

**Question Paper**  
**Strategic Human Resource Management (MB3H2H) : January 2009**  
**Section A : Basic Concepts (30 Marks)**

- This section consists of questions with serial number 1 - 30.
- Answer all questions.
- Each question carries one mark.
- Maximum time for answering Section A is 30 Minutes.

1. Which of the following analyzes the areas of development and makes an assessment of the employee's strengths and weaknesses in his/her job? [<Answer>](#)
- (a) Value chain analysis
  - (b) Human capital accounting
  - (c) Performance management system
  - (d) Total quality management
  - (e) Employee information system.
2. Strategic Human Resource Management (SHRM) links human resources with other functional areas of the organization. But for a variety of reasons, many organizations are not adopting SHRM. Which of the following is **not** a barrier to SHRM? [<Answer>](#)
- (a) Lack of technical knowledge
  - (b) Lack of strategic perspective
  - (c) Difficulty in quantifying
  - (d) Focus on long-term performance
  - (e) Resistance of employees.
3. Model of best practice and model of strategic change are the two models that help to understand the relationship between Human Resources (HR) and strategy. Which of the following is/are **true** with regard to these two models? [<Answer>](#)
- I. According to strategic change model, HR activities should be aligned with the overall management objectives.
  - II. Strategic change model has four basic propositions.
  - III. Best practice model is also called "the map of HRM territory".
- (a) Only (I) above
  - (b) Only (II) above
  - (c) Only (III) above
  - (d) Both (I) and (II) above
  - (e) Both (II) and (III) above.
4. Storey's developed a model called the 'ideal type' which explored how organizations are being transformed from personnel to Human Resource Management (HRM). He has classified the differences into various areas. Which of the following areas include selection, job design, pay, training and development? [<Answer>](#)
- (a) Beliefs and assumptions
  - (b) Strategic concepts
  - (c) Line management
  - (d) Staff management
  - (e) Key levers.

5. Kelvin Consumer Electronics Ltd., is one of the leaders in the consumer electronics industry. It always keeps track of the changing market trends and encourages employees to be creative and innovative. Which of the following strategies is adopted by Kelvin? [<Answer>](#)
- (a) Cost leadership
  - (b) Focus
  - (c) Investment
  - (d) Inducement
  - (e) Involvement.
6. PEST analysis is concerned with the analysis of [<Answer>](#)
- (a) Practices, Employees, Strategy and Time
  - (b) Programs, Employees, Structure and Training
  - (c) Policies, Expectations, Strategy and Tacit knowledge
  - (d) Political, Environmental, Social and Technology
  - (e) Political, Economic, Social and Technology.
7. According to David A. Thomas and Robin J. Ely there are three paradigms which guide the diversity initiatives in an organization i.e., discrimination and fairness, access and legitimacy, learning and effectiveness. Which of the following are **true** regarding learning and effectiveness paradigm? [<Answer>](#)
- I. In this paradigm, diversity is measured by connecting unique contributions to work.
  - II. In this paradigm, organizations need to recruit employees with multi-cultural knowledge.
  - III. In this paradigm, mentoring and training programs are targeted at women and minorities.
  - IV. The goal of this paradigm is to redefine primary missions, strategies, markets and practices.
- (a) Both (I) and (II) above
  - (b) Both (I) and (III) above
  - (c) Both (I) and (IV) above
  - (d) (I), (II) and (III) above
  - (e) (I), (II) and (IV) above.
8. Which of the following is the process by which an organization develops its structure keeping in mind its goals and objectives? [<Answer>](#)
- (a) Organizational design
  - (b) Organizational chart
  - (c) Structural capital
  - (d) Learning organization
  - (e) Organizational culture.
9. A hybrid structure combines the best attributes of [<Answer>](#)
- (a) Functional and network structures
  - (b) Functional and divisional structures
  - (c) Divisional and network structures
  - (d) Divisional and matrix structures
  - (e) Network and matrix structures.
10. Which of the following is a technique used for forecasting human resources as well as other resources, enables organizations to identify forces that can manipulate their future and develop strategies to create a 'ready to face change' mindset? [<Answer>](#)
- (a) Delayering
  - (b) Operational planning
  - (c) Succession planning
  - (d) Scenario planning
  - (e) Tactical planning.

11. Which of the following refers to the outcome of the selection technique and the ability to perform effectively when on the job? [<Answer>](#)
- (a) Generalizability
  - (b) Conscientiousness
  - (c) Cognitive ability
  - (d) Content validity
  - (e) Predictive validity.
12. Which of the following refers to the behavior that can be useful for effective performance and usually deals with the soft skills of the workforce? [<Answer>](#)
- (a) Behavior interview
  - (b) Performance drivers
  - (c) Contextual performance
  - (d) Job context
  - (e) Adaptive performance.
13. Which of the following is a long-term educational process that utilizes a systematic and organized procedure to enable the personnel to enhance conceptual and theoretical knowledge? [<Answer>](#)
- (a) Training process
  - (b) Development process
  - (c) Performance management process
  - (d) Diversity process
  - (e) Business process.
14. Economic Value Added (EVA) is an accounting-based measure of periodic operating performance. Which of the following is **false** regarding EVA? [<Answer>](#)
- (a) It motivates employees by encouraging them to act like owners
  - (b) It aligns the interests of managers and shareholders
  - (c) It is a popular supplement to the balance sheet
  - (d) It links manager and employee performance evaluation with compensation
  - (e) It is biased in favor of large and high return investments.
15. Which of the following terms refer to rewards and compensation that aims to align organizational goals with the compensation system? [<Answer>](#)
- (a) Base pay
  - (b) Commission system
  - (c) New pay
  - (d) Combination plan
  - (e) Current distribution plan.
16. Compensation of employees on the basis of the performance of the group in which they work instead of their individual performance is called group compensation. Which of the following is/are **true** regarding types of group incentive schemes? [<Answer>](#)
- I. Gain sharing plan is classified into current distribution, deferred payout and combination plan.
  - II. In profit sharing plan, profits are distributed among designated employees.
  - III. Gain sharing plans are computed on the basis of mathematical formulae.
- (a) Only (I) above
  - (b) Only (II) above
  - (c) Only (III) above
  - (d) Both (I) and (II) above
  - (e) Both (I) and (III) above.

