

Case 19

Premature Retirement

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Selection of an Alternative

Mr Ram Dayal Mathur was an Assistant Director in the Department of Telecommunications, Government of India. Mr Mathur had married late in life and his two sons were born at a more advanced age compared to his colleagues. Mathur calculated that his younger son would be 16 years old at the time of his retirement. This was not a desirable situation and Mathur visualised that he would have to work for at least 4-5 years more after his retirement. He was realistic enough to appreciate that getting a regular job in his late 50s will present problems. He may get some liaison type assignments, but he was not temperamentally suited for such work. He could not help but conclude that he should quit the government job quickly and join a private sector organisation, which would let him work for the required period.

Fortunately, private sector operators were being invited by the government to provide various telecommunication facilities. This should lead to an improvement in the job market for an engineer like him, who had substantial experience for providing telephone services. He also concluded that qualifications in management would equip him better for a job in the private sector. He had to find a part-time course to study management. He tried to find a suitable course in Telecommunication Management, but nothing meeting his specifications was available in India. He finally joined an MBA programme and successfully completed it with an 'A' plus grade, specialising in Marketing.

His colleagues and seniors were informally aware of Mathur's plans and assisted him in securing interview calls from prospective employers. Majority of private sector companies had started their operations around that time only and were looking for suitable employees. Mathur accepted the offer of a job from a company jointly floated by the Telecommunication Commission of a European country and a Japanese bank. He was to be the Deputy General Manager. Mathur went to meet the Managing Director of the company after the selection process was over. The MD advised him to join as soon as possible, but certainly by the end of November 2002. This was 45 days away. The reason for laying the deadline was because the company had a system of career advancement based on seniority-cum-merit. The MD confided that the next batch of five more Deputy General Managers was due to join the company towards the end of the year. All these five Deputy General Managers would become senior to Mathur, if they joined before him. The MD explained that after all the Indian private company would have rules of promotion similar to those followed by the Department of Telecommunications, Government of India. Mathur promptly resigned his job with the Government of India with effect from 1 November 2002.

Mathur got a telephone call from Anil Shrivastava, Joint Secretary in the Ministry of Finance. Anil was a first cousin of Ram Dayal's wife and thus fond of the family. Anil normally assumed the role of an advisor since he was attached to the Department of Telecommunications as a financial advisor. Anil requested Ram Dayal to meet him during the lunch break. Anil advised Ram Dayal, as soon as he entered Anil's office, to delay his resignation by at least 2-3 months. Anil continued that the Government of India had set up a Pay Commission, some months ago. This commission is finalising its report and the recommendations are expected to be applicable with effect from 1 January 2003. This Pay Commission had recommended a substantial increase in the pay package, pension, gratuity, etc. for officers like Ram Dayal. A resignation after the Pay Commission recommendations become applicable will mean higher pension for life and more gratuity. Further, a higher pay at the time of resignation will appear a plus point in the resume. This will help, should Ram Dayal choose to switch jobs after

leaving the Department of Telecommunications (i.e. leave the company which was going to employ him presently).

Anil's advice appeared very sensible to Ram Dayal. Similarly, the words of his future MD were also worth serious consideration. Mathur is fully confused now. He will lose seniority in his new job and suffer the effect of this during his entire stay with that company. On the other hand, leaving after the recommendations of the Pay Commission became applicable made a sound financial decision.

What would you do if you were in Mathur's shoes? Give reasons for your choice.

Maximum time to solve this case study: 25 minutes.