

# Development of multinational personnel selection



S w 9B07C041 Licensed to the University of Regina for use by Professor Sandra Steen in the course “ MBA/GBUS 843 Strategic HR Management,” from 01/07/13 to 04/30/13. DEVELOPMENT OF A MULTINATIONAL PERSONNEL SELECTION SYSTEM Professors Diana E. Krause and Reiner Piske wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On Monday morning at 8: 30 a. m. , Dr. Thomas Koch was leaving his luxury condominium on the 28th floor of a building specifically constructed for expatriates and Hong Kong’s wealthier citizens. He was going down to Causeway Bay, towards his office in Hong Kong’s central business district. On the way, Koch listened to the voice mail messages on his cell phone, one of which was from the assistant of the firm’s owner, Peter Koenig. The message stated that Koch was expected to call back before his meeting with the human resources (HR) team that he was leading.

The human resources team meeting was scheduled in order to bring together German and Chinese human resource experts to form a crossfunctional project team. In the context of global restructuring, the company, ComInTec AG & Co (ComInTec), had introduced a new regional management level. As a result, 25 middle management positions were expected to be filled in the Asian-Pacific-region (APAC) (e. g. regional head of purchasing, regional head of supply chain management, national chief executive officers (CEOs), national head of finance and accounting, and national head of operations).

A new personnel selection system was expected to fill these positions with qualified employees. ComInTec's own recruitment channels, as well as "head hunters," would be hired for the recruitment process. The overall responsibility for implementing the new personnel selection process was the responsibility of the project team. According to the company's inhouse global localization policy, 90 per cent of the new management positions were filled by individuals who originated from the country they would be working in.

The affected areas included sales and marketing, purchasing, supply chain management, and finance and accounting, at locations in Hong Kong, Kuala Lumpur, Bangkok, Jakarta, Melbourne, Sydney and Shanghai. The managers' annual salary ranges between €40, 000 and €150, 000, depending on the location. The new personnel selection system for APAC was part of the company's new objective to standardize all human resource instruments for selection purposes around the globe. This new personnel selection system had to be developed internally. Page 2 9B07C041 BACKGROUND

For several years now, Koch had been finding faults in the design of the individual assessment centres. According to Koch's opinion, there was only very limited opportunity to influence possible modifications because the individual assessment centres were conducted by external consulting firms. Additionally, Koch questioned the validity of the information obtained from the centres, as well as the personnel selection system as a whole. ComInTec had little interest in empirically evaluating the validity of the assessment centres and statistically analyzing the outcomes of such personnel selection procedures.

Koch also felt the need to improve the contents of the structured interviews that were based on the candidate's current situation, as opposed to the candidate's previous work experience. Koch firmly believed that what happened in the past was likely to be repeated in the future, and therefore had very little appreciation for selective interviews that did not consider the candidate's past. Overall, efforts to improve the current selection systems had only rarely been undertaken due to limited time and the budget allotted for personnel affairs — a memorable fact that Koch had already pointed out to the management several times.

The development of a new multinational personnel selection system now posed a huge challenge for Koch and his project team. There was one fact, however, which he noticed with relief: there were no expatriates in the new selection system because the selected managers were required to be living in APAC. Currently, ComInTec simply sent those candidates abroad that had the necessary technical skills and experience, regardless of intercultural competencies.

Koch remembered how difficult it was at times to find someone willing to move his or her centre of life, including family, to a different country. He also knew from his own emigration experience that no training (e. g. language or cultural norms) was offered to prepare him. With this in mind, he hired staff for his project team that would globally represent the countries involved: a Chinese research assistant who completed a bachelor in HR management, another trainee from China, and a German intern who had completed four semesters in psychology.

The team, which also included additional HR managers from the headquarters office, had already been working on the development of the new personnel selection system for four months. Over the past few weeks numerous meetings had been held, yet no significant progress had been made. One reason could be attributed to the fact that there was obvious heterogeneity between the German and Asian team members' opinions regarding the new personnel selection system. This created an ambiance that was tense and dissent with respect to sharing the workload.

For today's meeting, the goal was to come to a consensus on several important issues: (1) what individual modules the new personnel selection system should contain, (2) whether country-specific adaptations were necessary and feasible for each module, and (3) the implementation process of the new personnel instrument at each APAC location. The APAC-situated plants were the company's top-selling ones; therefore, any wrong decisions with respect to HR (e. g. personnel selection) were extremely cost-

Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to

04/30/13. When Koch first heard about the above changes, it immediately occurred to him that this would not be easy. He knew that personnel selection procedures currently varied significantly between countries. He also knew that the existing selection instruments were by no means flawless in any specific country. After the application documents were analyzed, structured interviews with the candidates were conducted by a department representative and an HR specialist.

If both interviewers came to a positive conclusion on the candidates' qualifications, the top candidate completed an individual assessment centre in order to point out his/her interpersonal competences rather than his/her professional competencies. The individual assessment centres consisted of biographical questions, case studies on leadership in an international context and participation in a leaderless group discussion. Ultimately, additional references were obtained for each candidate, although different procedures existed in different countries.

For example, references gathered in Asia only confirmed a candidate's previous function and duration of employment according to common employment law. After reference checks were completed, each candidate received written feedback and a report was generated and added to the successful candidate's personnel file. Page 3 9B07C041 intense. The personnel selection system in APAC, as a whole, would have large-scale consequences affecting the entire company. As Koch was walking in the crowded Causeway Bay area he was not paying much attention.

