

## **Impact of Organizational Culture & Leadership on the Productivity & Attrition - A Case Study**

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### **I. INTRODUCTION:**

The CEO of the Malhar Group was taken by surprise when the Print Week Small Scale Printers Award for 2009 was announced. Neither he nor the employees could believe it. But it was true that the CMYK of Malhar Group won the award. Everybody was happy. Still the mind of the CEO was gloomy as the attrition rate of the company was high. He was concerned about losing the creative and technical hands that seriously affected the productivity. He was worried about the production and popularity. He was upset that he was not able to give the required time to the CMYK as the business was growing in the form of Ad Agency which required creative thinking and leadership. He was concerned about the lack of competence of the manager in CMYK who had the authority and was the head of the unit. He lacked leadership. The CEO believed that if one dares to take risk of setting new services with proper technical expertise supported by a good organization structure and concentrates on the competencies of the middle level managers new heights can be achieved.

**Background note:** After passing government diploma in printing technology from Mumbai with gold medal in and with one year's practical experience as an apprentice he had started his own screen printing set up in the home town Jalgaon. The initial start up investment was a paltry sum of Rs. 13000 borrowed from a family well-wisher, Shri Bhawarlal Jain. However, with his creative skill he got deep in to the market. Slowly but steadily the roots of business penetrated into the market and his creativity and sincerity got recognition. After 6 years of hard work in screen printing his dream of setting an Offset Printing was realized. The first offset machine was setup with all related equipment under the firm Malhar Offset Pvt Ltd. Reputed business companies like Marico, Jains, and many other oil industries helped the Malhars to grow. Every year new machines were added to increase the production.

As printing business was increasing simultaneously designing activities were also growing. Because of good creativity people asked to start advertising agency. The ad agency was started under the name Malhar Communications. Within twenty years the unit could start its branches in Dhulia, Nashik and Pune. Today Malhar is the only INS (write full) accredited agency of the region. Every year the group is increasing its clientele base owing mainly to quality service and creativity. Today the company caters to all types of clients including corporate to educational institutions right from retails to industries. In the year 2005 new madden and advanced printing set up was established under the name CMYK Press. The plant is equipped with six color offset machines with many specialties i.e. gold stamping, UV coating, Embossing etc. The plant is also up-to-date with designing facility. This was the first multiple color machine of the region. Five years back the company set up the first digital printing wing in Jalgaon for fast printing of small quantity jobs. The Company got the ISO certification. Today it has the honor of being the leader in this category in the region.

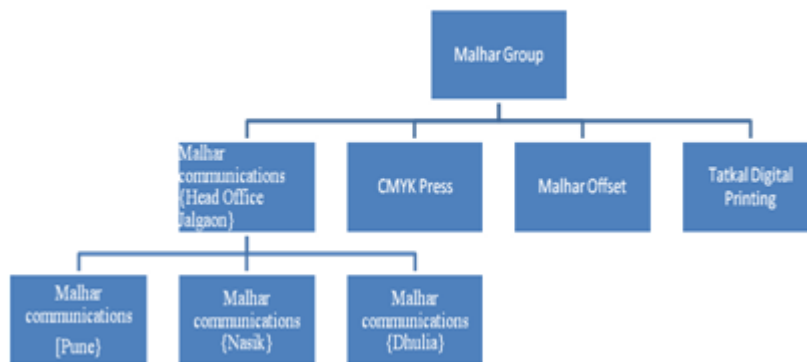
**Overview of the facilities:** The earning of a labor in production is in the range of Rs.5000 to 9000 pm in the region of north Maharashtra which is a good amount as compared to the cost of living in the region. Besides salary a number of benefits are provided. An executive's monthly salary ranges from 9000 to 13000 while for a manager it is in the range of 15000 to 18000. The facilities include Provident Fund, ESI, Diwali Bonus, Annual 15 days paid leave; Cash advance facility, motivational vouchers as per the production, welfare facilities. Being designed As per the norms laid down in The Factories Act, 1948 the infrastructure is also well equipped giving employees safety and satisfying environment to work.