17. Which of the following approaches is based on the presumption that staffing and strategy are variable and they can be changed according to the external environmental factors and focus on the importance of hiring candidates who can add value to an organization's product and services? [<Answer>](#)
- (a) Traditional approach
  - (b) Strategy implementation approach
  - (c) Strategy formation approach
  - (d) Strategic approach
  - (e) Proactive approach.
18. Employee Assistance Programs (EAP) attempt to solve the personal problems of employees, helping them to improve their performance and retain them. Which of the following is **not** considered while evaluating EAP? [<Answer>](#)
- (a) Efforts
  - (b) Outcomes
  - (c) Adequacy
  - (d) Process
  - (e) Flexibility.
19. In which of the following approaches, average annual costs are determined first and the resulting figure is multiplied by the estimated percentage of employees afflicted with problems? [<Answer>](#)
- (a) Utility approach
  - (b) Specialist approach
  - (c) Generalist approach
  - (d) Reactive approach
  - (e) Make approach.
20. Career management has been given more importance in recent times. Which of the following is/are factor (s) that has forced organizations and individuals to rethink their careers? [<Answer>](#)
- I. Increased competition.
  - II. Structural changes.
  - III. Increased job security.
- (a) Only (I) above
  - (b) Only (III) above
  - (c) Both (I) and (II) above
  - (d) Both (I) and (III) above
  - (e) All (I), (II) and (III) above.
21. Which of the following terms refer to the process of making people redundant at all hierarchical levels? [<Answer>](#)
- (a) Delayering
  - (b) Downsizing
  - (c) Restructuring
  - (d) Outsourcing
  - (e) Turnover.
22. Career management is important to both individuals and organizations. Which of the following is **not** a type of corporate career management? [<Answer>](#)
- (a) Self-assessment
  - (b) Succession planning
  - (c) Career planning
  - (d) Strategic planning
  - (e) Job rotation.

23. Michael Porter has proposed five factors that shape the business and determine the structural competitiveness of any industry. Which of the following is **not** a factor proposed by Michael Porter? [<Answer>](#)
- (a) Intensity of rivalry
  - (b) Threat of substitutes
  - (c) Barriers to entry
  - (d) Bargaining power of competitors
  - (e) Bargaining power of buyers.
24. It is important for any organization to choose the right kind of techniques for measuring intellectual capital. Which of the following techniques uses the value of replacement costs of the company's assets to predict the investment decisions of the firm, independent of interest rates? [<Answer>](#)
- (a) Benchmarking
  - (b) Balance scorecard
  - (c) Skandia' IC index
  - (d) Yield ratio
  - (e) Tobin's q.
25. An organization adopts different approaches depending upon the stage in organizational life cycle. In which of the following stages, an organization adopts a regiocentric approach? [<Answer>](#)
- (a) Initiation stage
  - (b) Functional growth stage
  - (c) Controlled growth stage
  - (d) Maturity stage
  - (e) Strategic growth stage.
26. Diversity is a mixture of people with different group identities operating within the same social system. Which of the following is an example of secondary dimension of diversity? [<Answer>](#)
- (a) Age
  - (b) Work experience
  - (c) Ethnicity
  - (d) Race
  - (e) Nationality.
27. Which of the following is/are **false** with regard to outsourcing vs. jobbing? [<Answer>](#)
- I. Firms that are into jobbing and outsourcing are called hybrid firms.
  - II. Outsourcing is short-term and temporary relationship.
  - III. Jobbing is formed because of inadequate capabilities of the firm.
  - IV. Jobbing is a close, contractual relationship.
- (a) Only (III) above
  - (b) Both (I) and (IV) above
  - (c) (I), (II) and (III) above
  - (d) (I), (II) and (IV) above
  - (e) (II), (III) and (IV) above.
28. New technologies have made a majority of human resource functions simpler and more effective. Which of the following is a technology that helps employees' access information regarding account balances, benefit plans and retirement plans? [<Answer>](#)
- (a) Interactive voice response
  - (b) Networks and client server
  - (c) Laser disc
  - (d) Imaging
  - (e) Groupware.

29. Human Resource Information Systems (HRIS) is a computer based system which helps managers take decisions pertaining to various aspects of human resources management. Which of the following is an example of operational HRIS? [<Answer>](#)
- (a) Job analysis and design system
  - (b) Compensation and benefits system
  - (c) Succession planning system
  - (d) Workforce planning system
  - (e) Performance management system.
30. Human resource service centers consist of a group of individuals from the HR department who deliver HR services to employees with the help of technology. Which of the following is/are **true** regarding types of service centers? [<Answer>](#)
- I. Employee service centers provide information pertaining to training programs, staffing and compensation.
  - II. Employee service centers are also called centers of excellence.
  - III. Shared service centers play the role of a consultant and advisor for line managers.
- (a) Only (I) above
  - (b) Only (III) above
  - (c) Both (I) and (II) above
  - (d) Both (II) and (III) above
  - (e) All (I), (II) and (III) above.

**END OF SECTION A**

## Strategic Human Resource Management (MB3H2H) : January 2009

### Section B : Caselets (50 Marks)

- This section consists of questions with serial number 1 – 7.
- Answer all questions.
- Marks are indicated against each question.
- Detailed explanations should form part of your answer.
- Do not spend more than 110 - 120 minutes on Section B.

### Caselet 1

**Read the caselet carefully and answer the following questions:**

1. Infosys Technologies (Infosys) became the first software company to value its human resources in India. Discuss the Human Resource (HR) accounting method adopted by the Infosys and also explain the other HR accounting methods that Infosys can adopt. [<Answer>](#) **( 8 marks)**
2. With respect to the caselet, explain the benefits of human resource accounting method. Is it ethical on the part of organizations to place a monetary value on the employees? Justify. [<Answer>](#) **( 8 marks)**

In the financial year 1995-96, Infosys Technologies (Infosys) became the first software company to value its human resources in India. The company valued its human resources assets at Rs.1.86 billion. Infosys had always given utmost importance to the role of employees in contributing to the company's success. Analysts felt that Human Resources Accounting (HRA) was a step further in Infosys' focus on its employees. Narayana Murthy (Murthy), the then Chairman and Managing Director of Infosys, said: "Comparing this figure over the years will tell us whether the value of our human resources is appreciating or not. For a knowledge intensive company like ours, that is vital information."

Infosys' HRA model was based on the present value of the employees' future earnings with the following assumptions:

- An employee's salary package included all benefits, whether direct or otherwise, earned both in India and in a foreign nation.
- The additional earnings on the basis of age and group were also taken into account.

To calculate the value of its human assets in 1995-96, all the 1,172 employees of Infosys were divided into five groups, based on their average age. Each group's average compensation was calculated. Infosys also calculated the compensation of each employee at retirement by using an average rate of increment.