To Koch, who could not distinguish between Asians, it seemed as if they were crawling across the streets like ants, all busy on their phones. As usual, it

was a very hot day. For Koch, now 48 years old, this was intolerable. He took off his light-coloured linen jacket and placed his tie, threatening to strangle him, in his brief case. He had returned from a business trip in Sydney the previous Saturday and was still feeling the effects of the lengthy flight. The next business trip was scheduled for the upcoming Thursday — off to Jakarta for a week, Shanghai, then Munich for a meeting of the Global Steering Committee Human Resources.

He checked his schedule and remembered the phone call he received earlier from Koenig's assistant. Koch would be arriving at his office within 10 minutes, which allowed him time to return Koenig's phone call before the scheduled meeting. It had been 17 years now that Koch had been working in the HR department for ComInTec and three years in the regional headquarters in Hong Kong. After working many years for ComInTec he was currently the HR director, thanks to his determination, networking skills, ability to be highly adaptable to new situations, and his talent to be at the right place at the right time.

He was in charge of all HR decisions within ComInTec in APAC. ComInTec was a worldwide leading industrial company with administration, plants, and sales offices in Central Europe, Eastern and Western Europe, APAC, Central and South America, and North America. Like many other companies, ComInTec was forced to establish downsizing procedures between 2003 and 2006. Worldwide, 900 jobs were cut. Koch was actively involved in the staff cutbacks that had taken place. He had visited the plants, equipped with PowerPoint presentations that had been verified by the executive board to be politically correct.

He spoke to the workers and praised ComInTec's ethics and corporate philosophy, despite the cutbacks. He communicated the cutbacks to the workers as a temporary crisis, pointing out that it was mainly due to natural fluctuations and that it was part-time employees who were cut, with the affected workers being offered fair compensation packages. In consequence of the general economic situation in the years of 2003 to 2006, ComInTec unfortunately had no other option. He additionally thanked the staff for their loyalty and appreciation with personal gifts and reports in the company's internal newsletter.

Since then, the company had recovered from the crisis. ComInTec employed 23, 000 employees worldwide and made more than €5. 8 billion in sales. Koch arrived at the elevator to his office. He was surrounded by Asian colleagues in the best mood, all in uniformly grey suits, greeting each other as they waited for the elevator. When he got off the elevator, there were two of the three Chinese secretaries serving tea and fruits. His appearance always caused a general haste among the secretaries. They all confirmed his daily appointments, signifying that his work day had officially commenced.

Koch called on a secretary, who came running on the double, accompanied by a " Yes, sir! " and a big smile, yet she avoided eye-contact by looking down to the floor. She reminded him that Koenig was waiting for him to return his call. Without being able to name a cause for it, this secretary's behaviour triggered uncertainty in Koch. All her gestures appeared submissive as she perpetually nodded her head — regardless of praise or dispraise — always understanding and friendly. Koch picked up the telephone and Koenig instantly began speaking: Mr.

Koch, you know how much I appreciate your dedication to the company, but I have concerns about the current international selection procedures. We need something that is going to work, and work immediately! And don't you dare try to offer me this empirical or validity stuff. I don't give a damn. You have a whole department with highly qualified people. I assume you are capable of filling these vacant management positions. We also need a selection system that works everywhere. We cannot afford to apply different

Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. Page 4 9B07C041 procedures in every country. What we need are consistent procedures, something applicable cross-nationally and cross-regionally. You, as a cosmopolitan, should know exactly what I mean. I also expect everything to be documented to a tee. Although Koch shared Koenig's enthusiasm for an improved personnel selection system, there were many complications that could arise of which Koenig seemed obviously unaware.

As sensitively as possible and with all due respect, Koch tried to inform Koenig about possible problems. First, Koch argued that although a multinational personnel selection system could have its advantages, these advantages may become costly when they are not easily implemented in each region. Each country had its own unique economic and education situations, which would undoubtedly become problematic when creating a universal personnel selection system. Koenig should only think of Thailand, for example, where it is more difficult than anywhere else to find qualified managers.

With respect to cultural differences, Koch argued that a standardized personnel selection system would also most likely ignore cultural differences and culture-specific circumstances. This would not only affect the individual modules of the system, but also the basic job requirements, the adaptation of modules to specific countries, and the use of specific personnel selection methods. Koch also expressed his concern with Koenig's lack of interest in testing the validity of the new selection procedures: Mr. Koenig, something that is expected to work should be tested thoroughly.

This is the only way to be certain that it will actually work. We will need to test and then evaluate each and every single module in each country. This process will provide a basis on which we will be able to improve the original procedures. Due to all the possible problems that may arise with the new system, it is imperative that we invest in developing it properly. Of course, that wasn't exactly what Koenig wanted to hear: Don't tell me about problems, I want solutions, and you should not forget that this is what I pay you and your team to do. You have until the end of this week to deliver final and written conclusions of this matter.

If not, I will reduce your team in Hong Kong by half, and I will delegate the development of this new system to global headquarters. " Mr. Koenig," Koch replied, " please keep in mind that my team has been working on this assignment for months, including weekends. " Nevertheless, Koenig underlined Koch's point of view with the commanding tone typical of him: " Either you will come up with something useful by the end of this week, or central headquarters will do the job. End of discussion. " Koch responded:

Mr. Koenig, we have known each other for 17 years now and you know that I always do what's best for this company.

I strongly believe that as your HR manager, it is my responsibility and duty to inform you about possible risks and problems that may exist with an ad hoc-developed and unevaluated multinational personnel selection system. Koch advised Koenig again that his demands could lead to severe difficulties. Koch also added: Mr. Koenig, please remember the problems we experienced a few years ago with respect to staffing cutbacks. You wanted to send employees, who had been working for the Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13.

