



Date: 30 JULY 2016

Time: 1.30 p.m. to 4.30 p.m.

Answer FIRST question (compulsory question) and any THREE (3) questions from others.

All answers must be completed written neatly and focused.

This question paper consists of SIX questions.

[1]. Case study: BALANCING VALUES – AN INDIAN PERSPECTIVE ON CORPORATE VALUES FROM SCANDINAVIA

Amrita Chopra, a senior financial manager in Pharmaz India, is on her way to a meeting with her new immediate superior, a recently arrived expatriate, Niels Nielsen. He has told her that he wants them to discuss the alignment of local work procedures with Pharmaz' corporate values. Pharmaz India in Bangalore is a subsidiary of multinational pharmaceutical company headquartered in Denmark. Pharmaz employs around 6000 people, 2500 work in Denmark, the rest in subsidiaries in more than 30 countries around the world. Pharmaz' top management, and the CEO in particular, like to characterize the company as 'value-driven'. At Pharmaz the corporate culture is taken very seriously, not least at the headquarters. It has developed slowly as the company has grown over the years, for the first many years primarily within the borders of Denmark. But now, as the company finds itself in a process of rapid globalization, the headquarters is making very conscious efforts to disseminate the corporate culture across borders.

Pharmaz India has been in existence since 1983, but until 2005 it was a local sales office with 10–15 employees. The local management was allowed considerable latitude since the subsidiary's strategic importance to the company was limited. In 2005 this situation changed when Pharmaz established an offshore financial services center in Bangalore. This location, known as the 'Silicon Valley of India', offers low costs and qualified, English-speaking professionals in the relevant fields. The process was initiated with two local employees, and gradually, more employees were recruited to form teams responsible for registration of invoices and various accounting and controlling tasks. After a couple of years, the center began expanding more rapidly, and tasks requiring collaboration with employees in other subsidiaries were gradually introduced. Today, the center employs 50 people and this number is expected to grow to more than 130 employees in the course of the next two years as more financial activities will be transferred from other parts of Pharmaz to India.

In 2007 Pharmaz acquired a part of a locally owned Indian company in order to be able to establish its own production facilities, including some R&D activities, in Bangalore. The acquisition added more than 100 employees to Pharmaz India's workforce. So today Pharmaz India comprises, in addition to various staff functions such as HR, a production unit, a R&D department, a sales department and a financial services center. The subsidiary employs more than 200 and according to Pharmaz' plans, a considerable number of new people will be recruited in the years to come, not just in the services center. Thus, Pharmaz India has achieved crucial strategic importance and has become a center for growth. This increased focus on Pharmaz India means that the management at headquarters is very keen that the corporate values of empowerment, equal opportunities and openness are fully implemented, or 'lived' as the top managers like to put it, in the subsidiary.

Amrita Chopra is 45 years old and she has worked for Pharmaz for three years. One of the company drivers takes her to the office in the morning around 8 am and picks her up in the evening around 6 pm. Amrita also appreciates the opportunity to arrive home without being too stressed, especially because she has a family to take care of; she is married and has two sons who are 12 and 15 years old.

The financial services center where Amrita works is divided in two sections: one providing financial services to the headquarters and subsidiaries in Europe, and one providing services to the Pharmaz' subsidiaries Asia, the US and Latin America. Amrita heads the first section where currently 20 people work; they are divided into 4 teams. As for Amrita's background, she has a master's degree in finance from a reputable Indian University and is a chartered accountant. She was born in Delhi where she lived until she got married. Her husband is in the hi-tech business, and Bangalore seemed to be the best place for him to be in terms of enhanced chances for career progress, so the couple decided to move there.

Until Amrita got the job as a senior financial manager with Pharmaz, she worked in the finance department of a locally owned IT company. She achieved good results in her former job, but she often felt that she had to struggle to obtain respect in the company that was very male dominated and managed in a way she thinks of as 'traditionally Indian'. She was the first employee ever in the company to take maternity leave and some of her male colleagues seemed genuinely surprised when she came back to work after her leave. She did not receive any training, the pay was average, and her working hours were long. Still, she was not unhappy in her former job. Her work was interesting and she always felt that she had the support of the CEO who did his best to help her when problems occurred. By comparison, Pharmaz offers more advantageous working conditions. The salary is better, though admittedly not quite as good as in some other international companies in the area. Amrita has been on various types of training in Denmark and she appreciates that the company invests in her professional development in this way. At Pharmaz there is a lot of talk about work-life balance, especially from the headquarters. The idea is that employees should be able to have shorter working days and more flexibility in their schedules because of more efficient organization of work. As a manager Amrita is rarely able to leave very early, but her working days are still shorter than they used to be, which makes it possible for her to spend more time with her family.

