

MANAGEMENT PROGRAMME

Term-End Examination

December, 2016

01515

**MS-29 : INTERNATIONAL HUMAN
RESOURCE MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

Note :

- (i) *There are two sections — A and B.*
- (ii) *Attempt any **three** questions from Section A, each question carries 20 marks.*
- (iii) *Section B is **compulsory** and carries 40 marks.*

SECTION A

1. Describe and discuss the characteristics of an International/Global HR manager.
2. What are the issues involved with an International performance management system ? Discuss with relevant examples.
3. Briefly describe the dimensions of Human communication in relation to the global context of high and low context cultures.

4. What is organisational capability ? Briefly explain the five key resources using which an International HR manager can help to build organisational capability.
5. Write short notes on any *three* of the following :
- (a) Premerger Considerations
 - (b) Electronic Cross-Cultural Training (e-CCT)
 - (c) Compensation Management of HCNS
 - (d) Work Force Diversity
 - (e) Ethical Issues in International Business

SECTION B

6. Read the following case and answer the question given at the end :

The Indian economy is booming, despite global slowdown and economic downturn in the USA (now recovering), and most of the European countries. Assuming India could be their future, many multinationals have set up their offices across the country. Such momentum further got accentuated with investor-friendly foreign policies of the Government of India. Many multinationals like joint ventures as their mode for business expansion, instead of setting their own bricks-and-mortar set-ups. Mike and his American associates felt excited to start a joint venture with reputed Indian jewellery exporters. Mike's company is a globally known commodity exchange business house, specialising in LOCO products. It is primarily a gold trading through options and futures company in international commodity exchanges. Nemichand, the Indian partner is in gold jewellery business for more than 100 years and is a major exporter of gold jewellery in USA and in European countries. Even though primarily a closely held company, Nemichand's present generation of Directors and Board members believe in professionalism and business expansion through collaboration. Mike's

offer was most lucrative for them. With a successful negotiation, both Mike's LOCOMIK and Nemichand entered into a joint venture agreement. As per the terms of the agreement, Mike will receive the list of Indian customers, who are prepared to invest in gold, like any other market instruments. As the trading is through international commodity exchanges, the minimum investment cap was fixed at ₹ 5 lakhs, which is about US \$ 10,000. Net Asset Value (NAV) of gold units are declared on a daily basis, and investors can purchase and sell their gold units at NAV rate, with no entry and exit load.

Everything went right, excepting the decision-making culture in India. Mike gradually observed that, despite a series of meetings, decisions do not get finalized. Mike feels his Indian counterpart does not feel the need to close a deal which, as a result, delays the entire process. During every meeting, long discussions take place on the meeting objectives and the feasibility. However, decisions cannot be reached. Final vetting has to be done by the top boss, even after decisions are taken in the meeting — something Mike feels is too bureaucratic. Mike wonders why the people attending negotiation meetings cannot take the decisions to close the deal.

An annoyed Mike thought of bringing an end to this impasse, hastening the process of final decision-making in the meetings. Such postures by Mike were critically seen by Nemichand. Suddenly, Nemichand started doubting Mike's intention. Nemichand wonders how a business deal can get finalized without examining the finer aspects of business issues! Mike's aggressive persuasion made him appear rude and indiscreet. His informal way of addressing Nemichand's senior officials also made them feel disrespected. In the process, Mike lost his trust with Nemichand. To Mike also, Nemichand's capability to clinch the business deal was doubtful. Such mutual disrespect slowly impaired the joint venture between Mike and Nemichand.

The problem further mounted when the business volume through Nemichand was not very encouraging, despite the fact that high net worth individuals in India are well ahead of many countries of the world. Nemichand's analysis revealed that Indians buy gold but feel reluctant to invest in gold through gold units. For many Indians trading with gold in commodity exchanges is more like trading with *Lakshmi* — the goddess of wealth.

An infuriated Mike stormed into the meeting room and started yelling "Let's call it a day. For months together I have showed enough patience.

I withdraw from this joint venture.” For Nemichand doing business with Mike or not makes no difference. Their jewellery export business continues to thrive in the US market for their special culture-fit designs. Over several months, Mike had made a huge investment. But now there is no way to recoup ! Mike considers it was his misadventure in India.

Question :

Read the case carefully and analyze why the joint venture between Mike and Nemichand failed despite initial success in negotiation to clinch the deal.
