

Discipline

You as J Franklin have returned from a visit to Eastern Europe following discussions with the team that you have chosen for the opening of a German subsidiary. The new business plan had involved further expansion in Continental Europe, a development that had put pressure on the availability of skilled manpower within the company. The potential skills shortage had been relieved by the creation of priorities in the training budget, with a concentration in the short term on the maintenance and development of technical skills within the organisation.

It had been seen as crucial that as a small company improvement in management and administrative skills could be left for the next couple of years. The essential priority was the further expansion of the main core competence of Burke Engineering, that of the design manufacture and installation of increasingly complex valve systems. Such an emphasis had enabled the company to make available technically skilled staff to establish a new subsidiary in Germany without weakening the skills available within the main production facility.

The rapid growth rate of Burke Engineering over the past 3 years had however created other problems. It had meant that not only was the organisation becoming more diverse, the complexity of operation and the speed of change meant that Burke staff had been put under considerable strain. Though the industrial relations atmosphere was such that it was unlikely that there would be serious trouble, with the great increase in discussion and involvement throughout the organisation, you have been concerned about the rise in disciplinary action. High levels of disciplinary action had been a major feature of the company when you had joined as managing director, but during your first two years there had been far fewer problems that needed disciplinary hearings.

Part of this reduction had been due to the training that management had received in all aspects of personnel policy. Recently this downwards trend had been rapidly reversed with increases in disciplinary action in specific areas of the company. Two departments were particular problems sales and marketing and production.

Now that many other areas of the company are working effectively, you consider that it is time that the way in which the disciplinary process works should be reviewed in detail. You have asked for recent disciplinary cases to be brought to your attention with the action that managers have taken. The following list had been prepared by the departmental heads and is supposed to include a description of the problem followed by the action that each manager has either taken or proposed to take. There are also some other issues that require decisions which will involve discipline and these have also been included in the file.

Item one

From Belinski To Managing Director

Mrs Gravotti. You will remember that we discussed the issue of unpaid leave at our weekly meeting earlier in the month. We were agreed that unpaid leave should only be given in exceptional circumstances. I have taken this also to include overtime worked to replace normal contractual hours (or time off in lieu). We recruited Mrs Gravotti as you know, to be our main technical support engineer for the Italian market. For the first 18 months, there were no problems, though as you know I consider that the selection of foreign staff to support our European operations is likely to cause problems.

Our Italian business has been expanding so rapidly that it has covered all her inadequacies which are clearly shown in the standard of her reporting, even though we have had no complaints from customers. In early June, Mr Gravotti you works for Fiat in Gerolan, had a serious car accident and Mrs Gravotti decided to take her annual leave at that time, even though in the roster created at the beginning of the year she had specifically asked for leave in August.

Though this created problems we were able to cover for her in the department during this time. On a visit to Gerolan I found that this had not been necessary as her husband was well cared for in hospital, and then had been transferred to a Fiat nursing home to convalesce, with a complete recovery. Recently, her son has become ill. Though her family circumstances are such that she has the help of her mother and aunt in looking after the child, she wanted to take two days off a week, because she had no leave entitlement left. She offered to work over the weekend to make up the time that was lost. She claimed that similar dispensations had been given in the UK to one of the technical support staff whose wife had become seriously ill. Though we had given G Bernard such assistance the case was entirely different, as there was no one at home to support him.

Her view has been that as Italian companies work over the weekends this absence would not make any difference and that she would continue to provide emergency cover throughout the week. This I consider unacceptable. I have issued Mrs Gravotti with a written warning stating that should this absence from work continue we would have no option but to dismiss her as she has failed to meet the terms of her contract.

Item two

From Axel Winger Partnership To Managing Director

CONFIDENTIAL. We have completed the initial audit of the last years figures having taken over the work from Periccional, and have found major discrepancies that must be resolved as quickly as possible. We must have a meeting to discuss them. Briefly, the matter concerns a considerable number of orders to customers in South America and the Middle East.

It would appear that many orders were priced more highly than they appear in the company accounts. Two payments were then made for these orders, one to the overseas client and another to a series of bank accounts in London. We have been advised by one customer that this payment was as a split commission, half to be paid to the client (normally the official or company manager involved in the purchase), and the other to be paid to a member of Burke Engineering.

It would appear that these payments go back 5 years and are entirely export business, though since the new controls on pricing were established it appears that the practice has largely stopped, though we have identified 3 invoices that give rise to concerning the last financial year. The sums involved have been considerable. The invoices that we have been able to trace, amount to €1.5 million and may well be higher than that. From London, the payments that we have been able to trace go into the Channel Islands.

I and my partners consider that this could only be achieved with the connivance of either the Marketing and Sales Director or the Finance Director or both. As pricing of these orders has been largely the responsibility of the Sales and Marketing Director our investigations will need to start in that department. We advise you of this so that you can take any action that you consider necessary.

Item three

From Buckle AEU To Managing Director

Production Department. You should know that there is going to be serious trouble in the Production Department. Everyone is being placed under considerable pressure by the peculiar behaviour of Mr Sedgefield. I would appreciate the chance of discussing this with you as neither of us would want the matter to escalate further.

Item four

From Sedgefield To Managing Director

Discipline. You asked for details of recent disciplinary hearings. These are the three problems that I have faced recently and the decisions that I took.

1. A Ossagro. This member of the production staff had on 3 successive occasions filed his material returns two days late.

Though this did not affect the running of the department it was a serious breach of rules, and as a result I had no option but to issue him with a written warning.

2. J Taverner. This new employee in the research and development department persisted in using her computer during the lunch break to play computer chess. This is misuse of electricity. I have issued an oral warning that this is to cease.

3. S Hoskyns. This manager within the department has been seen on several occasions bringing food back to his desk in the office next to the shop floor during meal breaks. This is contrary to the rule concerning hygiene and effective working conditions on the shop floor. I have made the recommendation that Mr Hoskyns should be demoted.

4. G Hamilton. G who works in the research department has been leaving without completing all the work scheduled for the day. G claims that to continue working at home via his computer terminal and says that all work is completed on time for the beginning of work the following day. Though his manager supports this view and has stated that all the projects are completed on time, I do not see why employees should leave the factory and be allowed to finish work at home. I have issued this employee with a formal warning and should this continue I will be moving towards an action for dismissal.

Item five

From Porter To Managing Director

Accounting in Burke US. I had a major row with Siddiqui over the transfer pricing and accounting policies of BUS. Siddiqui is still of the opinion that BUS should be invoiced in euros for components and that we should present our management accounts in dollars rather than euros. I explained that the US tax authorities take much more kindly to being presented with invoices in dollars, but this did not have much effect. Continually changing exchange rates make dollar conversion into euros for each set of weekly management accounts time consuming. I thought we were agreed that stock revaluation and reconciliation into euros should be limited to the six months figures.

Action

How should you as J Franklin approach these disciplinary issues? What are important and what are not? What specific action would you take in each case?