The increments were based on the industry standards, and the employee's performance and productivity. Finally, the total compensation of each group was calculated. This value was discounted at the rate of 27.36 percent per annum which was the cost of capital of Infosys, and the sum of the values of all the groups was calculated to arrive at the figure of Rs.1.86 billion. The formula used by Infosys is as per the Lev and Schwartz model.

Infosys believed that valuing intangible assets and reporting it in the balance sheet and other financial statements would help the investors to evaluate the market-worthiness of the company. In its 2001 annual report, the company stated, "The dichotomy in accounting between human and non-human capital is fundamental. The latter is recognized as an asset and is therefore recorded in the books and reported in the financial statements, whereas the former is totally ignored by accountants. The definition of wealth as a source of income inevitably leads to the recognition of human capital as one of the several forms of wealth such as money, securities and physical capital." To evaluate its intangible assets including the human assets and the Infosys' brand, Infosys had framed models based on a score sheet.

In 2001, Infosys valued its human resources based on the present value of the future earnings of its employees with the following assumptions:

- Employee compensation included all direct and indirect benefits earned both in India and abroad.
- The incremental earnings based on group/age was considered.
- The future earnings were discounted at 21.08% in the year 2001, compared to 22.29% in the year 2000 being the cost of capital for Infosys.

Murthy felt that by adopting HRA, the company could determine whether its human asset was appreciating over the years or not. This information was important for the company as its success depended solely on the knowledge of the employees. In addition, the company could also use this information internally to compare the performance and productivity of employees in various departments.

HRA also helped Infosys to decide the compensation of employees. The company ensured that it compensated each employee according to his/her worth. Mohandas Pai, CFO, Infosys explained, "We are entering an era when compensation will be directly correlated to what an individual is capable of earning - not to his rank or seniority." Above all, HRA helped Infosys in identifying and retaining valuable employees.

It also helped to take managerial decisions based on the availability and the necessity of human resources. When the human resources were quantified, it gave the investors and other clients true insights into the organization and its future potential. Proper valuation of human resources helped organizations to eliminate the negative effects of redundant labor. This, in turn, helped them to channelize the available skills, talents, knowledge and experience of their employees more efficiently.

According to HR managers, HRA helped in identifying the right person for the right job, based on the person's specialized skills, knowledge, capabilities, experience, etc. Valuation of human assets could also be effectively used to motivate employees to achieve best results, using the best of their abilities. Valuation of human capital also ensured continuous evaluation and follow-up of various human resource policies associated with recruitment, selection, training,

development and retention.

In spite of its benefits, a majority of companies in various industries in India were not valuing their human assets. One of the major reasons for not adopting HRA was that the Companies Act, 1956, did not have a provision for the inclusion of human assets value in the financial statements. Moreover, there was no legal requirement for Indian companies to publish their HR accounting information, due to the absence of a prescribed format and guidelines. The awareness level of this concept seemed to be very low. The HR departments of some companies in India were reported to be completely unaware of this concept and its utility.

Most of the companies in India valued human assets on the present value of the individual's future earnings. However, critics argued that placing an amount or value on the individuals might offend them. They felt that adopting this approach would amount to treating humans as commodities and doubting an individual's abilities, knowledge, skills and experience. They further felt that assigning a definite value to each individual may not be proper because the knowledge of each individual differed from that of another.

Analysts also argued that various companies used various models of HRA and that comparing two companies using two different models would be difficult, R. Narayanaswamy, Professor (Finance & Control), IIM Bangalore, commented, "There could be concern for the credibility of numbers reported." Some analysts also felt that companies could misuse HRA to enhance their image. Bharati Gupta Ramola, Senior Director, PriceWaterhouse, explained, "A company could use this information to prop up its image in the investor's mind, and change assumptions, to keep the value positive. Therefore care must be taken to ensure that it is an honest exercise."

There were several other reasons that prevented HRA from gaining popularity. One of the main reasons seemed to be the need for objectivity in the HRA models. All the models were subjective and were based on several assumptions.

**END OF  
CASELET 1**

## Caselet 2

**Read the caselet carefully and answer the following questions:**

3. According to Cisco's vision statement, "Attracting, growing and retaining great talent is critical for sustaining Cisco's competitive advantage." Analyze the various recruitment strategies adopted by Cisco. [<Answer>](#)  
( 8 marks)
4. Cisco believed that its new recruitment philosophy should also be made a part of the overall corporate culture. Explain the various key aspects that are to be considered in recruitment philosophy by companies like Cisco. Discuss how Cisco is benefitted by adopting innovative recruitment philosophy. [<Answer>](#)  
( 7 marks)

Cisco sources revealed that the company had a policy of attracting the 'top 10-15%' people in the networking industry. It believed that if it could get the best people in the industry and retain them, it would remain the industry leader. According to Cisco's vision statement, "Attracting, growing and retaining great talent is critical for sustaining Cisco's competitive advantage." Thus, effective recruitment was used as a powerful strategic weapon by the company. The company began to use revolutionary techniques like the 'build-the-buzz' strategy, which was centered on the primary market for its products, i.e. the Internet.

Cisco's recruiting team identified the candidates whom they felt the company 'should hire,' and then figured out the way those potential candidates did their job hunting and designed hiring processes to attract them to the company. Cisco recruiters targeted even passive job seekers – people who were happy and successful in their current jobs. Barbara Beck (Beck), Vice President, Human Resources said, "The top 10% are not typically found in the first round of layoffs from other companies, and they usually aren't cruising through the want ads."

Cisco changed the way it posted advertisements in newspapers. Instead of listing specific job openings, the company featured its Internet address in its ads and

invited prospective candidates to apply. This move helped Cisco to direct all job seekers to its website where it could inexpensively post hundreds of openings and provide information regarding them. It also advertised its website in cyberspace to reach candidates who surfed the net from around the world. The company was thus able to monitor and measure its recruiting programs through the number of visits to its site. Since most people visited Cisco's website from their jobs, the company could identify their place of work.

Cisco worked towards removing some of the frustration associated with applying for jobs. The company learned to attract happily employed people through focus groups. These focus groups targeted senior engineers and marketing professionals in other companies and found out how they spent their free time, the websites they visited and the how they felt about job hunting. These insights helped the recruiters. For example, it was found that most professionals like to watch movies in their free time, websites on 'corporate cartoon Dilbert' were extremely popular and most professionals hated job hunting.

