

A Dilemma in Cylon Thermowares, Haridwar: Contractual Vs Payroll

Dr. Neema Gupta

CGC Landran, Chandigarh, Punjab, India. neema.gupta.gupta@gmail.com

Abstract - Cylon Thermoware, Haridwar established in the year 2004 as an industrial concern which manufactures household durables, stationary marts, Kitchenware etc, having corporate office in Mumbai. There are 1500 employees working in the organization with ratio of 70:30 as contractual and payroll respectively. The very clear intention of the new worker whosoever joins the company is to be as a contractual but in the due course of time they show their interest to become payroll workers due to the conducive environment and desired HR policies in the system. But management can't convert all workers from contractual to payroll due to the increase in cost of production. This case tells about the solution of the problem i.e. dealing with contractual worker's interest and bringing harmony in the company

Keywords; Contractual, HR Policies, Panorama, HR Policies, Payroll

I. CASE

Cylon Thermoware, Haridwar is an industrial unit which manufactures Plastic durables, Kitchenwares, Household items etc., having four plants in Haridwar and its corporate office is in Mumbai, Maharashtra. The unit was established in 2004 with 400 workers and reached to 1500 employees in the current financial year. Out of this total number of employees, 80% are females. The company follows all the provisions as prescribed under Minimum Wages Act 1948. Besides the fixed salary, all the workers are covered under ESIC scheme and other mediclaim benefits. The CEO, Mr. Harish Goyal is the main decision maker in the organization. The company has two types of workers i.e. contractual workers and Payroll/ Permanent workers in the ratio of 70:30 respectively. At the time of joining, the workers whosoever joins is very young, immature, unskilled and very new to industrial panorama and comes as contractual with his great intention and determination to be as contractual for the time he serves the organization but in the due course of time they shift their mind towards becoming payroll worker. But the company is not interested to make them payroll workers. It increases the cost of the company due to the payment of other payroll benefits.

II. PROBLEMS OF THE CASE

- 1- Dilemma of management to shift large number of request from the side of the contractual workers to put them on payroll at one goes in a certain financial year.
- 2- The CEO, though is the main decision maker in the establishment, has his own limitations in shifting up not more than 15-20 employees as contractual to payroll in a year.
- 3- The dissatisfaction increases amongst worker which somewhere leads to increase in attrition rate

in the establishment and hence the productivity goes down.

- 4- The workers have been working last so many years as a contractual labour and they are not getting permanent, leading them demotivated and dissatisfied. Due to which, a company is facing the down going production.
- 5- The company is finding problems to bridge the gap between demand and supply at the right time.

In view of this, the management on one hand is trying to satisfy their employees and secure their goodwill on the other hand to ensure win-win situation at the end of the day.

III. ASSIGNMENT QUESTIONS

Q1. If you are the CEO of the company how would you view the perspective of contractual worker having intention of shift towards payroll?

Q2. Is the demand of contractual workers to convert them into permanent one is justified?

Q3. What is your rationale if you don't want to give the entire contractual worker the similar shifting? What would be your selecting parameters?

Q4. Do you think there should be an administrative order to work with a system or there may be some ideal features work on for maintaining individual harmony and peace?

Suggested Answers to the questions

Ans1. If I were the CEO of the company, I would be having the same perspective as of workers because there are number of benefits to the company associated with the conversion of a worker from contractual to payroll worker like increase in production, more regularity in the operations, responsibility of the worker increases, less

supervision, motivated workers, harmony between management and employees etc.

Ans2. Yes the conversion of the workers from contractual to permanent is justified as it gives the more space to the workers in the premises with maximum job satisfaction by having more job security, increase in monetary benefits and packages, individual recognition, high acceptability in the system and better career succession management while for employer the benefits for sure will be like increase in production, more regularity in the operations, more responsible workforce, motivated employees, peaceful environment.

Ans3. Shifting of an employee from contractual to payroll is not much easy but of course not impossible if it is going through certain ideal parameters.

1. Performance based shifting.
2. Individual merit with respect to family needs. Tenure of service in the organization.
3. Qualification up gradation in the due course of service if done.
4. Superannuation concern to put into payroll.

Ans4. Yes, there are certain directives to secure labour interest as their soundness in the company like Minimum Wages Act, 1948. But the decision of the company may grant or facilitate the worker over and above whatever is being provided in any labor act.

The major ideal features which can work fruitfully to secure the goodwill of the organization in the market especially in the case provided may as follows-

1. Fair wages to the contractual workers over and above minimum wages act.
2. Payment of compensation in a case of any disablement.
3. Minimum assured increment should be given.
4. Company should also provide miscellaneous allowances to the workers.
5. To motivate the contractual workers, company should also recognize and appreciate their efforts.
6. There should not be a discrimination between contractual and payroll workers in terms of reward distribution.

IV. TEACHING NOTES

Summary of the case

Cylon Thermoware, Haridwar established in the year 2004 as an industrial concern which manufactures household durables, stationary marts, Kitchenware etc, having corporate office in Mumbai. There are 1500 employees working in the organization with ratio of 70:30 as contractual and payroll respectively. The very clear intention of the new worker whosoever joins the company is to be as a contractual but in the due course of time they

show their interest to become payroll workers due to the conducive environment and desired HR policies in the system.

V. TEACHING OBJECTIVES

1. To enable the learner to equip with the HR issues related to the HR systems and policies working in the corporate premises.
2. To enable the learner about real time hands-on-experience off the job.
3. To enable the learner to apply best managerial model to deal with day to day HR issues in the company.

VI. MAJOR ISSUES IN THE CASE

1. Acceptance of such large number of request of conversion in one goes in a certain financial year.
2. If not, then to lessen the dissatisfaction of the employees leading to absenteeism and finally the increase in attrition rate.
3. To justify the selection parameters to the worker and the rationale behind it.
4. To secure the productivity and efficiency of the system on one hand and to move with the same goodwill in the market.

VII. PEDAGOGICAL REVIEW:

Individual case reading: 15 minutes

Group discussion of the case: 15 minutes

Case presentation: 10 minutes