Human Resource Management

- A comparative study of Carrier Refrigeration in Ingelstad (Sweden) and in Jászárokszállás (Hungary) -

Carrier Refrigeration in Ingelstad

Carrier Refrigeration in Jászárokszállás

Master Thesis spring 2006
Course: Management Control Systems and Process Based Organizations

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ACKNOWLEDGEMENTS

Writing this master’s thesis was an interesting and instructive process. The progress towards a final report involved many discussions which led to insightful thoughts and ideas. The subject of Human Resource Management is an area that has received more and more focus and attention during the latest years in all types of corporations which made it an interesting area to study.

During the writing process we have experienced ups and downs and we would like to dedicate special thanks to all the people who in some way have contributed to the overall result of this thesis. Without your support this would not have been possible. These people are:

- Professor Torbjörn Bredenlöw, our examiner, who has given feedback during the process.
- Lecturer Rolf G. Larsson, our tutor, who has come up with valuable suggestions and constructive ideas during the writing.
- Lecturer Judit Krisztina Lindqvist for helping us translate the English questionnaire into Hungarian and for preparing us for the trip to Hungary.
- Lecturer Sheila Feldmanis who verified our questionnaire translation from English to Swedish.
- Lecturer Ibolya Maricic for supporting with English language skills for the writing.
- Lecturer Gösta Karlsson for supporting with ideas for the statistical part.
- Controller/HR-responsible Veronica Ärnflykt at Emballator Växjöplast AB for participating in an interview and giving feedback to our questions.
- Tove Westerberg, Peter Parsmyr, Rolf Sjöström and the respondents at Carrier Refrigeration in Ingelstad, Sweden. A special thanks to Tove Westerberg for being our contact person and for believing in the project.
- Judit Sinka, Ferenc Sípos, Péter Szabó and the respondents at Carrier Refrigeration in Jászárokszállás, Hungary. A special thanks to Judit Sinka for being our contact person and for all the arrangements during our visit in Jászárokszállás.

Last but not least, we would also like to thank our families and friends for being patient enduring our absence during the writing period.

Växjö, June 2006

__________________________________________________________
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SUMMARY

Master thesis in Business Administration, School of management and economics, Växjö University, Management Control Systems and Process Based Organizations, spring 2006.

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Title: Human Resource Management- A comparative study between Carrier Refrigeration in Ingelstad (Sweden) and in Jászárokszállás (Hungary)

Introduction: HRM is an important issue whether companies are successful or not in the global market. Many authors have different views on how important culture and local factors are and to what extent it should be taken into consideration when managing units. Taylor et al (1996) state that companies can use three different approaches of HRM: adaptive, integrative or exportive. Considering whether or not culture is a factor taken into consideration when shaping HRM in two different affiliates, three hypotheses were formulated:

Hypothesis 1: Culture and local aspects are to a large extent taken into consideration when shaping Human Resource Management.

Hypothesis 2: Culture and local aspects are to some extent taken into consideration when shaping Human Resource Management.

Hypothesis 3: Culture and local aspects are not taken into consideration when shaping Human Resource Management.

Purpose: Our purpose is to confirm or reject the formulated hypotheses by identifying, analyzing and comparing the shaping of HRM in Carrier Refrigeration in Ingelstad (Sweden) and in Jászárokszállás (Hungary) regarding:

- how different types of responsibility are decentralized
- how employees communicate
- how employees are motivated & rewarded

Methodology: The core research method chosen for realizing this study is qualitative with support of a quantitative touch. The qualitative part consists of personal interviews at the plants in Ingelstad and Jászárokszállás. Concerning the quantitative part a questionnaire has been handed out to a randomly selected sample of the employees in the units. A hypothetical-deductive approach has been used.

Conclusions: In the aspects of responsibility, communication and motivation & reward the three different approaches are seen. When each aspect is summarized the different approaches are seen as follows; responsibility shows overall an exportive approach, communication shows overall an integrative approach and motivation & reward shows overall an integrative approach.

Since two of the three aspects show an integrative approach the second hypothesis (H₂) is confirmed which means that the first (H₁) and the third (H₃) hypotheses are rejected. The hypothesis that is valid is formulated as follows:

Culture and local aspects are to some extent taken into consideration when shaping Human Resource Management.
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1. Introduction

1.1 Background

“International business is important and necessary because economic isolationism has become impossible. Failure to become a part of the global market assures a nation of declining economic influence and a deteriorating standard of living for its citizens.”

- Czinkota et al, 2005, p. 4

Czinkota et al (2005) state that since the Second World War there has been a steady growth in international trade and investments. This has been considerably larger than the domestic economies’ growth. The mixture of international and domestic business can result in the exchange and development of innovations, increased opportunities for financing and expanding human capital among employees. It is important for the international firm and its management to realize how to benefit from globalization and to see it both as an opportunity and as a challenge. Taylor et al (1996) express that research of corporate strategy and management practices have grown as multinational corporations (MNCs) and their overseas affiliates have become important players in the global economy. They continue stating that a key differentiator in the 21st century between corporate winners and losers will be the effectiveness of the human organization and that top management today is not good in determining whether MNCs have a Human Resource Management (henceforth HRM) competence and whether this competence is useful outside the home country. Fahey (1993) in Segal-Horn (1994) points out that the majority of companies cannot rely totally on a domestic market for future growth; they have to go abroad. Companies also have to establish a presence in developing areas such as Asia, South America and Eastern Europe to remain competitive. Mendenhall et al (2003) claim that the strategic orientation in many companies is shifting from a domestic to a global strategic approach. This process is a difficult task and generates different challenges for HRM. According to Grossman & Schoenhfeldt (2001) HRM is an important issue whether companies are successful or not in the global market.

1.2 Discussion

“Financial resources are not the problem. We have the money, products, and position to be a dominant global player. What we lack are the human resources. We just don’t have enough people with the needed global leadership capabilities.”

- Jack Riechert, former CEO of Brunswick Corp, in Gregersen et al, 1998, p. 21
Brewster et al (2000) in Morley (2004) are of the opinion that when talking about exploring the field of HRM, Europe provides an interesting context. In every country things are viewed and done differently. HRM is no exception and there are clear cultural differences in the way it is conceptualized, institutionalized and practiced. Brewster (1996) in Morley (2004) zooms in the narrower focus of cultural differences where he notes that despite the influence of the European Union, there are obvious country-specific differences. This statement is taken further by Nordhaug (2003) in Morley (2004) who suggests that organizations should use different HRM practices simultaneously depending on the type of employee, the employees’ company-specific skills and competences, and the extent to which employee productivity can be measured. Taylor et al (1996) state that a company can use an *adaptive approach* when shaping HRM, i.e. the company lets the affiliates shape its own HRM where local factors are taken into consideration. According to Janssens (2001) employee morale and productivity can boost if an affiliate can shape its own HRM. Since there are many authors (Brewster et al, 2000; Nordhaug, 2003; Taylor et al, 1996; Janssens, 2001) who claim that culture has an important effect on and meaning for HRM the following hypothesis was formulated:

*Hypothesis 1:* Culture and local aspects are to a large extent taken into consideration when shaping Human Resource Management.

Schneider & Barsoux (2003) comment that even though culture may not be the factor that influences management the most, it is the factor that is ignored the most. Values and beliefs can be important aspects in a country’s culture and therefore it is important that these factors are not underestimated. Porter (1990) mentions that culture and national values are factors that can lead to competitive advantage. The impact of culture can, according to Schneider & Barsoux (2003), also be seen in organizational charts, communication and in the processes of planning, control and decision-making. Pagell et al (2005) agree with this statement and claim that national culture can provide an explanation to why decision-making in units are different. Furthermore, it is important that managers know which factors influence decisions and even more importantly, how they influence them. According to Flaherty (1996) differences in culture have an impact on how managers communicate which consequently affects decisions that are taken. Both Taylor et al (1996) and Janssens (2001) argue that companies can use an *integrative* approach when implementing HRM, i.e. it can use some methods of the parent company and still take some local aspects into consideration. Since many authors (Schneider & Barsoux, 2003; Porter, 1990; Pagell et al, 2005; Flaherty, 1996; Taylor et al, 1996;
Janssens, 2001) claim that a nation’s culture and values might affect activities in a company, a second hypothesis was formulated:

_Hypothesis 2:_ Culture and local aspects are to some extent taken into consideration when shaping Human Resource Management.

