

# Modern Industries Limited (MIL)



**Brand:** Mehta Solutions

**Product Code:** case74

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## Short Description

**Modern Industries Limited (MIL)**

## Description

**Sundar Steel Limited**

Read the following case carefully and answer the questions given at the end.

**Modern Industries Limited (MIL)** in Bangalore is a consumer durables manufacturing industry and a subsidiary of a multinational company. Presently the company has over 500 employees and an annual turnover of about 75 crores. It has maintained an excellent record of performance and growth in the past few years. The company has its own fleet of cars, trucks and other materials-handling vehicles. The cars are generally meant for the use of company officials while on business. The trucks are used for transporting the goods to their main channels of distribution. The material-handling vehicles like forklift trucks, powered trolleys etc., are used in their manufacturing plants. These vehicles, numbering about 70, are maintained by the Transport Department. The department was headed by

Mr. Hukam Singh, the Senior Foreman, who reported to the Administrative Manager. He had two supervisors reporting to him. They normally came in 1st and 2nd shifts on rotation. The department has its own maintenance workshop with about 20 skilled mechanics. The nature of work in the department was such that it involved a great deal of coordination and internal correspondence. Mr. Singh was heavily loaded with paper work. He was basically a craftsman with training as a Motor Mechanic and had a

cumulative experience of over 25 years. He was generally weak in paper work and spent considerable time on it which left him practically no time to perform the maintenance function effectively. As a result, there was a deterioration in the upkeep of the vehicles.

It was felt that there was a need for another person at the level of Foreman to look after the maintenance workshop. Both the present supervisors had risen from the ranks. They were found unsuitable for promotion to the position of foreman. There were no other candidates available within the company for filling up the position. Hence the vacancy for foreman for the Auto Maintenance Workshop was advertised.

Mr. Raghu Menon was employed in the supervisory cadre in a Central Government Automobile Workshop. His was a transferable job, which was causing problems for the education of his two children who were studying in schools. He was looking for a job which could allow him to settle down in some place and promptly responded to the advertisement. He was called for interview and was selected. The job was a non-transferable one and suited him perfectly. Though it did not bring him a very high monetary gain, he accepted the job as it met his other requirements. He joined MIL in November 1982. According to the company's rules, he was to be on probation for one year after which he could be confirmed. As per the terms of employment, the company could terminate the services of a

probationer by giving only a month's notice and without assigning any reason. Mr. Menon was quite happy with the job and started off with enthusiasm. He was getting to know the job and the people in the organisation. There were several problems he had to encounter on the job. The supervisors were

quite detached from him and the craftsmen were uncooperative. He worked hard to cope up with these problems. He could not draw much support

from Mr. Singh, who was lukewarm in his attitude towards him. He put up a brave front and hoped to set things right.

The people in the workshop were working in an informal manner. There was no standard procedure for taking up any work in the department - the supervisors allocated the vehicles to different mechanics, who used, to complete the repairs and maintenance in the way they liked. Mr. Menon thought of introducing some new procedures and formats for use in the department. He discussed these with Mr. Hukam Singh and accordingly the new procedures were introduced in May 1983. Each mechanic was given a daily work card, showing the work undertaken by him on the day. The approximate time taken for each task was also to be indicated. The idea was to make everyone concentrate on the work assigned to him and avoid wastage of his own and other's time. It was also felt that this would help to bring about proper allocation of work in this organisation.

It was a general practice with some of the senior executives of the company to give their private vehicles also for servicing or minor repairs in the workshop on nominal charge. After the introduction of the daily work card system in the workshop, many of the executives felt that they were being overcharged. There was a rumour that some of them complained to the Administrative Manager about this. In September 1983, Mr. Menon was called for a meeting by the Administrative Manager. He had not met him since he joined. He thought this would be a good opportunity for discussing with him various matters relating to his job and some of his ideas about reorganising the department. However,

when he met the Administrative Manager, he was informed to his utter surprise that his service would be terminated before the completion of the probationary period. He was shocked and enquired as to the reason for this decision. He was told, that he was not capable of meeting the technical requirements of his job and there was no improvement in the upkeep of the vehicles. Mr. Menon pleaded, that he had very little time to show improvements. As regards, the technicalities of the job he was fully competent to tackle any problem, he maintained.

Mr. Menon met the General Manager (Personnel) of the company, Mr. Chandra, and apprised him of the situation. Mr. Chandra was well-known for his fair dealings and professional approach. He promised to look into the matter. However, after a week Mr. Menon received the termination notice.

He met the Managing Director of the company and contended that he was being given an unfair deal. The company had ample means of judging his technical competence at the time of selection. He had a Diploma in Automobile

Engineering and had also gone through an elaborate written test, a preliminary and a final interview at the time of selection, which would

have established his level of competence. He was prepared to present himself for assessment by any competent panel. He requested the Managing Director, to revert the termination decision in the light of these facts. He also pleaded that the unexpected termination would seriously affect his career and family life. However, notwithstanding his plea,

Mr. Menon's services were terminated in the second week of October, 1983.

Questions :

- (a) What went wrong in the maintenance department ?**
- (b) Who is responsible for this incident ? Was the selection panel incompetent ?**
- (c) Why did Mr. Chandra, known for his fairness, not intervene ?**
- (d) Is it legally and morally right for a company to terminate the services of a probationer without assigning any valid reason ?**

#### **Details**

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