



Management VI

Human Resource Management – Retake Final Exam (ST 2002)

Course No.: / 5076; Lecturer: Prof. Dr. Birgitta Wolff

Final Exam

In the Final Exam to this class, you will have 2 hours to solve the problems with a maximum of 70 points. There are a few pieces of general advice we can offer at this stage:

1. Use the theoretical tools and terminology you have learned in class and from the textbook.
2. Make sure there is a clear structure in your argument. (Use some time to sort your ideas before you start writing the version you want to submit, esp. if you answer B).
3. Use the time you have! If you are ready much earlier than we planned you should wonder if you forgot something.
4. Remember: people have to be able to decipher what you write.
5. Leave a margin for our comments, so we can give you a more detailed feedback than just the number of points.

Here is the set of problems:

Please solve *either* problem(s) A or B (maximum 70 points):

You are welcome to use a dictionary and a calculator.

Part A

Answer only 7 of the following 9 questions!

1. HRM as a Process of Value Creation (max. 10 points)
Explain five functional areas that are covered by HRM. What are typical practices in each area?
2. Hiring the Right People (max. 10 points)
Suppose that you are the personnel manager of an insurance company planning to expand their business to Russia. You are in the process of hiring the first two salespeople. You have the choice between highly skilled Dutch or less skilled Russian applicants. The following information is available:

	Dutch	Russian
Salary per year	55,000 €	25,000 €
Sales per year	900,000 €	400,000 €
Cost of training during the first year	9,000 €	4,000 €
Average duration of employment	5 years	2 years

Which type of employees should be hired? Explain your answer.

3. Self-Selection by Piece Rates (max. 10 points)
A toy producer offers a job in his rabbit-production line. Assume that all applicants have an accurate assessment of their own output of rabbits ex ante. Assume furthermore, that a skilled worker is able to produce 7 rabbits per hour, but can get an alternative hourly wage of € 20 at the labor market. A less skilled worker produces only 4 rabbits per hour, but can receive an alternative hourly wage of € 16 at the labor market. What type of applicants will apply for the job, if you offer a piece rate of € 3,50 per rabbit? What would happen, if the less skilled workers assessed their output to be 5 rabbits per hour? Explain your calculation.

4. Screening (max. 10 points)
Assume, you are on the lookout for new workers for your production line. The distribution of workers with different productivity levels is listed in the table below. The first line represents how different productivity levels are distributed throughout the population. Assume furthermore, that you are not able to assess an individual worker's productivity without screening. There are 10 applicants, and up to 10 new positions. Each hired worker will be paid a straight salary of € 20,000 a year.

Type	A	B	C	D	E
Share of 'types' in the population	0.2	0.1	0.3	0.3	0.1
Average output of 'types'	75,000 €	-10,000 €	25,000 €	60,000 €	150,000 €

What is the maximum you are willing to spend on screening per applicant?

5. Hiring (max. 10 points)

Imagine you as a personnel manager have the choice between two applicants: The first one is Bertwin who is 45 years old. You know that Bertwin will earn 150,000 € per annum for the company until he retires. The second one is Marco – a 30 years old guy. You cannot predict a certain gain for him, because his performance varies. With a probability of 65 % he will incur a loss of 125,000 € for the company in the first year (he will be fired as a consequence). But there is a 35 % chance he could be a top employee and earn 250,000 € for the company each year. In that case you would retain him until his retirement. Assume that the retirement age is 65 years and all employees receive a standard salary of 40,000 €. Which of the applicants would you hire? Explain your decision.

6. The Job as a Bundle of Tasks (max. 10 points)

What is the difference between "Multitasking" and "Multiskilling"? Discuss the pros and cons of each. Use examples to illustrate your explanations.

7. Investing in Human Capital (max. 10 points)

Assume, you want to offer a general-on-the-job-training to a 59 years old employee. The training period is one year. After the training you can assign the worker to a new job that raises his productivity by 1,500 € each year over his remaining work life (5 years thereafter). Assume furthermore, that the interest rate is 4 % p.a. What are you willing to pay (maximum) for that training?