Bloom et al (1994) state that a European management model is evolving and that there are many similarities between Europeans once they “step back from their national borders”. According to Taylor et al (1996) this outlook transfers the parent firm’s HRM system to its overseas affiliates using the same HRM policies and practices as the ones used in the home country, i.e. an _exportive_ approach. This requires a very close relationship between the parent company and the affiliate. Janssens (2001) comments that by using the same HRM system in every affiliate, synergy effects can be made which can lower costs and increase profitability. From the statements mentioned above (Bloom et al, 1994; Taylor et al, 1996; Janssens, 2001) a third hypothesis was formulated:

_Hypothesis 3:_ Culture and local aspects are not taken into consideration when shaping Human Resource Management.

Hofstede (2001) has made studies in more than 50 countries about how people’s values influence the workplace. In his studies cultural dimensions are measured and can be compared relatively against each other. Considering whether or not culture is a factor taken into consideration when shaping HRM in two different affiliates, our interest grew in studying a manufacturing company that is established in two different countries. The choice of company, Carrier Refrigeration, is grounded in our earlier cooperation with the unit in Ingelstad, Sweden. The fact that the company also has a manufacturing plant in Hungary made our interest in studying and comparing these units grow. Therefore this thesis focuses on a global company, Carrier Refrigeration in Ingelstad (Sweden) and in Jászárokszállás (Hungary).

Kaplan & Norton (1996) mention that companies besides investments in areas such as machinery and research have to invest in their structure, people and processes in order to reach long-term financial goals. According to Becker et al (2001) companies tend to invest too little in their employees. Even if they do so they tend to invest wrongfully. Furthermore, they also point out that many managers believe that people are the most important factor in a
company. However, the effect of HR on a company’s performance is not easy to measure. From the statements mentioned above some questions arise, whether there are differences in how Carrier invests in their employees in Ingelstad and Jászárokszállás? Could there possibly be any disparities in appreciation and motivation between the units?

According to the World Value Survey (WVS) presented in Gannon & Newman (2002) there is a very low level of general trust in people in Hungary (25%) compared to Sweden (65%). A study made by Elizbur et al (1991) in Gannon & Newman (2002) about work values shows that achievement was not considered as important in Hungary as in Sweden. Neither was job interest, personal growth, recognition, esteem and advancement. In contrast, Hungary ranked very high the support of both co-workers and supervisors. Schneider & Barsoux (2003) note that Swedes instead of additional income for superior performance prefer additional time off. This is due to the fact that Swedes see taking time off as a way to a healthier and happier life but even due to the high tax rates. From this discussion it is interesting to examine if the level of general trust is reflected in the company culture and how employees communicate. Could this have an impact on the way responsibility is decentralized in the units? What do employees get for their work apart from payment and does reward occur? If that is the case, what types of reward are the most preferred and appreciated?

1.3 Purpose

Our purpose is to confirm or reject the formulated hypotheses by identifying, analyzing and comparing the shaping of HRM in Carrier Refrigeration in Ingelstad (Sweden) and in Jászárokszállás (Hungary) regarding:

- how different types of responsibility are decentralized
- how employees communicate
- how employees are motivated & rewarded

1.4 Clarifications

Some clarifications of expressions used in the present thesis are explained below to give the reader the proper understanding and meaning of the words.

*Unit* refers to the manufacturing plant in Ingelstad and/or in Jászárokszállás if nothing else is mentioned.
Employee refers to the people working in the manufacturing in Ingelstad and/or in Jászárokszállás if nothing else is mentioned. Even though other people mentioned are employees as well, they will be referred to by means of their title, e.g. Human Resource Manager.

Sources- To give more relevance to a study it is important to look at the original sources of a theory or model. We, the authors, have strived to follow these thoughts by always seeking for the books and/or articles where the theories or models have been first published. In some cases the original sources have not been found and where this is the case clear references have been given, e.g. Brewster et al (2000) in Morley (2004), on page 4.

References- The page numbers put in brackets after each reference indicate the pages used in this thesis.

Questionnaire results- In part 4.2.4, part 4.3.4 and appendix 4 the results are also classified within genders. Also age was asked for but neither of them is analyzed since the ambition was a general result.

1.5 Disposition

A brief disposition of the thesis is given below in order to give the reader an insight of the chapter’s content.

Chapter 1- gives an introduction to HRM, a discussion with formulated hypotheses and the purpose of the thesis.

Chapter 2- describes the methodology used for realizing the thesis.

Chapter 3- includes the theoretical framework which focuses on the chosen aspects of HRM, approaches of HRM, Hofstede’s dimensions and the conceptual model.

Chapter 4- handles the gathered empirical material focused on the chosen aspects of HRM.

Chapter 5- analyzes the theoretical framework and the gathered empirical material.

Chapter 6- includes the drawn conclusions.

Chapter 7- shows the references used in the thesis.

Appendixes- include the different versions of the questionnaire and mean values.
2. Methodology

2.1 Qualitative and quantitative research

“Not everything that can be counted counts, and not everything that counts can be counted”


Silverman (2005) states that when choosing what method to apply for a study it is important to know what you want to get out of it and from that choose an appropriate method. You even have to think about if the methods you choose are relevant for the search problem to make it possible to achieve what you intend to achieve. He continues that for qualitative research “details” are found in people’s understandings and interactions. Denzin & Lincoln (2000) continues this argument and express that qualitative research consists of a set of interpretive, material practices that make the world visible. Here the world is represented through interviews, conversations, photographs, recordings and observations. Patton (2002) comments that the benefit you get from this is that you get very detailed information of a smaller number of people and cases. What concerns a quantitative research you need standardized measures so that the varying perspectives and experiences of people can be fit into a limited number of predetermined response categories to which numbers are assigned. This gives a broad, general set of findings. The great advantage is that you can measure the answers of many respondents to a limited set of questions, with the facility for comparison. Denzin & Lincoln (2000) gives a good summary of the two methods: “A qualitative method seeks answers to questions that stress how social experience is created and given meaning while a quantitative method emphasizes the measurement and analysis of causal relationships between variables, not processes”. Lincoln & Guba (1985) state that qualitative and quantitative studies are in direct conflict and are not compatible. However, Reichardt & Cook (1979) have a different view and state that the two methods can be combined with advantage.

The core research method chosen for realizing this study is qualitative with support of a quantitative touch. The qualitative part consists of interviews with three main persons in Ingelstad and in Jázsárokszállás from which we want specific information on how the HRM is implemented in the organization and how it works. Concerning the quantitative part, since it is a comparative study, a relevant sample of the employees at the manufacturing plants has been chosen. Furthermore, the quantitative part makes it easier to get the opinion from many employees in the manufacturing considering responsibility, communication and motivation &
reward. At the same time the idea is to see if the board’s opinion is the same as the employees view on how HRM is implemented and used. Since there are 170 and 283 manufacturing employees in Ingelstad respectively in Jászárokszálás it would have been difficult to do qualitative interviews with a high percentage of respondents. After having discussed with Carrier Refrigeration in Jászárokszállás by phone we also got information that the skill level in the English language is not high among all the employees in the manufacturing. Though the knowledge in the English language is limited it would therefore have been difficult to receive useful information. In this case we would have needed an interpreter. Hence we have chosen, apart from a qualitative study, to realize a quantitative study in the form of a questionnaire in both countries in their respective language (see part 2.5).

2.2 The hypothetical-deductive approach

Patton (2002) writes that a hypothetical-deductive approach means that hypotheses are formulated before data is collected. The hypotheses shall be based on a theoretical framework. This framework builds up an understanding of specific observations or cases. It is also necessary to decide what variables are important and what relationships between these variables that can be expected.

This thesis has its starting point in a hypothetical-deductive approach. Three hypotheses shall be tested and then confirmed or rejected. The units have been compared and analyzed regarding how HRM is implemented. Reasons for the chosen areas of HRM are further described in part 3.1. In comparing and analyzing the chosen areas of HRM the shaping and implementation of HRM can be placed in one of three approaches that Taylor et al (1996) mentions (see part 3.5). By placing the working processes of HRM in one of these approaches the hypotheses can be confirmed or rejected. However, it is important to have in mind that the hypotheses only are confirmed or rejected for this specific case.