Page 5 9B07C041 company for many years, home without any kind of termination pay. Everything was to be done by us, without any kind of external consulting. I assume you remember that I told you in advance how risky such a staff reduction can be. I am certain that you will also remember that I informed you that the legal process would create a high financial risk to the company with employees with legal action seeking claims for damages and compensation. At the time you had underestimated the situation, and as a result our legal department had to deal with all the consequences.

We were lucky that our lawyers were able to win most of the cases. Koenig was listening to these remarks with irritation and responded: Dr. Koch, I am at the end of my tether with you. You need to stop focusing on the past. It's all water under the bridge. We are now looking at 25 people we want to hire. This is my company and not yours. I will be participating in today's meeting

via video conference. I expect you to prepare everything at once so that the video conference will be working. And don't forget that I have put you in charge of the entire new personnel selection system.

Koch would need to accept the fact that all of his objections to Koenig's instructions fell on deaf ears. He knew Koenig well enough to understand exactly what he wanted and that he would not change his mind. For Koenig, endless loyalty to the company, endurance, a hands-on mentality, and assertiveness were most important. He was known for his strong control orientation not only by the members of the global steering group, but also by the plants' employees. Two weeks prior, he went to Malaysia unannounced and snuck into one of the plants in order to see the night shift's work with his own eyes.

In addition, every executive knew that Koenig had established staff employees, so called key functionaries, in every country. The task of these key functionaries, or spies as Koch liked to call them, was to report to Koenig about everything that was happening on site in detail, particularly any wrong doing of management. But Koenig did not trust these key functionaries either, with his motto being " Trust is good, control is better. " Only if there was 100 per cent agreement between headquarters and the key functionaries was he willing to attribute a certain degree of credibility to the situation.

Koch could therefore understand the tactics of Koenig because they somewhat resembled his own tactics. Koch, nevertheless, had difficulties with Koenig's control procedures because they directly affected him and his team. In response to these procedures, Koch had established in APAC that

each meeting and each decision that was to be made must be recorded by three individuals. Piles of paper were accumulating in his office as a result, and even special storage rooms were needed to store the paper masses.

Furthermore, Koch remembered the intention coming from the central HR department, to standardize all personnel selection procedures including all criteria and approaches around the globe. This matter ended in talk due to conflicts regarding this question. With all this in the back of his mind, and the increasing pressure on his shoulders, Koch remarked to Koenig at the end of the phone call that the meeting would possibly take several hours, and that he assumed Koenig would not like to spend his precious time listening to every single detail regarding APAC's selection system.

Koenig agreed that attending the meeting via video conference would not be in his best interest with respect to time, but instead insisted even more that he receive the final draft of their decisions and the meeting minutes by Friday. Koch was proud to have successfully appeased Koenig's concerns for the moment, and he next turned his focus to the scheduled meeting. He was horrified when he glanced at his watch and realized that it was already 9: 30 a. m. He jumped up abruptly from his desk and left for the conference room.

When he arrived, his whole team and an unknown staff employee from global headquarters, probably a key functionary, Licensed to the University of Regina for use by Professor Sandra Steen in the course " MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. Page 6 9B07C041 Well, I ask today that you all present results from the past few months of hard work. I am only interested in the results and would like to avoid any long

discussions concerning details. Mr. Koenig expects our final decisions in writing this upcoming Friday.

In the case that he does not approve our recommendations, this project will possibly be passed on to global headquarters. As a result, we will lose team members. You now know the importance of our meeting today. We need to legitimize our right to exist. The Chinese colleagues agreed by nodding their heads uniformly. Koch noticed that this behaviour was always to be expected when there was an order from a member with higher hierarchical status. From Koch's perspective, this was a phenomenon reflecting cross-cultural differences (see Exhibits 1 and 2).

He often asked himself why his Chinese colleagues seemed to forget all priorities regarding time and content as soon as there was an order coming from someone higher in the hierarchy. How often did he observe his Chinese colleagues change their work completely and without any objection according to the orders of someone with higher status? Koch quite often got the impression that his Asian colleagues and co-workers followed the principle "Seniority is king." Yue Yu, a Chinese HR employee, rose to speak. In her concise way, she stated: One crucial question concerns the definition of the job requirements and their profiles.

After several discussions we have come to the conclusion that the positions to be filled differ in their content. Hence, we plead to define the job requirements specifically for each position, and to allow flexibility of the job requirements for other positions. More precisely, we want to diagnose 15 dimensions: five components that test the candidate's professional competencies, and 10 dimensions that evaluate social competencies.

Andreas Mueller, the German economist who possessed extensive experience in HR management, countered Yue Yu: “ You must be joking.

The inclusion of 15 dimensions is not what our team has decided on. That is your opinion, which is not shared with anybody here. I told you many times that the acquisition of 15 dimensions is simply impossible. ” “ Yes, that’s what you said earlier,” answered Yue Yu, “ but I find we should establish as many dimensions as possible. ” “ Well, I disagree,” Mueller continued, who could not stand being interrupted, “ It is important to define clearly distinguishable job requirements that are measurable, describable, and that are equally relevant in all countries of APAC. Yue Yu, intimidated by her German colleague’s manner, blushed and looked down towards the floor, signaling that she did not dare to say anything further. Yue Yu often found it difficult to cope with negative feedback, particularly when it occurred in front of her colleagues. There had been several times already that she could not stand up to Mueller, which seemed to affect her more and more each time. She had once spoken to Koch about her difficulties communicating with Mueller; however, Koch was quickly irritated by the complaint and asked her to wait and hope for an improvement of the situation. Koch assumed the confrontation between