In detail the facilities provided are-

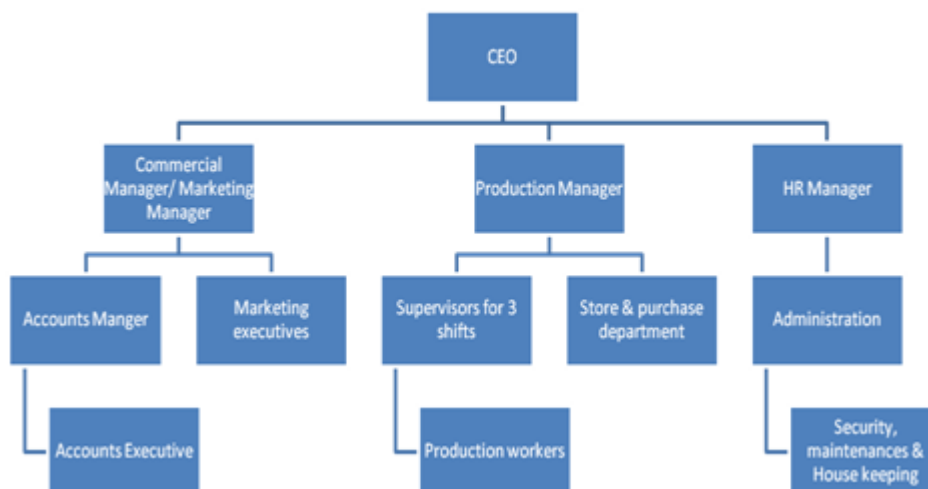
- [1] Provident fund
- [2] ESI
- [3] 15 days paid leaves
- [4] Motivational vouchers

- [5] Quarterly health check ups
- [6] Annual function & family party.
- [7] Yearly trips for all employees
- [8] Advance facility
- [9] Training As required
- [10] Employees' are sent to attend workshops & seminars
- [11] Performance based appraisals
- [12] Medical Check ups
- [13] Family Employment Schemes
- [14] Opportunity to work in extra shifts to earn extra.

**The Structure of Malhar Group –**



**Organization Chart – The Organization Chart of CMYK is as follow-**



There are 500 employees in the organization,

CMYK – 200

Malhar Communication -200

Malhar offset- 75

**Some of the Clients of Malhar**

Marico
Legrand
Bosch
Nilons
Kogta Group
Jain Group
Jalgaon Janta Sahakari Bank
Raisoni Group

**People Problem:**

Though the initial years were struggling there was less people problem

- [1] There is lack of technical training for the workforce
- [2] Problems relating to proper control of financial matter.
- [3] The Company could not get good technical expertise in local area.
- [4] Company faced a lot of problem in maintenance of the machines as good mechanics hardly wish to come down to Jalgaon for maintenance.

With the increase of the ambit of the Company people problems are increasing. Although the Company is providing facilities it is not able to retain the employees and frequent transfusion oh new blood affects the productivity and production. The middle level Manger at the CMYK is not able to manage the people at work. In fact he is the head of the press and the decision maker in all the departments under him like commercial, marketing and sales, financial, and HR department. Being self centered he lays emphasis for his own development. He has more focus on the sales and less on the employees and their job satisfaction. As a result the employees feel that their problems are not being heard and if at all heard it's not redressed. The employees who are from its inception feel that in initial years when the compensation was as per standards for the industry and there were hardly any statutory/non statutory benefits still they had less problems and had job satisfaction as they were heard by the CEO & their problems were solved. They also believe it was more of team work and they collectively worked for the growth of the Company which has shown results giving a robust growth to the Company. But as the company is expanding & CEO moving to the office of Malhar communication hardly coming once a week to the printing unit which was earlier Malhar Offset and now the CMYK. The manager appointed there has different leadership style. Consequently the conflicts in the organization are rising which is decreasing the job satisfaction,

**The major reasons of the conflicts are:**

- [1] Production line up prepared by the production head is disturbed by the marketing head giving preferences to the products of his own clients & ignoring the clients of marketing executives.
- [2] Imposing the decision from commercial heads on the mangers of other departments, the decision is taken without any involvement of other departmental heads.
- [3] The decision is not taken by the concerned departmental heads they are not in a position to solve the problems of their teams giving rise to conflict.
- [4] Lack of co-ordination between departments & employees resulting in stress & dissatisfaction of the employees.
- [5] Employee grievances are not heard resulting in lower morale of the employees.
- [6] The rise in conflict, stress, dissatisfaction & grievances leads to imbalanced culture of the organization.
- [7] Lack of coordination between Malhar Communications & CMYK results in inter unit conflicts.
- [8] The employees of CMYK feel that the employees of Malhar Communications are given more benefits. The work culture of Malhar Communication is good. And they are in team. Things are not imposed on them as the CEO himself sits there.
- [9] Comparing the payment structure, the facilities & the welfare schemes with the competitors, CMYK gives the best still the attrition rate of the company is very high. The top management is worried as implementing the competitive salary packages welfare facilities the attrition rate has not reduced. The productivity is not constant it is fluctuating and on an average it is coming down.

**Questions:**

- [1] How will the CEO manage the expansion of the company without much of people problem?
- [2] Is there role ambiguity in case of commercial manager?
- [3] Is restructuring required in the organization?
- [4] Is training on team management & leadership required?
- [5] Suggest the appropriate measures to overcome the problem of attrition & lower productivity.