



Private & Confidential

FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **HRM2013 INTERNATIONAL HUMAN RESOURCE MANAGEMENT**
Semester & Year : May – August 2021
Lecturer/Examiner : Angela Thexeira
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:**
PART A (60 marks) : SIX (6) short structured questions. Answers are to be written in the Multiple Choice Answer Sheet provided.
PART B (40 marks) : THREE (3) essay questions. Answer any TWO (2) questions in the Answer Booklet provided.
- Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.**
- This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.**
- Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.**

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 4 (Including the cover page)

PART A : SHORT STRUCTURED QUESTIONS (60 MARKS)

INSTRUCTION(S) : Answer all **SIX (6)** short structured questions in the answer booklet provided.

THE OUTSOURCHING OF HRM BY P&G AND UNILEVER

Proctor & Gamble (P&G) and Unilever are two old, well-established companies; the former US, the later Anglo-Dutch. Both firms grew from origins in soap and detergent manufacturing and moved into home and personal care, food processing and other areas. They are two of the world's leading companies in the fast-moving consumer goods industry and have long been rivals.

Both had expanded internationally from the inter-war years onwards and now have operations in most major national markets. Unilever has always been larger, operating in more countries and producing a wider range of products and brands. In part as a result, it has also been less coordinated and centralized. The two firms expanded through internal growth and via M&As.

To manage their diverse activities, both companies developed international and product divisions and for a time managed their complexity through something like matrix structures. They gave significant autonomy to their subsidiary companies; and as a result, national, divisional and subsidiary headquarters developed extensive managerial hierarchies in areas such as marketing, finance and accounting, procurement, IT and HRM.

Through the 1990s, pressure on both companies grew, as many of their brands matured and became subject to competition from other companies and from supermarket own-label products. Increasingly, however, they came to realise that there were economies of scale and scope to be gained from focusing on a smaller number of categories and brands. Hence, the two companies began substantial programmes of closure, divestiture and reorganization, with a trend towards greater centralization.

P&G moved faster in this direction and reorganized itself in a more centralized manner with greater oversight of activities by corporate headquarters. In parallel, it gave less emphasis to divisions and constituent companies. One aspect of this was the creation in 1999 of a world-wide shared services centre, pooling business processes across units within the company. This was called Global Business Services (GBS) and brought together support staff in various areas, including HRM, in three main centres throughout the world. In this way, the company felt it achieved better services at lower cost by leveraging economies of scale, standardizing processes, introducing the newest technology and freeing higher level staff to concentrate on less routine personnel matters.

In 2003, P&G decided that it would outsource most of its GBS activities. After a long process, it outsourced many lower-level transactional and middle-level HR services to IBM on a global basis. The resulting 10-year service contract was valued at \$400 million and covered 98,000 employees in over 80 countries.

Unilever, being more complex and less centralized, moved more slowly. However, from the early 2000s onwards, it also developed shared services centres, though mainly on a regional basis. It then faced the decision either to develop shared services further or more directly to outsource certain activities. In 2006, it chose to leap-frog and outsource HR on a global basis. The resulting seven-year contract with Accenture was valued at €700 million and covered 200,000 employees in 100 countries.

In 2013, when these contracts expired, both companies decided to continue with outsourcing-judging the benefits of outsourcing to have outweighed the disadvantages. However, P&G decided to switch providers from IBM to Capita. This was said to be rather a 'messy' process, but P&G was able to do it because they had retained more capabilities in-house. Unilever renewed with Accenture for another five years, but strengthened the recruitment, talent and training / development aspects of the deal.

Source: Gospel, H. and Sako, M. (2012) The re-bundling of corporate functions: the evolution of shared services and outsourcing in human resource management., Industrial & Corporate Change, 1(4), 1367-96.

1. Explain any **TWO (2)** ways in which outsourcing of human resources can be done. (10 marks)
2. Evaluate any **TWO (2)** elements of risks to both P&G and Unilever provided by outsourcing human resources of some of its processes. (10 marks)
3. Both P&G and Unilever decided to continue with outsourcing when original contracts expired. Discuss the **TWO (5)** benefits of outsourcing based on their decisions. (10 marks)
4. Through the years both companies have expanded their business operations overseas. With the expansion of their business operations, some of their staff consists of individuals from the host countries. Evaluate **TWO (2)** advantages of recruiting individuals from the host country to manage the business operations abroad and draw examples from the case study. (10 marks)
5. Examine **FIVE (5)** selection criteria which P&G and Unilever should consider when placing their managers on international assignments. (10 marks)
6. Explain **TWO (2)** challenging aspects of international staffing that both P&G and Unilever must consider. (10 marks)

END OF PART A

PART B : ESSAY QUESTIONS (40 MARKS)

INSTRUCTION(S) : Answer any **TWO (2)** essay questions in the answer booklet provided.

1. International labour migration has become an increasingly important element of international HRM. Evaluate the **FOUR (4)** disadvantages for employers of employing migrant workers in their organisations. (20 marks)

2. Discuss **FOUR (4)** differences between global standardization and local adaptation of HR practices. (20 marks)

3. Between centralization and decentralization structures, discuss which of these two (2) structures would be suitable for organizations moving forward into the future. (20 marks)

END OF EXAM PAPER