Cisco, thus, linked its website to the Dilbert web page ([www.dilbert.com](http://www.dilbert.com)), which registered around 2.5 million hits per day, mainly from engineers and Internet-savvy managers. It also bought space on websites like Travel Quest ([www.travelquest.com](http://www.travelquest.com)), a reservation service provider. These steps turned Cisco's website into an extremely useful recruiting tool. The website also offered features through which applicants could fill their resumes online or create one with the help of Cisco's resume builder. In this way Cisco attracted active and passive job seekers.

The focus group's exercise made Cisco realize that a candidate would approach the company if he had been informed by a friend about better opportunities at Cisco. This led to the launch of the friends program in April 1996. Cisco also reached out to potential applicants through a variety of routes which were unusual in recruiting. It began frequenting art fairs, beer festivals and certain annual events in which people from Silicon Valley participated. These places proved to be very 'fruitful hunting venues' as they attracted young achievers from various successful infotech companies. Cisco recruiters mingled with the crowd, collected business cards from prospective candidates and spoke to them informally about their careers.

More than 1,000 Cisco employees volunteered for the Friends program, attracted by the referral fee, which started at \$ 500 and a lottery ticket for a free trip to Hawaii for each prospect they befriended and who was ultimately hired. In this program, Cisco employees were matched up with people who approached the company as prospects and who shared similar backgrounds and skills. The Cisco employees then called the prospects to inform them in their own words about life at the company.

Cisco advertised the friends program in movie theaters in San Jose and received around 100 to 150 applications each week. By 1997, about one third of new recruitments were made through the Friends program. Cisco launched a tool called Profiler on the employment page of its website to accelerate and standardize online resume submission. The Profiler asked applicants to provide educational and employment information through appropriate selections from pull-down menus.

Cisco also found that applicants and recruiters were not totally comfortable with, the time-consuming recruiting process. To speed up the hiring process, Cisco hired in-house headhunters to identify qualified candidates for managers.

After streamlining its recruitment policies, 1996, Cisco conducted an employee survey to find out how the new recruits felt on their first day at work. The survey showed that some new recruits felt lost on their first day - their phones did not work, their computers had no software and if it did they had no idea how to use it. It was also found that most of the employees did not get their email addresses for two weeks. To address the above problems, Cisco launched Fast Start, a employee-orientation initiatives. Cisco installed computer software, which tracked the hiring process and alerted the team about the new recruit's arrival. As a result, every new recruit started with a fully functional workspace and a whole day of training in desktop tools.

Cisco believed that its new recruitment philosophy should also be made a part of the overall corporate culture. By late 1999, Cisco's job page was recording around 500,000 hits per month. The company generated a stream of reports about who visited the site and fine-tuned its strategy accordingly. By the time the new

recruitment initiatives were established, Cisco, which was hiring approximately 8,000 people a year, received 81% of the resumes were from the web. Eventually, 66% of the new recruitments were from the candidates who had sent their resumes through the Cisco website. It was also reported that about 45% of company's new recruits came from the Amazing People Program.

Cisco's hiring cycle also came down to 45 days from 68 days. The recruitment costs in this 'direct mode' amounted to \$6,556 per capita, which was around 40% below the industry average. Referral rates at Cisco were twice the industry norm and that created a performance edge as most recruits were qualified employees with vast experience. By 2001, referrals and the friends program accounted for 50-60% of new employees. Most importantly, the retention rate at the company had also increased. The employee turnover figure was 6.3% in 1999, a very low rate compared to the industry norms, which varied from 18-28%.

According to company sources on average Cisco employees accessed the corporate e-HR site 16 times a day for information about job cuts. Analysts claimed that Cisco's innovative and aggressive recruiting initiatives were to a large extent responsible for the company's expansion at 40% per year and recruiting 250 employees every week despite the global dot-com slump.

**END OF  
CASELET 2**

### Caselet 3

**Read the caselet carefully and answer the following questions:**

5. Throughout its history, Bata was plagued by perennial labor problems. Discuss the impact of unhealthy industrial relations on Bata. [<Answer>](#)  
( 6 marks)
6. Human resource strategies play a major role in improving the industrial relations. Explain the various strategies that, companies like Bata need to adopt to improve its industrial relations. [<Answer>](#)  
( 7 marks)
7. In order to cut costs, Bata management announced terminating several welfare measures. In this regard, discuss the various measures taken by the Bata Mazdoor Union (BMU). [<Answer>](#)  
( 6 marks)

With net revenues of Rs.7.27 billion and net profit of Rs.304.6 million for the financial year ending December 31, 1999, Bata was India's largest manufacturer and marketer of footwear products. As on February 08, 2001, the company had a market valuation of Rs.3.7 billion. The company provided employment to over 15,000 people in its manufacturing and sales operations throughout India. Headquartered in Calcutta, the company manufactured over 33 million pairs per year in its five plants.

In 1999, the Bata management in a bid to further cut costs announced the phasing out of several welfare measures at its Batanagar Unit. Among the proposals were near total withdrawals of management subsidies, canteen facilities, township maintenance, and electricity and health care schemes for the employees' families. Other measures were aimed at increasing productivity, reorganizing some departments and extending working days for some essential services. The Bata Mazdoor Union (BMU) submitted their charter of demands to the management. The wish list mainly revolved around economic issues. In the list of non-economic issues was the demand for reinstatement of the four dismissed employees. The Union had also demanded the introduction of a scheme for workers participation in management. On the economic front, the Union had demanded a wage hike of around Rs.90 per week, additional allowances as provident fund over the statutory limit by the management, increase in 'plan bonus' and introduction of attendance bonus for migrant workers.

In July 1999, BMU was finally able to strike a deal. It signed a three-year wage agreement that included fiscal benefits such as a lumpsum payment of arrears of Rs.4,000 per employee. The management agreed to include 10% of the 400 contract laborers at Batanagar in its staff. Other gains included an average increase of Rs.45.50 in the weekly pay of the 5,600 employees in Batanagar, an improved rate of DA and increase in tiffin allowance. However, canteen rates had been doubled

from Rs.0.75 for a meal to Rs.1.50. For the 500 families staying at Batanagar, the electricity rates had been doubled to Rs.0.48 per unit. BMU was successful in scuffing the management's plan of dismantling the public health unit in which 80 people were employed.

In September 1999, the West Bengal State labour tribunal in an order justified and upheld Bata's action of suspending and subsequent dismissing of three executive members of the BMU. The tribunal had provided no relief to the dismissed members who had been found guilty of assaulting the Chief Welfare Officer at the Batanagar unit on November 26, 1996.