Licensed to the University of Regina for use by Professor Sandra Steen in the course “ MBA/GBUS 843 Strategic HR Management,” from 01/07/13 to 04/30/13. were already waiting impatiently. In order to keep the meeting attendees occupied while they waited, the thoughtful secretary was serving coffee and snacks, resulting in a second breakfast for many of them. Koch welcomed everyone, apologized for being late, and began the meeting, “ We

are here today to decide about the future personnel selection system for APAC, which, when complete, will influence the complete international employee selection system within ComIntTec considerably. After these introductory words, he asked the German intern Sarah Goldmann and her Chinese HR assistant Dai Wei to record the meeting minutes. Koch continued, “ I need everything we discuss here today to be recorded in detail. The records must happen with the precision of a surgeon! ” The German team members threw disavouring looks at each other; however, the Asian team members approved of the instructions by nodding their heads. Koch started: Page 7 9B07C041 he two colleagues was generally just a misinterpretation due to cultural differences (see Exhibits 1 and 2), and told her to bring the matter to his attention again only if it was absolutely necessary. Yue Yu never discussed the situation with Koch again. The German, in-house psychologist Sabine Weitmann, who was known for her differentiating thinking, decided to join the discussion: In my point of view, the question regarding the number of dimensions is only secondary. It is important that we first establish the contents of the job requirements. I suggest we replace the term job requirements with the more modern term competencies.

In my opinion, a multinational requirement profile should contain competencies such as technical and vocational skills, social competencies, leadership competencies, communicative competencies, flexibility, and adaptability. “ Why these skills and not others? ” interjected Dai Wei, the Chinese HR assistant, who was not satisfied with Weitmann’s selection of skills. “ Well, during my studies at the Strategic Human Resource

Management Institute in Hong Kong, where I completed my MBA, I learned and experienced that a multitude of skills are inessential in personnel selection.

I think we should therefore consider additional skills. For example, stresstolerance, resilience, cooperation skills, willingness to learn, ambiguity tolerance, goal-orientation, problem-solving skills, decision-making skills, and intercultural competencies. " " But Dai Wei," contradicted Mueller, " It is totally obvious that this kind of proposition will encounter problems. That is simply not doable. Besides, the intention to establish more than six job requirements turned out to be problematic in the past.

Did you ever think about the difference between intercultural competence and social competence? " Dai Wei was obviously irritated by the criticisms he received in front of the team and was in the process of losing his temper, which was easily detected by looking at his face, which had become flushed. These well-known signs alerted Weitmann, who tried to calm the situation with her objection and who cherished the illusion of having salvaged this precarious situation: " We should not waste anymore time debating this topic, which we've already discussed many times before.

Let's stay focused. " Clearing his throat, Mueller stated, " It is pointless to discuss the skills and job requirements. We are under time pressure and I therefore suggest that we bring about a majority vote with respect to the skills. " " No," said the Chinese trainee, who participated in acommunicationtraining course last weekend and had been therefore sensitized to group dynamic processes, " A majority vote is not the solution.

It may lead to good decisions not succeeding because certain team members follow the uniform opinion of the majority.

We should try to reach a consensus on this issue. " While the Asian colleagues began to nod their heads in agreement, Mueller, who did not like to leave anything to chance, responded, " Well, I believe there should be six dimensions, namely planning/organization, initiative, adaptability, conflict management, decisionmaking/goal-orientation, and leadership. These dimensions are not only important for a manager's success in APAC, but on a worldwide scale. " " Andreas," countered Weitmann, " what are your conclusions based on? We need dimensions that have been empirically verified.

Although it is great that you have your opinion, what we need are empirically validated dimensions. " " Well, I would like to settle this dispute," replied Bettina Carter, a German lawyer who had lived in California for many years, and who was now ready to explore the world of APAC with her American husband. The always down-to-earth Carter opined, " Clearly, this is easy. We simply use the German dimensions and adapt them to the management positions in APAC. I am certain that everybody here knows that these are the dimensions mentioned by Mueller earlier. Koch, who was already feeling mentally exhausted from listening to the discussion, said: Licensed to the University of Regina for use by Professor Sandra Steen in the course " MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. Page 8 9B07C041 I neither have the time nor the energy to be debating these arguments. Our hands are full and even though we're going in the right direction, it is only a first step to come up with dimensions. I am in charge of

everything here and I would like to avoid losing my head over these debates. Let's vote. Who agrees with the dimensions suggested by Sabine?

Silence took over the room. " Who will support the dimensions outlined by Andreas? " The vote was suddenly interrupted by a cellular phone ringing in the tone of an alarm system. " Sorry, sorry about that," apologized the Chinese trainee, who was no longer writing the meeting minutes, but instead trying to control his cell phone. Koch concluded: There you go! It is official and we agree. I hereby announce that the job requirements for the selection of managers be assessed on six dimensions: planning/organizing, initiative, adaptability, conflict management, decision-making/goal-orientation, and leadership.

These dimensions will be used for managers in all departments (e. g. sales and marketing, purchasing, supply chain management, finance, and accounting) and all locations (e. g. Hong Kong, Kuala Lumpur, Bangkok, Jakarta, Melbourne, Sydney and Shanghai). We will also incorporate vocational competencies. All recorders please write down that statement. Eventually Goldmann, the German intern, remarked with satisfaction that she could finally score with her boss: " It appears to me that the definition of the job requirements should not be done separately from the new personnel selection system module definitions.

