
HR Manager at the Cross Road

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This case study is about HR Manager at the Cross Road. This case was an attempt to draw attention on effective and efficient HR Planning through optimum use of human resources in the organization. The study focused on how to inculcate conducive culture which would have positive influence on employees overall productivity. This case dealt with how to align corporate strategy with HR strategy. Given the advancing drought scenario and situation at hand, HR Manager felt helpless in balancing manpower requirement for the dairy. He set back on the chair in his office and wondered, what should be the course of action.

Keywords: Man Resource Planning, HR Strategy, Organization Culture, Recruitment

Introduction

The Vipul Milk Producer's Cooperative Union, popularly known as Vipul Dairy, was located at Manavar City in Dhar District of Madhya Pradesh State in India. The cooperative was primarily engaged in milk collection, processing and manufacturing of milk-based products. The cooperative Union was part of Madhya Pradesh Marketing Sangh (MPMS)¹, headquartered at Jabalpur City in Madhya Pradesh. Mr. B. D. Patidar, an MBA (HR) by qualification, having twenty years experience in the same Dairy, headed the Human Resources Department as Manager. One fine morning reading a forecast by Meteorological Department of the Government that the State would face a severe drought for a couple of years Mr. Patidar got worried about the existing manpower situation of the Dairy.

The Journey

The goal of the organization was not only to manufacture the quality milk and milk products, but it was also primarily for the betterment and progress of men and women associated with the production of milk in the villages. The Vipul Dairy was established in the year 1968 with a capacity of one Lakh² Liter per day, the commercial production started in April 1972. The capacity was increased to 2.5 Lakh Liters per day in 1986. However, the Dairy faced a critical scenario of reduced milk collection due to severe drought from 1988 to 1990. During the three years period, milk collection fell to one Lakh Liter per day. The drought was so severe that drinking water was supplied once in five days. The Dairy further increased the capacity to eight Lakh Liters per day in 1995 and subsequently to thirteen Lakh Liters per day in 2001. In total the Dairy had three plants for milk processing.

Sangh and The Dairy

The Dairy manufactured products and quantity as prescribed by the Sangh. The Sangh was responsible for marketing the products, brand building, new product launch and marketing channel management. The Dairy only processed the order. The payment came through the Sangh. The Sangh gave each dairy under its preview, "Perfecting Plan" for the entire year. Under this plan, they gave specific quantity and products to be manufactured by each dairy. The Sangh had a Planning Committee consisting of all the Managing Directors of the Cooperative Dairies in the State of Madhya Pradesh. In the Planning Committee allocation of products and quantity was decided and each Dairy could argue its stand on the matter, but the decision of Sangh was final.

The Dairy manufactured *Krishna* Milk Powder, *Krishna* Paneer, *Krishna* Ghee, *Krishna* Shrikhand, *Krishna* Dahi, *Krishna* Mava, *Krishna* Butter Milk. *Krishna* Mava was exclusively

manufactured by Vipul Dairy for MPMS. *Krishna* was the exclusive brand of MPMS. The Dairy did not start its own brands because of the fear of disturbing relation with MPMS.

The Dairy

The Dairy had 13,000 Mandalis³ associated with it. The geographical area spread of each cooperative union was decided by the Sangh and the geographical area for the Dairy was limited to Dhar District. The Dairy had six Chilling Units located at Raigarh, Amjhera, Sardarsher, Bayvar, Dhantura and Shyamala. The spread of each Chilling Unit was 6 kilometers of rural coverage. The main milk processing and milk-based product manufacturing unit was located at Manavar with a per day capacity of thirteen Lakh Liters. The existing capacity utilization was twelve Lakh Liters per day. The utilization was subject to milk collection from Mandalis. Normally, the milk collection was highest during Monsoon and dipped to a low during summer. This was so as water was not only the essential need of life, but also essential for the growing milk production. 85 percent of the constituent of milk was water and if there was no water, then there could not be any dairying business. The Dairy used 3.5 Liters of water for processing one liter of milk.

The Dairy was managed by a Board, which was the apex body, consisting of twenty one members i.e., sixteen Representatives from Mandalis, Managing Director, Representative of Registrar of Cooperatives, Representative of Country Dairy Development Council (CDDC), Representative of Bank and Representative of MPMS. The Board was headed by a Chairman elected by the Board Members, but normally from one of the Mandlis. The Chairman had lot of responsibilities to fulfill the local aspirations of employment and monetary benefits.

Manpower Scenario

The Dairy employed 1035 permanent employees and 300 contract laborers. The contract laborers were appointed through open tenders. Normally, contract laborers were hired for packaging, production and milk collection activities.