For Bata, labor had always posed major problems. Strikes seemed to be a perennial problem. Much before the assault case, Bata's chronically restive factory at Batanagar had always plagued by labor strife. In 1992, the factory was closed for four and a half months. In 1995, Bata entered into a 3-year bipartite agreement with the workers, represented by the then 10,000 strong BMU, which also had the West Bengal government as a signatory. It was in 1998, that the company for the first time signed another long-term bipartite agreement with the unions without any disruption of work. Apprehensive about labor problems spilling over to other units, the company entered into similar long-term agreements with the unions at its manufacturing units at Bangalore and Faridabad.

In February 1999, a lockout was declared in Bata's Faridabad Unit. Middleton commented that the closure of the unit would not have much impact on the company's revenues as it was catering to lower-end products such as canvas and Hawaii chappals. The lock out lasted for eight months. In October 1999, the unit resumed production when Bata signed a three-year wage agreement.

On March 8, 2000, a lockout was declared at Bata's Peenya factory in Bangalore, following a strike by its employee union. The new leadership of the union had refused to abide by the wage agreement, which was to expire in August 2001. Following the failure of its negotiations with the union, the management decided to go for a lockout. Bata management was of the view that though it would have to bear the cost of maintaining an idle plant (Rs.3 million), the effect of the closures on sales and production would be minimal as the footwear manufactured in the factory could be shifted to the company's other factories and associate manufacturers. The factory had 300 workers on its rolls and manufactured canvas and PVC footwear.

In July 2000, Bata lifted the lockout at the Peenya factory. However, some of the workers opposed the company's move to get an undertaking from the factory employees to resume work. The employees demanded revocation of suspension against 20 of their fellow employees. They also demanded that conditions such as maintaining normal production schedule, conforming to standing orders and the settlement in force should not be insisted upon.

In September 2000, Bata was again headed for a labour dispute when the BMU asked the West Bengal government to intervene in what it perceived to be a downsizing exercise being undertaken by the management. BMU justified this move by alleging that the management has increased outsourcing of products and also due to perceived declining importance of the Batanagar unit. The union said that Bata has started outsourcing the Power range of fully manufactured shoes from China, compared to the earlier outsourcing of only assembly and sewing line job. The company's production of Hawaii chappals at the Batanagar unit too had come down by 58% from the weekly capacity of 0.144 million pairs. These steps had resulted in lower income for the workers forcing them to approach the government for saving their interests. Labor problems in Bata affected its marketing and human resource strategies. Frequent lockouts and strikes led to a drop in production. This resulted in a decreased supply of footwear. Customers turned to competitors who could deliver fashionable footwear within a short span of time.

The company incurred huge employee expenses due to frequent strikes and lockouts. The organization was restructured and several changes were made in the management. The company overhauled its operations and key departments. It also decided to downsize and asked about 250 managers to leave. It stopped further recruitments. To cut costs, the company announced the phasing out of several welfare measures. However, Bata remains apprehensive of lockouts and strikes.

**END OF CASELET 3**

**END OF SECTION B**

**Section C : Applied Theory (20 Marks)**

- This section consists of questions with serial number 8 - 9.
- Answer all questions.
- Marks are indicated against each question.
- Do not spend more than 25 - 30 minutes on Section C.

8. Knowledge management is fairly a modern concept and gained lot of importance because companies have discovered that people, their skills and knowledge are essential to gain competitive advantage. Moreover, technology has played a vital role in knowledge management. Explain the various technological components that tie together the knowledge management system of a firm.

[<Answer>](#)

**( 10 marks)**

9. United India Ltd. (UIL), an insurance company, is planning to redesign its work systems in order to establish a better link between jobs and employees. Explain the various elements that UIL needs to consider while redesigning its work systems.

[<Answer>](#)

**( 10 marks)**

**END OF SECTION C**

**END OF QUESTION PAPER**

# Suggested Answers

## Strategic Human Resource Management (MB3H2H) : January 2009

### Section A : Basic Concepts

- | Answer | Reason  |
|--------|---|
| 1.     | <p>C Performance management system which is an alternative to management by objectives evaluates the performance of the employees in the job and analyzes the areas of development. It also makes an assessment of the individual strengths and weaknesses of the employees in the job. <a href="#">&lt;TOP&gt;</a></p>   |
| 2.     | <p>D For a variety of reasons, many organizations are not adopting SHRM. The main reasons are <a href="#">&lt;TOP&gt;</a></p> <ul style="list-style-type: none"><li>• Focusing on short-term performance</li></ul> <p>Lack of technical knowledge</p> <p>Lack of strategic perspective</p> <p>Difficulty in quantifying</p> <p>Resistance of employees</p> <p>Many organizations determine compensation on the basis of current performance. They do not consider a long-term view of the investment in people. Therefore, focus on long-term performance is not a barrier to SHRM.</p> |
| 3.     | <p>B Statement (II) is only true i.e., Strategic change model has four basic propositions. <a href="#">&lt;TOP&gt;</a><br/>Statement (I) pertains to Best Practice model but not to Strategic Change model.<br/>Statement (III) is not true because a model developed at Harvard University for integrating strategic change and human resource management is called “the map of HRM territory”.</p>  |
| 4.     | <p>E • Key levers include selection, job design, pay, training and development. <a href="#">&lt;TOP&gt;</a></p> <p>Beliefs and assumptions include assumptions that management has about the tasks to be completed, nature of relations in the organization.</p> <p>Strategic concepts include key corporate planning and speed of decision-making in organizations.</p> <p>Line management involves the role of management, management skills.</p> <p>Staff management is not an area as identified by Storey.</p>   |
| 5.     | <p>C An organization adopting investment strategy always keeps track of the changing market trends and encourages employees to be creative and innovative. Therefore Kelvin consumer electronics Ltd. adopts investment strategy. <a href="#">&lt;TOP&gt;</a></p>   |
| 6.     | <p>E PEST analysis is concerned with the analysis of political, economic, social and technological factors that influence organizational strategies. <a href="#">&lt;TOP&gt;</a></p>  |

