

## HUMAN RESOURCE MANAGEMENT / ORGANIZATIONAL BEHAVIOR

Case collection update – June 2006

### **OBI CHINA: GOING, GOING, GONE**

<b>ECCH Reference No.</b>	406-053-1
<b>Teaching Note</b>	
<b>Author</b>	Chen, Shaohui; Wilson, Marie
<b>Setting</b>	2004-2005 Retailing China 2,000 employees
<b>Topic</b>	China; Retailing supermarket; Construction materials; Strategy; Human resource management
<b>Pub. Year</b>	2006
<b>Length</b>	14 page(s)
<b>Source</b>	LIBRARY
<b>Abstract</b>	<p>OBI AG is the biggest franchised home improvement supermarket group in Germany. It was No 2 in Europe, and No 4 in the world in terms of size in the industry. OBI opened its first store in China in 2000. Despite strong growth and increasing profits, the Chief Executive Officer (CEO) of OBI China, Dr Li Fengjiang, was replaced by the son of the German founder in 2004. The new CEO reinstated a centralized structure and replaced many Chinese appointments with German expatriates. Meanwhile, the company's growth and profitability declined, and one year later it was sold to its chief rival, B&amp;Q, a British multinational operating in China. This comprehensive management case can be used to elaborate on a number of key issues in internationalization strategies, particularly issues of localization and standardization. It can also be used to illustrate corporate venturing principles, particularly the need to balance entrepreneurial innovation with the strategy of the 'parent' company through effective co-ordination.</p>

### **ELI LILLY AND COMPANY, CHINA AFFILIATE (A): WAR FOR TALENT**

<b>ECCH Reference No.</b>	405-029-1
<b>Author</b>	Zheng, Jacqueline; Fernandez, Juan

**Setting** 2005 Pharmaceutical China 600 employees in China  
**Topic** Human resources management; Recruitment; Talent retention  
**Pub. Year** 2005  
**Length** 20 page(s)  
**Source** FIELD  
**Abstract** This is the first of a two-case series (405-029-1 and 405-030-1). Eli Lilly and Company is a global, research-based pharmaceutical company with a history of over 126 years. Lilly China has more than 50 representative offices and about 500 medical representatives in 2003. Compared with its key global competitors, Lilly's presence in China is still very small. To facilitate Lilly's expansion strategy in China, Lilly China encountered an urgent demand to recruit and maintain a pool of top medical representatives. However, Lilly China had a high employee turnover for three consecutive years. Obviously, the company needed to strengthen Lilly's employee retention pool. Should Lilly maintain current recruiting practices or switch to better options? Human Resource Director, Mary Liu, decided to ask a consulting team to help dig out the whole problem. Case (A) describes Lilly China's background, its human resources concept, structure and the Chinese labour market. Case (B) details the analysis and solutions to the problem made by the consulting team.

**ELI LILLY AND COMPANY, CHINA AFFILIATE (B): WINNING THE WAR FOR TALENT**

**ECCH Reference No.** 405-030-1  
**Author** Zheng, Jacqueline; Fernandez, Juan  
**Setting** 2005 Pharmaceutical China 600 employees in China  
**Topic** Human resources management; Recruitment; Talent retention  
**Pub. Year** 2005  
**Length** 10 page(s)  
**Source** FIELD  
**Abstract** This is the second of a two-case series (405-029-1 and 405-030-1). Eli Lilly and Company is a global, research-based pharmaceutical company with a history of over 126 years. Lilly China has more than 50 representative offices and about 500 medical representatives in 2003. Compared with its key global competitors, Lilly's presence in China is still very small. To facilitate Lilly's expansion strategy in China, Lilly China encountered an urgent demand to recruit and maintain a pool of top medical representatives. However, Lilly China had a high employee turnover for three consecutive years. Obviously, the company needed to strengthen Lilly's employee retention pool. Should Lilly maintain current recruiting practices or switch to better options? Human Resource Director, Mary Liu, decided to ask a consulting team to help dig out the whole problem. Case (A) describes Lilly China's background, its human resources concept, structure and

the Chinese labour market. Case (B) details the analysis and solutions to the problem made by the consulting team.

