



Eastern University, Sri Lanka
Faculty of Commerce and Management
Final Year/ First Semester Examination in BBA- Specialization in Human
Resources Management- 2008/2009
HRM 4113 Strategic Human Resource Management

Answer all questions

Time: 3 hours

Q1. Case Study: Integrating strategy and human resource management

The experiences of several organizations provide good examples of the integration of strategy and human resource management. One such example is provided by the experiences of People's Bank, a financial services company headquartered in Bridgeport, Connecticut. Massive changes began to take place in the business environment of banking with deregulation and relaxation of ceilings on interest. Money markets began to drain off funds that ordinarily went into Banks' deposits, forcing them to rely on more expensive sources of funds. Further, the money centre banks began to compete in the same middle markets as regional banks. People's Bank, which was a small regional bank, responded by changing its strategy from a product orientation to one directed toward markets. With a product orientation, products are developed and then markets are sought out in which to sell the product. Conversely, a market orientation involves an opposite approach in that market demands are determined and then products developed to serve the market. As a result of these changes, People's bank transformed itself into a diversified financial services company with 139 branches and a fully integrated banking services and stock trading presence on the internet.

Because of major changes in People's Bank strategy, there was a recognition that new organizational structures would be needed to accommodate the changes. The organization was decentralized, hierarchical levels removed, strategic business units formed, and new senior wise presidencies created within a matrix structure. The bank then conducted a study of different types of employees that needed the new strategies, skills and organizational requirements. Major changes were undertaken as a result of the audit. For example, the performance appraisal system was revised. The revised system emphasized goal setting, linked individual goal accomplishment and rewards with the attainment of the bank's objectives, and placed grater emphasis on performance appraisal on marketing and sales. Further, human resource planning was more fully

integrated with the strategic planning process through synchronization of its scanning process with the bank's overall environmental scanning process.

The experiences of US Navy provide another example of the integration of strategy and human resource management. As a result of its linkage of strategic planning with human resource management, the Navy was able to pursue a proactive strategy that provided lower labour costs. In the Navy's case, its human resource planners analyzed the labour cost savings of strategies involving its civilian employees that would substitute local wage policies for national wage policies. By developing human resource forecasts to determine labour market reaction to the changes, planners could determine whether sufficient labour supplies would be available with a cost-saving strategy. In this example, the planners also examined the impact of the reduction of private sector middle management positions and found that higher-quality employees could be hired.

Ingersoll-Rand's experiences with one of its divisions also provide a good example of the outcome of a strong linkage between strategy and human resource management. Ingersoll-Rand's rock-drilling division was experiencing rapid growth and had shortages of labour. It also needed to train its employees to work with new technology and wanted to control labour costs. The outcome of integrating its human resource capabilities with its strategic planning process was that the company implemented a number of programmes, including gain sharing and employee involvement teams. It also had employees participate in decisions on the purchase of new technology and made a major commitment to technological training.

A final example of the integration of strategy and human resources is provided by Maid Bess, a manufacturer of uniforms. The company faced intense competition from foreign manufacturers and control of labour costs became very critical. Because of its labour intensity, the company closely integrated human resource management with the strategic planning process. As a result of the integrated strategic planning process, the company's executive vice president designed a compensation programme that incorporated bonuses that enhanced productivity, increased employee wages, and reduced turnover.



Questions:

- a) Based on these descriptions of the experiences of People's Bank, Ingersoll-Rand, and Maid Bess, what was the unifying theme of the role played by human resource management?
(08 marks)
- b) How did the strategic role of human resource management in the US Navy case differ from the others?
(04 marks)
- c) What were the environmental influences stimulating the actions described for each of these organizations?
(04 marks)
- d) What managerial trends were indicated in the experiences of these organizations? Explain with relative case.
(06 marks)
- e) The Ingersoll-Rand case indicates that its solutions to the problem it faced were based largely on employee empowerment approaches. Explain how employee empowerment can provide a viable source of competitive advantage to be considered in strategic decision making.
(06 marks)

Q2.

- a) What do you mean by the term of "Strategic Human Resource Management" (SHRM)? Explain.
(04 marks)
- a) Define and differentiate the Human Resource Management (HRM) from Strategic Human Resource Management.
(06 marks)
- b) "HRM is an integral part of Strategic Management" Explain this statement (08 marks)

Q3.

- a) What is "Human Resources Information System (HRIS)"? How will you introduce it to a service organization in Sri Lanka
(06 marks)
- b) "Different stages of organizational life cycle needs different types of strategies." Do you agree? Explain.
(06 marks)

- c) "HRM plays a critical role in formulation, implementation and evaluation of strategy in an organization" Discuss. (06 marks)

Q4.

- a) List out some special qualities of strategic human resource managers. (04 marks)
- b) How could strategist' attitude toward social responsibility affect a firm's strategy? What is your attitude toward social responsibility? (08 marks)
- c) Why has strategy evaluation become so important in business today? Identify some financial ratios that are important in evaluating a strategy? (06 marks)

Q5

- a) What is "global HRM"? How does it differ from national HRM (04 marks)
- b) Following information is given to you with regard to the HR departments of the companies engaged in banking industry. The information was for the last year

	HR Department		
	Company A	Company B	Company C
HR Dept budget	Mn.4	Mn. 5.5	Mn. 9
No. of Employees	1000	1700	3400
No. of Complains against to the HR Dept	10	13	07
No. of HR Professional	05	12	10
Average cost for HR Dept	Rs.200,000	Rs.340,000	Rs. 560,000
Employee's rating of quality of services (5 scale)	3.3	3.5	4.1
Line manager's satisfaction about HRD services	2.7	2.9	3.9

Which department is most successful? Why?

(14 marks)