7. C Statements (I) and (IV) are true regarding learning and effectiveness paradigm. [< TOP >](#)
- In this paradigm, diversity is measured by connecting unique contributions to work.
- The goal of this paradigm is to redefine primary missions, strategies, markets and practices.
- Statement (II) is false because organizations need to recruit employees with multi-cultural knowledge pertains to access and legitimacy paradigm  
Statement (III) is false because mentoring and training programs targeted at women and minorities pertains to discrimination and fairness paradigm.
8. A Organizational design is the process by which an organization develops its structure keeping in mind its goals and objectives. [< TOP >](#)
9. B A hybrid structure combines the best attributes of both functional and divisional structures. [< TOP >](#)
10. D Scenario planning is a technique used for forecasting human resources as well as other resources, enables organizations to identify forces that can manipulate their future and develop strategies to create a 'ready to face change' mindset. [< TOP >](#)
11. E Predictive validity refers to the outcome of the selection technique and the ability to perform effectively when on the job. [< TOP >](#)
12. C Contextual performance refers to the behavior that can be useful for effective performance and usually deals with the soft skills of the workforce. [< TOP >](#)
13. B Development process is a long-term educational process that utilizes a systematic and organized procedure to enable the personnel to enhance conceptual and theoretical knowledge. [< TOP >](#)
14. E EVA is biased in favor of large, low return investments but not high return investments. All other options are true regarding EVA. [< TOP >](#)
15. C New pay refers to rewards and compensation that aims to align organizational goals with the compensation system. [< TOP >](#)
16. B Statement (II) - In profit sharing plan, profits are distributed among designated employees is true. [< TOP >](#)
- Statement (I) is false because profit sharing plan is classified into current distribution, deferred payout and combination plan but not gain sharing plan.
- Statement (III) is false because profit sharing plans are computed on the basis of mathematical formulae whereas gain sharing plans are based on the improvement made in productivity in comparison with the previous year.
17. C Strategy formation approach is based on the presumption that staffing and strategy are variable and they can be changed according to the external environment factors and focuses on the importance of hiring candidates who can add value to an organization's product and services. [< TOP >](#)
18. E EAP evaluation should focus on five performance standards viz., effort, outcomes, adequacy, efficiency and process. [< TOP >](#)
19. A In utility approach, average annual costs are determined first and the resultant figure is multiplied by the estimated percentage of employees afflicted with problems. [< TOP >](#)
20. C Increased competition, structural changes and increased job insecurity have forced organizations and individuals to rethink their careers. [< TOP >](#)
21. B Downsizing refers to the process of making people redundant at all hierarchical levels. [< TOP >](#)
22. D Different types of corporate career management are self assessment, succession planning, career planning and job rotation. Strategic planning is not a type of corporate career management. [< TOP >](#)

23. D Bargaining power of competitors is not a factor proposed by Michael Porter. The [< TOP >](#) following are the factors proposed by Michael Porter:
- Intensity of rivalry
- Threat of substitutes
- Barriers to entry
- Bargaining power of suppliers
- Bargaining power of buyers
24. E Tobin's q uses the value of replacement costs of the company's assets to predict the [< TOP >](#) investment decisions of the firm, independent of interest rates.
25. C In controlled growth stage, an organization adopts a regiocentric approach. [< TOP >](#)
26. B Examples of secondary dimension of diversity are work experience, level of [< TOP >](#) education and values. Age, nationality, race, gender and ethnicity are examples of primary dimension of diversity.
27. D Statements (I), (II) and (IV) are false regarding outsourcing Vs. jobbing [< TOP >](#)
- Statement (I) is false because firms that are into consulting as well as outsourcing are called hybrid firms.
- Statement (II) is false because Outsourcing is long-term relationship formed for mutual benefit.
- Statement (IV) is false because outsourcing is a close, contractual relationship but not jobbing.
- Statement (III) is true - Jobbing is formed because of inadequate capabilities of the firm.
28. A Interactive voice response is a technology that helps employees' access information [< TOP >](#) regarding account balances, benefit plans and retirement plans.
29. E • Performance management system is an example of operational HRIS. [< TOP >](#)
- Job analysis and design system, compensation and benefits system, and succession planning system are examples of tactical HRIS.
- Workforce planning system is an example of strategic HRIS.
30. B Statement (III) - Shared service centers play the role of a consultant and advisor for [< TOP >](#) line managers is only true.
- Shared service centers provide information pertaining to training programs, staffing, compensation etc. but not employee service center.
- Shared service centers are also called centers of excellence not employee service center.

# Strategic Human Resource Management (MB3H2H) : January 2009

## Section B : Caselets

### 1. Infosys' Human Resource Accounting Method

[<TOP>](#)

Infosys' adopted Lev and Schwartz method and it was used by most of companies as it was easy to use. The method was based on the present value of the employees' future earnings with the following assumptions:

- An employee's salary package included all benefits, whether direct or otherwise, earned both in India and in a foreign nation.

The additional earnings on the basis of age and group were also taken into account.

#### **Valuation of the human assets during the period (1995-96) using Lev and Schwartz method**

- To calculate the value of its human assets in 1995-96, all the 1,172 employees of Infosys were divided into five groups, based on their average age.

Each group's average compensation was calculated. Infosys also calculated the compensation of each employee at retirement by using an average rate of increment. Finally, the total compensation of each group was calculated.

This value was discounted at the rate of 27.36 percent per annum which was the cost of capital of Infosys, and the sum of the values of all the groups was calculated to arrive at the figure of Rs 1.86 billion.

#### **Valuation of the human assets during the period (2001) using Lev and Schwartz method**

Again Infosys valued its human resources based on the present value of the future earnings of its employees with the following assumptions:

- Employee compensation included all direct and indirect benefits earned both in India and abroad.

The incremental earnings based on group/age was considered.

The future earnings were discounted at 21.08% in 2001, compared to 22.29% in 2000 being the cost of capital for Infosys.

#### **Other Methods that Infosys can adopt are**

- i. In 1967, Rensis Likert attempted a system of human asset accounting. He designed a human capital balance sheet consisting of historical cost asset valuation. In this balance sheet, investments in replacements and development were balanced with losses through attrition and amortization. Though the method is not useful in the modern business context, it enables firms to calculate the cost of replacing a human resource i.e. the cost of replacing an employee when he leaves the organization. It also includes the cost of recruiting and training a new employee. These costs are called exit costs.
- ii. Another approach for calculating human capital accounting was developed by Flamholtz. According to Flamholtz, "An individual's conditional value is the present worth of the potential services that could be rendered if the individual stayed with the organization for x years." Conditional value here refers to the combination of productivity, transferability and promotability. Transferability and productivity are influenced by promotability. The conditional value when multiplied by the probability factor (time a person will stay in the organization) will give the expected realizable value. Realizable value gives a measure of a person's value. This value increases as the individual's learning increases.

### 2. Benefits of Human Resource Accounting to Infosys

[<TOP>](#)

- Infosys could determine whether its human asset was appreciating over the years or not. This information was important for the company as its success depended solely on the

knowledge of the employees. In addition, the company could also use this information internally to compare the performance and productivity of employees in various departments.

It also helped Infosys to decide the compensation of employees. The company ensured that it compensated each employee according to his/her worth.

