had a recognized trade union, which was earlier affiliated to Bhartiya Mazdoor Sangh (B.M.S) and was now enjoying an independent status. The union would place a charter of demands before the management once in four years, which was followed by harmonious negotiations between the two. As the management involved the workmen even in the market survey of the products, the union also discussed the quality issues with the management. The company's employment policies radiated a single principle that they believed in people and that they were the most valuable assets for them. Employees had the freedom to see any superior at any time without prior appointment. The company boasted of an open communication system, system, total transparency, no-status barrier, security and sense of professionalism among the employees, which was reflected in the units not witnessing any strike or major indiscipline since its inception. The company had also introduced "Prayaas", an HR initiative as a proactive measure to have a competitive edge in the dynamic scenario. Prayaas involved OD interventions like cross functional team, large-scale integration, kaizen, etc. All the employees in the

group of 3-5 were asked invited from the employees betterment of the unit. Subsequent solutions and action plans were also invited from the employees and the consolidated suggestions were implemented which resulted into introduction of suggestion scheme, wastage utilization and recycling of packaging . Some of the brilliant ideas of the employees were suitably recognized and widely circulated through in-house journals in all the units of Thomrich.

CHALLENGES

Since 2002, the unit had seen 12% of executive turnover, which was earlier just 3% . This drew attention of the top management who were confident of the high degree of employee-loyalty and believed that the employees were emotionally attached to the unit. At this a juncture, the HR Head, S. Abraham anticipated trouble, as he feared that the turnover rate might increase in the wake of globalization and liberalization with more and more MNCs offering lucrative packages and challenging assignments to the executives. These firms were recruiting people at all levels, which made the employees feel that growth prospectus at their units were rather slow. Moreover, employees had also become more risk talking and their varied expertise encouraged them to experiment in new segments namely IT, Banking and BPOs, Though the MNCs had 15-18 hours of working, but the changing orientation further deterioration due to the influence of Dollar packages, which was unaffordable for Thomrich –Wooge Pvt. Ltd. The market conditions were already tight with too many competitors, prices being down, customers becoming more demanding and choosy, making the in puts scare for the unit. Abharam was considering the options of overcoming the exodus of executives by increasing the efficiency with lesser input for which the company would have to minimize its task force. This would tarnish its employee friendly image. The other was to increase the profits by exploring new markets. The Indian market by now was already flooded with many players, leaving the international market as the only option, which was equally a hard nut to crack . Abraham felt trapped in a highly volatile situation, where he fumbled for a speedy and pragmatic remedy.

1. What is inflation? Compare its role with money and the real earning of the Industrial workers. Use appropriate data to justify your answer?

2. How can the bargaining affect the workers as well as the firm? “ It is a method of wage fixation ?” Evaluate.

Details

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