

Case 39

International HRM

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A Foreign Business Partner

When California-based Dalton&Dalton (D&D) was contracted by a large conglomerate in Taiwan, the President of D&D was quite surprised. For two years, D&D had been looking for an overseas conglomerate that would be interested in building and selling its high-tech medical equipment under a licensing agreement.

- (a) The Taiwanese conglomerate has proposed to D&D that *the* two companies enter into a joint venture type of licensing agreement. The way in which the business deal will work is the following:
The Taiwanese will set up manufacturing facilities and create a marketing group to sell D&D high-tech medical equipment.
- (b) D&D will train 25 manufacturing and 25 sales people from the conglomerate so that the latter understands how to make and sell this equipment. This training will take place in *the* States.
- (c) D&D will have the right to send people to the manufacturing facility to ensure that the equipment is built according to the specifications and will also have the right to travel with the sales people to ensure that the equipment is being sold properly.

The arrangement sounds fine to the President of D&D. However, before she agrees to anything, she wants to get more information on how to do business with Taiwanese.

‘If we are going to enter into a business venture with the foreign company, I think, we owe it to ourselves to know something about their culture and customs. I’d like to know how to interact effectively with these people *and* to get an idea about the types of problems we might have in communicating with them.’

Questions

1. If you were advising the president, what type of information would you suggest to be gathered?
2. What type of culture-related problems are there that could result in misunderstanding between the two parties?
3. Suggest an outline of the training programmes to be conducted in this context.

Taken from the question paper on ‘HR 27: International HRM’ at the examination held by the All India Management Association in June 2002.