2.3 Standardization and structure of interviews and questionnaire

Oppenheim (1992) states that when you do research interviews the objectives are always to obtain information of certain kinds. Interviews are called “standardized” when the interviewer makes, as near as possible, the same question to all respondents. This concerns using the same words, same intonation, same setting etc. to achieve psychological sameness. Oppenheim continues and says that with the help of open-ended questions you allow the respondents to say what they think and to do so with great richness and spontaneity. Some advantages of
interviews are that as an interviewer you can give a clear explanation of the purpose of the study, the risk for misunderstandings reduces, the results may be richer and you can make quick judgment. On the other hand the most noticed disadvantage is the fact that interviews are much more expensive than e.g. questionnaires, not to talk about travel costs, call-backs and time. Regarding the questionnaire Strati (2000) comments that as for the interviews, it is used to gather background data on an organization or on its members, such as sex, occupation, individual routines, job satisfaction or dissatisfaction, management methods, work ethics, values etc. The great advantage here is that of getting a large amount of information about a given population. Other advantages according to Oppenheim (1992) are time saving, easy process, simplifying of group comparisons etc. For the disadvantages it is worth to highlight the loss of spontaneous responses and that questions could be interpreted wrongfully.

In our case we wanted to get as much detailed information as possible from people with the same position and saw interview as a natural alternative. For the purpose of this thesis standardized interviews with open-ended questions are preferable. This way it is possible to receive detailed and valuable information. In order to maintain the standardization only one of the authors focused on posing the questions and the other in making notes. An argument for this division is to make sure the questions are expressed in the same way to all respondents. The interviews have a high degree of standardization regarding the structure of the questions because the questions are the same for the interviewed with the same position in both Ingelstad and Jászárokszállás. According to the degree of structure the questions have a low degree since they are open and the respondents are not delimited in their answering. The questionnaire on the other hand has a high degree of standardization since the questions are the same for the respondents in both countries. It also has a high degree of structure as the answers are predetermined and delimited and the respondents have to choose among these.

Personal interviews have been held separately with three persons at the plant in Ingelstad and Jászárokszállás. After contact with the HR responsible in each unit we concluded that the best suited persons to interview are the Managing Director, the Plant Controller and the Human Resource Manager. The Managing Directors (Rolf Sjöström and Péter Szabó) have been chosen because of their position and responsibility of the plant, their good overview regarding communication and responsibility and the fact that they are the persons who have most contact with the headquarter. The Plant Controllers (Peter Parsmyr and Ferenc Sípos) were chosen based on their good knowledge concerning the link between how HRM impact on the
performance of the company. Reason for choosing the Human Resource Managers (Tove Westerberg and Judit Sinka) is that they have the overall responsibility for the managing of employees and take major decisions in issues regarding employees. Once the empirical part was collected the gathered material was returned to confirm that no misunderstandings occurred during the interviews.

2.4 Statistics

Svensson (2001) means that according to Stevens (1946, 1951) measurement scales can be divided into four categories; nominal, ordinal, interval and ratio. The classification is important because some advocates relate measurement scales to statistical techniques while others do not. This means that there is a dispute between the ordinal and interval scales because the first procedure limits what statistical measurement techniques that can be used while the second procedure do not make such distinction. In being able to use the higher data-level analysis techniques this thesis takes the starting point from the latter perspective, i.e. interval scale. The measurement tool used is mean value.

The questionnaire has been handed out to a randomly selected sample of the employees to see if the information from the interviews (regarding responsibility, communication, motivation & reward) is in accordance with the employees’ view and how HRM is implemented. The questionnaire contains ten statements which are divided equally according to responsibility, communication and motivation & reward. The statements are motivated in part 3.8.2. In order to be able to compare the questionnaires from Ingelstad and Jászárokszállás we have chosen a relevant sample so the percentage of answers in the two units lie as close to each other as possible. Since the manufacturing plant in Jászárokszállás is bigger than the one in Ingelstad the number of questionnaires we needed to hand out in Hungary was higher than in Sweden. Regarding the distribution of the questionnaires employees from different manufacturing cells were picked out randomly. The number of manufacturing employees in Ingelstad is 170 on a yearly basis (N=170) and 42 questionnaires were handed out. Two of the questionnaires were filled in wrongfully and therefore these two were taken out from the sample (n=40). In Jászárokszállás the number of manufacturing employees on a yearly basis is 283 (N=283) and 60 questionnaires were handed out among them. Also here two of the questionnaires were filled in wrongfully and therefore these two were taken out from the sample (n=58). The sample in Ingelstad represents 23.5% of the population and in Jászárokszállás 20.5%.
Each statement in the questionnaire has four answering alternatives among which one is chosen. These four are: agree completely, agree to some extent, disagree to some extent and disagree completely (see Appendix 1). In order to be able to measure mean value the four alternatives have been classified with numbers on a scale between 1-4, where 1=disagree completely and 4=agree completely. The starting point for designing the questionnaire has been the Likert scale. Oppenheim (1992) states that the Likert scales primary concern is with uni-dimensionality, making sure that all items measure the same thing. A modification of the Likert scale has been made using only four answering alternatives instead of five. The reason for choosing four alternatives (an even number) is because then the respondent has to take position on the statement. This way it is not possible to choose a neutral answer which could have been the case if for example five alternatives would have been chosen where the middle answer could have been neither agree nor disagree.

2.5 Validity and reliability

Oppenheim (1992) states that validity and reliability need to be distinguished because in some cases the two terms overlap each other and are interconnected. Validity tells whether a question or item measures what it is intended to measure while reliability refers to the purity and consistency of a measure. Patton’s (2002) comment is in accordance to that of Oppenheim and says that validity means that a study measures what it is intended to measure. What you then measure must be done in a correct way, which means that you have good reliability. In some way validity and reliability are connected to each other, which mean you cannot focus on just one and leave the other outside.

By interviewing the persons who have most knowledge in the core areas of this thesis we have received information that is as correct as possible and that gives the study a higher level of validity (see part 2.3). The interviews have also taken place in a similar environment (in an office so there are no extraordinary environmental factors that can influence the interview). The questionnaire has been designed in English but was translated into both Swedish (see Appendix 2) and Hungarian (see Appendix 3) to make sure that the questions were not interpreted wrongfully because of language barriers, i.e. because of misunderstanding of English words or phrases. The version was translated into Hungarian together with Hungarian-born lecturer Judit Krisztina Lindqvist at Växjö University. The authors own translation of the questionnaire from English to Swedish was verified by English lecturer Sheila Feldmanis at Växjö University.
The validity and reliability regarding the thesis have always been kept in mind when formulating questions and shaping the questionnaire. The interview questions and the questionnaire have been shaped in different steps to cover the purpose of the thesis, theory and information needed. We have also worked on the basis of tested experiences to give the thesis a reliable starting point. It is also very important that questions are not interpreted in the wrong way. Before making the interviews the questions have been tested by doing a simulated interview with a controller (Veronica Årnflykt at Emballator) who also has HR-responsibilities to see that they are understandable and relevant for the issue. Our thought is that the testing and reshaping of the questions increases the reliability of the study (see part 2.3). Regarding the questionnaire it is important to keep in mind that this measurement tool is not tested before, but it is shaped from a theoretical angle and carefully formulated on the basis of different theories (see part 3.8.2). Also, by having a high degree of standardization and structure in the questionnaire we have been working to keep the reliability as high as possible.