It helped Infosys in identifying and retaining valuable employees.

It helped to take managerial decisions based on the availability and the necessity of human resources.

When the human resources were quantified, it gave the investors and other clients true insights into the organization and its future potential.

Proper valuation of human resources helped Infosys to eliminate the negative effects of redundant labor. This, in turn, helped them to channelize the available skills, talents, knowledge and experience of their employees more efficiently.

HRA helped in identifying the right person for the right job, based on the person's specialized skills, knowledge, capabilities, experience, etc.

Valuation of human assets could also be effectively used to motivate employees to achieve best results, using the best of their abilities.

Valuation of human capital also ensured continuous evaluation and follow-up of various human resource policies associated with recruitment, selection, training, development and retention.

**Placing monetary value on the employees is unethical due to the following reasons:**

- Most of the critics argued that placing an amount or value on the individuals might offend them and it is unethical on part of the organizations.

Adopting this approach would amount to treating humans as commodities and doubting an individual's abilities, knowledge, skills and experience.

Assigning a definite value to each individual may not be proper because the knowledge of each individual differed from that of another.

**3. Various recruitment strategies adopted by Cisco**

[<TOP>](#)

- Recruiting team of Cisco identified the candidates whom they felt the company 'should hire,' and then figured out the way those potential candidates did their job hunting and designed hiring processes to attract them to the company. Cisco recruiters targeted even passive job seekers — people who were happy and successful in their current jobs.

It changed the way advertisements in newspapers were posted. Instead of listing specific job openings, the company featured its Internet address in its ads and invited prospective candidates to apply. It also advertised its website in cyberspace to reach candidates who surfed the net from around the world.

It attracted happily employed people through focus groups. These focus groups targeted senior engineers and marketing professionals in other companies and found out how they spent their free time, the websites they visited and the how they felt about job hunting.

It linked its website to the Dilbert web page (www.dilbert.com), which registered around 2.5 million hits per day, mainly from engineers and Internet-savvy managers. It also bought space on websites like Travel Quest (www.travelquest.com), a reservation service

provider.

It launched the friends program in April 1996 as the focus group's exercise made Cisco realize that a candidate would approach the company if he had been informed by a friend about better opportunities at Cisco.

It conducted frequenting art fairs, beer festivals and certain annual events in which people from Silicon Valley participated in order to attract young achievers from various successful InfoTech companies.

Cisco recruiters mingled with the crowd collected business cards from prospective candidates and spoke to them informally about their careers.

Cisco advertised the friends program in movie theaters in San Jose and received around 100 to 150 applications each week.

Cisco launched a tool called Profiler on the employment page of its website to accelerate and standardize online resume submission.

To speed up the hiring process, Cisco hired in-house headhunters to identify qualified candidates for managers.

#### **4. Key aspects in recruitment philosophy**

[< TOP >](#)

- To decide whether to recruit candidates from the existing employees or through external sources.

To decide whether the recruitment is for a short period or a longer duration.

The diversity of the candidate being hired

To see whether the recruitment process is fair and honest.

#### **Benefits of adopting innovative recruitment philosophy to Cisco**

- Cisco's job page was recording around 500,000 hits per month by late 1999. The company generated a stream of reports about who visited the site and fine-tuned its strategy accordingly.

Cisco, which was hiring approximately 8,000 people a year, received 81% of the resumes were from the web. Eventually, 66% of the new recruitments were from the candidates who had sent their resumes through the Cisco website.

It was also reported that about 45% of company's new recruits came from the Amazing People program.

Cisco's hiring cycle also came down to 45 days from 68 days.

The recruitment costs in this 'direct mode' amounted to \$ 6,556 per capita, which was around 40% below the industry average.

The retention rate at the company had also increased. The employee turnover figure was 6.3% in 1999, a very low rate compared to the industry norms, which varied from 18-28%.

Cisco employees accessed the corporate e-HR site 16 times a day for information about job cuts. Analysts claimed that Cisco's innovative and aggressive recruiting initiatives were to a large extent responsible for the company's expansion at 40% per year and recruiting 250 employees every week despite the global dot-com slump.

#### **5. Impact of unhealthy industrial relations on Bata**

[< TOP >](#)

- In 1992, the factory at Batanagar was closed for four and a half months.

In February 1999, a lockout was declared in Bata's Faridabad Unit. The lock out lasted for eight months. In October 1999, the unit resumed production when Bata signed a three-year wage agreement.

On March 8, 2000, a lockout was declared at Bata's Peenya factory in Bangalore, following a strike by its employee union.

Frequent lockouts and strikes led to a drop in production. This resulted in a decreased supply of footwear. Customers turned to competitors who could deliver fashionable footwear within a short span of time.

Labor problems in Bata affected its marketing and human resource strategies. It also decided to downsize and asked about 250 managers to leave. It stopped further recruitments. To cut costs, the company announced the phasing out of several welfare measures.

## 6. STRATEGIES TO IMPROVE INDUSTRIAL RELATIONS

[< TOP >](#)

### Employee Assistance Programs (EAP)

Organizations need employee assistance programs to create a productive work environment. These programs help strengthen relations between management and workers. EAP attempts to solve the personal problems of employees, which helps them improve their performance and retain them.

#### Establishing Employee Assistance Programs

The different stages in establishing an employee assistance program are:

- Problem Identification
- Program Development
- Program Implementation
- Program Evaluation

### Collective Bargaining

Collective bargaining is a negotiation technique in which workers and employers try to collectively resolve their differences with or without the assistance of a third party. Collective bargaining is used by management and unions to compromise on conflicting interests by arriving at a consensus. Collective bargaining can be used by organizations to safeguard the interests of workers. Since it involves discussions and interactions, the conflicting parties can learn more about each other and remove misunderstandings.

### The Grievance System

Sometimes, there might be disagreements between the conflicting parties even after settling their dispute. As a result, employees may feel that their rights under the union contract are violated and they may file a grievance.

In a grievance system, the aggrieved worker approaches the immediate superior and informs him about his grievance and seeks redressal. If the supervisor's answer is not satisfactory or if he is not able to answer within 48 hours, the worker can approach the departmental head who has three days to answer the worker. If the departmental head is not able to answer within three days, the aggrieved worker can approach the grievance committee that is constituted by the representatives of employers and employees. The worker can approach the manager if he receives an unsatisfactory response from the committee. If an agreement is still not possible, the union and management may refer the grievance to voluntary arbitration.

