

The Effect of Human Resource Management Practices on Corporate Restructuring: A Study of IT Company in India

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Abstract

The article analyzes some of the concepts of corporate restructuring pertaining to the information technology (IT) industry. Corporate restructuring in the context of this research paper refers to the changes that a company initiates to change the structure of the organization by merging or separating different functional units such as departments and employee roles. An IT firm, such as XYZ, provides consultancy services to other companies in various fields concerning the use of IT solutions to achieve their corporate goals. The specific company under consideration is XYZ Limited, a company that provides IT solutions in aerospace, energy sector, individual consumers, communication, navigation, transportation, medical and defense. The article also contains an analysis of several corporate restructuring processes that XYZ implements based on research. The findings, conclusions based on the human resource restructuring strategies implemented by XYZ will improve literature on human resource restructuring issues in the IT industry. Some of the restructuring strategies implemented by XYZ to influence its human resource policy include outsourcing, offshoring, employee leasing, and acquisition.

Keywords: Human Resource (HR), Corporate restructuring, strategic, Information Technology (IT)

Introduction

XYZ has more than 12000 employees with operations in the at least 38 countries. Acquisition is the XYZ's most prominent strategy for growth. Its recent acquisition was the Rangsons Electronics in 2015. It is the company's frequent acquisitions that guide its restructuring process, especially through human resource adjustments. XYZ largely employs outsourcing as a means to bridge the technical gaps among its professional employees. The company's client base is from the major industries that it serves. Outsourcing, as a human resource strategy, has always been used by XYZ, especially when sourcing IT professionals that have diverse knowledge in different fields such as aerospace, defense, communication, transportation, energy, and many other product lines as requested by different clients. It is worth noting that XYZ was recently awarded by the Institute of Company Secretaries of India (ICSI) for being the best company in corporate governance. The

award implies that the company was able to balance policy issues concerning restructuring and its strategic requirements in human resource management. The corporate restructuring analysis of XYZ Ltd focuses on the human resource practices that have played a very critical role in aligning XYZ with its long-term corporate goals. The results of the findings will provide the rationale for the evaluation of critical human resource issues that are vital in corporate restructuring. It is worth noting that the results and findings are based on the existing facts from XYZ's reports and not an empirical study that seeks to study a hypothesis.

Research Frameworks

There are several ways to understand, in detail, the human restructuring concepts in the IT industry. First is to understand the global trends in HRM as far as the IT companies are concerned (Cascio, 2005). In IT firms, specific information is vital to differentiate the general HR structures in other industries from the IT industry. The second way is to find out the HR

restructuring strategies used by other IT firms around the world. Details of different restructuring practices provide an overview of the similarities and differences in HR restructuring approaches. It is, therefore, possible to establish a particular trend among IT firms across the world based on different variables such as the size of market they serve, the type of market they operate, and their cost structure. The third, and most important, way to learn about HR restructuring strategies in the IT industry is to understand the specific HR restructuring strategies used by a specific company. In this case, specific HR restructuring strategies that XYZ employs vitally point out the emerging practices since it is one of the best companies in general corporate governance.

The concept of the restructuring in IT sector

In the IT sector, restructuring involves aligning the production systems in the organization with its corporate goals such as high quality products and sustainable returns on investments. Besides, the hi-tech sector has a high demand for innovation. The industry also has a high concentration firms that are highly interconnected (Kazozcu, 2011). As a result, XYZ uses outsourcing, offshoring, and employee leasing as strategies to continually restructure its workforce and other functional units. Employees are occasionally deployed in established production systems established through acquisitions.

XYZ restructuring focuses on specific vital markets and customers, whereby they use employee skills to create and maintain product excellence and standardization. The company restructures its employees and functions based on each industry's demands and opportunities and the available workforce so that they can meet expectations of shareholders. In particular, four specific business units underwent intensive restructuring in the recent past:

- a. Aerospace
- b. Transportation (Especially heavy equipment and Hi-Tech)
- c. Telecommunications
- d. Content provision

The Company established the position of operating officer for each of the business units so that they could concentrate on outsourcing services to the immediate location of customers. Offshoring jobs to the location of clients meant that cost-cutting strategies were to be implemented. Top managers, the finance department, and operating officers in each of the business units are hired within the market of operations, and they work in conjunction with senior company managers. XYZ minimizes the possible hidden costs of offshoring and maximizes returns by enabling the HR official to determine issues of skill, alternative talent pools, language requirements, workforce training, retraining, labor costs by market, and change management.

The extent to which Restructuring affects XYZ's Growth, market share, and profitability over a four-year period

Market segment	2012	2013	2014	2015
Company's growth (%)	15.67	20.16	23.17	29.13
Change in Market share (%)	3	3.2	3.5	3.8
Profitability (%)	2	2.7	3.0	3.2

XYZ employs employee leasing strategy to restructure its workforce. For every oversee contract obtained, the company procures the services of a leasing company to identify and recommend retraining of employees for a different contract (Vance, 2009). The HR manager works together with other functional groups in the company to identify and communicate transition plans whenever it is necessary (Campion, Fink, Ruggeberg, Carr, Phillips, & Odman, 2011). Professional employer organizations instrumentally facilitate employee leasing through agreements. Through employee leasing, XYZ initiated new working procedures for its technicians, allowing them to share roles, attend consulting arrangements, and respond to on-call work.

Conclusion

XYZ's restructuring process significantly drives its value and financial performance. The Company's recruitment and selection practices conform to its offshoring, employee leasing, acquisition, and outsourcing HR practices. The Company's primary concern is that its periodical restructuring processes positively affect its value as a going concern. XYZ can serve as a learning reference for other IT companies operating in different environments. Companies need to identify the rationale for restructuring. XYZ's restructuring

rationale is to cut costs by ensuring new functional units serve the purpose of an acquisition or an offshore contract. XYZ also maintains efficiency by constantly retraining employees as recommend by the employees-leasing companies. Retraining equips hired and existing employees with the skills to provide quality services that meet the customer's expectations. XYZ's primary strategy of acquiring other smaller companies makes restructuring a continuous process in the company

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