2.6 Choice of literature

Once the subject was set for Human Resource Management in an international context some key words used for searching articles and literature were: culture, human resources, human resource management and nation. Furthermore, when the subject was specified to the workplace the following key words were used: centralization, communication, decentralization, motivation, responsibilities and reward. The databases that have been used for searching are EBSCOhost, ELIN and Libris. Via Libris it has been possible to loan books from different universities in Sweden.
3. Theory

3.1 Definition of Human Resource Management

Bratton & Gold (2003) state that to be able to analyze and understand HRM-theory and practice a definition is needed. In their own opinion HRM is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving sustainable competitive advantage. Here the concern is for integration and the behavior of people in the workplace based on ability, motivation, role perception and situational contingencies. Armstrong (1992) gives a different angle claiming that HRM is about adopting a longer-term perspective to the management of people in order to obtain added value from them and thus achieve competitive advantage. To achieve this, managers have to invest in human resources as well as new technology. Lindmark & Önnevik (2006) gives the most recent definition stating that HRM is about developing the employees’ abilities on the basis of each and everyone of their unique conditions. Other fundamental factors to consider are; division of responsibilities, motivation, understanding of working duties, adaptation to the situation, reward system and opportunities for development.

There are many definitions of Human Resource Management (Bratton & Gold, 2003; Armstrong, 1992; Lindmark & Önnevik, 2006; Pettigrew & Whipp, 1991) that all stress the importance of the people at work and their contribution to a company’s overall performance. After analyzing the different meanings of HRM we decided to stay to the definition of Pettigrew & Whipp (1991) that we believe gives one of the best and most comprehensive definitions:

“Human resource management relates to the total set of knowledge, skills and attitudes that firms need to compete. It involves concern for and action in the management of people, including: selection, training and development, employee relations and compensation. Such actions may be bound together by the action of an HRM philosophy”

From the different definitions and emphasis for the content of HRM we, the authors, have focused on three different aspects of HRM, namely responsibility, communication and motivation & reward based on the following:

From Bratton & Gold’s (2003) statement of “leveraging people’s capabilities”, Armstrong’s (1992) view of “adopting a longer-term perspective to the management of people in order to

Even though the aspects are different they are linked together, e.g. without the right communication it is difficult to divide tasks and thereby responsibility. Responsibility in its turn leads to different types of rewards which can lead to increased motivation.

### 3.2 Responsibility

Richardson et al (2002) state that between complete centralization and complete delegation of decision-making lays decentralization. According to Ashmos et al (1990) in Richardson et al (2002) decentralization can make a company gain information by using the skills from the employees at lower positions in the organization. These skills and capabilities can easily be overlooked in completely centralized decision-making. Armstrong (1992) states that what is characteristic for HRM is that sustainable competitive advantage is achieved through people and that is the reason why employees should be seen as valued assets and not as variable costs. Brown & Eisenhardt (1998) mean that the most ultimate companies should be the ones that are not too structured and not too unstructured. A too structured organization can lose the capability of being flexible while a too unstructured organization in worst case can result in chaos, e.g. not knowing which persons who have responsibility for different tasks. According to Anthony & Govindarajan (2003) an organization can be divided into different responsibility centers. The purpose of the responsibility centers is for helping to implement the company’s overall strategies and goals. Different types of responsibility centers are; revenue centers, expense centers and profit centers.

### 3.3 Communication

Torrington et al (2002) state that in organizations a variety of messages need to be communicated and the purpose is the same for all of them, to convince. The organizational
communication is not only top-down but also bottom-up and lateral and the key to success is
the extent to which organizational communication systems provide for two- or three-way
communication rather than just one-way traffic. The messages can be individually specific,
team or group-oriented and concerned for all employees. The channels of communication
within any organization are formal, officially confirmed and approved, such as circulars,
meetings, posters etc and informal, those that are part of our social relationships at work and
that will have some impact on how formal communications are interpreted and understood.

Armstrong (1992) asserts that good two-way communication is required to keep employees
informed and to achieve coordinated results. Effective communication from the boss creates
good feelings about work and the associated rewards. This is supported by Torrington et al
(2002) who declares that some methods of communication are appropriate only for downward
communication, for example films and posters while other methods are best suited for upward
communication, such as suggestion schemes. Some methods, however, are suitable for both
directions as well as for lateral communication. Even Lindmark & Önnevik (2006) agree in
the statements above and declare that communication has to work, both internal and external,
if the development of human resources is going to function. They posit that “it is difficult to
develop anything if communication does not work”. Armstrong (1992) also claims that a
development of an appropriate corporate culture and a long-term perspective in managing
people is very important. The emphasis should not be on compliance but on commitment.
Graham (2001) states that cultural barriers include many factors that make human interaction
more difficult, for example differences in language, values and behaviors. The practices of
HRM must be applied globally with consideration of cultural differences and consultation
with locals.

3.4 Motivation & reward

According to Cheser (1998) employee motivation in manufacturing plants is one of the most
important aspects of management. The implementation of Kaizen in manufacturing plants has
also enhanced the environment. This system encourages more variable work duties and
responsibilities which has not been the case in old monotonous systems.

When employees take part of the financial results in a company, e.g. if they receive a part of
the company’s profit, there is according to Beardwell & Holden (1997) a tendency that the
employees feel more motivated. Naquin & Holton (2003) state that to increase productivity
and profitability in a company employee training is required. Educational programs among employees are therefore key factors in order to remain competitive. However, to make the employees participate in the training “there must be an underlying motivational factor at work”. Nelson & Spitzer (2003) point out that in order to make the employees work well and feel committed the company really needs to care for the employees. If this is done there will be respect and faith between the employees and managers. However, if the employees do not feel that they are treated well then there will not be respect and faith between managers and employees which in the long run can lead to fatal consequences.

Gannon & Newman (2002) comment the importance of the motivational consequences that may result when individuals believe they are treated different from their counterparts in terms of the rewards and outcomes they receive. If this is the case, Gannon & Newman suggest remedies such as work slowdown, filling complaint form, seeking another job etc. Another possibility to oppose dissatisfaction is by rationalizing why the other person actually deserves more pay. They continue and state that employee motivation alone is insufficient to guarantee high performance. The employees must have several performance contingencies such as relevant personal abilities, job skills, a clear understanding of the requirements of the task, appropriate tools etc. All of this is to a large extent determined by available opportunities for education, supervisory competence, on-the-job training and the company’s or country’s ability to secure relevant job technology to support employee efforts. As a result of the following job performance, employees receive a variety of outcomes and rewards.

Concerning reward Bratton & Gold (2003) state that a company has an interest in reward management because of two reasons. The first reason is that it has a concern in the costs of the monetary rewards and its effect on profitability. The second reason is that reward management can be seen as a determining regarding attitudes and actions among employees. A reward system can have an impact on for example employee productivity and acceptance of responsibilities. Armstrong (1992) also points out that it is important that the reward system is designed in a way that complements the other human resource strategies in the company. According to Schneider & Barsoux (2003) different kinds of rewards can be valuated differently among cultures, including the view on how the division of rewards should be.
Bratton & Gold (2003) have developed a model (see below) for reward management which includes five modules. The first module is the strategic perspective. Depending on strategy – cost leadership, differentiation or focus – the reward system should be designed differently. The second module is the reward objectives which connect the reward system and the behavior of employees. When it comes to recruiting and retaining employees reward management can be an important factor. The employee performance can also in some degree depend on the reward system. Commitment arises when employees take on behaviors that are not really included in their duties and they feel responsible. The third module is the reward options. The options can be divided into three categories; base pay, performance pay and indirect pay. A base pay is usually time-based, for example per hour or month. Performance pay can be based on individual, team-work or company performance and is often mentioned as variable pay. Indirect pay consists of rewards that are not directly cash, for example health and life insurance.

![Diagram of Reward Management Model](image.png)

*Figure 1: Model for reward management*

*Source: Bratton & Gold, 2003, p. 282*
The fourth module is reward techniques. Job analysis means that the tasks belonging to a job are collected and evaluated. Job evaluation is used to see how important each job is and the contribution of it to the company. Appraisal means that employees are evaluated on their performance at the job. The fifth module is reward competitiveness and is a comparison regarding the amount of money that the company pays and what the competitors pay. Factors that influence are the labor market which depends on supply and demand, product market which depends on competition and demand and the organization where strategy, profitability and legislation determine.