#### **PICANOL CHINA (A)**

<b>ECCH Reference No.</b>	404-118-1
<b>Author</b>	Fernandez, Juan A.; Liu, Wei; Clawson, James G. (Darden)
<b>Setting</b>	Waigaoqiao, Shanghai, China, headquarters in Ieper, Belgium; Textile industry; Medium, 6000 machines, 2,100 employees in 2002, turnover 402.6 million euros in 2001; 2003
<b>Topic</b>	Organisation design ; Human resources ; International management
<b>Pub. Year</b>	2004
<b>Length</b>	20 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the first of a four-case series (404-118-1 to 404-121-1). Picanol was founded as a family business in 1936, which manufactures weaving machines for the textile industry and is headquartered in Belgium. Following the changes in corporate strategy initiated by the new CEO, Picanol China is facing great challenges to redesign its organization structure. The case traces the development of the new organization and new HR (human resource) system together with the problems that ensued. It also discusses how an expatriate manager works with headquarter and local employees. The (A) case describes the history of Picanol and the company under the new CEO who introduced a new business unit structure. Picanol China, under the leadership of an expatriate manager Hans, is in a dilemma as to whether to implement the new structure rigidly or be flexible. The (B) case, (C) case, and (D) case specify the things that happened after the introduction of the new structure in Picanol China from June 2001 to June 2003, which brings new views for deeper thinking.

#### **PICANOL CHINA (B)**

<b>ECCH Reference No.</b>	404-119-1
<b>Author</b>	Fernandez, Juan A.; Liu, Wei; Clawson, James G. (Darden)
<b>Setting</b>	Waigaoqiao, Shanghai, China, headquarters in Ieper, Belgium; Textile industry; Medium, 6000 machines, 2,100 employees in 2002, turnover 402.6 million euros in 2001; 2003
<b>Topic</b>	Organisation design ; Human resources ; International management
<b>Pub. Year</b>	2004
<b>Length</b>	4 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the second of a four-case series (404-118-1 to 404-121-1). Picanol was founded as a family business in 1936, which manufactures weaving machines for the textile industry and is headquartered in Belgium. Following the changes

in corporate strategy initiated by the new CEO, Picanol China is facing great challenges to redesign its organisation structure. The case traces the development of the new organisation and new HR (human resource) system together with the problems that ensued. It also discusses how an expatriate manager works with headquarter and local employees. The (A) case describes the history of Picanol and the company under the new CEO who introduced a new business unit structure. Picanol China, under the leadership of an expatriate manager Hans, is in a dilemma as to whether to implement the new structure rigidly or be flexible. The (B) case, (C) case, and (D) case specify the things that happened after the introduction of the new structure in Picanol China from June 2001 to June 2003, which brings new views for deeper thinking.

#### **PICANOL CHINA (C)**

<b>ECCH Reference No.</b>	404-120-1
<b>Author</b>	Fernandez, Juan A.; Liu, Wei; Clawson, James G. (Darden)
<b>Setting</b>	Waigaoqiao, Shanghai, China, headquarters in Ieper, Belgium; Textile industry; Medium, 6000 machines, 2,100 employees in 2002, turnover 402.6 million euros in 2001; 2003
<b>Topic</b>	Organisation design ; Human resources ; International management
<b>Pub. Year</b>	2004
<b>Length</b>	3 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the third of a four-case series (404-118-1 to 404-121-1). Picanol was founded as a family business in 1936, which manufactures weaving machines for the textile industry and is headquartered in Belgium. Following the changes in corporate strategy initiated by the new CEO, Picanol China is facing great challenges to redesign its organization structure. The case traces the development of the new organization and new HR (human resource) system together with the problems that ensued. It also discusses how an expatriate manager works with headquarter and local employees. The (A) case describes the history of Picanol and the company under the new CEO who introduced a new business unit structure. Picanol China, under the leadership of an expatriate manager Hans, is in a dilemma as to whether to implement the new structure rigidly or be flexible. The (B) case, (C) case, and (D) case specify the things that happened after the introduction of the new structure in Picanol China from June 2001 to June 2003, which brings new views for deeper thinking.

#### **PICANOL CHINA (D)**

<b>ECCH Reference No.</b>	404-121-1
<b>Author</b>	Fernandez, Juan A.; Liu, Wei; Clawson, James G. (Darden)
<b>Setting</b>	Waigaoqiao, Shanghai, China, headquarters in Ieper, Belgium; Textile industry; Medium, 6000 machines, 2,100 employees in 2002, turnover 402.6 million

euros in 2001; 2003

<b>Topic</b>	Organisation design ; Human resources ; International management
<b>Pub. Year</b>	2004
<b>Length</b>	3 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the fourth of a four-case series (404-118-1 to 404-121-1). Picanol was founded as a family business in 1936, which manufactures weaving machines for the textile industry and is headquartered in Belgium. Following the changes in corporate strategy initiated by the new CEO, Picanol China is facing great challenges to redesign its organization structure. The case traces the development of the new organization and new HR (human resource) system together with the problems that ensued. It also discusses how an expatriate manager works with headquarter and local employees. The (A) case describes the history of Picanol and the company under the new ceo who introduced a new business unit structure. Picanol China, under the leadership of an expatriate manager Hans, is in a dilemma as to whether to implement the new structure rigidly or be flexible. The (B) case, (C) case, and (D) case specify the things that happened after the introduction of the new structure in Picanol China from June 2001 to June 2003, which brings new views for deeper thinking.