I learned in university to define certain requirements for module X and the requirements that will then be tested in another module Y. " Everybody in the room was surprised at this, and even Weitmann and Mueller complimented Goldmann for her suggestion. " Yes, this is a very good proposition, indeed," Weitmann said. Mueller, who saw his chance to get

back to the topic, added, “ We should continue with a systematic approach. Let’s decide on the modules, and then we can substantiate the job requirements per module. Sabine, surely you will agree with me on this. After the long-lasting debate, which still wasn’t very productive, Koch was now only following the discussion half-heartedly. Similarly, the Chinese trainee was on the verge of falling into a deep trance. Koch decided he would no longer intervene on the discussions, “ Now I am just going to sit in on this meeting,” he thought to himself. These people are beating around the bush and are trying to profile themselves at my cost. I am under Mr. Koenig’s pressure, being spied on by the headquarters’ staff employees, in a city that is still strange to me, and without any hope for improvement.

With a loud voice he blurted out, “ What shall it be,” and everybody in the room looked at him in an alienated fashion. “ Is everything OK? ” the German intern Goldmann, who found this behaviour extremely strange, asked with worry. She remembered an introductory course of clinical psychology and believed that this behaviour could be an indication of a pathological disorder. However, Koch replied, “ Yes, of course, everything is perfectly fine,” which temporarily reassured Goldmann.

It was now Koch’s intention to fulfill his leading role by trying to motivate his team members to move on to the next important issue: the definition of the modules and the job requirements for each module. Dai Wei responded, We have been working on this question for a very long time, and after several modifications and discussions, we finally agreed. We think as a team that a multinational Licensed to the University of Regina for use by Professor Sandra Steen in the course “ MBA/GBUS 843 Strategic HR Management,”

from 01/07/13 to 04/30/13. Page 9 9B07C041 Yes, Dai Wei,” replied Yue Yu, who was always intent to maintain harmony. Weitmann, who was still a bit annoyed because her suggestion regarding the competencies was rejected, stated: Dai Wei, you forgot an important module. When I attended an international conference in Philadelphia, I had the opportunity to meet an internationally-known scientist. Like me, the professor considers it essential to use standardized testing procedures. The professor has shown empirical evidence that validity of personnel selection increases if psychometric testing procedures are used in addition to other modules.

For that reason, I advocate for intelligence tests and personality tests to be added to the personnel selection system. We have discussed this before and my suggestion was received positively. Replied Mueller: Sabine, your test knowledge is impressive, but unfortunately such procedures will lead us into a dead-end street. As you know, standardized tests have several disadvantages. They are not generally highly accepted and cultural problems exist. Are you aware of any intelligence or personality tests that can be applied equally worldwide and for which there are test theoretical indices available?

Weitmann, getting worked up about the topic, responded, “ Well, these are minor problems, and if we need to we can ask our interns, trainees or HR assistants to develop such standardized tests. Or we could assign an external consulting firm to the task. ” Carter, who in the meantime was scrolling through her voluminous labour law book, jumped into the conversation: I don’t think we should debate this issue any further. We have already decided several weeks ago to include testing procedures in the

selection process. Just to be sure, I will confirm that the testing procedures coincide with the labour laws.

We should now concentrate on how the individual modules will look and what skills should be covered in which module. “ That is a good suggestion,” agreed Dai Wei. Increasingly gripped by this trend-setting suggestion, Mueller now cleared his throat and offered to summarize the contents of the modules: After due consideration, we have come to the conclusion that the first step of this multinational personnel selection system will be conducted in a similar manner at all Licensed to the University of Regina for use by Professor Sandra Steen in the course “ MBA/GBUS 843 Strategic HR Management,” from 01/07/13 to 04/30/13. election system for APAC should be two-tiered. The first tier consists of three modules: a viewing of the candidates’ application documents, a telephone conference with the applicants that should be conducted in an unstructured manner, and the obtaining of three references from former employers. Unlike the current procedures, references should not only be used to verify past employment and the duration of employment, but also include a statement regarding the candidate’s personality. Four modules will follow in the second tier.

Specifically, a panelinterview, a biography-oriented in-depth interview, a simulated group exercise, and testing procedures. Does everybody still agree on these modules and the two-tiered system? Page 10 9B07C041 Koch stepped in, “ Thanks, Andreas for your summary. Dai, could you please illustrate the second tier modules in an equally precise fashion? ” “ I will try,” taking a deep breath, Dai Wei said: The second level of the selection process

will consist of — as already mentioned — a panel interview, a biography-oriented in-depth interview, a simulated group exercise, and a test.

The purpose of the panel interview is to obtain detailed information about the candidate with respect to the required skills Andreas just summarized. That means that the competencies will be evaluated in this module of the selection process. The panel interview is a standardized exercise based on the critical-incident-technique. The candidate describes one critical situation and his or her behaviour in each situation for each of the six job requirements. Instructions and questions for the candidates have already been prepared.

I will give you an example for the dimension “ planning/organization. ” The instructions will read: “ An efficient manager has to be capable of organizing his or her agenda well in order to achieve specific goals. This includes, but is not limited to, prioritizing competing tasks well and delegating tasks to other employees in a timely fashion. Discuss a time last year when you had to keep a tight and challenging schedule. Also include methods you usually apply for time management. This introductory instruction will be followed by five open-ended questions that have to be answered by each candidate. An example for the dimension “ planning/organization ” is as follows: “ Think about an event in which you showed previously discussed skills. Explain the circumstances. Describe precisely what you have done in order to manage this situation. What was the outcome? Who will be able to verify what you have described here? ” The candidate will receive similar questions for the remaining five dimensions. Each candidate will be given an hour to prepare his or her answers.