Verespej (1994) states that a reward system should match the working processes and the responsibilities an employee are given. In order to increase productivity when work is changed the reward system has to follow the same pattern. If working processes and/or responsibilities are changed but the pay system is not then the employees will feel dissatisfied. Furthermore, he means that an important aspect of a reward system is that it is “able to communicate to employees what is important to business success”. Reward management compensation can be both monetary and non-monetary and Brelade & Harman (2000) argue that it is important that the system is shaped with care and in collaboration with the employees. The reward system can also have different time perspectives. Short-term rewards can be for example bonuses while long-term rewards can be pension funds. A balance between short-term and long-term compensation is desirable and a well-designed reward system can result in commitment to a company. Gannon & Newman (2002) point out that more and more American companies apply what is called a “cafeteria model” of compensation which means that the employees have greater discretion in selecting potential rewards.

3.5 Approaches to Human Resource Management

Taylor et al (1996) comment that three different approaches of Human Resource Management can be recognized; an adaptive, an integrative and an exportive approach. An adaptive approach is one in which the top management of the MNC tries to create an HRM system that reflects the local environment by hiring competent local HR-managers. This approach takes the local conditions into consideration when designing the HRM system. A characteristic is “low internal consistency with the rest of the firm and high external consistency with the local environment”. Janssens (2001) states that the benefit of this system is that it is designed in accordance with the local contexts which can boost employee morale and productivity. The
negative aspects are that it can be a costly system where the company cannot reach any synergy effects by using the same system in the affiliate as in the parent company.

An **integrative** approach according to Taylor et al (1996) has focus on a global integration with allowance for some local differentiation and combines both the MNCs HRM systems with that of the affiliates. By combing the methods the company wants to create an approach with some of the characteristics of the parent company and some that are shaped in accordance with the local context. A characteristic is “high internal consistency and moderate external consistency”. Janssens (2001) claims that the benefit by using this system is that the company takes local conditions into consideration and that they are not neglected. However, the system may still not fit the affiliate well enough just by having some local aspects in mind when shaping the system.

For the **exportive** approach Taylor et al (1996) express that the parent company wants their HRM system to be used in its overseas affiliates. A characteristic is “high internal consistency and low external consistency”. This approach accentuates according to Janssens (2001) the integration between affiliates and that by using the same system the company can reach synergy effects which lower costs. The negative aspects are that it ignores the local conditions which can make the local employees feel that they do not belong in the company which can worsen employee morale. In the long run this can result in lower productivity and falling profits.

### 3.6 Hofstede’s four cultural dimensions

“Like nationality, gender is an involuntary characteristic: we were not asked before being born, in which country and with what sex we wanted to appear”

- Geert Hofstede, 1997, p. 85

A dimension of culture as Hofstede (1997) defines it is an aspect of a culture that can be measured relative to other cultures. Hofstede’s official homepage (www.geert-hofstede.com) shows that his four cultural dimensions\(^1\): Power Distance, Individualism, Masculinity and Uncertainty Avoidance differ for Sweden and Hungary and in some cases there is a prominent difference (see below).

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\(^1\) Hofstede mentions also a fifth dimension, Long-Term Orientation (LTO), but since Hungary is not part of that study only four dimensions are considered in this thesis.
Below we give a description of Hofstede’s (1997) dimensions and how they differ from each other. For the purpose of this thesis we have only stressed the four dimensions applied in the workplace, i.e., no description will be given on e.g. family or school.

### 3.6.1 Power Distance (PDI)

In countries where PDI is large there is a limited dependence of subordinates on bosses and a preference for consultation, i.e. interdependence between boss and subordinate. Superiors and subordinates consider each other as unequal and salary systems show large gaps between top and bottom in the organization. Office work has a higher status than manual work. In small PDI countries on the other hand, there is a considerable dependence of subordinates on bosses. Superiors and subordinates consider each other as existentially equal and someone who today is your subordinate could tomorrow be your boss. The salary gaps are smaller and low-skill office work has lower status than high-skill manual work.

### 3.6.2 Individualism (IDV)

Employees in an individualistic culture act according to their own interests and needs. The relationship between employer and employee is like a business transaction, a buyer-seller relationship. A better pay offer or a poor performance from the employee is socially accepted as reason for leaving a work relationship. Management is management of individuals and subordinates can move around in the company if bonuses or incentives are given. A norm is that one should treat everybody alike. In a collectivistic culture however employees act according to the interest of the group, which is not always in their individual interest. The relationship between employer and employee is seen in moral terms. It is the promise for obligation and protection in exchange for loyalty. Management is management of groups and it is “good business” if you treat customers differently.
3.6.3 Masculinity (MAS)

In countries where MAS is low conflicts are solved by compromise and negotiation. A humanized job gives more opportunities for mutual help and social contacts. A feminine management style is intuitive rather than decisive, looks for consensus and is less visible. People get rewarded on the basis of equality and the character tends toward “work in order to live”. On the other hand, in countries where MAS is high problems are solved individually. Here, a humanized job gives more opportunities for recognition, advancement and challenge. A masculine management style is decisive, self-confident and aggressive, looking for facts rather than group discussions. People get rewarded on the basis of equity and the character tends towards “live in order to work”.

3.6.4 Uncertainty Avoidance (UAI)

In cultures with high UAI there exists many formal laws and/or informal rules (not always followed) controlling the rights and duties of employers, employees and the work process. People like to work really hard and always have something to do, life is hurry and time is money. In cultures where UAI is low however the need for rules is not high and only established if it is absolutely necessary. Once these are established they are well respected. People are able to work hard if there is a need for it but they do not have an inner urge. Otherwise they like to relax and time is only seen as framework for orientation.

3.7 The conceptual model

The model illustrated below shows the conceptual model for this thesis with its starting point from the purpose. From the formulated hypotheses that has its ground in the mentioned theories three aspects of HRM were formulated that operationalizes the hypotheses: responsibility, communication and motivation & reward. These aspects have in its turn several indicators that will help determine which of the hypotheses that will be confirmed or rejected. The hypotheses are linked to the indicators in such a way that all the indicators can be placed either in H₁, H₂ or H₃. By comparing and analyzing the way the units respectively in Ingelstad and in Jászárokszállás are working with these indicators, similarities and/or differences can be noticed.
The aspects are selected as three of the main “keywords” that we, the authors, compiled from different theories in books and mainly articles that HR-researchers apply when describing the significance of HRM. What considers the indicators they are selected with accuracy to correspond to the purpose of the present thesis, i.e. for responsibility (3.2) the focus lies on what type of organization it is about; a centralized/decentralized, a structured/unstructured and what types of responsibility that are distributed. For communication (3.3) the emphasis is on whether the communication in the organization goes upwards or downwards, if the appropriate channels and methods are used and how the managing of people is put into action. The third aspect, motivation & reward (3.4) highlight the importance of motivation in manufacturing plants, reward management and monetary and non-monetary rewards.
The numbers put in brackets in the conceptual model symbolizes which statements in the questionnaire that are referred to in the theories. Furthermore, description of the operationalization of the questionnaire is described in 3.8.2.

### 3.8 Operationalization

#### 3.8.1 Interviews

For the interviews relevant questions have been shaped based on the conceptual model. The questions for the interviewed persons, i.e. Managing Directors, Plant Controllers and Human Resource Managers, treat the different aspects of HRM that are highlighted in this thesis. See also part 2.3.

#### 3.8.2 Questionnaire

From the theoretical chapter we have formulated a questionnaire which has been handed out randomly among a sample of the employees in both units. The statements handle the main questions regarding responsibility, communication and motivation & reward.

1. *I am satisfied with how information is spread from the Management board to the staff.*

Torrington (2002) and Armstrong (1992) write about two- and three-way communication. Downward communication is one of them and is according to them important in order to appreciate and reward the employees. Lindmark & Önnevik (2006) also mention that communication is of big importance if human resources shall function well. Information in the statement includes both formal and informal communication. These are the reasons why this statement is included.

2. *I feel that I can contribute with ideas to improve and develop the working processes at the company.*

The second statement is included because upward communication is of importance in a company and this is supported by Torrington (2002) and Armstrong (1992). This type of communication can take shape in many ways, for example in the form of suggestion schemes. According to Lindmark & Önnevik (2006) it is also important to have good communication in order for development in a company.
3. *I feel important and that I contribute to the company’s overall performance.*

Ashmos et al. (1990) mean that a company can gain useful skills from workers through decentralization. According to Armstrong (1992) sustainable competitive advantage can be reached if a company sees the employees as important assets. Graham (2001) speaks about differences in culture that can make the human interaction difficult. Therefore this statement is included in the questionnaire.

