

PGDM, 2016 – 18

STRATEGIC HRM AND ORGANIZATIONAL STRUCTURE AND DESIGN

DM – 523

TRIMESTER – V, END-TERM EXAMINATION: DECEMBER 2017

Time Allowed: 2 Hrs 30 Min.

Roll No. \_\_\_\_\_

Max Marks: 50

**Instruction:** Students are required to write Roll No. on every page of the question paper; writing anything except that Roll No will be treated as Unfair Means. All other instructions on the reverse of Admit Card should be followed meticulously.

**SECTION A**

**Attempt any three questions from the following. Each question carries 5 marks.**

1. Explain with examples how human resources management can be instrumental in helping a company create a competitive advantage.
2. Briefly explain the broad strategies and guidelines you will use for deciding about Human resource outsourcing decisions.
3. Briefly explain the trends in the utilization of human resources with specific reference to telecommuting and relocation of work and its impact on human resources and organizations.
4. Briefly explain the importance of four key structural dimensions of organization design.
5. Define organization structure. Does organisation structure appear on the organisation chart? Explain.

**SECTION B**

**Attempt any two questions from the following. Each question carries 10 marks.**

6. Differentiate between functional and divisional organisational structures with their uses. Why do companies using a horizontal structure have cultures that emphasize openness, employee empowerment, and responsibility? What do you think a manager's role would be in a horizontally organized company?
7. In an organization of your choice, as part of your Human resource strategy implementation, dealing with Employee surpluses is a crucial challenge. Identify various approaches, both short term and long term, that organizations can adopt to implement manpower rationalization/downsizing strategies effectively. Also explain how companies should tackle skills obsolescence issues in the new tech world. Support the answer with your views.

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Turn Over

8. Briefly explain the issues and trends relevant to strategy and human resources by scanning the environmental framework which is composed of: technology and organizational structure, worker values and attitudinal trends, managerial trends, demographic trends and their impact on human resources and organizations.

## SECTION C – COMPULSORY CASE STUDY

### MERGERS AND ACQUISITIONS – INTEGRATING HR STRATEGIES

In the past, the decision criteria for mergers and acquisitions were typically based on considerations such as the strategic fit of the merged organization, financial criteria, and operational criteria. Mergers and acquisitions were often conducted without much regard for the human resource issues that would be faced when the organizations were joined. As a result, several undesirable effects on the organizations' human resources commonly occurred.

Nonetheless, competitive conditions favour mergers and acquisitions and they remain a frequent occurrence. Mergers between some of the largest companies include the following: Tata Motors and Jaguar Land Rovers, Tata Steel & Corus, Boeing and McDonnell Douglas, Exxon and Mobil, American Online and Time Warner, Burlington Northern and Santa Fe, Union Pacific and Southern Pacific, Daimler – Benz and Chrysler, Ford and Volvo, Bank of America and Nations Bank.

Layoffs often accompany mergers or acquisitions, particularly if the two organizations are from the same industry. In addition to layoffs related to redundancies, top managers of acquiring firms may terminate some competent employees because they do not fit in with the new culture of the merged organisation or because their loyalty to the new management may be suspecting. The desire for a good fit with the cultural objectives of the new organisation and loyalty are understandable. However, the depletion of the stock of human resources deserves consideration, just as with physical resources. Unfortunately, the way that mergers and acquisitions have been carried out has often conveyed a lack of concern for human resources. A sense of this disregard is revealed in the following observation:

"Post combination integration strategies vary from such friendly tactics in truly collaborative mergers to much more hostile and disruptive strategies in raids and financial takeovers. Yet, as a cursory scan of virtually any newspaper or popular business magazine readily reveals, the simple fact is that the latter is much more common than the former".

The cumulative effects of these developments often cause employee morale and loyalty to decline, and feelings of betrayal may develop. Nonetheless, such adverse consequences are not inevitable. A few companies such as Cisco Systems, which has made over 150 acquisitions, are very adept in handling the human resource issues associated with these actions. Some examples of Cisco HR Practices are: "What will happen to my job?" is the first question asked by employees when their company is acquired by Cisco. Employees are a critical part of the acquisition strategy, because they hold the key to the next generation of the product.

The Cisco human resources (HR) acquisition team has designed the integration strategy around employee concerns to help facilitate and expedite acceptance of change by the new employees. Cisco has a goal of retaining 100 percent of employees that transition from acquired companies. Cisco HR works with internal resources to handle routine transition tasks such as employee setup in HR and payroll systems. These tasks adhere to the standard processes defined by the HR integration team.

To reduce the disruption and anxiety of the transition process for new employees, HR staff are among the first Cisco representatives onsite at the acquired company when a deal is announced. Because communication is critical during the early integration phase, an internal Website is created for each acquired company to present detailed information and updates about the employee transition process, and to provide links to Cisco training resources. The Cisco HR team hosts a new-hire orientation for all new employees at the time the acquisition deal closes. This orientation gives the acquired employees the information that they need to work at Cisco. Other training sessions address employee concerns such as immigration and company stock. The training sessions are formatted to meet the needs of the global audience and are delivered through online videos, in WebEx online conferences, and video conferences.

"We must act as quickly as possible to make decisions and inform the new employees about their job status, because we know that until employees have that information, they will not be able to focus on their work," says Shari Yocum, director of acquisitions in the Cisco Human Resources department. "Our goal is to have the new employees fully transitioned and ready to work as Cisco employees from the first day after the deal closes."

### Questions

1. If human resource is a major source of competitive advantage and the key determinant of an organisation's ability to pursue a given strategy, why have the human resources aspect of mergers and acquisitions been ignored or handled poorly in so many instances in the past?
2. Briefly analyse the approach of "communication with employees" of acquired companies that Cisco Systems has used in integrating HR practices of Cisco.
3. Identify few human resource practices that have made Cisco acquisitions successful in your views.

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