#### **TEAM PROJECT AT SONY (CHINA) LTD: E-CONTROL OF ADVERTISING AND PROMOTION EXPENSE**

<b>ECCH Reference No.</b>	404-114-1
<b>Author</b>	Fernandez, Juan A.; Chen, Lisa
<b>Setting</b>	China branch of Sony; Electronics; Sales revenue US\$570 million in 2002, 10,000 employees; 2002
<b>Topic</b>	Cross-functional teams ; Budget control ; Team work ; Communication
<b>Pub. Year</b>	2004
<b>Length</b>	6 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	In Sony (China), budget control was a concern point, especially for advertising and promotion (A&P) expenses, which was often over budget. To solve the problem, Sony (China) decides to introduce an e-control system, which needs good communication among different functions. CEIBS (China Europe International Business School) program provides a chance for communication by offering cross-functional teamwork. During the process of teamwork, the system is successfully introduced and well understood by the people. As a result, the over-budget problem is resolved after the implementation of the system. The success of the e-control A&P expense project encourages the cross-functional teamwork style in Sony's internal operation. With the determination to make teamwork a normal practice in Sony (China), the company still faces challenges

for communication between old departments and the many new ones, which are to be established in the future. What Sony (China) should do to meet the challenge leaves a question mark for the case readers.

### **SONY (CHINA) LTD: THE LEARNING ORGANIZATION**

<b>ECCH Reference No.</b>	404-113-1
<b>Author</b>	Fernandez, Juan A.; Chen, Lisa
<b>Setting</b>	China branch of Sony; Electronics; Sales revenue US\$570 million in 2002, 10,000 employees; 2002
<b>Topic</b>	Learning organisation ; Human Resources Development Division (HRDD) ; Talent retention
<b>Pub. Year</b>	2004
<b>Length</b>	12 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	Sony was founded in 1946 and is now one of the leading electronic companies in the world. Sony (China) was set up in 1996, and based on the idea of constant innovation, it aims to build Sony (China) as a learning organization. The case describes the evolution of the HR (human resource) function of Sony (China), which changed its name from HR to HRDD (Human Resource and Development Division) to focus on employee's human needs and their long-term employability. The HRDD plays many roles such as a matchmaker, counselor, and a business partner, etc to promote the communication and unity inside the company. Sony (China) believes learning can benefit both the employees and company. It takes school learning to the company, which provides its employees with a two-year training program. Finally, the case raises some questions about how much the learning process works and how to evaluate the effectiveness of the training.

### **GUANGZHOU PEUGEOT AUTOMOBILE CO LTD**

<b>ECCH Reference No.</b>	404-103-1
<b>Teaching Note</b>	404-103-8 (8 pages)
<b>Author</b>	Fernandez, Juan A.; Liu, Shengjun
<b>Setting</b>	Guangzhou, China; Automobile; 2,000 employees; 11 years
<b>Topic</b>	Joint venture ; Trust ; Vision ; Commitment ; Cultural conflict ; Localisation ; Partnership
<b>Pub. Year</b>	2004
<b>Length</b>	14 page(s)
<b>Source</b>	LIBRARY
<b>Abstract</b>	In 1985, Peugeot established a joint venture in South China. Peugeot introduced its management system into the joint venture, controlled key decisions and helped Chinese employees learn French and Peugeot culture. Before 1992, the

joint venture enjoyed glorious days. With the increase of competition, however, many problems emerged including unsuitable car designs, outdated car models, high prices, bad quality and poor service. Its production dropped so quickly that it almost ceased operation by 1996. Moreover, the serious cultural conflicts and interest fights dimmed the future of the joint venture. Finally, the Chinese partner lost patience.