4. *I feel appreciation from the management for the work I do.*

Nelson & Spitzer (2003) say that a company needs to care for its employees; otherwise there is a risk for lack of respect and faith between them and the management. Also in this statement can the reward objectives by Bratton & Gold (2003) lie as a ground. Those are the reasons for including it in the questionnaire.

5. *I feel that the company gives me an opportunity to develop my work-related and personal skills.*

According to Naquin & Holton (2003) training is required in order to increase the productivity and profitability in a company. Brelade & Harman (2000) also mean that reward management can be both monetary and non-monetary. Gannon & Newman (2002) says that many American companies apply a so called “cafeteria model” which means that employees individually to some extent can choose between different types of rewards. These views lie as a ground to why this statement is included.

6. *I feel that the company gives promotion opportunities for employees with potential.*

Training and education is important in a company and there must be motivational factors for participating in this according to Naquin & Holton (2003). An underlying motivational factor can be the opportunities given for job rotations and promotion opportunities. That is the reason for having this statement in the questionnaire.
7. I feel that I can turn directly to the Managing Director or Human Resource Manager if I have questions.

This statement involves upward communication and the structure of an organization and is supported by Richardson et al (2002), Torrington et al (2002) and Armstrong (1992). In order to see if the employees feel that the company is hierarchical this statement is included.

8. I am given significant responsibilities at work.

According to Richardson et al (2002) decision-making can lie somewhere between complete centralization and complete delegation. Brown & Eisenhardt (1998) claim that companies can be formed in extremes from very structured to very unstructured. The purpose for division of units into responsibility centers is according to Anthony & Govindarajan (2003) to implement the overall goals and strategies of the company. This statement involves how much responsibility the employees feel that are decentralized to them and are therefore included.

9. I have a fair salary in accordance with the responsibilities I am given.

Bratton & Gold (2003) write about different reward techniques that a company can use. Armstrong (1992) points out that the reward system should be designed in a way that is in correspondence with the other human resource strategies. Verespej (1994) also discusses responsibilities versus reward and means that it is important that the reward system is matched by the working processes and responsibilities. These are the reasons for having this statement in the questionnaire.

10. I would feel more motivated if my salary was more flexible and related to the company’s performance.

Bratton & Gold (2003) speaks about different reward options that a company can use when employees are compensated. Furthermore, Brelade & Harman (2003) mention that it is of importance that the reward system is developed in collaboration with the employees. Beardwell & Holden (1997) also mean that the employees can feel more motivated if part of the company’s result is shared with them. In order to be able to see if the employees are
satisfied with the current reward system and if the reward system has been shaped in collaboration with them the statement is included in the questionnaire.
4. Empirical study

4.1 Presentation of Carrier Refrigeration

Carrier Refrigeration is a part of the American investment company United Technologies Corporation (UTC) and is the world’s largest manufacturer of refrigeration. It provides solutions for end-users and develops its products in accordance with the customers needs. The European headquarter is located in Paris, France while the UTC headquarter lies in Farmington, Connecticut, USA. In 2000 Carrier Refrigeration acquired the Electrolux commercial refrigeration division and in 2005 the company Linde was acquired and by these acquisitions they established their position as world leader.

The production is concentrated for solutions for the commercial industry. The company works towards two different business areas:

- Food and retail industry – provide a total offering in the industry together with project management, customization, installation and after sales services. In this area the company works towards chain stores and supermarkets like Ahold, Coop and Axfood.
- Food and beverage industry – the products are used as an active marketing tool to enhance customer’s brand. In this area the company works towards manufacturers such as Coca-Cola and Unilever.

Carrier Refrigeration works with Kaizen in every production cell through the ACE program, UTC’s own program for quality improvements. This is a way to work and qualify for different levels and is inspired from Japanese theory of continuous improvements. Here the different production cells have to fulfill certain requirements to be considered as qualified. It includes everything from how to get more people to the floor to work in the same area to have a clean working area and consideration for the environment. For this purpose internal auditors from UTC visit the company and evaluate the cells.

The manufacturing plant in Ingelstad was founded in 1945. In 1978 it was bought by Electrolux and in 2000 Carrier acquired the plant and it belongs to them ever since. The plant in Ingelstad produces refrigerators called open remote display, i.e. cabinets that need a complete refrigeration system in order to cool it. In Ingelstad most of the production is
exported (85%) and the market share in Sweden is 40%. Totally in the company there are 270 employees of which 170 work in the production.

The manufacturing plant in Jászárokszállás belongs since 2000 to Carrier Refrigeration, earlier a part of the Electrolux division. In recent years the plant has grown since a lot of production has moved from Italy, Sweden and the Czech Republic to the plant in Hungary. The plant produces refrigerators called plug-in, i.e. refrigerators with an inbuilt refrigeration system. Like in Ingelstad, they have a market share of 40% and most part of the production is exported (95%). During the last year the number of employees has almost doubled due to the concentration from other countries. Totally in the company there are 420 full-time employees of which 200 work in the production. They also have 250 temporary employees in the production, i.e. on a yearly basis there are totally 283 \(^2\) full-time employees.

**4.2 Carrier Refrigeration in Ingelstad (Sweden)**

**4.2.1 Responsibility**

Every year each department plans its own budget and the departments’ budgets are compiled by the finance department. The budget has to be approved by the headquarter before it can be used. This year the unit had greater influence on the planning of the budget according to Peter Parsmyr (Company Controller). For investment decisions there is a limit concerning when they can take decisions on their own. If the amount is above $2500 the decisions always have to be approved and taken by the headquarter. Regarding the calculation process for investments or development, the finance department has the overall responsibility, but there are a lot of people from different departments involved in the process in order to gain as much knowledge as possible. Parsmyr argues that the unit is independent, but there are directives from the headquarter which they have to adjust to. He also mentions that there are some differences in the way they are thinking towards its American owners; “We think differently, here in Sweden we like to delegate and we do not have the same control procedures as in the USA”, he says. Rolf Sjöström (Managing Director) states that “in the frame for each area the delegation varies depending on for example the responsible’s knowledge and experience”. The Managing Director is responsible for the total financial result (Profit & Loss (P&L), cash-flow and working capital) while each department in the company has responsibility for its

\(^2\) \(200+((4/12)*250)=283\), i.e. the temporary employees work in average 4 months per year.
costs. Each department reports the result every month. The result is compared to the yearly budget to see if the costs are near the ones estimated.

Totally there are four levels in the company; the Managing Director, managers for departments, supervisors and employees. The main responsibility for supervisors consists of planning the production and to make sure that each cell has resources for producing and delivering in time. Supervisors also evaluate the employees in their cells and report to the Production Manager. Overall the employees know who is responsible for different tasks and what concerns decisions that are taken Sjöström emphasizes that “it’s better to act and make one or two mistakes than not act at all. One can act wrongfully without being punished”. Tove Westerberg (Human Resource Manager) states that the way of working in Ingelstad is very independent but they also work a lot together in groups. The way of working in the different levels in the organization chart is practically the same, i.e. that the tasks are independent and the employees themselves can affect their own situation, e.g. they can decide together to put a greater effort in the morning to have less to do in the afternoon.