Afterwards, they will be given 30 minutes to present the results, with panel members given the opportunity for queries. Each candidate will then receive a score for each dimension (e. g. 5 being outstanding, 3 being acceptable, and 1 being unacceptable). The scores will then be Licensed to the University of Regina for use by Professor Sandra Steen in the course “ MBA/GBUS 843 Strategic HR Management,” from 01/07/13 to 04/30/13. locations. Module one, a viewing of the candidates’ application documents, shall be conducted by applying the “ 6-eye-method. That is, three persons will be analyzing the applicant’s documents regarding his or her suitability for the targeted position. The result of this analysis is a preliminary selection of candidates. Individual telephone conferences with the remaining candidates will follow. The conferences will be attended by the candidate and two members of our team: the supervisor at the site in APAC and one person from the German headquarters. The conference shall be conducted in an unstructured manner with everyone having the opportunity to ask the candidate questions.

The goal of the conference will be to verify the candidate’s suitability for the position, his or her motivation for the position, and to obtain a general, overall impression of the candidate. If a consensus is reached that the candidate is suitable for the considered position three references from former employers or colleagues will next be obtained. As you all know, the reference system has paid off well in Europe, especially because it enabled us to identify all those cheaters and impostors. This will likely be doable in Asia as well.

In the case that the references are predominantly positive, the first level of the selection process is completed. Subsequently, the candidate will have to pass the modules of the second tier. Dai Wei, would you like to illustrate the

modules of the second tier in detail? Page 11 9B07C041 “ Let’s move forward to the second module in the second tier: the in-depth biography-oriented interview. ” Dai Wei continued: At this stage we verify a candidate’s strengths and weaknesses, but the primary objective is to gain insights into the candidate’s private and professional past.

The in-depth biography-oriented interview shall be conducted by a psychologist. We are especially interested in the candidate’s expectations, how parents and other family members have influenced him or her, how cultural background affects his or her decisions, and possible untreated conflicts the candidate may have to face. The interview shall not be oriented towards job requirements, but instead consider the candidate’s complete life p and be of a general nature. Following this in-depth biography-oriented interview, a psychological opinion shall be furnished.

This opinion will be filed in our documents, without the candidate having the right to view it. It is important that the interviewer and the candidate have the same cultural background in order to prevent any possible misunderstanding during the interview (e. g. a candidate for a position in China shall be interviewed by a Chinese psychologist). Although this requirement may create additional expenses, we find it justifiable and needed to ensure an accurate expert opinion on the candidate’s qualifications is obtained. “ Dr. Koch,” Dai Wei said, “ What do you think about this approach? “ I am not quite sure at the moment,” Koch responded, “ I think it is very likely that a few of the suggestions just are not feasible given the high costs involved. For now, I am not able to say anything definite. We will have to wait. ” Exhausted by the long-lasting discussions, it

was becoming more and more difficult for Koch to stay focused and absorb the arguments. He noticed that Yue Yu had not spoken out on anything, including the rivalry between Weitmann and Mueller Koch was convinced, as he could see in many different situations that a leader should stay out of these issues. One could not change things anyway. Change," it crossed Koch's mind, " Can one change a situation, in one's life? No, people never change. Neither do circumstances in life. You get thrown in and there is no way out, and it would be a hopeless undertaking to try it. " Koch tried to take control over the situation again: " Well, let's move on to the two last modules of the selection system. Licensed to the University of Regina for use by Professor Sandra Steen in the course " MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. summarized, forming the basis for the decision as to the panel's level of recommendation.

We discussed for a lengthy time whether we should inform the candidates in advance about the dimensions (e. g. the meaning of each). In order to guarantee transparency for the candidate, we decided to inform them of all dimensions a priori. It is our hope that this will increase a candidate's acceptance and understanding of the module's purpose. Furthermore, we discussed whether the critical incidents should be presented in English, or whether they should also be available in other languages. We discussed the pros and cons thoroughly. From my own experience, it is difficult at times to communicate to someone in a second language.

We decided it would be best to give the candidates the option of answering the questions in their language of choice. The instructions and questions will therefore be translated by professional translators from English into the

particular language. In order to guarantee accuracy in the translation, the instructions and questions will be translated into English again (i. e. the back translation technique). Although this extra translation step may appear as more work, it is warranted to ensure the translation is indeed reflective of its original content.

These extra expenses can offer a tremendous advantage, especially for the Shanghai location. We are certain that we can effectively cover relevant dimensions that are cross-culturally important with this method. A separate pre-test is not designated. Page 12 9B07C041 Sabine, please explain modules three and four. How do they look? What competencies do they include? Are there any culture-specific adaptations that need to be dealt with? " Weitmann eagerly began to inform her colleagues about the modules: I can certainly do that.

We are looking at a simulated group exercise and the adoption of standardized test procedures. The group exercise has been integrated in order to acquire typical dimensions, which are usually diagnosed in assessment centres, in a similar way. The assignment of an assessment centre for one or two days and the culture-specific adaptations would mean increased expenses. For these reasons, we have excluded this option, and alternatively will be using simulated group discussions. The candidate and three professional role players will participate in the leaderless group discussions. The role layers have to complete a two-day-long training session, after which they will receive an internal certificate stating that they can act as professional role players. Prior to the group discussions, the role players will receive specific instructions containing standardized roles. The

role players include the “devil’s advocate,” whose task is to contradict the candidate’s opinion, the “supporter,” who is always on the candidate’s side, and the “viewless one,” who does not participate in the argument, but who will propose opinions that don’t have anything to do with the topic at all.

Prior to the discussion, each participant will be informed about the topic. The chosen topic should deal with issues that contribute to the development of the employees in their own department. The topic shall be identical APAC-wide. We have deliberately chosen a topic away from specific skills in order to allow each candidate equal chances for the completion of this task. Naturally, candidates with strong leadership skills will have advantages over those who have only been in a leading position for a short time.

