**HRM Case study Exam Analysis**

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1. What are Sonoco’s current strengths and weaknesses in terms of culture and its people?

**A: Strengths:**

a. Sonoco has a good hold on packaging industry and its engineers have invented usage of paper cones instead of wooden and automated this process of the production. It is the leader in producing the cones in the US market.

b. It is one of the largest packaging company of the world. Over the years, it has become remarkably profitable company with diverse product line.

c. The company has imbibed a great culture by collaborative, supportive to its people, values and team oriented.

d. There is a great retention among the employees with more than half of them staying for more than 10 years.

**Weaknesses**:

1. HR function is not that effective and acted just like an administrative support. It was struggling with supplier base and in meeting their expectations. The HR function was decentralized at the divisional level which is not that efficient in nature. This decentralized system made HR function more as a tactical role than a strategic one. The divisions are not effective as they have their own functions related to compensation, benefits, performance management, learning and talent planning. Compensation was merely viewed as entitlements and performance appraisal as a mere formality.

b. Merit process was highly structured and mechanical in nature as employees perceived it as yearly ordeal for promotions and hikes.

c. As ecommerce grew, Sonoco has started facing technological challenges and also diversity related challenges. Globalization has also made it to be behind the completion of the global packaging industry. The top line growth started diminishing and it has started to refocus on culture, mission, people, human resources, technology.

d. As a whole packaging industry started facing challenges with areas like customer varied interests with packaging and business climate. A large number of new products started emerging in the brick and mortar retail space. The strategy has become more solution oriented than the product driven. Age of differentiation, saturation of market, obsolete business strategies, management ineffectiveness, changing customer demands and many more added. Sonoco was not able to catch up on most these things.

1. **What is the right HR structure for Sonoco -centralization or hybrid? Why? Evaluate different options (prons and cons.)**

Hybrid structure is good for Sonoco and the below pros and cons are discussed to substantiate the claim.

**Pros of Hybrid structure:**

Instead of centralizing HR function to be viewed as a mere corporate call center, sharing some responsibilities with the divisions has an advantage as general manager could still reach out to the respective HR for any help they need. The divisional HR managers will be filling the gaps between corporate HR function and the respective division businesses. There is a good cost savings with this approach as it could save up to $2.7 million. There will be few HR resources at the divisional level and there is no more working in siloes as they kind of liaise with the centralized corporate HR function and all other divisions get synchronized with the centralized system and all of the divisions stay in the same page regarding any developments or processes happening across the company. This is a big win from decentralized structure as the HR function has done cost savings without losing the contact of divisional businesses. Also, the field level HR reps would be able to provide up to date information on their respective businesses. This also kind of keep people more aligned to the organization level objectives and achieve more financially knowing the goals. One important advantage is to update the latest technological innovations across the company through the centralized corporate HR. All the divisons will be updated with latest happenings of the market and the learnings and development will happen in sync. The flexibility will be brought into the table and the company could overcome its current weaknesses with the new model. Having right people in right positions, this hybrid structure will improve productivity, employee satisfaction and increase profits of the company in long term.

**Cons of the hybrid structure:**

With this new structure to put in place, there is a real dilemma in dividing the roles and responsibilities between corporate HR and the division business. There is a possibility of some duplication of work and resources if the duties are not defined clearly across the organization. This model also can increase costs for the company if not implemented in right way. This can also limits the talent management and could lead to inconsistent processes across the company.

**3. Will changes be sustained? What should Cindy Hartley attend to next?**

Hartley can start implementing the new structure, there is a challenge from the people to change the current culture and system. There might be strong repulsion from some groups resistant to change. To be able to sustain the new system, she has lot to do to make everyone understand the vision behind the change and the huge improvements it is going to bring for the company. She must implement a corporate HR function that will be centralized and which will focus on issues like talent management, compensation and benefits, performance management and other cost cutting strategies. More importantly, she should make the system more flexible to adapt the fast changing environment. She should maintain balance between employees and shareholders. For example, there are some managers who are manipulating the performance rating in order to get huge salary increments for their employees. This could lead to unnecessary costs for Sonoco as abnormal salaries are seen as negative by shareholders. Hartley should find new ways of motivating the employees so they are satisfied with the structure and stay productive. She must strive to integrate succession and development of employees to accelerate the growth of the company. Talent management has to be implemented carefully with elements like talent acquisition, career growth, mentoring, succession planning, and talent retention. All of these elements must function harmoniously among themselves to get streamlined. Hartley should consider talent management by increasing divisional head’s accountability of the talent retaining and also make HR consistent across the company by providing strategic support to the respective businesses. Training to employees must be given higher priority as it has become obsolete in processes and latest innovations of technology. The staff should be kept updated with latest trainings and understand the current market changes. She should also focus on 360 degree review as this will increase employee satisfaction. Performance management plays a critical role in the success of the company and there should be good measurements of KPIS in place to reflect the competencies. She also must strive to link the performance to the compensation and benefits. This will enable the company to save costs. And managers cannot increase as per their will to their preferred employees. Overall, she should make understand other departments the role of HR in achieving the strategic business objectives of Sonoco.