

Jagan Institute of Management Studies
End-Term Examination, December 2017 – January 2018
Trimester V – PGDM 2016-18

Contemporary Issues in HR
ET_PG_CIHR_2312

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

- Q 1** Attempt any **FOUR** parts of the following:
- a) “Customer-centric HR is the next level of human resource management that will revolutionize the way companies operate”. Justify.
 - b) “The key components to the HR branding process includes managing the firm’s reputation, its culture, and it’s value proposition”. Justify.
 - c) “The characteristics of a Learning Organisation revolve around organisational design, information sharing, leadership and culture”. Justify.
 - d) “Work life balance is a strategic HR tool used by the companies for talent management”. Justify.
 - e) “Social media is a powerful tool to help companies reach their HR goals”. Justify. **16**
- Q 2** When mergers and acquisitions do fail, it’s often not due to financial or technical issues but due to HR related ones. These may include, for example, employee resistance, mass exits by high quality employees and declining morale and productivity. As one study concluded some years ago, mergers and acquisitions often fail due to “a lack of adequate preparation of the HR involved and a failure to provide training which fosters self-awareness, cultural sensitivity and a spirit of cooperation”. In light of this statement highlight the role of HR in ensuring the success of mergers and acquisitions. **12**
- Q 3** By 2009, Starbucks was facing serious challenges. Sales per store were stagnant or declining, and its growth rate and profitability were down. Many believed that it’s introduction of breakfast foods had diverted its “baristas” from their traditional jobs as coffee-preparation experts. McDonald’s and Dunkin Donuts were introducing lower priced but still high-grade coffees. Starbuck’s former CEO stepped back into the company’s top job. You need to help him formulate a new direction for his company by developing an HR Strategy for Starbucks. **12**

Q 4 Top officials at Coca-Cola Company claim that diversity is at the heart of their business and by building an inclusive workforce environment, they seek to leverage their global team of associates which is rich in diverse people, talent and ideas. In light of this proclamation, in your opinion, what are some key business reasons for emphasizing the effective management of a diverse workforce? Discuss in brief various diversity initiatives that can be undertaken for the management of diversity? Also identify special measures for a successful diversity-oriented recruitment effort? 12

Q 5 Ravi Goyal, is an investment banker who works for Citigroup's investment arm in Mumbai. A recent workday for Ravi consisted of heading to the office for a conference call at 6:00 a.m. He left the office at 1:30 p.m. and had to board a plane that same evening for a 9:00 a.m. presentation in Chennai. Following the presentation, Ravi returned to Mumbai the same day, and by 7:00 p.m., he was back in his office to work an additional 3 hours. He does not find the expectation of 90 to 100 hours a week at all unusual. He says "I do not count my hours of work. I just work for as long as I need to".

Many individuals would balk at the prospect of a 60-hour or more workweek with constant travelling and little time for anything else. However, some individuals are found highly engaged.

- a) What characteristics of the job might contribute to increased levels of employee engagement in the above case?
- b) How do you think high levels of engagement in case of Ravi relates to his job performance, citizenship behavior and turnover?
- c) Discuss in general, the role of HR in attaining high levels of employee engagement? 12

Q 6 You are the HR consultant to a small business with about 40 employees. At the present time, the firm offers only five days' vacation, five paid holidays, and legally mandated benefits such as unemployment insurance payments. Develop a list of other benefits you believe they should offer, along with your rationale for suggesting them. 12

Q 7 [Read the case and answer the questions given at the end.](#)

Angelo's Pizza

Angelo Camero was brought up in the Bronx, New York, and basically always wanted to be in the pizza store business. As a youngster, he would sometimes spend hours at the local pizza store, watching the owner knead the pizza dough, flatten it into a large circular crust, fling it up, and then spread on tomato sauce in larger and larger loops. After

graduating from college as marketing major, he made a beeline back to the Bronx, where he opened his first Angelo's pizza store, emphasizing its clean, bright interior, its crisp green, red, and white sign, and his all-natural, fresh ingredients. Within 5 years, Angelo's store was a success, and he had opened three other stores and was considering franchising his concept.