The candidate will not be informed that the discussants are role players with specific assignments. The dimensions that will be evaluated in the group discussions include communication, cooperation, stress tolerance/resilience, assertiveness, and ambiguity tolerance. The roles and individual instructions will only be available in English in order to standardize the exercises cross-nationally. The group discussions shall also be carried out in English. The candidate will be given 15 minutes to prepare for the discussion after the topic has been revealed.

The whole discussion will be video-taped. This recording will then be made available to three independent observers, who will ideally come from different countries. It is their task to observe the candidates’ behaviour during the discussion, and to assess the candidates’ behaviour with respect to all relevant dimensions and in compliance to the behavioural scale

available to the observers. Additionally, each observer has the opportunity to write down his observations qualitatively.

The observations of all observers will then be collected and statistically converted into a final score for each candidate. It is important to mention that every observer, who can be recruited from any hierarchical level, must pass an observer training course that teaches the basics of behavioural observation, the meaning and importance of such exercises, the dimensions, behavioural indicators for each dimension, as well as the role players' assignments of their specific roles. That concludes all the information we have gathered on the simulated group discussion.

Goldmann, interrupted: Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. Page 13 9B07C041 I don't want to be rude, but isn't it important to take the candidate's perspective into consideration, as well? I mean, if the candidate has no clue about the situation in which he or she is in, he or she deserves clarification as well as extensive feedback once the group discussion is completed. I think that extensive feedback, in both oral and written form, must absolutely follow the module. It is nice that you think that," Mueller countered: Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. But unfortunately nobody cares about the candidate's perspective. We are interested in choosing the right person, certainly not in satisfying the applicants. What horseplay — these never-ending discussions on fairness

and acceptance. Reality differs significantly from the ideal procedures we are taught in university, my dear.

It is really annoying the kind of stuff that is being taught at our renowned universities, and most likely by professors that have not seen much outside of their institutes, let alone in a company. Goldmann, who only wanted to contribute with a suggestion, was obviously upset about the comment. She could barely hold back her tears as she marched out of the conference room. The Chinese trainee followed her with the intention of calming her down, losing the handouts he had prepared for the meeting and that he was supposed to distribute beforehand.

Finally, Yue Yu ran out of the room and into the female washroom, where she found Goldmann looking miserable, in tears and close to a nervous breakdown. “ Dr. Koch,” Carter, who saw herself responsible to demonstrate her judicial knowledge, advised: I think that this argument has merit to it. Candidate feedback is important. Just imagine the consequences and damaging results of not providing feedback. Feedback should not be underestimated. I am particularly thinking about rejected candidates. ComInTec cannot afford these kinds of mistakes. ” Koch agreed only partly and replied: Mrs.

Carter, now you have subscribed to this view, too. Do you have any precedent? As you know, all candidates receive feedback in writing regarding their overall impression. As you should know further, this feedback does not cover any specific dimension or module, but it offers a very good general conclusion. Should candidates be interested in the impression they made, they simply need to read the report. That should be sufficient. I do not agree

that we should focus on unpleasant feedback, or would you like to conduct all of those conversations yourself, Mrs. Carter?

Now the psychologist jumped into the discussion, acting as a mediator. She pointed out the following: The question regarding the feedback should not be our priority. We still need to discuss module four. I am talking about the testing procedures that have to be included in the selection system. As I have mentioned before, it is essential to use psychometric testing procedures. Insofar, module four consists of an intelligence test and a personality test that every candidate has to complete. That gives us indicators for “general intelligence” as well as for the “big five. The specific test procedures will be used still have to be specified for each country of course. But I am convinced that we will be able to manage that. Page 14 9B07C041 With the Goldmann still in the bathroom crying, there was only one recorder left, which resulted in much of the meeting no longer being documented. Dai Wei, who had returned to the meeting and was trained in presentation techniques, felt obligated to conclude the points that were most important with the use of a flip chart: If I may conclude, we have decided that the ersonnel selection system consists of two tiers that include several modules. We have specified these modules in content and procedures. Hence, we have achieved the first step of our meeting. We intended furthermore to specify the adaptations for each target country and how to implement those modules. We need to next reach a consensus on the second and third goal of this meeting. Koch commented: Dai Wei, what are you thinking? It is already 1: 30 p. m. and that means that the time for our

meeting is more than up. We won't be able to decide on the remaining points today.

I expect that the recorders will make a flawless and written report available by 9: 00 Wednesday morning. Please pass this on to Sarah and Yue Yu. This will give me time to review all the meeting minutes and finalize any unresolved issues. You should expect a final copy of the resolutions on the multinational selection system to be available by Friday at 9 a. m. With respect to the issues that were not resolved today, I will make the decisions myself and include them in the report. This resolution shall also deal with the questions that we could not look into, due to the lack of time today.

I don't care how you will do it - just do it. Thank you for your attendance at this meeting, Dai Wei, Sabine, Mrs. Carter, Andreas, and honourable sir of staff. " With these words, Koch terminated the meeting. Due to the lengthy meeting, there was no lunch break. This particularly bothered the Chinese team members, but it was not voiced. Koch believed that Asians set a high value on lunch breaks because they highly value food and money. Unfortunately, Koch could not be bothered to worry about it — according to him, food and money were the lower motivators on the Maslow Pyramid of needs.

He muttered under his breath: Those Asians, it's always just about food, money, and shopping, and they are continuously on the phone — what do they have to tell each other all the time? How often do I see them yelling at each other in Chinese, hard and ruthlessly, whereas they always show me a smile? You never know what they really think, and when I ask them they tell me something positive anyways. Negative remarks in front of the boss are

obviously a big taboo, and the word 'no' does not seem to exist in their vocabulary.