4.2.2 Communication

Both Westerberg and Parsmyr stress that communication from Management board to employees and between departments are very important and Parsmyr believes that during the latest years there has been an improvement regarding communication. Besides the Human Resource Manager there is also today an assistant working and above all, the reporting has been improved. Sjöström mentions that every week there are meetings in the different departments where actual news and questions are discussed. Every month the Management board has meetings to discuss the working environment and ACE. Overall the number of meetings has diminished during the years. For each month barometers with results regarding order intakes, results etc. are published on notice boards in the different departments in order to inform the employees. The company also uses an intranet where general information is spread, e.g. company visits. Westerberg comments that a characteristic for the unit is an open atmosphere or as Sjöström expresses it, “it’s just for an employee to step into the office and ask”. Moreover, he mentions that twice a day he walks around, 30-45 minutes in the factory, to check the conditions for the moment and make spontaneous notes about e.g. environmental policies. Every employee can come up with ideas and thoughts but a suggestion scheme is nothing you can find in the company.
When it comes to valuation Carrier in Ingelstad uses a “qualification valuation” that includes giving feedback to the employees’ comments on questions regarding the company. A competence matrix is used to see how much an employee knows, what operating activities he/she has (job rotation), sense for order, what courses he/she has attended etc. Based on all this, a developing plan is created together with the employee and this lies as a ground to the discussion for salary. Regarding the Department Managers an annual “developing conversation” on how the year has been, what he or she is good at/need to develop, future goals etc is carried out and together with Sjöström (who evaluates them) they set up goals for some years to come. Through an extensive “personal questionnaire” that UTC realizes every second year Carrier in Ingelstad can see the employees’ perception on working satisfaction, information, working environment, leadership etc. The result is compiled and presented both verbal and written for the employees and if there are some big dissatisfactions Carrier takes care of it, e.g. they invested more in education and improvement of the pay system last year as a request from the employees. For 2006 a shorter version of the personal questionnaire called “spot questionnaire” is to be realized.

4.2.3 Motivation and reward

Through the ACE program continuous training is given to all the employees. The purpose of the ACE-training is to improve the working methods in the different production cells. Beside this training employees can develop their skills through training and education in other areas, e.g. language, electricity, computer systems etc. What different training the employees participate in depends on each individual’s interest and capabilities and of course the company’s needs. Westerberg claims that the motivational factors for the employees are not dependent on working position, if anything the other way round they are all non-work related. The rewards could be e.g. money, bonus, benefits etc. A factory bonus is something Carrier in Ingelstad distributes to all employees based on effectiveness, delivery security and quality. Sjöström states that “if you give an incentive for something it is probable that it gets better”. This bonus is the same for all employees and is distributed every week if the goals are accomplished. For every labor hour the employee receives a certain amount of money depending on the company’s overall result. Last year the bonus was 325 SEK/month per employee and the correspondent amount for 2004 was 550 SEK/month. The board has a bonus based on the financial result and the sellers on their sales. On a yearly basis the bonus for the board usually is equivalent to a monthly salary or two. To sum up you can say that if the company goes well you get more in your pocket. In order for the Management board to
receive a bonus a condition need to be fulfilled, i.e. the result for the European division has to be at least 75% of the estimated result.

There are even other types of reward such as possibilities for development which is a driving force and very appreciated among the employees. “Everything is about having an open dialog to motivate them”, Westerberg says. Apart from monetary rewards you can get non-monetary rewards like flexible working hours and contract insurance. Other offerings are the employee club, the art club, training room, benefits in the form of discounts in grocery stores, clothing stores, cinemas, right to borrow a caravan etc. Westerberg expresses these offerings as “social activities”. During Christmas an annual dinner is held in the factory and all the employees receive a gift. Last year they got a mixer and the year before it was a set of knives. Rewards are also given to employees that have shown a good work output. An effort is given to education about lifestyle and keep-fit measures\(^3\) so that the employees themselves get a better knowledge on how the body works and how they themselves can prevent injuries.

When it comes to leave of absence for studies it is not difficult to get the company’s agreement and as long as the education is within the frame for the education program the company pays literature and other material as agreed with the person it concerns. If an employee wants to leave the company after finished studies he/she has quite a lot of freedom to do so. All the employees have monthly salaries and the yearly increase is between 2-3%. This number is based on “centralized negotiations” through trade unions and is also compared with local and nationwide statistics. For overtime work the employees can decide whether to take out the overtime in cash or as holiday. What concerns pension the company does not make any additional savings for their employees. The bonus the employees get is from the factory, a so called factory bonus, that varies from month to month depending on the company’s result and was last year 2% of the monthly wage. In a near future a new bonus system is about to be integrated since UTC wants to have a bonus regarding “working environment security”.

Concerning recruitment Westerberg states that they do realize a lot of internal recruitment for the manufacturing but they also recruit external. If there is not much that differs between an internal and external applicant it is likely that the internal is chosen. However, for higher

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\(^3\) With keep-fit measures means knowledge about body and health.
positions the recruitment is practically always external. The reason and great advantage for this is one, because the new person comes with new ideas and new insights and two, that he/she does not have a relation to the person he/she is going to manage. “It is difficult to promote one person in the group to be manager of his/her own colleagues, it just does not work”, Westerberg says. Otherwise, work rotation exists and there are possibilities to try different working areas.
4.2.4 Questionnaire results

In the table below the questionnaire results for Carrier Refrigeration in Ingelstad are presented.

<table>
<thead>
<tr>
<th>Question</th>
<th>Agree completely</th>
<th>Agree to some extent</th>
<th>Disagree to some extent</th>
<th>Disagree completely</th>
</tr>
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<td>1</td>
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<td>22 (55%)</td>
<td>11 (27.5%)</td>
<td>1 (2.5%)</td>
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<td>1</td>
</tr>
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<td>3 (7.5%)</td>
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<tr>
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4.3 Carrier Refrigeration in Jászárokszállás (Hungary)

4.3.1 Responsibility

Every year a budget has to be prepared for capital expenditures. Each department prepares its own budget and the total budget is put together before it is sent to the headquarter in Paris for approval. The unit receives directives from the headquarter about goals that shall be achieved during the year, but it is up to them to implement the goals and decide how it should be done. The company has an approval matrix where all department’s and person’s responsibilities are shown. The employees working duties are very clear. For investment decisions regarding amounts above $2500 they have to be approved by the headquarter before the decisions are taken, Ferenc Sípos (Chief Financial Officer) says. Considering bills and important documents everything has to be signed by Sípos and a colleague. It is not allowed that only one person signs. Péter Szabó (Managing Director) posits that “every manager can make decisions if it is inside a certain amount”.

Judit Sinka (Human Resource Manager) mentions that there are four levels in the company which can be seen in the organizational chart; the Managing Director, managers for departments, supervisors and employees. The supervisors are responsible for the daily activities in the production cell and for evaluating the employees in the cell. Employees are given clear duties in their work and overall the company is very structured. The view at the company is that if the scope of duties and responsibilities are not clear, then it is difficult to work. That is the reason why reporting lines are very clear, Szabó accentuates. Managing Director Szabó is financially responsible for the result (EBIT), cash-flow and working capital. These three are the most important financial responsibilities, Sípos states. All the departments are responsible for their costs, but they do not have any profit responsibility.

4.3.2 Communication

Szabó describes Carrier in Jászárokszállás as a lean company where they try to make quick decisions. Communication takes shape in both formal and informal way. Daily meetings are held in the manufacturing at 9 o’clock about the production and what was done the day before. There are also weekly meetings where forecasts are overseen. The Management board has regular meetings and a financial review every month. Every month a newspaper is also published which includes information about the company, the products, the market etc.
Intranet and notice boards are also used for spreading information. The employees also always get an internal newspaper along with their monthly pay check. The informal way of communication can be that you stop in the corridor and do a little small talk with the employees, Szabó says, and when time is given he makes spontaneous visits in the factory. The unit does not really have suggestion schemes today where the employees can come up with suggestions for improvement. However, the employees can complain to a working council who sees over if it is possible to make improvements. It is also possible for the employees to communicate their problems and fears without giving their names which is done via the company’s Dialog Program, Sinka says.

For every employee a competence matrix is made. It involves education, training courses, certificates and so on. Every time an employee goes to training the matrix is updated. At the performance evaluation the employees also have an opportunity to come up with suggestions for training and/or education. The salary should be based on the performance evaluation and the competence matrix. Every second year a global questionnaire is handed out among all the employees. Last year it involved approximately 130 questions and regarded issues about satisfaction at work, information, working environment, leadership etc. This year a spot survey (a shorter version) will be done in order to follow up last year’s result. The compilation is done by the headquarter. Asides from speaking to the working council or communicate via the Dialog program this questionnaire is a way for the employees to express their feelings and thoughts.

4.3.3 Motivation and reward

Training is common in the company and the ACE program (work with continuous improvement) requires different courses for the employees to participate in. “Kaizen and ACE is a huge transformation, it is like going to school and learn how to calculate, you need to know how to use this tool”, Szabó says. He refers to the “transition period” which caused a lot of changes in how the work is done from the old monotonous working system to more varied and team-oriented processes. “It was a huge learning process for the people, the change in their minds”, he comments. In the early production system an employee often worked doing the same job over and over again. Kaizen has made a change and employees’ duties are not as limited as before, now they can feel more creative and make proposals.

