

IS Small Beautiful? (A)

‘This case material is prepared under the guidance of Prof. Krishna Kumar, Former Professor, IIML, as a basis for class discussion rather than illustrating correct or incorrect handling of administrative situations.’

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Is Small Beautiful (A)?

The Director of IMP Institute was wondering how to meet the charter of demands of the non-teaching staff who had been agitating, inter-alia, for promotion for the past several months.

The Director of the Institute had joined only recently. The Institute was established seven years ago by the Government of India as the fifth national level Institute of management. The student intake in the two year MBA programme was 60 which was increased to 120 in July 2003. The institute had moved to its own campus a year ago after Phase I of construction. Phase II of construction had started on shifting to campus. Expenses increased steeply and there were no other revenue generating activities.

The Institute was created as an autonomous body, fully funded by the Central Government, with the support of state government. The Institute, under its article could not create any regular (tenured) post without an explicit permission of the Ministry of Human Resource Development (MHRD), Government of India. Government of India had accorded post facto approval in October 2003 for the staff, which was recruited between 1997 and October 2003. Since the approval had come position-wise for various staff, the Institute could not consider promotion of staff to any higher position as no position existed.

One of the very peculiar aspects of the problem was that out of a total of 20 approved staff positions (other than officers) as many as sixteen were in the scale of Rs. 5000-150-8000 and only four in the scale Rs. 4000-100-6000. Government of India has several scales available (see exhibit I). However, there was no post in scale of Rs.5500-175-9000, Rs.4500-125-7000 or lower scales like Rs.3050-75- or 2250-50. Neither there was any position in the next higher (officer's) scale of Rs. 6500-10500 (except a person who was on deputation). Most of the staff was recruited around the same period, between 1997-98 and were almost at the same basic pay in the respective grades.

Another peculiar aspect was introduced because of technical nature of certain jobs like project and maintenance work, computer center and library service wherein persons with specific technical background could be recruited.

The Government of India had post-facto sanctioned the posts filled when the activity level was low basically a batch of postgraduate programme (PGP), having 60 students each in the first and second year. The sanctioned staff of 30 non-teaching staff (officers and non-officers) was however, commensurate with the batch size of two sections (i.e., 120 students in the first and second year each). A good number of them were, however, deployed in accounts, administration and project management departments. For academic support services like Management Development Programmes, Admissions, Placement, Interactive Distance Learning etc., there was only one person each. In the PGP office there were two staff members. If a person was on leave, the department would have to stop work for the day. There was no exclusive staff for activities like faculty development programmes, research, seminars/conferences, or critical support area-wise like guest care, transport etc. The Institute was keen to increase these activities, but Government would not release the manpower for the same. The government was very stringent in approving additional manpower and would impress upon outsourcing of various services.

The staff was agitating as many of them had come from other older established sister institutions, where the staff strength was 8-12 times of this Institute. They also had promoted people after 5 or 7 years as they had positions and could promote them. The Institutes staff, some of whom had same experience, wanted parity with the former. The MHRD had categorically regretted permission to give promotion except as per the Government of India norms, which meant they had to wait for completion of 12 years service in the scale. The only way to meet the demands of the agitating staff was to get new positions created. However, this option was also not easy to come by. The MHRD would consider additional posts only commensurate with the approved faculty strength in ratio of 1:1. The approval of faculty position was however, contingent upon the increase in PGP intake (with student faculty ratio of 9:1), which required additional class rooms, additional students' hostels, faculty residences, water supply etc. All this required money, which was not forthcoming even for the work related to construction work to cater to batch size of 120 students (in first and second year). The funds allocated to the ministry itself were dwindling and there were five three sister institutions competing for funds for both recurring and non-recurring expenses. Indeed, the government was considering introduction of a block grant scheme, which would have two components. One, which will be the amount based upon the grant for recurring expenditure in a particular year in the past. The second component would be a grant matching the surplus generated by the Institutions. This method of funding implied that the institutions

generate revenues from activities like training programmes, for which there existed no infrastructure like classrooms, executive hostel and commensurate staff.

Asking for more faculty positions to have matching non-teaching staff by increasing batch size was not an easy option from another angle. Getting approval for faculty did not mean one would get faculty as required and without getting adequate number of competent faculty the PGP would suffer. Firstly, there was overall shortage of qualified and experienced faculty in the country as professionals were getting lured by growing industry sector. Then there were a large number of private institutions, who lured away the available faculty offering as much as twice the salaries possible by permitted by MHRD institutions. Lastly, the Institute being located in a small town at a distant corner in the country, it did not offer opportunities to spouse's job, good college education for children etc.

The turnover of faculty in the Institute had been high historically for these reasons. If the intake was increased, the load on existing faculty would increase immediately and would not reduce till the new ones join. Faculty members were apprehensive of their workload increase.

Even if the Institute was able to get more faculty approved, it still needed to get the approval of not only the ministry of HRD, but also of Ministry of Finance, for the non-teaching staff. And this required very strong justifications of each post. With 13 out of 16 existing staff members (out of 20 approved posts) in the same scale (Rs. 5000-8000) and almost the same basic pay (as they all had joined within one year, on minimum basic), it was a difficult challenge to develop a proposal so that all get promotion. Even if that was tried there were two contingent consequences. One, about ten positions will fall vacant all of a sudden, with hardly anyone to occupy them. If the positions remained vacant, they would lapse. Secondly, all the people in Rs. 5000- 8000 grade wanted to be in the officers' grade of Rs. 6500-10500, skipping the immediately next scale (that presently did not exist). This too had two catches. Firstly, the government was most unlikely to accept the proposal for creating 13 new officers post adding to existing 10, taking it to 23 thus making officer-subordinate staff ratio of 23:7. If the number was reduced, only few positions would be created and thus only few would get promoted, while others would not. That would surely demoralize the latter, as by and large each one was holding exclusive responsibility and were only marginally different from each other in terms of performance, which itself was difficult to compare as

nature of each persons responsibility differed. Lastly, to what extent each one has developed to assume responsibility of an officer straight away, was a moot point. Director was not too sure of it; more so, as hardly any supervisor had given them bad rating.

The Director was wondering whether managing motivation even in a small organization could be a difficult problem.

Questions

1. Identify the problems being faced by the Director.
2. Highlight the associated managerial challenges.
3. What should the Director do?

Exhibit 1

Relevant Scales in Government of India

1. Rs. 6500-10500
2. Rs. 5500-175-9000
3. Rs. 5000-150-8000
4. Rs. 4500-125-7000
5. Rs. 4000-100-6000.
6. Rs. 3050-75- 4950
7. Rs. 2250-50-3950