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Code: 13MBA2033

SET-2

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)**

II MBA IV Semester Regular / Supplementary Examinations, May – 2016

STRATEGIC INVESTMENT AND FINANCING DECISIONS

Time: 3 Hours

Max Marks: 60

**Answer any Five questions
All questions carry EQUAL marks
Question No. 8 is Compulsory**

1. Define the word Investment decision. Explain the merits and demerits of the traditional methods of evaluating the investment projects.
2. How do you calculate IRR? What are its advantages and limitations?
3. Distinguish between profits and Net Cash inflows. Why are Net Cash inflows important in the investment decisions?
4. What are advantages of the Risk Adjusted Discount Rate (RADR)? What is the major problem in using this approach to handle risk in capital budgeting?
5. Define leasing. Discuss the legal aspects of leasing.
6. What is irrelevance in capital structure theories? Discuss the assumptions of MM Hypothesis on capital structure.
7. The following data related to two independent investment projects:

Projects	Initial Outlay Rs	Annual cash flows Rs	Life in years
A	5,00,000	1,25,000	8
B	1,20,000	12,000	15

Assume a 10% required rate of return and 35% tax rate, rank these investment projects according to each of the following criteria.

i) Net Present value (NPV) ii) Profitability Index (PI)

8. The following are the prices of Infosys and BSE Sensex for the fourth week (23rd to 27th) August 2010.

Day	Price of Infosys	BSE Sensex
August, 2010 20	2769.20	18401.82
23	2792.35	18409.35
24	2765.50	18311.59
25	2771.85	18179.64
26	2763.50	18226.35
27	2708.85	17998.41

Required to show the properties of Variance and Standard Deviation of Infosys and BSE Sensex.

Code No: 13MBA2035**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)****II MBA IV Semester Regular / Supplementary Examinations, May – 2016****STRATEGIC HUMAN RESOURCE MANAGEMENT****Time: 3 Hours****Max. Marks: 60**

**Answer any FIVE questions
All questions carry equal marks
Question No.8 is Compulsory.**

1. Discuss the issues in implementing Strategic HR Policies.
2. Elaborate upon the strategic utility of investing in Training and Development.
3. Define Organizational Change and discuss the approaches that explain organizational change.
4. Illustrate the objectives of international compensation with suitable examples.
5. Write note on Globally Competent Managers.
6. Discuss the process of developing international staff and Multinational Teams.
7. Explain the applications of the concept of Sustainable Global Competitive Advantage.
8. **CASE STUDY:**

Mergers and Acquisitions

In the past, the decision criteria for mergers and acquisitions were typically based on considerations such as the strategic fit of the merged organizations, financial criteria, and operational criteria. Mergers and acquisitions were often conducted without much regard for the human resource issues that would be faced when the organizations were joined.¹ As a result, several undesirable effects on the organizations' human resources commonly occurred. Nonetheless, competitive conditions favor mergers and acquisitions and they remain a frequent occurrence. Examples of mergers among some of the largest companies include the following: Honeywell and Allied Signal, British Petroleum and Amoco, Exxon and Mobil, Lockheed and Martin, Boeing and McDonnell Douglas, SBC and Pacific Telesis, America Online and Time Warner, Burlington Northern and Santa Fe, Union Pacific and Southern Pacific, Daimler-Benz and Chrysler, Ford and Volvo, and Bank of America and Nations Bank.

Layoffs often accompany mergers or acquisitions, particularly if the two organizations are from the same industry. In addition to layoffs related to redundancies, top managers of acquiring firms may terminate some competent employees because they do not fit in with the new culture of the merged organization or because their loyalty to the new management may be suspect. The desire for a good fit with the cultural objectives of the new organization and loyalty are understandable. However, the depletion of the stock of human resources deserves serious consideration, just as with physical resources. Unfortunately, the

way that mergers and acquisitions have been carried out has often conveyed a lack of concern for human resources. A sense of this disregard is revealed in the following observation:

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

The cumulative effects of these developments often cause employee morale and loyalty to decline, and feelings of betrayal may develop.³ Nonetheless, such adverse consequences are not inevitable. A few companies, such as Cisco Systems, which has made over 50 acquisitions, are very adept in handling the human resource issues associated with these actions. An example of one of Cisco’s practices is illustrative. At Cisco Systems, no one from an acquired firm is laid off without the personal approval of Cisco’s CEO as well as the CEO of the firm that was acquired.

QUESTIONS

- i. Investigate the approach that Cisco Systems has used in its many successful acquisitions. What are some of the human resource practices that have made its acquisitions successful?
- ii. If human resources are a major source of competitive advantage and the key determinant of an organization’s ability to pursue a given strategy, why have the human resource aspects of mergers and acquisitions been ignored or handled poorly in so many instances in the past?