

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH**

**Program: PGDM 2017-19 Trim II**

**Subject: Human Resource Management and Industrial Relations**

Maximum Marks: 50

Duration: 3 hours

Date : 27/12/2017

*Please attempt both Part A (HRM) and Part B (IR) in separate booklets.*

*Each Part is for 25 marks.*

**Part A: Human Resource Management**

**Q.1. Read the situation given below and answer the subsequent questions.**

Mr. Deepak Luthra is the HR Director at Bonsai Financial Consulting Pvt Ltd. Bonsai is well known for its exceptional service and customized solutions for high-end clients. Bonsai, over the years, established itself as one of the top financial consulting firms in India, and was vied for by top students and colleges of the country. Mr. Luthra was currently on a look out for filling the position of Senior Vice President. He wanted someone who was not only driven and ambitious, but hard working and dedicated towards making Bonsai no. 1 in its niche market. He was specifically looking for candidates with CFA, MBA, and with a minimum of 15 years of experience. The candidate required to be an expert in the area of finance with the ability to be meticulous, pay attention to detail and function in a high pressure environment with tight deadlines and deliverables. Since the firm had to interact extensively with its clients to offer impeccable customized solutions, Senior Vice Presidents were expected to be good at dealing with people. Thus, building and managing client relationships along with good communication and presentation skills were essential for selection as well. Mr. Luthra was looking for someone sharp and trainable who could quickly get into the role and handle projects.

Initially Mr. Luthra was keen to give the task of hiring to Ms. Snigdha Chauhan, a committed and dynamic HR manager. However, with the recently implemented performance appraisal method of 360 degrees she was swamped with work, and couldn't help him with the task. She and Mohit Gupta, the training manager, were heading this change in the firm. Mohit was in-charge of ensuring communication and training regarding the new appraisal system, whereas Snighdha was in charge of implementing, compiling and presenting the process of 360 degree for the managers and their subordinates. Although 360 degree model of appraisal was well received, it was important to train everyone on how this process will be executed within the firm, its implications for the employees and for the organization as a whole. With everyone being rated by not only their managers, but clients, peers and subordinates too, it was significant that the employees at Bonsai become well – versed with the entire process.

- a) *What is the most effective method of recruitment in this case that Mr. Deepak should adopt for hiring for the position of senior business analyst? Explain why. (2)*
- b) *Once a pool of candidates is created, along with interviews, what are the two most effective ways of selection for the position of senior business analyst in this particular case? Explain why. (2)*

c) In order to ensure holistic training, what are the three levels of need assessment that Mohit should do in order to ensure productive training? Explain. (3)

d) Despite awareness, what are some of the biases that may creep in when a rater rates the performance of an individual in an organization? Explain any 2 in detail (4)

**Q2. “Research and practice lays emphasis on attracting and retaining best employees in developing economies.”** According to the reading, “*Winning the Race for Talent in Emerging Markets*”, what are the 4 dimensions of the framework of attracting and retaining talent? Explain any two with examples.

(5)

OR

**“Midcareer employees and managers are the most disaffected segment of the workforce.”** According to the reading, “*Managing Middlecence*”, what are some of the strategies to revitalize careers? Explain any two with examples.

**Q4. Please write short notes on any 3 of the following:** (9)

a) Golden Handshake and Golden Handcuff

b) Job Characteristic Model of Job Design

c) Job Analysis

d) Human Capital Theory

e) 2 Methods of Forecasting

### Part B: Industrial Relations

*Question 1 is compulsory and carries 15 marks .Question no 2 carries 10 marks.*

**Q1. Please go through the case and answer the questions at the end.**

MCC PTA India Corporation Private Ltd (MCPI), a subsidiary of Mitsubishi Chemicals Corporation (MCC), one of the world’s top ten chemical companies, was established in 1997 in Haldia, West Bengal. Construction was completed quickly and production started in April 2000 with a capacity of 350,000 tonnes per annum. Expansion with an investment of Rs 1665 crores led to a second plant (capacity 8 lakh tonnes) being commissioned in mid-2009 and the total capacity increased to 11.5 lakh tones at Haldia, with an expected turnover of \$ 900 million by end-2010 (*Times of India*, 10<sup>th</sup> Feb 2009].

As part of the ‘core-periphery model’ (Das 2006) of Japanese management, the regular skilled employees and the unskilled non-regular employees formed two distinct groups. The latter were unionized (common practice in most large enterprises in the local area) and agreements (with earned and sick leave, festival holidays, annual bonus, statutory HRA and retrenchment benefits) were signed with them, although they earn much less than regular workers. Eleven elected operators’ representatives (one member for every 20 operators) meet managers formally in a Department

Representatives' Committee for raising employment issues. But when it came to unionization, MCPI tried 'to build and sustain a strong, manager-driven corporate culture and such strategies that help to build cooperative relations with the employees and avoid unionisation or union substitution'. Apparently, 'there was an attempt at unionisation but failed due to lack of support according to management' (Das 2006).