Right after the meeting, Koch went straight to his office and did not come out again for the rest of the afternoon. Koch received the meeting minutes on Wednesday and wrote his final report for Koenig. Koch later received a short notice sent by Koenig via e-mail on Friday afternoon. Koenig informed him that important basic conditions and necessary adaptations had not been taken into consideration sufficiently in the new multinational personnel selection system; therefore, he had handed the case over to global headquarters.

In addition, the e-mail stated that there would be staff-related consequences for his department in Hong Kong. In response, Koch sat down to write a long letter to Koenig's attention. Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. Page 15 9B07C041 Exhibit 1

**DIMENSIONS AND INDICATORS OF CULTURAL DIFFERENCES (HOFSTEDE)**

**Power Distance:** Degree to which society members accept an unequal distribution of power.

**Characteristics of large power distance:** Inequalities among people are expected and desired. Less powerful people should depend on the more powerful authoritarian values. Organizational hierarchy reflects inequality between higher-ups and lower-downs. Centralization is popular. Subordinates expect to be told what to do. Wide salary range between top and bottom of organization. The ideal boss is a benevolent autocrat or good father. Privileges

and status symbols are popular  
 Uncertainty Avoidance: Degree to which society members feel uncomfortable by uncertain or unknown situations.

Characteristics of strong uncertainty avoidance: Uncertainty is felt as threat, feeling of anxiety  
 Fear of ambiguous situations  
 What is different, is dangerous  
 Suppression of deviant ideas  
 Resistance to innovation  
 Motivation by security  
 Masculinity/Femininity: Masculinity pertains to societies in which social gender roles are clearly distinct (i. e. men are supposed to be assertive, tough, and focused on material success whereas women are supposed to be more modest, tender and concerned with the quality of life); femininity pertains to societies in which social gender roles overlap (i. e. both men and women are supposed to be modest, tender, and concerned with the quality of life). (pp. 82-83).  
 Characteristics of masculine societies: Dominant values are material objects and success  
 Money and things are important  
 Licensed to the University of Regina for use by Professor Sandra Steen in the course “MBA/GBUS 843 Strategic HR Management,” from 01/07/13 to 04/30/13.  
 Men are supposed to be assertive, ambitious, and tough  
 Women are supposed to be tender and take care of relationships  
 Girls cry, boys don’t  
 Live in order to work  
 Stress on equity, competition among colleagues, and performance  
 Resolution of conflicts by fighting them out

Page 16 9B07C041 Exhibit 1 (continued)  
 Characteristics of feminine societies: Dominant values are caring for others and maintenance of relationships  
 People and warm relationships are important  
 Men and women are both supposed to be tender and take care of relationships  
 Work in order to live  
 Stress on equality, solidarity and quality of work life  
 Resolution of conflicts by compromise and negotiation  
 Individualism/Collectivism: “

Individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family.

Collectivism as its opposite pertains to societies in which people from birth on are integrated into strong, cohesive ingroups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty. " (p. 51).

Characteristics of individualist societies: Individual interests prevail over collective interests Identity is based on the individual Employer-employee relationship is a contract that is supposed to be based on mutual advantages Hiring and promotion decisions are supposed to be based on skills and rules only Management is management of individuals Task prevails over relationship Characteristics of collectivist societies: Loyalty for the ingroup (family) Identity is based on the social network to which one belongs Harmony should always be maintained and direct confrontations should be avoided Employer-employee relationship is perceived in moral terms, like a family link Hiring and promotion decisions take employees' ingroups into account Management is management of groups Relationship prevails over task Source: Geert Hofstede, Cultures and Organizations: Software of the Mind, London, 1991.

Licensed to the University of Regina for use by Professor Sandra Steen in the course " MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13. Page 17 9B07C041 Exhibit 2 ASPECTS OF CULTURAL DIFFERENCES: ANGLO VERSUS ASIAN Asian Collectivism: " related self" Group identity, group achievement & rewards, group loyalty, " guanxi" High

power distance (hierarchy) Low power distance (equality) - Work allocation based on competence, rather - Age/seniority is King! Formal interactions than age - Do without asking - Partnership is encouraged - Empowerment regarded as a threat - Informal interactions - Empowerment is the key to growth Control Harmony - Individuals take control - Be in harmony with others rather than show - Free expressions initiative or take charge - Disagreements and differences are not a threat - Emphasis on politeness, respect and emotional restraint - Difference maintains harmony; equality upsets harmony Secular Religious/spiritual - Keep your religion to yourself - In Muslim countries, workplace, ethics, codes of behavior and dress are guided by Muslim religious teachings - Time off during working hours for prayers for Muslims Circular thinking (high context) Linear thinking (low context) - Circling around the topic - Speech and argument patterns are linear - Colorful and flowery language in India - Ideas backed by explanations and examples - Concise - Hate waffling Shame/Lose Face Guilt - Governed by own conscience and internal - "What will others say?" - Group pressure to maintain group reputation sense of right and wrong - "Give face" — don't question your leader - "Lose face" — look bad when publicly challenged - "Save face" — don't own up your own mistakes - "Gain face" — look good when praised in public - "Thick face" — no shame, don't care - "Show face" — manager visits your home - "Got face" — speech, behavior, dress reflect status in a family, business, or community - Anglo Individualism: "separated self" Unique, personal space, goals, achievements Licensed to the University of Regina for use by Professor Sandra Steen in the course "MBA/GBUS 843 Strategic HR Management," from 01/07/13 to 04/30/13.