

SECTION – C

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12. Case Study : **Compulsory.**

Last year, and in three of the five preceding years. NPC India incurred heavy losses. Although a large conglomerate, NPC has found these losses hard to accept and has sought to place a freeze on wage increases for its executives. However after conferring with the Directors, CEO has decided to offer non-financial incentives. His reasoning was that the competition was headhunting, and to make such a blatant no-increase statement might cause the more promising executives to leave the organisation. This, he felt, would be extremely detrimental. He believed that when times were tough, as they had been, that is when excellent managers are needed. Losing them now could only snowball the decline. Accordingly, the Board of Directors has voted to provide each executive with a membership in the local health club. While considered a permanent perk and in lieu of a raise this year, the board rationalized that managing the corporation in the months ahead would be extremely stressful and that this membership would be a means of reducing the stress while enabling the executives to become healthier. Unfortunately, however, the perk was not enough. Grumbling about the chain of events, two executives jumped ship. The ones that stayed did so because of their time invested in the company's pension. However, they too were upset over the board's decision.

Questions :

- a) How could this perk have been offered or marketed better to these executives ?
 - b) What do you believe is the reason why most of the executives did not find the perk rewarding ?
 - c) Faced with a similar dilemma, what would you have done if you had been the chairman of the Board ? What would you do now that the executives are upset ?
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