Although Amrita likes her job, her family is her first priority. Her husband earns enough for all of them to live comfortably, and she has at times been tempted to stay at home and be a full-time housewife. But it seems to her that it would somehow be a waste, considering her education. Also, since they live with her in-laws, there is always someone at home to look after the children and the house. And they have a live-in maid who does most of the housework. Like her own family, Amrita's in-laws are quite liberal in their attitudes to women's role. When they moved in, they told Amrita: 'You just go ahead and look for a job; we will take care of the children'. Amrita is glad that they have given her this opportunity to continue her career.

Still, life in Pharmaz is not uncomplicated. Amrita finds that the corporate values are in line with her own ideas of what management ought to be, at least ideally, but she finds them difficult to implement in an Indian context. As a middle manager she often feels squeezed between the headquarters' wishes and the expectations of her employees. Visiting managers from headquarters have voiced that they find her management style a little too authoritarian and have encouraged her to 'act more like a coach, delegate more and give fewer orders'. Amrita argued that as the senior financial manager, the results of the section are her responsibility. Therefore, she sees it as her job to tell her subordinates what is good and what is not good enough so that they can improve their performance.

The managers from headquarters answered that of course she should intervene if someone kept making mistakes, but in general, they believed the employees would learn more from being empowered to work independently. Amrita was – and remains – unconvinced, but as a manager in

a subsidiary she feels compelled to follow directions from the headquarters. So she delegates more and gives fewer orders. Yet, her employees complain that she expects too much of them when she tries to adjust her behavior to the headquarters' suggestions in this way. If she leaves it up to them how carry out their tasks and how to organize their work, some of them just keep coming back to her and ask for directions anyway. Others appear to interpret this approach as an indication that she does not find their work important and consequently, they get very little done. There are exceptions, of course – a few of the most competent financial analysts seem to thrive without managerial interference.

Instilling and maintaining a collaborative spirit in the teams can be quite a challenge, too. At the moment three of the teams function well, but the situation has become quite tense in the fourth team. Recently, the team has made a few regrettable mistakes that appeared to be due to internal misunderstandings and lack of communication. Amrita has been told that this resulted in open quarrels between the team members, but she did not witness this herself. So far, no one has been willing to tell her exactly what the problem is and the team leader, Balvinder Singh, is evading her questions.

It is clear to her, though, that communication has not flown easily between the team members since the arrival of her section's newest employee, Shankar Savarkar, a competent chartered accountant. Shankar comes from a Brahmin family and thus belongs to the highest ranking caste according to the traditional Indian view. Amrita is concerned that he tends to act in a rather standoffish manner with Balvinder and two other members of his team, and she has noticed that he never eats lunch with them. She thinks that the team members' different backgrounds may be at the root of the team's problems, even though she feels that this ought not to be so in a professional working environment. It is a delicate issue. According to Indian legislation, the higher castes are not to enjoy any special privileges in the workplace, and caste is never openly discussed in Pharmaz. Amrita is at a loss what to do to address the team's difficulties.

On her way to the meeting she stops by to say hello to the regional manager, Ganesh Karanth. The regional manager has been in Pharmaz India since the subsidiary was founded and has worked his way to the top. His long career in Pharmaz has given him a lot of insight into the company and Amrita likes talking things through with him before important meetings such as the one she has today. She would like to get an idea of what the rest of the management in Pharmaz India thinks of Niels' approach and plans. Also, she would like to ask the regional manager for advice on how to solve the problems in Balvinder's team. Although Ganesh has of course never said so, she knows that he is a Brahmin because of his name, his food preferences and his social network of other Brahmins. Amrita would not want to raise the topic of caste explicitly with Ganesh. But she thinks that he will understand without her having to spell it out. And she has seen him chatting with Shankar several times, so he may already be familiar with the situation in the team. But unfortunately, Ganesh is not in his office this morning.

Niels texts her that he is delayed. Stuck in a traffic jam. Amrita asks the new 'chai wallah' to bring her a tea. He speak poor English she addresses him in Hindi. She is still not comfortable with the local language, Kannada, since she is not from Bangalore originally. Not that it matters very much in her daily life; otherwise, she would probably have learned it by now. But most people in the fast-growing city of Bangalore seem to be from somewhere else, especially the professionals. English is Pharmaz' official corporate language and here, everybody, except the 'chai wallahs' and the janitors, speaks it fluently and use it for all work-related purposes. Amrita gets her hot tea, and as she sips at her cup absentmindedly she is getting increasingly impatient and nervous.

