

Bahamas electricity corporation

[Business](#), [Company](#)



The Bahamas Electricity Corporation (BEC) is a government owned corporation. The corporation supplies electricity in the Bahamas except for the Grand Bahama and Inagua where their supply of electricity is outsourced. (www. fortune. com, 2005). The current minister in charge of its operation is the Minister of Public Works and Utilities, Phenton Newmour. Its current general manger is Kevin Basden. The Corporation was founded in the year 1956 through the Commonwealth of the Bahamas and Electricity Act. In the year 1994, there have been several issues in the Bahamas Electricity Corporation regarding the corruption of the employees.

There are also issues regarding the fulfillment of the agreements that the corporation had promised to its union members. The following problems would be discussed in the next few paragraphs II. Corruption inside BEC In the year 2004, it had been stressed in an article written by Candia Dames that Corruption had struck in the BEC. Loss of about \$100 million over the last five years had been estimated. According to Dames (2004), these losses was due to the business persons and BEC employees conspiracy that involves the practice of meter tampering. In the year 2003, the new figures reveal that the company had lost a total of \$ 18.

54 Million in non-technical losses. New Providence accounted for 79. 82% or \$ 14. 79 Million in losses and 20. 19% or 3. 75 Million Dollars. Possible consequences that could happen because of these assumed conspiracy is that the reputation of the company could be torn to shreds and as such, the people's trust would definitely decrease. It had been further explained that the company had used several countermeasures to avoid further losses.

According to Ms. Dames, the company would be putting a new electricity consumption meters which is read automatically.

The meters would be put into place and a precautionary had also been added as a feature of the meters which can be read automatically. Another reason why this particular device had been chosen is because the company would want to avoid the BEC workers to under read the meter which had been a cause of the losses that the company had incurred. III. Union Destabilization According to the article, the BEC needed to fulfill its side of the contract in Bahamas Electrical Workers Union. At the end of 2003, the union members in BEC had made several demands to the company.

Among the issues that they wanted to be resolved are wage increases and improved pension funds. Current contribution that the company makes amount to 13% of each workers' salary to the pension fund. However, an actuarial report had been shown about the pension fund. It shows that the company is not putting enough money for the pension funds of the employees. Based on the report, the underfunded amount is around \$22 million. The solution that the company had thought of is to make up for the shortfalls of the company by increasing contributions to 16.6%.

Computing the total annual increase, the 16.6% shows an annual increase of \$4.5 million to \$5.7 million. Even though the company had already established this, the union had still demanded for an increase of 26.2% which means that the annual contribution must be \$7.6 million. The company had declared that they are not capable of paying a very large amount of 26.2%. The article reveals that a merit system for the workers is

being pushed to an agreement. The merit system works to reward the employees beginning in the third year of the contract.

The salary increases between 3 to 8% based on the job performance. IV. Conclusion V. Points to Ponder To analyze the case it is important to have points to think about in order to have a deep analysis of the case. First question about the case is about the solution that the company had thought of in order to reduce losses. “ Is the solution of changing meters a good solution? “. Another question that could be addressed is that “ Since the problem in the company had rooted from unethical practice, shouldn't the solution involve ethical training of the employees? ”.

Third question for the case is that “ Was the company transparent about the fact that they were not able to pay for the pension fund? “. The transparency of the company must be shown in this case because if this is established, it can be concluded that the company is open to its financial situation. Being open about the status of the company is being honest to the employees. Lastly, there had been several comments on the reward system that must be established. The question for case analysis is “ Shouldn't there be an evaluation system for the employees in a frequent basis such as quarterly, monthly?

” Most companies use the performance evaluation as a means to increase the salary of the employee and at the same time to determine whether the employee deserves to be promoted or trained to improve his or her performances. REFERENCES: Dames, C. 2004. Corruption Rocks BEC. Retrieved last March 20, 2008 from Geocities. Website: <http://www.geocities.com/bzephyr2002/BECC.html> Fortune. 2005. Bahamas Electric <https://assignbuster.com/bahamas-electricity-corporation/>

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