Question Paper Code : 3818

M.B.A. (Semester-IV) Examination, 2018

CROSS CULTURAL & GLOBAL HUMAN RESOURCE MANAGEMENT

[HR-434]

Time : Three Hours] **[Maximum Marks : 70**

Note : Answer **five** questions in all. Question **No.1** is **compulsory.** Besides this, **one** question is to be attempted from each unit.

1. Read the following cases and answer the questions that follow :

CASE-A

A British concern wanted to take over a Dutch family bakers. Although the former used internationally recognised norms when determining the value of the Dutch firm, (these differed considerably from the norms used by the Dutch side), the deal was more or less finalised. All that had to be done was to work out how best to keep on managers of the Dutch bakers for a while

once the takeover had taken place. The British buyers, aware of the family's considerable knowledge of and experience in the market, were keen to keep its members in position for a few months.

The takeover was completed, but it soon became clear that the Dutch managers could not come to terms with the regime of the new owners. The strict accounting procedures coupled with the new book-keeping approach gave them a number of headaches, as did the new company's answerability to its shareholders. In the end this all proved too much for the Dutch family and their stay-on was reduced from one year to six months.

CASE-B

A ⟶ Norwegian oil company in its discussions with a Finnish oil company over the integration of their respective plastic divisions. The Finns used the services of an American lawyer ; the Norwegians used Dutch firm since, apparently, it was considered large enough and with enough international experience to do a good job. The idea of using a British firm had been considered but eventually rejected : British lawyers were considered to be too expensive, complicated and drawn out in their dealings.

UNIT-II

4. What are the major issues involved in perfomance appraisal of expatriate employees ? Suggest guidelines to solve the problems related to performance appraisal of these employees. [10]

5. Explain the three types of approaches followed in selection of employees for international firms. Illustrate with example for each type of approach. [10]

UNIT-III

6. Give an account of entry strategies for foreign investors in India. What are the advantages and limitations with entry as a wholly owned subsidiary company. [10]

7. Discuss the HR issues during integration process in an international merger and acquisition. [10]

UNIT-IV

8. What is vertical integration ? When does an international firm select this strategy to manufacture inputs ? [10]

9. "Corporations do act like individuals, having objectives and actions, which can be moral or immoral just as an individual." Discuss in light of ethics and social responsibility of business. [10]

----- x -----

companies and in Dutch for the Dutch concern. An English version was made for reference during face-to-face encounters.

Source : adapted from Browaeys (1996) : 41:50

Questions :

(a) What are the kinds of cultural differences dealt in the three cases ? Discuss elaborately. [10]

(b) Describe the differences in attitudes and working practices of the lawyers and the people involved in the process of the three mergers / takeovers. [10]

(c) What is your learning from this account about the cultural aspects in international mergers and acquisitions ? [10]

UNIT-I

2. Explain the organizational structure of international corporations, also give their advantages and disadvantages. [10]

3. Discuss the different aspects of relationships between the headquarters and subsidiaries in International firms. [10]

The intended merger itself was on a very large scale : one hundred companies were involved in several countries. Many external parties were also involved, including a British investment bank, which was in charge of the whole project. It relentlessly pushed the project forward knowing that if the merger did not come off it would receive no fee for its efforts.

Once a letter of intent had been agreed upon and 'due diligence' reports completed, the real negotiations began, with co-operation on an equal footing being the main goal. The Norwegian party had noticed during its 'due diligence' investigations that several of the Finnish companies involved had caused environmental pollution. this would involve a costly cleaning-up operation and, along with other issues, would make it difficult for a 50-50 deal to be reached. Nevertheless, after a number of long, drawn-out negotiations in several European cities (to underline the European character of the merger), the contracts were signed in England.

During the process, clear differences in working practice between the American and Dutch lawyers emerged. The Finn's American lawyer made a note in detail and required every point to be covered-preferably

twice- in the agreement. This slowed down the whole process, particularly when the American lawyers acted as if they were the spokespersons of the company and even appeared to be making decisions on the company's behalf. The Dutch lawyers behaved as they usually do: they are there to advise the client along with other advisors (accountants, tax consultants etc). They consider it natural that in the end it is the company's directors who determine policy and take the decisions.

Further differences emerged in behaviour during the negotiations. The lawyers representing the Finnish partners showed a rather aggressive attitude throughout and this contrasted strongly with the quieter, more modest approach of the Norwegians' lawyers. The Norwegians were somewhat intimidated by the American Lawyers and had to be reassured that the less contentious approach in no way undermined the justness of their cause.

CASE-C

Language turned out to be a barrier when a French group of companies decided to take over a Dutch company. During the research phase prior to the negotiations, the

French sent several employees from the Alsace region of France to carry out interviews in the Netherlands. They assumed that the dialect spoken by these colleagues would enable them to communicate with their Dutch counterparts. When this did not turn out to be the case, everyone involved started using English.

English was used during the negotiating phase, but its role in the actual written agreement was hotly disputed. The French preferred to have the takeover contracts written in French, the Dutch in Dutch. In such a situation, a contract written in a neutral language is the best solution, especially since legal terms written in one language can have a very different meaning in another. If both sides can agree on a neutral language, then agreements can be reached on what the legal terms used actually mean.

In this particular takeover, neither side would back down and, for a while, the language question threatened to scupper the whole deal. Eventually, however, after a further round of protracted negotiations, an agreement was reached and the deal went through. The takeover contract was drawn up in French for the French group of