The recruitment of all the employees except Managing Director was subject to the sole discretion of the Board of the Dairy. The appointment of the Managing Director was to be endorsed mandatorily by the MPMS and CDDC. The Board formed Interview Committee consisting of Five Members namely, Sectional Representative, Human Resources (HR) Department Representative, Managing Director (Chairman of the Interview Committee) and two Nominees of the Chairman from the Board. Each section sent a requisition for filling up the vacant post or

additional recruitment requirements to HR department. The HR department processed the requisition with the Board for approving the requirements and also the eligibility norms. Once approved, the HR department approached various manpower pools for attracting requisite quality applications like Employment Exchange, reputed colleges in the near vicinity and through advertisements in local newspapers. The selection was done by Interview Committee.

The total number of employees to be recruited is required to be in conformity with MPMS and CDDC guideline. The recruitment had to be endorsed by the Registrar of Cooperatives of the State. The Board prescribed the minimum qualification for each post. Once the recruitment was over, it had to be endorsed by the Board within 30 days.

Whenever there was a emergency need of skilled employee for certain products or during a scenario of increase in production, Employee Loan Service (ELS) facility between Cooperative Dairies falling under the Sangh was available. The transfer under ELS was possible only when the work, skills and post matched. It was further subject to the concerned employee's acceptance.

Whenever there was a continued situation of reduced milk collection, permanent employees were transferred to activities, which were otherwise allocated to contract laborers such as milk collection, packaging and production. The contract laborers were removed and bonus paid to permanent employees was reduced.

The average age of permanent employee was forty-nine years and out of total permanent employees forty percent were deployed in the field activities like milk procurement, farmer training programs, veterinary services, cooperative development programs and milk collection. The rest were deployed at Manavar unit.

The Sangh gave approval for recruitment for 1100 permanent employees across department. Under the fear of inviting anger of Sangh, the dairy recruited only 1035 permanent employees, in spite of increasing production requirements

Employee Benefits

The dairy gave the following benefits to its permanent employees:

1. Employees Provident Fund Scheme was offered in which the employer contributed the same amount as was deducted from the employees' salary. The deduction was at the rate of 12% of Basic salary plus Dearness Allowance.
2. Group Insurance Policy was administered.
3. Gratuity Benefits.

4. Leave Travel Allowance, every three years, subject to minimum 200 days of work per year.
5. Bonus was given every year with minimum 8.33% of Basic Salary plus Dearness Allowance. Last year the Dairy gave 15% Bonus.
6. Free of cost Training and Development Program were offered to upgrade the employability of employees.
7. Free Transportation from residence to the work place was made available
8. Reduced rates of the milk products were charged from employees of the Dairy.
9. Afternoon lunch was provided at national rates to permanent employees.

The Cross Road

Voluntary Retirement Scheme (VRS) was not offered by the dairy. Mr. Patidar knew that an employee once recruited and confirmed, couldn't be sacked, as "No Fire Policy" existed. Even the non-performers could not be punished by reducing their ranks.

Mr. Patidar had a thought that as the dairy was operational for 24 years, several employees were due for retirement. Moreover, ITI holders servicing the Production and Maintenance groundwork were leaving jobs after getting experience, to more lucrative offers from other industries.

Mr. Patidar recalled the Board Meeting a day before, which approved Perspective Plan 2020. Under the plan, the dairy was to expand the capacity to 15 Lakh Liters per day of milk handling and establishment of two new chilling centers. The project was to cost Rs. 100 Crores. The plan envisioned to expand into new product manufacturing as recommended by the Sangh i.e., MPMS sweets like Rasogulla, Peda, Gulab Jamun etc. The plan also envisioned expansion of existing milk base products manufacturing units. To accomplish the vision, the Board approved recruitment of 200 additional engineers, diploma holders, ITI holders and administrative staff.

Further there was an increased absenteeism from permanent employees at below managerial level as pay hikes was as per CDDC and MPMS norms, which had not been revised for the last ten years.

Given the advancing drought scenario and situation at hand, Mr. Patidar felt helpless in balancing manpower requirement for the dairy. He set back on the chair in his office and wondered, what should be the course of action.

Questions for Case Analysis:

1. Were the concerns of Mr. B. D. Patidar justified?
2. What course of action would you recommend to Mr. B. D. Patidar?
3. Should Vipul Dairy revise Perspective Plan 2020?
4. What strategy for Human Resource Planning would you recommend for Vipul Dairy?
5. Should Vipul Dairy continue its association with MPMS?