K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,
Vidyavihar (E), Mumbai- 400077

Program: Executive MBA – I Trim. (*2017-18 Batch)*
Subject: Strategic Talent management
(End Term Examination)

Maximum Marks: 50 **Duration: 3 hours** **09/12 /2017**

Note:

Instructions

- **Total Questions 7, Question number seven is compulsory carrying 20 marks.**
- **Write any 3 questions from 6 questions (1 to 6) (carrying 10 marks each)**
- **One can make use of examples and diagrams to support the answers.**
- **Use of calculators, laptops, pen drives and/or any other hard/soft copy documents NOT PERMITTED. If found any such unfair means, the student will be marked zero for this paper**

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1) What is the difference between recruitment and selection, write any 2 of the following? (5 Marks each)
   a) Demand and supply forecasting in manpower planning.
   b) Internal and external sources of recruitment.
   c) Explain various selection tools.

2) What is the difference between training and development, which are the different levels at which TNI is required to be done. what are different methods of training, Explain any one method of training? (10 Marks)

3) What is performance, list down the different approaches to performance management, explain any one method of performance appraisal, list down the names of various errors in performance review. (10 Marks)

4) Define compensation, classify compensation in intrinsic and extrinsic rewards. What are different methods of job evaluation, explain point rating method (10 Marks)

5) Though it essential for a manager to be effective in his domain and financial numbers, it's very critical for him to master human relations, explain the advantages of being master of people management with current business scenarios? (10 Marks)

6) Write short notes on any 2 of the following. (5 Marks each)
   a) Induction, orientation and socialization.
   b) Job Analysis.
   c) Collective Bargaining.

7) **Philips India - Labor Problems at Salt Lake**

The 16th day of March 1999 brought with it a shock for the management of Philips India Limited (PIL). A judgement of the Kolkata High Court restrained the company from giving effect to the resolution it had passed in the extraordinary general meeting (EGM) held in December 1998.

The resolution was to seek the shareholders' permission to sell the color television (CTV) factory to Kitchen Appliances Limited, a subsidiary of Videocon. The judgement came after a long drawn, bitter battle between the company and its two unions Philips Employees Union (PEU) and the Pieco Workers' Union (PWU) over the factory's sale. PEU president Kiron Mehta said, "The company's top management should now see reason.

By 1996, PIL's capacity expansion plans had fallen way behind the targeted level. The unions realized that the management might not be able to complete the task and that their jobs might be in danger. PIL on the other hand claimed that it had been forced to go slow because of the slowdown in the CTV market. However, the unconvinced workers raised voices against the management and asked for a hike in wage as well. PIL claimed that the workers were already overpaid and under productive. The employees retaliated by saying that said that they continued to work despite the irregular hike in wages. These differences resulted in a 20-month long battle over the wage hike issue; the go-slow tactics of the workers and the declining production resulted in huge losses for the company.

In May 1998, PIL announced its decision to stop operations at Salt Lake and production was halted in June 1998. At that point, PWU members agreed to the Rs 1178 wage hike offered by the management. This was a climb down from its earlier stance when the union, along with the PEU demanded a hike of Rs 2000 per worker and other fringe benefits. PEU, however, refused to budge from its position and rejected the offer. After a series of negotiations, the unions and the management came to a reasonable agreement on the issue of the wage structure.

In the mid-1990s, Philips decided to follow Philips NV's worldwide strategy of having a common manufacturing and integrated technology to reduce costs. The company planned to set up an integrated consumer electronics facility having common manufacturing technology as well as suppliers base.

Director Ramachandran stated that the company had plans to depend on outsourcing rather than having its own manufacturing base in the future. The company selected Pune as its manufacturing base and decided to get the Salt Lake factory off its hands. In tune with this decision, the employees were appraised and severance packages were declared. Out of 750 workers in the Salt Lake division, 391 workers opted for VRS. PIL then appointed Hong Kong and Shanghai Banking Corporation (HSBC) to scout for buyers for the factory. Videocon was one of the companies approached. Though initially Videocon seemed to be interested, it expressed reservations about buying an over staffed and under-utilized plant. To make it an attractive buy, PIL reduced the workforce and modernized the unit, spending Rs 7.1 crore in the process. In September 1998, Videocon agreed to buy the factory through its nominee, Kitchen Appliances India Ltd. The total value of the plant was ascertained to be Rs 28 crore and Videocon agreed to pay Rs 9 crore in addition to taking up the liability of Rs 21 crore. Videocon agreed to take over the plant along with the employees as a going concern along with the liabilities of VRS, provident fund etc. The factory was to continue as a manufacturing center securing a fair value to its shareholders and employees.