MCPI tried 'to build and sustain a strong, manager-driven corporate culture and such strategies that help to build cooperative relations with the employees and avoid unionisation or union substitution'. Despite this strategy, there has been simmering tension among the MCPI unions following the victories of the Trinamool Congress in Panchayat and Lok Sabha elections during 2008 and 2009. The Nationalist Contractors Union (contract workers of Mitsubishi, owing allegiance to Mamata Banerjee's union wing, INTTUC) raised several issues relating to the contract workers' pay discrepancies with permanent workers, non-lucrative incentive schemes, reduction in bonus, etc. Agitations before the gates were followed by dharnas, and a reported whole night gherao of the HR head. The CITU Union did not protest. Work was disrupted again at the plant on 7th December 2009, demanding permanent jobs for 150 casual workers and a raise for the rest. Mitsubishi has about 513 permanent employees and around

600 casual staff. The Union blocked the Mitsubishi gates, disrupting work through the day and causing extreme worry to its Japanese management. The GM (HR) said: "not a single employee could enter the premises. Around noon, some of the workers associated with the production division were allowed entry. Because of that, there was some work in the processing unit... but there was little or no work in the loading, unloading and despatch sections. There was no one to man the canteen and the guards too, joined the Cease-Work" ([http:// www.ilovekolkata.in](http://www.ilovekolkata.in)).

At Haldia Petrochemicals next door, CITU had demanded a 300 per cent hike for contract workers and gained a 100% increase in wages after a major strike earlier. The siege at Mitsubishi was lifted late on 8th following the management's written assurance to look into their demands. Work resumed from the night shift. It is interesting that MCPI did not hesitate in setting up one of its largest plants abroad, in West Bengal, knowing its long history of militant unionism and leftist government. Obviously it relied on its strategy of centralization of decisions and the manning of 'all key posts by Japanese managers from its main establishments'.

In line with its 'competitive strategy, its main objective in HR has been to formulate, develop and maintain unique work culture in tune with harmonious industrial relations with committed employees involved in world class manufacturing. Work practices include Total Quality Management (TQM), Justin- Time(JIT), Kaizen and 5S and Total Productive Maintenance (TPM, covering the entire life of all equipments)' (Das 2006). It relied on its strategy of centralization of decisions and the manning of 'all key posts by Japanese managers from its main establishments'.

In MCPI, educated, highly skilled employees enjoy regular terms of employment and are recruited through stringent selection procedures. Relations with them are based on 'skill or knowledge based pay, elaborate communication and complaint procedure, and team work'. More than half of them are in the officer category and 'even the receptionist is designated as Executive-Secretary. There are no clerical workers. The remaining are operators (selected from local ITIs, science colleges and polytechnics) classified into five categories with the basic pay of the highest category being double that of the basic pay of the lowest category'. In general, wage levels are 'much higher' than locally prevailing rates but are not linked to seniority or bargained annually. In addition all of them go through extensive training, ranging from work practices to fire fighting.

In 2002-03 'all unskilled and non-core jobs in MCPI were done by 388 contractor workers' (only 313 permanent employees including 106 executives). Even though Contractors' workmen got double the statutory rates, their wages were lower by 40% than the lowest wage in the regular category. Contractors got 8- 12% of the total workers' wages as agency fee. But 'contract workmen were not restricted to unskilled jobs'. For example in the Instrumentation Department, 3 skilled technicians were under a contractor. These and other skilled contractors' workmen, like crane operators and welders got about 50% more wages than the lowest category workers (housekeeping, gardener, office boy) (Das 2006z).

MCPI's union avoidance strategy has been fine-tuned for the location it is in and till now appears to have been reasonably successful. However, there appear to be chinks in its armour, and the fact that this has not been replicated in other MNCs across India, indicates the delicacy of the strategy. Nokia had tried to avoid unions, without success.

1. Do the employees of MCC PTA have a right to form a trade union? Will the management have a compulsion to talk to them? Give reasons.
2. Write three arguments in favour and three against unionization at the workplace with examples of successful unionized and non-unionized workplaces. Identify the underlying factors which help union avoidance strategy.
3. Mention some problems faced by trade unions in India currently.

**Q2. Please answer the following questions (Any two).**

- a. What is employee participation in management? What are the critical success factors for such participation?
- b. What is industrial relations? Mention five criteria of good industrial relations.
- c. What is collective bargaining? Mention four objectives of collective bargaining.
- d. What is the role of state in resolving industrial conflicts? What in your opinion should be the preferred mode and why?

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