The expatriate finance director and his plans Amrita is always apprehensive before meeting with Niels, and she knows that today's discussion will be difficult. His direct and demanding way of communicating was initially a bit of a shock to Amrita and several of her colleagues, and she still finds it a challenge. Niels urges and expects a free exchange of ideas, and Amrita finds that

discussions with him can be quite inspirational. He is good at showing his appreciation when he likes the viewpoints and ideas presented. Sometimes, however, he can be difficult to convince. This, in Amrita's experience, is especially the case when your arguments refer to the particularities of the Indian context and the need to bend Pharmaz' corporate values in order to put them into practice in a realistic manner.

Niels took up his position as finance director in Pharmaz India three months ago. He is Danish, 40 years old, and he already has many years of experience in Pharmaz, not only from headquarters, but also from the subsidiaries in Mexico, China, and Spain. He insists that everybody should use his first name and dislikes it when subordinates address him 'Sir'. Amrita remembers when he first corrected her in this regard with the explanation that 'what counts and deserves respect is not a person's title, but his or her skills and competences'. Niels' management style is strongly embedded in the company's ideas about empowerment, equal opportunities and openness. And, in line with Pharmaz headquarters' aspirations, he never misses a chance to practice these values conspicuously within the Indian organization. Though Niels' knowledge of the organizational context is limited after just three months in Bangalore, he has strong opinions about what to do and what not to do. He believes in implementing the corporate culture by managing explicitly through the values, for instance with a view to speeding up decision-making processes by minimizing control and bureaucracy. As far as practically possible, he believes that decisions are to be made by the people who will carry them out and live with them in their daily work. Now, he finds that the time has come to reorganize the work processes in the financial services teams so that they reflect Pharmaz' business model and values better. And he has decided to start with the four teams in Amrita's section.

Amrita is not against changes being made in her teams, but she hopes to be able to make Niels realize that you cannot go all the way with Pharmaz' management style and values right away. Moreover, she would also like to use the opportunity to suggest that a way of motivating employees to accept more responsibility in their daily work would be promotions and prizes. She has already mentioned this idea briefly to Niels, but she is not sure what he thought about it. He seemed to find it a bit amusing, somehow, so maybe he just did not get the point. So this time, perhaps, she should also emphasize that promotions and prizes can be important instruments for Pharmaz to use in order to retain their qualified employees in the competitive and dynamic Bangalorian labor market for financial experts.

Source: Martine Cardel Gertsen and Mette Zølner (2013), International Human Resource Management, 6th Edition
Peter J. Dowling, Marion Festing and Allen D. Engle, Sr. Cengage Learning EMEA, UK

Question:

- a). Identify the main issues raised and discuss how they may be explained in terms of the cultural and institutional contexts of Pharmaz in general and Pharmaz India in particular.
(20 marks)
- b). Imagine yourself in Amrita's position. Which proposal would you make to Niels Nielsen and how would you argue in order to convince him? Would you have done anything differently?
(20 marks)

- [2]. a). What are the main similarities and differences between domestic and international HRM? Discuss two HR activities in which a multinational firm must engage that would not be required in a domestic environment. (12 marks)
- b). Define these terms: international HRM, PCN, HCN and TCN. (08 marks)
- [3]. Country of origin can strongly influence a firm's approach to organization structure. As MNEs from China and India internationalize, those approaches are likely to differ from those observed for European and US MNEs?
Explain the above statement. Use suitable examples to enhance your answer. (20 marks)
- [4]. a). Which factors determine the choice of a staffing approach? Would a MNE choose the same staffing approach worldwide? Place your arguments in the context of the model outlining determinants of staffing choices. (10 marks)
- b). Briefly discuss the factors involved in sourcing human resources for global markets with suitable examples. (10 marks)
- [5]. a). Explain how balancing the interests of global and local, occupational and functional perspectives might play out in a compensation decision scenario. (10 marks)
- b). Identify a number of HRM problems that typically arise with expatriate assignments. In what ways might the core ethical values and guidelines to apply them? (10 marks)
- [6]. Write short notes on the followings
- a. Joint ventures and Strategic alliances
 - b. Off-shoring activities
 - c. International business ethics
 - d. International trade secretariats (ITS)
- (4X5 = 20 marks)

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