Ramachandran said that this was not logical as the meeting was convened to take the approval of the shareholders, and the financial institutions were among the shareholders of the company. Following this, the FIs demanded a vote on the sale resolution at an EGM. After negotiations and clarifications, they eventually voted in favor of the resolution. The workers were surprised and angry at the decision. Kiron Mehta said, "The management's decision to sell the factory is a major volte face considering its efforts at promoting it and then adding capacity every year." S. N. Roy Choudhary of the Independent Employees Federation in Calcutta said, "The sale will not profit the company in any way. As a manufacturing unit, the CTV factory is absolutely stateof-the-art with enough capacity. It is close to Kolkata port, making shipping of components from Far Eastern countries easier. It consistently gets ISO 9000 certification and has skilled labor. Also, PIL's major market is in the eastern region." The unions challenged PIL's plan of selling the CTV unit at 'such a low price of Rs 9 crore' as against a valuation of Rs 30 crore made by Dalal Consultants independent valuers. PIL officials said that the sale price was arrived at after considering the liabilities that Videocon would have along with the 360 workers of the plant. This included the gratuity and leave encashment liabilities of workers who would be absorbed under the same service agreements. The management contended that a VRS offer at the CTV unit would have cost the company Rs 21 crore. Refuting this, senior members of the union said, "There is no way that a VRS at the CTV unit can set Philips by more than Rs 9.2 crore." They explained that PIL officials, by their own admission, have said that around 200 of the 360 workers at the CTV unit are less than 40 years of age and a similar number have less than 10 years' work experience. The unions also claimed that they wrote to the FIs' about their objection.

The workers then approached the Dhoots of Videocon requesting them to withdraw from the deal as they were unwilling to have Videocon as their employer. Videocon refused to change its decision. The workers then filed a petition in the Kolkata High Court challenging PIL's decision to sell the factory to Videocon.

The unions approached the company with an offer of Rs 10 crore to outbid Videocon. They claimed that they could pay the amount from their provident funds, cooperative savings and personal savings. But PIL rejected this offer claiming that it was legally bound to sell to Videocon and if the offer fell through, then the union's offer would be considered along with other interested parties.

PIL said that it would not let the workers use the Philips brand and that the workers could not sell the CTVs without it. Moreover, the workers were taking a great risk by using their savings to buy out the plant. Countering this, the workers said that they did not trust Videocon to be a good employer and that it might not be able to pay their wages. They followed it up with proofs of Videocon's failure to make payments in time during its transactions with Philips. In view of the rejection of its offer by the management, the union stated in its letter that one of its objection to the sale was that the objects clause in the memorandum of association of Kitchen Appliances did not contain any reference to production of CTVs.

This makes it incompetent to enter the deal. The union also pointed out that the deal which was signed by Ramachandran should have been signed by at least two responsible officials of the company. About their financial capability to buy out the firm, the union firmly maintained that it had contacts with reputed and capable businessmen who were willing to help them.

In the last week of December 1998, employees of PIL spoke to several domestic and multinational CTV makers for a joint venture to run the Salt Lake unit. Kiron Mehta said, "We can always enter into an agreement with a third party. It can be a partnership firm or a joint venture. All options are open. We have already started dialogues with a number of domestic and multinational TV producers."

It was added that the union had also talked to several former PIL directors and employees who they felt could run the plant and were willing to lend a helping hand. Clarifying the point that the employees did not intend to take over the plant, Mehta said, "If Philips India wants to run the unit again, then we will certainly withdraw the proposal. Do not think that we are intending to take over the plant." In March 1999, the Kolkata High Court passed an order restraining any further deals on the sale of the factory. Justice S.K.Sinha held that the transfer price was too low and PIL had to view it from a more practical perspective. The unrelenting PIL filed a petition in the Division bench challenging the trial court's decision.

In December 2000, the Supreme Court finally passed judgement on the controversial Philips case. It was in favour of the PIL. The judgement dismissed the review petition filed by the workers as a last-ditch effort. The judge said that though the workers can demand for their rights, they had no say in any of the policy decisions of the company, if their interests were not adversely affected. Following the transfer of ownership, the employment of all workmen of the factory was taken over by Kitchen Appliances with immediate effect. Accordingly, the services of the workmen were to be treated as continuous and not interrupted by the transfer of ownership. The terms and conditions of employment too were not changed. Kitchen Appliances started functioning from March 2001.

QUESTIONS

1. ‘Changes taking place in PIL made workers feel insecure about their jobs.’ Do you agree with this statement? Give reasons to support your answer. (5 Marks)

2. Highlight the reasons behind PIL’s decision to sell the Salt Lake factory. Critically comment on PIL’s arguments regarding not accepting the union’s offer to buy the factory. (5 Marks)

3. Comment on the reasons behind the Salt Lake workers resisting the factory’s sale. Could the company have avoided this? (5 Marks)

4. What would you do as a managing director of the company in such times. (5 Marks)

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