Eager as he was to expand, his 4 years in business school had taught him the difference between being an entrepreneur and being a manager. As an entrepreneur/ small-business owner, he knew he had the distinct advantage of being able to personally run the whole operation himself. With just one store and a handful of employees, he could make every decision and watch the cash register, check in the new supplies, oversee the takeout, and personally supervise the service.

When he expanded to three stores, things started getting challenging. He hired managers for the two new stores (both of whom had worked for him at his first store for several years) and gave them only minimal "how to run a store"- type training, on the assumption that, having worked with him for several years, they already knew pretty much everything they needed to know about running a store. However, he was already experiencing human resource management problems, and he knew there was no way he could expand the number of stores he owned, or (certainly) contemplate franchising his idea, unless he had a system in place that he could clone in each new store, to provide the manager (or the franchisee) with the necessary management knowledge and expertise to run their stores. Angelo had no training program in place for teaching his store managers how to run their stores. He simply (erroneously, as it turned out) assumed that by working with him they would learn how to do things on the job. Since Angelo really had no system in place, the new managers were, in a way, starting off below zero when it came to how to manage a store.

There were several issues that particularly concern Angelo. Finding and hiring good employees was number one. He'd read the new National Small Business Poll from the National Federation of Independent Business Education Foundation. It found that 71% of small-business owners believed that finding qualified employees was "hard." Furthermore, "the search for qualified employees will grow more difficult as demographic and education factors "continue to make it more difficult to find employees. Similarly, reading *The Kiplinger Letter* one day, he noticed that just about every type of business couldn't find enough good employees to hire. Small firms were particularly in jeopardy; the Letter said: Giant firms can outsource many (particularly entry-level) jobs abroad, and larger companies can also afford to pay better benefits and to train their employees. Small firms rarely have the

resources or the economies of scale to allow outsourcing or to install the big training programs that would enable them to take untrained new employees and turned them into skilled ones.

Although finding enough employees was his biggest problem, finding enough honest ones scared him even more. Angelo recalled from one of his business school courses that companies in the United States are losing a total of well over \$400 billion a year in employee theft. As a rough approximation, that works out to about \$9 per employee per day and about \$12,000 lost annually for a typical company. Furthermore, it was small companies like Angelo's that were particularly in the crosshairs, because companies with fewer than 100 employees are particularly prone to employee theft. Why are small firms particularly vulnerable? Perhaps they lack experience dealing with the problem. More importantly: Small firms are more likely to have a single person doing several jobs, such as ordering supplies and paying the delivery person. This undercuts the checks and balances managers often strive for to control theft. Furthermore, the risk of stealing goes up dramatically when the business is largely based on cash. In a pizza store, many people come in and just one or two slices and a cola for lunch, and almost all pay with cash, not credit cards.

And, Angelo was not just worried about someone stealing cash. They can steal your whole business idea, something he learned from painful experience. He had been planning to open a store in what he thought would be a particularly good location, and was thinking of having one of his current employees manage the store. Instead, it turned out that this employee was, in a manner of speaking, stealing Angelo's brain- what Angelo knew about customers, suppliers, where to buy pizza dough, where to buy tomato sauce, how much everything should cost, how to furnish the store, where to buy ovens, store layout-everything. This employee soon quit and opened up his own pizza store, not far from where Angelo had planned to open his new store.

That he was having trouble hiring good employees, there was no doubt. The restaurant business is particularly brutal when it comes to turnover. Many restaurants turn over their employees at a rate of 200% to 300% per year- so every year, each position might have series of two or three employees filling it. As Angelo said, "I was losing two or to three employees a month." As he said, "We're a high-volume store, and while we should have (to fill all the hours in a week) about six employees per store, we were down to only three to four, so many managers and I were really under the gun."