**ASIAEC.COM: DELIVERING E-BUSINESS IN CHINA (A)**

<b>ECCH Reference No.</b>	404-056-1
<b>Author</b>	Goodall, Keith ; Lu, Carol
<b>Setting</b>	Shanghai, China; E-business office products and services provider; Nearly 280 employees in five branches; 1999-2002
<b>Topic</b>	General management ; Change ; China; E-business ; Start-up business
<b>Pub. Year</b>	2004
<b>Length</b>	12 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the first of a two-case series (404-056-1 and 404-057-1). Asia- EC was established in 1999 using an e-platform to set-up an internet- based office supplies business in China. The case traces the development of this start-up as it attempts to cope with changes in its business environment. The (A) case describes the period from 1999 to 2002. AsiaEC's managers had an extremely well-funded company with no pressure from investors to produce quick returns, competitors were weak, and the managers assumed that they could use the same ordering and delivery processes to deal with all their customers, both Chinese and multinational. However, towards the end of this period the Internet 'bubble' burst. Investors put pressure on the managers to deliver profits. Chinese competitors were smarter than anticipated and multinational customers began to complain about the quality of service. How should the managers respond? The (B) case describes what the company actually did.

**ASIAEC.COM: DELIVERING E-BUSINESS IN CHINA (B)**

<b>ECCH Reference No.</b>	404-057-1
<b>Author</b>	Goodall, Keith ; Lu, Carol
<b>Setting</b>	Shanghai, China; E-business office products and services provider; Nearly 280 employees in five branches; 1999-2002
<b>Topic</b>	General management ; Change ; China ; E-business ; Start-up business
<b>Pub. Year</b>	2004
<b>Length</b>	6 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the second of a two-case series (404-056-1 and 404-057-1). Asia- EC was established in 1999 using an e-platform to set-up an internet- based office

supplies business in China. The case traces the development of this start-up as it attempts to cope with changes in its business environment. The (A) case describes the period from 1999 to 2002. AsiaEC's managers had an extremely well-funded company with no pressure from investors to produce quick returns, competitors were weak, and the managers assumed that they could use the same ordering and delivery processes to deal with all their customers, both Chinese and multinational. However, towards the end of this period the Internet 'bubble' burst. Investors put pressure on the managers to deliver profits. Chinese competitors were smarter than anticipated and multinational customers began to complain about the quality of service. How should the managers respond? The (B) case describes what the company actually did.

#### **MICHELIN CHINA**

<b>ECCH Reference No.</b>	404-055-1
<b>Author</b>	Xin, Katherine ; Liu, Shengjun; Pucik, Vladimir (IMD); Francis, Inna (IMD)
<b>Setting</b>	China; Tyre manufacturing; 2004
<b>Topic</b>	Career management ; Cultural difference ; Personnel management ; Acquisition ; Multinational Corporation
<b>Pub. Year</b>	2004
<b>Length</b>	16 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	Michelin Group had a unique personnel management system, which emphasized long-term commitments between the company and employees. Due to its successful career management system, Michelin employees were given enough opportunities to demonstrate their potential. Michelin considered this a key to its long-run success. Michelin Group acquired several state- owned enterprises in China to benefit from the fast-growing Chinese tyre market. However, it is a big challenge to transplant Michelin's personnel model into China. How should the company manage the significant cultural difference? This case illustrates the importance of achieving a balance between globalization and localization in human resource management in the process of global expansion.

#### **PHILIPS CHINA: TOWARDS ONE PHILIPS PROGRAM**

<b>ECCH Reference No.</b>	404-042-1
<b>Author</b>	Mobley, William H ; Fernandez, Juan A ; Fang, Kate
<b>Setting</b>	China; Electronics; 2003
<b>Topic</b>	Human resource management ; Change management ; Organisational culture ; Organisational design and structure
<b>Pub. Year</b>	2004
<b>Length</b>	23 page(s)
<b>Source</b>	FIELD

**Abstract** Philips global headquarters wanted implemented from top down a 'Towards One Philips' program, aimed to create synergy and co-ordination among all Philips units around the world. Pratt Tsu, Vice-President Human Resource of Philips China, was responsible for implementing the program in China. Pratt needed to ensure buy-in from Philips employees of the newly defined organizational culture, to align different product divisions in this matrix organization. He was also responsible for the redefinition of the human resources (HR) role in Philips China: shared service centers, business HR and functional HR. Faced with the challenges of talent building, employee motivation and competition in local labor market, Pratt had to figure out what kind of solutions he should put forward to address those issues.

#### **HAWORTH ASIA PACIFIC AND CHINA: LEADING STRATEGIC CHANGE**

**ECCH Reference No.** 404-041-1

**Author** Mobley, William H ; Fang, Kate

**Setting** Asia Pacific, China; Office furniture; 2002-2003

**Topic** Organisational change ; Organisational culture ; Leadership ; Strategy ; Human resources

**Pub. Year** 2004

**Length** 17 page(s)

**Source** FIELD

**Abstract** Haworth Furniture, a privately held company, was among the global leaders in the office furniture business. As the Vice-president and General Manager of Haworth Asia Pacific, Frank Rexach was faced with the challenge of leading through a series of changes: moving the Asia Pacific headquarters from Hong Kong to Shanghai; integrating Marketing into Operations in the plant; localizing product development and production; building a cohesive and high-performing regional management team. Frank was about to formulate the short- and long-term plans for further change and development, what should he include in the plan? Students may approach the case with various strategic organizational change and development models and/or from the perspective of various leadership models.