8. Seniority Wages Schemes (max. 10 points)

Explain the mechanism of a seniority wage scheme. Why is mandatory retirement important in that scheme? Explain.

9. Teams (max. 10 points)

A large supermarket chain wants to restructure the compensation of their salespeople. They plan to offer the following compensation scheme the salespeople of each store:

$$\text{Payment} = \frac{\text{Profit of the Store}}{\text{Number of Salespeople in that Store}}$$

Discuss the advantages and potential problems of this compensation scheme.

B) Essay (max. 70 points):

Read the job offer of Daikin Europe NV on the back of this sheet (Source: The Economist, June 15th, 2002, p. 105). What types of applicants that will apply? Do you think that this offer includes a self-selection mechanism? Explain your findings.

Good Luck!

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Daikin Europe NV is the leading manufacturer and distributor of air conditioning equipment for residential, commercial and industrial use in Europe and Africa.

The company's history started in 1972 with the formation of Daikin Europe NV in Ostend as an assembly and distribution centre for its Japanese parent Daikin Industries Ltd. Since those early days we have progressively grown into an advanced and innovative air conditioning production centre. Adapted to the ever-widening needs of our European and African customers, we now reach a turnover of € 614 million.

To further extend our presence in Europe, to extend our co-operation with existing business partners and to expand our business in the Middle East and Africa, we are now opening a strategic office in Brussels, which will have responsibility for formulating and following-up the execution of a Pan-European market strategy.

Also, the related functions (execution of corporate projects, mergers & acquisitions, collection of market data, etc.) will be performed in this office. We are looking for the following key persons (m/f) to contribute to the challenging role of this new office:

Join our Strategic Team New office in Brussels

In a business development position:

You play a key role in the medium-term development of a pan-European sales strategy. Primary, you co-ordinate the development of the sales strategy and you act as a key liaison figure for the translation of the corporate sales strategy to meet local and operational requirements. You guide, manage and monitor the achievement of European sales objectives, develop sales policies in a specific region or country, and co-ordinate all budgets. You develop the medium/long term strategy regarding new market opportunities and product specifications and ensure that the budgets are in accordance with the medium/long term visions. You also devise market research programs and medium/long term simulations to be carried out by the European Sales Department.

Your profile for a business development position: You have broad experience of sales at an international level. Knowledge of the relevant sales channels for capital goods is essential and you will have an insight to the specifics of selling through distributors.

If you choose for a financial analyst position:

You participate in the control of a regionally segmented budget and the financial co-ordination of budget preparation. You are also involved in the analysis of existing and future affiliates as well as in the development of mergers and acquisitions. Another aspect of your work is the participation in projects which are related to the execution of the company strategy.

For a financial analyst position: You have 5-10 years of experience in corporate finance, preferably gained within an international group. Previous experience in auditing would be a substantial advantage while some knowledge or familiarity with our sector would be a plus.

General requirements: It will be evident that candidates for these positions have a passion for facts and figures. They will also need to have considerable analytical abilities.

The above roles have considerable involvement in a diverse range of issues relating to the various group subsidiaries. Consequently, an exceptional insight to business processes is required. Willingness to travel in Europe is essential. Preference will, therefore, be given to candidates with previous pan-European experience. Young candidates with some years of relevant experience will be considered but these positions are not suitable for a starter. Knowledge of English and at least one other European language is an absolute necessity.

Interviews will be arranged in Brussels or perhaps locally for candidates from abroad.

Salary will be determined in accordance with experience and relocation costs will be covered where appropriate.

Letters of application, in English, with an attached detailed CV should be sent by e-mail or post to

SEARCH & SELECTION BRUSSEL
Els De Wit, Senior Consultant
Leuvensesteenweg 706 - B-1930 Zaventem
Tel. + 32 2 759 22 10 - Fax + 32 2 759 22 68
E-mail: e.dewit@searchselection.com
Website: www.searchselection.com

Further information about Daikin and these job vacancies on the Internet



www.daikin-europe.com

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The Economist June 15th 2002

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