## 7 Measures undertaken by Unions to protect the workers from the decision of phasing out of several welfare measures by Bata management are [< TOP >](#)

- Bata Mazdoor Union (BMU) submitted their charter of demands to the management. The wish list mainly revolved around economic issues. On the economic front, the Union had demanded a wage hike of around Rs. 90 per week, additional allowances as provident fund over the statutory limit by the management, increase in 'plan bonus' and introduction of attendance bonus for migrant workers. In the list of non-economic issues was the demand for reinstatement of the four dismissed employees. The Union had also

demanded the introduction of a scheme for workers participation in management.

In July 1999, BMU was finally able to strike a deal. It signed a three-year wage agreement that included fiscal benefits such as a lumpsum payment of arrears of Rs. 4,000 per employee.

The management agreed to include 10% of the 400 contract laborers at Batanagar in its staff.

Other gains included an average increase of Rs. 45.50 in the weekly pay of the 5,600 employees in Batanagar, an improved rate of DA and increase in Tiffin allowance.

However, canteen rates had been doubled from Rs. 0.75 for a meal to Rs. 1.50. For the 500 families staying at Batanagar, the electricity rates had been doubled to Rs. 0.48 per unit.

BMU was successful in scuffing the management's plan of dismantling the public health unit in which 80 people were employed.

### Section C: Applied Theory

8. Technological components that tie together the Knowledge Management system of a firm can be divided into: [<TOP>](#)

- Knowledge flow meta component

Information Mapping Meta Component

Information source meta component

information and Knowledge Exchange Meta Component

Intelligent Agent/ Network Mining Meta Map

**Knowledge Flow Meta Component:** It includes components that enable the flow of information in the organization. GroupWare, Intranets and extranets help knowledge flow through an organization. Organizations use techniques such as brainstorming sessions, problem solving, idea generation etc for knowledge sharing. Groupware supports such a collaborative work environment. Groupware is a class of software that helps employees to connect to local area network to organize their activities. It is also called work group productivity software. Typically, groupware supports the following operations:

- Scheduling meetings and allocating resources

E-mail

Password protection for documents

Telephone utilities

Electronic newsletters

File distribution

Intranets and extranets are useful for providing internal and external information to a firm. Companies need to find effective ways to distribute information. Intranets are useful in improving the overall knowledge flow in the organization. Extranets help companies tap information from their allies and the knowledge-based resources of their partners.

**Information Mapping Meta Component:** It maps the path of the origins and destinations influencing information. It deals with context, information distribution channels and external network paths that form the information-mapping component. Document management is an important aspect of the information mapping meta component. In general document management, is the automated control of electronic documents right from creating to

archiving. Electronic documents can include any kind of digital object bitmap images, HTML files, SGML, PDF, graphics, spreadsheets, and word-processed documents. Document management allows organizations to exert control over the production, storage, management, and distribution of electronic documents leading to greater efficiency in the ability to reuse information. It consists of converting information into a easily transferable and searchable format.

**Information Source Meta Component:** Consists

of components that provide information to the Knowledge Management system. These include distributed search and retrieval mechanisms, multimedia content and project management tools. A good example of a project management tool is the Microsoft Project that provides organizations with tools for storing and organizing data. Project management tools help users link the resources they use to the project management data.

**Information and Knowledge Exchange Meta Component:** Consists of tools that allow people and systems to exchange, share and transfer explicit and tacit knowledge. The sub components of knowledge exchange meta component are messaging integrators, Internet conferencing systems, video conferencing, etc.

**Intelligent Agent Mining Meta Component:**

Includes sub components such as search engines, content mining and automatic indexing. This component allows synchronous and asynchronous searches to be performed. Synchronous means occurring at regular intervals. Most communication between computers and devices is asynchronous it can occur at any time and at irregular intervals. However, communication within a computer is usually synchronous and is governed by the microprocessor clock. Meta information provides insights into the kind of information users, types of data and information being accessed and information repositories accessed most frequently. A Knowledge Management system can be implemented effectively if it is leveraged with existing technology tools and information resources. Knowledge servers can be used to integrate significant data spread across the enterprise. Knowledge servers help in smooth integration of knowledge across multiple enterprises.

## 9. Elements in Redesigning Work Systems

[<TOP>](#)

There are three elements that need to be considered while designing work systems. They are:

- Job design

Job inter-relationships

Employee needs

Job is a combination or collection of various tasks which are performed by an employee to attain the overall organizational objective. For example, college may have a number of lecturers teaching different subjects but they all do the same job namely teaching.

### **Job design**

It is defined as the “Delineation of task responsibility as dictated by organizational strategy, technology and structure, and is a key determinant of individual motivation and ultimately of organizational success.” (De Cenzo). Job design is the ‘How’ part of any job. It is the study of every single task, its attributes and how these tasks combine to form a job. Job content is one of the biggest motivator for employees. If the job is repetitive and boring, it will lead to disillusionment on the part of the employee.

### **Job inter-relationship**

In an organization, no job is a stand alone job. Each employees job is interrelated or interdependent on co-worker’s job. An employee has to coordinate with other employees to perform a particular job. Hence, jobs are interrelated and interdependent.

Job interdependence can be of three types:

#### ***Pooled Interdependence***

A job where there is very little inter-dependence and allows employees to work at their own pace”N The work environment is not regulated and usually a framework is provided for coordinating the effort of individual employee. For example life insurance agents work independently but within the framework of LIC’s guidelines.

#### ***Sequential Interdependence***

An employee's work is totally dependent on the work of fellow employees. This kind of job relationship is linear and follows a definite structure. For example, in case of a production unit's assembly line the work is done in a sequential manner. There is need for perfect coordination as the job of a worker in the assembly line is dependent on the job done by his co-workers.

***Reciprocal Interdependence***

It is an unstructured and non-linear work relationship. This kind of work relationship develops in organization where the work done is unpredictable and which requires an organization to adapt to different situations. Reciprocal interdependence is mostly seen in project teams.

**Employee needs**

The Hawthorne experiments<sup>1</sup> and the subsequent human relations movement led management thinkers analyze employees' expectations from job. A study of the demographics of workforce showed that employees came from different social and cultural backgrounds. Since they had different reasons for working their perception of work also differed. Workers needs at the workplace too were not the same. Hence, the workers required different types of training, compensation and benefits programs. Another area that needs to be looked at is the loyalty of employees. Many employees leave their jobs because they are unable to find time for their personal life. Organization should try and design work systems which balance the work and personal life of employees. Long working hours can cause frustration in employees and they may suffer from a burnout which ultimately affects their performance. Finally, while designing work systems, sufficient thought should be given to the safety and comfort of workers, especially in manufacturing organizations.

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