

PGDM, 2015-17
Strategic HRM and Organizational Structure & Design
DM-523
Trimester –V, End-Term Examination: December 2016

Time allowed: 2 hrs 30 min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

| Sections | No. of Questions to attempt | Marks | Marks |
|----------|------------------------------|--------------------|-----------|
| A | 3 out of 5 (Short Questions) | 5 Marks each | 3*5 = 15 |
| B | 2 out of 3 (Long Questions) | 10 Marks each | 2*10 = 20 |
| C | Compulsory Case Study | 15 Marks | 15 |
| | | Total Marks | 50 |

SECTION A

- Qt.1 "Management would probably prefer high formalization." Do you agree or disagree? Give reasons.
- Qt.2 Differentiate between Functional and Divisional Structure on the basis of any 5 structural elements.
- Qt.3 Using Miles and Snow's typology, explain what structure would align with each strategy type.
- Qt.4 How does the "Resource based View (RBV)" support Strategic HRM?
- Qt.5 In what type of external environmental conditions, would you recommend high degree of centralization and high formalization?

SECTION B:

- Qt.1) Elucidate the benefits of a strategic approach to HR. What is the relevance of SHRM gaining importance in today's context?

Qt.2) Reconcile this statement:-Where decisions are delegated downward but extensive policies exist to constrain the discretion of lower-level members, there is increased centralization. Discuss with suitable examples.

Qt.3 You are evaluating an organization's structure: you find that production activities are highly formalized, whereas the level of formalization for research -design personnel is low. Similarly you find legal decisions are highly centralized, but marketing decisions are decentralized. Discuss this type of heterogeneous implementation of structural dimensions within the same organization.

SECTION C:

CASE STUDY: MERGING AMC INTO CHRYSLER

Read the case carefully attached and answer the following questions. Each question carries 5 marks.

Qt.1) How does the purchase of AMC help Chrysler to manage its environment?

Qt.2) At the time of Chrysler's purchase of AMC, was Chrysler a growing, stagnant or declining organization? How about AMC?

Qt.3) How is the acquisition of AMC likely to change Chrysler's organization structure?

MERGING AMC INTO CHRYSLER

Based on "Digesting AMC: So Far, So Good," *Business Week*, February 22, 1988, pp.130-32.

American Motors Corporation might have been a "little guy" by auto industry standards, but with sales of \$3.5 billion, it certainly qualifies as a large organization. When it was bought in August of 1987 by Chrysler Corp., Chrysler chairman Lee Iacocca described the task of merging AMC into Chrysler's operation akin to "swallowing a whale."

Before Japanese firms like Honda and Nissan began producing cars in the United States, AMC regularly held fourth place among the so-called Big Four U.S. automobile manufacturers — behind General Motors, Ford, and Chrysler. AMC had given America cars like the "little Nash Rambler," the Pacer, and the Hornet. But Chrysler wanted AMC predominantly for its highly popular and profitable line of Jeeps and for its new Canadian manufacturing plant. Never a major money-maker, Chrysler was also intent on making AMC more efficient. Iacocca needed not only to merge AMC into Chrysler, but he wanted to cut its operating costs as he had done at Chrysler when he took over in 1980.

The difficulty of merging AMC into Chrysler would not be easy under the best of circumstances, but it was especially challenging in the summer of 1987. Specifically, automobile and truck sales in the United States fell 7 percent that year and U.S. unit sales of Chrysler's line of cars slid 16 percent. Chrysler's pretax profit margin was down to 8.3 percent from 10.2 percent in 1986. Moreover, Japanese carmakers were boosting output at their newly built U.S. factories and Korean automakers, particularly Hyundai, were rapidly expanding their market share. Meanwhile, AMC was preparing to launch the Premier, the first of its new Eagle line of cars, in the fall of 1987.

During the six months following the August 1987 purchase of AMC, Iacocca made every minute count. For example, to boost Jeep production fast at AMC's well-worn Toledo plant, he got workers to work overtime on Saturdays in return for a promise to keep the factory running through 1992; he shut down AMC's 86-year-old Kenosha, Wisconsin, plant, eliminating 5500 jobs and cutting total capacity by 230,000 vehicles; and he began cloning other practices he had used at Chrysler to cut costs, such as reducing steel inventories at stamping plants by 80 percent and eliminating duplications in the production of parts.