

## **HUMAN CAPITAL AT LAKHAN' S BAKERY**

### **Ajay Kr. Singh**

On the new year's eve while doing your shopping, you decide to stop in at a friend's business, Lakhan's Bakery. Lakhan recognizes you and invites you into his office to have a cup of coffee. He is eager to talk about his work, and in conversation that follows, tells you that he is about to mark the second anniversary of what has turned out to be a remarkable business. In terms of the breads, pastries, and other baked goods, customers cannot seem to get enough. On the other hand, Lakhan has the feeling that he is working harder than ideal, and that the bakery is less profitable than expected. Being a people-oriented person yourself, you pick up Lakhan's comment on his difficulty in finding good employees. The following aspects of Lakhan's Bakery emerge after a careful analysis of the observations of Lakhan:

1. It takes 16 employees to staff the bakery for a full week.
2. Lakhan defines six different positions: two bakers (pastries and breads), one cake decorator, a retail clerk, and a shift supervisor who also works behind the counter.
3. Lakhan has employed 239 people in the two years of operation. The shortest tenure was four hours and the longest 14 weeks.
4. Pay for the employees ranges from Rs.20 per hour (clerk) to Rs.40 per hour (shift supervisor).

Having 239 employees within a two year period seems to you extraordinary; it represents an 800% turnover - equivalent to a new set of employees every six weeks. Yet the information Lakhan has provided jibes with your observations. Even though you visit the bakery at least once a week, you seldom see familiar faces. The "help wanted" sign is a permanent fixture in the front window. On several occasions, you have even seen the shift supervisor interviewing applicants at the end of the counter. As a frequent customer, you have noticed that the employees are pleasant and obviously are trying their best. At the same time, they frequently do not appear to understand certain common aspects of their jobs - for example, the function of the cash register, how to enter special orders, the schedule for baking, ingredients of special items, and so forth.

### **Questions:**

1. Identify the causes of the high turnover Lakhan's Bakery is experiencing?
2. Should Lakhan bother about the high turnover rate? Discuss the cost benefit analysis of retention vs. turnover of human capital.
3. If you have been appointed as a consultant and were asked to help put human capital on a more even footing, on what HR activities would you concentrate upon.
4. Design four human development programmes Lakhan could implement to reduce the high turnover.