The problem was bad at the hourly employee level: "we were churning a lot at the hourly level," said Angelo. "Applicants would come in, my managers or I would hire them and not spend much time

training them, and the good ones would leave in frustration after a few weeks, while often it was the bad ones who'd stay behind." But in the last 2 years, Angelo's three companies – owned stores also went through a total of three store managers – "They were just blowing through the door as Angelo put it in part because, without good employees, their workday was brutal. As a rule, when a small-business owner or manager can't find enough employees (or an employee doesn't show up for work), about 80% of the time the owner or manager does the job himself or herself. So, these managers often ended up working 7 days a week, 10 to 12 hours a day, and many just burned out in the end. One night working three jobs himself with customers leaving in anger, Angelo decided he'd never just hire someone because he was desperate again, but would start doing his hiring more rationally.

Angelo knew he should have a more formal screening process. As he said, "if there's been a lesson learned, it's much better to spend time up front screening out candidates that don't fit than to hire them and have to put up with his employees needed. For example. He knew that not everyone has the temperament to be waiter or waitress (he has a small pizza/Italian restaurant in the back of his main store). As Angelo said, "I've seen personalities that were off the charts in assertiveness or overly introverted, traits that obviously don't make a good fit for a waiter or waitress."

As a local business, Angelo recruits by placing help wanted ads in two local newspapers, and he's been "shocked" at some of the responses and experiences he's had in response to his help wanted ads. Many of the applicants left voice (Angelo or the other workers in the store were too busy to answer), and some applicants Angelo "just axed" on the assumption that people without good telephone manners wouldn't have very good manners in the store either. He also quickly learned that he had to throw out a very wide net, even if only hiring one or two people. Many people, as noted, he just deleted because of the messages they left, and about half the people he scheduled to come in for interviews didn't show up. He'd taken courses in human resource management, so (as he said "I should know better," but he hired people based almost exclusively on a single interview the occasionally made a feeble attempt to check references). In total, his HR approach was obviously not working. It wasn't producing enough good recruits, and the people he did hire were often problematical.

What was he looking for? Service-oriented courteous people, for one. For ex: he'd hired one employee who used profanity several times, including once in front of a customer. On that employee's third day, Angelo had to tell her, "I think Angelo's isn't the right place for you," and he fired her. As Angelo said, "I felt bad but also knew that

everything I have is on the line for this business, so I wasn't going to let anyone run this business down, " Angelo wants reliable people (who'll show up on time), honest people, and people who are flexible about switching jobs and hours as required.

Angelo's Pizza business has only the most rudimentary human resource management system. Angelo bought several application forms at a local Office depot, and rarely uses other forms of any sort. He uses his personal accountant for reviewing the company's books, and Angelo himself computes each employee's pay check at the end of the week and writes the checks. Training is entirely on-the-job. Angelo personally trained each of his employees. For those employees who go on to be store managers, he assumes that they are training their own employees the way that Angelo trained them (for better or worse, as it turns out). Angelo pays "a bit above" prevailing wage rates (judging by other help wanted ads) but probably not enough to make a significant difference in the quality of employees that he attracts. If you asked Angelo what his reputation is as an employees that he attracts. If you asked Angelo what his reputation is as an employer, Angelo, being candid and forthright person, would probably tell you that he is a supportive but hardnosed employer who treats people fairly, but whose business reputation may suffer from disorganisation stemming from inadequate organisation and training. He approaches you to ask you several questions.

Questions:

- a) My strategy is to (hopefully) expand the number of stores and eventually franchise, while focusing on serving only high quality fresh ingredients. What are three specific human resources management implications of my strategy (including specific policies and practices)?
- b) Identify and briefly discuss five specific human resource management errors that I'm currently making.
- c) Develop a structured interview form that we can use for hiring
 - i) Store managers,
 - ii) Waiters and waitresses, and
 - iii) Counter people/ pizza makers.
- d) Based on what you know about Angelo's and what you know from having visited pizza restaurants. Write a one-page outline showing specifically how you think Angelo's should go about selecting employees.

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