

Case 17

Apprehensions about the Union

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Increasing Operations

M/s Anant Printers is a small printing press. It has three trade machines and one modern offset machine and DTP equipment. It has nine workers for doing all jobs in the press. The whole unit is just like a family and the proprietor has excellent relations with the workers. The press has a large number of orders. There is good demand and it can increase its operations, if the proprietor wishes to do so.

The proprietor has come across four offset machines in a medium-size press at Mumbai, which *has been closed* due to the death of its owner. If the proprietor purchases these machines, the total number of workers would increase to twenty. The trade union would come forward and build a union of the workers in M/s Anant Printers. It is difficult to anticipate whether the wage rates could be maintained at the same level after union is formed. One alternative is to import fully automatic machine from Germany, then the number of workers could be limited, but the capital cost is very high, besides skilled technicians will have to be appointed to run the modern automatic machines. The cost of production is expected to be very heavy. Advise the proprietor on following questions:

1. Should the proprietor increase his operations or should *he* maintain the present set-up?
2. If he wants to increase his operations which alternative he should select? Why?

Maximum time taken to solve this case study: 27 minutes.

Taken from question paper on Business Policy for MBA (Part II, Semester IV), examination of Shivaji University, held in May 1999.

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