#### **WL GORE AND ASSOCIATES INC**

**ECCH Reference No.** 403-048-1

**Author** Fernandez Juan A ; Chen, Dongjun

**Setting** World; Manufacturing technology; Medium; 2003

**Topic** Global company ; Decision making ; Organisational design

**Pub. Year** 2003

**Length** 20 page(s)

**Source** FIELD

**Abstract** Dr Andy Warrender, the fourteen-year veteran of the US-based private company was pondering over the two largest issues facing Gore in recent years: the products' shorter life-cycle and the increasing globalization of the customers. He was wondering how the company could respond to these two demands without changing its core values and fundamental principles of freedom and personal commitment that had characterized Gore since its creation. The case also illustrates the special organizational design and the decision making process of the company.

#### **WL GORE AND ASSOCIATES (CHINA) LTD**

**ECCH Reference No.** 403-021-1

**Teaching Note** 403-021-8 (5 pages)

**Author** Fernandez, Juan A ; Chen, Dongjun

**Setting** China; Manufacturing, technology; Medium; 2002

**Topic** Organisation ; Team-based organisation ; Human resources ; China

**Pub. Year** 2003

**Length** 12 page(s)

**Source** FIELD

**Abstract** WL Gore and Associates Inc is a US privately held company, founded by Bill Gore in 1958. Mr. Gore was inspired by Douglas McGregor, the author of the 'Human Side of the Enterprise' and the 'Theories X and Y of Management'. McGregor defended the idea that humans were inherently self-motivated to work as opposed to view that people had a dislike to work and require direction and control. In the organization designed by Bill Gore, he created an environment that he believed would free people from the constraints of hierarchy, enabling them to maximize their potential. The case focuses on Gore's operations in China and the challenges its special organization poses when transplanted to a very different cultural setting.

#### **EMERSON ELECTRIC (SUZHOU) CO, LTD (A)**

**ECCH Reference No.** 402-031-1

**Teaching Note** 402-031-8 (6 pages)

**Author** Fernandez, Juan A.; Chen, George

**Setting** Suzhou, China; Manufacturing; Large; 2002

**Topic** Cross-cultural conflict, management ; Change management ; Career succession ; Team management

**Pub. Year** 2002

**Length** 25 page(s)

**Source** FIELD

**Abstract** This is the first of a two-case series (402-031-1 and 402-032-1). This case deals

with the problems of communication between the American and Chinese management of the operation of the multinational company in Suzhou (China). The general manager from Taiwan resigns after one year in the position, leaving the new general manager with the difficult task of regaining the control of the organization. He must create a culture of trust and open communication among its members.

#### **EMERSON ELECTRIC (SUZHOU) CO, LTD (B)**

<b>ECCH Reference No.</b>	402-032-1
<b>Author</b>	Fernandez, Juan A ; Chen, George
<b>Setting</b>	Suzhou, China; Manufacturing; Large; 2002
<b>Topic</b>	Cross-cultural conflict, management ; Change management ; Career succession ; Team management
<b>Pub. Year</b>	2002
<b>Length</b>	11 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	This is the second of a two-case series (402-031-1 and 402-032-1). This case is the continuation of case (A). It describes the actions taken by the new general manager of Emerson Suzhou after one year in the position. The new GM has to face many problems of communication and misunderstanding among the American and Chinese managers. The new GM takes the necessary actions in order to improve the communication and trust among his people.

#### **LOOKING INTO A MIRROR OR THROUGH A GLASS? UNDERSTANDING CULTURAL DIFFERENCES IN FOREIGN-FUNDED ENTERPRISES IN CHINA**

<b>ECCH Reference No.</b>	499-016-1
<b>Author</b>	Vanhonacker, William R.; Yong, Pan INSEAD/CEIBS, Fontainebleau-China
<b>Setting</b>	China; 1997-1998
<b>Topic</b>	Cross-cultural HR management
<b>Pub. Year</b>	1999
<b>Length</b>	6 page(s)
<b>Source</b>	GEN EXP
<b>Abstract</b>	This case focuses on cross-cultural management issues in China. The teaching objectives include: to illustrate Chinese/foreign perceptions, expectations, motivational issues etc.