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4 The transition from a planned economy towards a market economy
According to Sinka, Carrier works towards two types of motivation. The *first* one is money. Employees in the company can be rewarded with different amounts. All the managers and supervisors who have an impact on the production can evaluate the employees. The evaluation is done once a year with every employee. Factors that are taken into consideration for performance evaluation are for example willingness to work overtime, friendliness, quality in the production, wearing of protection devices, time registration, reporting of vacation and illness etc. This is summarized in “greencards” which are given to selected persons and at the end of the month they collect these and people get rewarded depending on the company’s result. The numbers of employees who are rewarded are 5-6 per production cell. The *second* type of motivation is for “target boards”, i.e. tasks that are not connected to the work. The managers can set up between 20 000-100 000 HUF/occasion. Another reward they use is “holiday checks”. These are checks with a value of 60 000 HUF/person that the employees can use for contribution to their vacation expenses in Hungary. This year the company wants to reward at least 40 employees with these checks. For employees who have been working at the company for a long time the unit gives compensation in form of a lump sum. This is done if an employee has been employed during 25 or 40 years. For managers there is a bonus system. The managers’ maximum bonus can be 25 percent of the salary on a yearly basis.

Besides training as a part of the ACE program the company supports education and training that it can benefit from, i.e. language courses, computer courses etc. Every year a training plan and a training budget are made. If an employee wants to go to school the company can support with money for covering tuition fees, books and travels. The studying is made in most of the cases during evenings and weekends. Regarding longer education the company signs a contract with the employee. “If an employee goes to university for four years then he or she might have to work another four years in the company after finishing their study”, Sípos says. The budget for training and education can vary between years depending on the needs.

The company has both monthly and hourly salaries for its employees. Salaries increase once a year and in most cases it is based on the performance evaluation which the managers report to the HR-department. For those in compliance with the company requirements the raise is the average and for those who are better it is 2-3 percent more. The salaries are fixed and besides this employees can receive additional compensation in form of rewards. Sinka mentions that this part can be roughly between 5-10 percent. Otherwise the salaries are the same for the same job, but can differ with 20 percent up and down depending on experience, education etc.
Carrier in Jászárokszállás is planning to introduce a “cafeteria model”. This means that the amount the company anyhow spends on its employees will be systemized. A list of different benefits, mainly which are free of tax, will be offered to each employee to select from up to the defined amount. Employees can choose among different things depending on their needs and interests. Different possibilities can be school-start checks, health foundation, keep-fit measures, swimming tickets etc. The system should be the same for each employee. Sometimes in the company they have competitions where the employees can win “shopping checks”. For Christmas every employee also gets a present. Last year every employee received a check of 15000 HUF. In 2004 they received a bread-maker. “Most of the rewards are money and it is also prioritized by the employees”, Sinka says.

For replacing positions Carrier primarily tries to recruit internal. The view is that the employees’ knowledge about the company (if he or she has been working there for a long time) is valuable and if these people leave the company it is difficult to replace them. It is therefore common with movements among departments and work rotation in the manufacturing. The company also gains from having employees with skills in many working duties. “It takes time for a new employee to know the company”, Szabó says. Szabó’s comment is supported by Sinka who argues that “we have big movement among departments”. An external recruitment procedure also takes time going through applications and doing interviews. However, if the company does not find suitable persons with the right qualifications for a position they recruit external.
### Questionnaire results

In the table below the questionnaire results for Carrier Refrigeration in Jászárokszállás are presented.

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5. Analysis

5.1 Responsibility

All the strategic decisions in both Ingelstad (I) and Jászárokszállás (J) are taken by the headquarter in Paris. When it comes to cost estimates both units need approval from the headquarter when the amount exceeds $2500. This shows that clear directives are given from the headquarter which makes the decision-making centralized in this respect, i.e. an exportive approach is used. However, when the cost estimates are done many different people are involved in the process in order to gain knowledge from many positions in the company. The strategic decision process in Carrier can be defined in terms of what Richardson et al (2002) call centralization and the involvement of many people regarding cost estimates fits in what Richardson et al call decentralization. By working like this the company can obtain information and opinions from many workers which Ashmos et al (1990) in Richardson et al (2002) point out is one of the advantages of decentralization. Since the strategic decision process is centralized the units do not have much influence on these types of decisions, i.e. Carrier uses an exportive approach. In the questionnaire the statement regarding if the employees feel important and can contribute to the company’s overall performance (n° 3) the result are almost the same in both units and shows that a majority (I=65% and J=72.5%) agree completely or to some extent. The supervisors in the manufacturing in both units are delegated clear responsibilities for evaluating the employees in the production cell and running the daily activities in it. The fact that the employees feel important is in accordance with Armstrong’s (1992) view that a company should see its employees as valued assets.

Brown & Eisenhardt (1998) posit that a company should not be too structured or too unstructured which is the case in both units. Neither of the units can be seen as too unstructured because they are given directives, from the headquarter, which are limitations on what they can do and decide on their own. However, they can neither be seen as too structured since it is up to the units to decide how to achieve the goals set by the headquarter which is in line with Brown & Eisenhardt’s (1998) view on how to be the ultimate company. The fact that directives are given but the responsibility for implementation is in the units makes it clear that an integrative approach is used in this respect. As Parsmyr states, “We think differently, here in Sweden we like to delegate and we do not have the same control procedures as in the

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5 All questionnaire results are shown in part 4.2.4 and 4.3.4. Mean values are shown in Appendix 4.
USA”. The headquarter is very clear when it comes to control procedures and their implementation in both units, e.g. bills and important documents have to be signed by two people in order to make sure that no errors occur. The regulated control procedures are directives from the headquarter and is therefore interpreted as an exporative approach. When dividing the company, four levels can be seen. At the highest level is the Managing Director. On the second level is the Management board where the managers have responsibility for its departments and its costs. The third level is represented by the supervisors and finally the fourth level by the employees. Brown & Eisenhardt (1998) posit that a too unstructured company can result in too much chaos and not knowing which person who does different tasks. This is not the case in neither of the units which the clear division shows. However, it is clear that there is a higher degree of structure regarding responsibility in Jászárokszállás than in Ingelstad. This analysis is carried out from the statement in the questionnaire (n° 8) regarding responsibility where 89.5% in Jászárokszállás agree completely or to some extent that they are given significant responsibilities at work while the number is 62.5% for Ingelstad. One reason for the result in Jászárokszállás can be the “transition period” from a planned economy towards a market economy where the employees today have more working duties or as Szabó expresses it “Kaizen and ACE is a huge transformation, it is like going to school and learn how to calculate, you need to know how to use this tool”. The fact that there is a higher degree of structure regarding responsibility in Jászárokszállás is also strongly supported by the way the interviewed people in the unit emphasize the division of responsibility. The high degree of structure in Jászárokszállás can be explained by Hofstede’s dimension of uncertainty avoidance where Hungary shows a high degree of UAI, i.e. people are intolerant for weak formal and informal rules. Meanwhile for Sweden UAI is low and employees do not necessarily need strict rules, instead they can affect their own working situation, e.g. by planning the daily work.

What concerns responsibility both units apply expense centers for their different departments in order to reach the overall objectives of the company. This is in accordance with Anthony & Govindarajan’s (2003) view for the purpose of responsibility centers. Both units also have a yearly budget that they work out before sending it to the headquarter for approval. This shows they can influence the process and last time the budget was planned the headquarter accepted most parts of it. The monthly result of the budget is also compared to the yearly budget and

6 The ”transition period” and the quotation is mentioned in the empirical part under title “motivation & reward” but analyzed under title “responsibility”. The reason for this is due to the fit in the context.
this indicates that the company in this respect is structured. The only people with profit responsibilities are the Managing Directors (Rolf Sjöström and Péter Szabó). Besides being responsible for profit they also have responsibility for cash-flow and working capital. Departments and the Managing Directors have the same responsibility centers in both units and an exporative approach is here used. Concerning the budget an integrative approach is used since it is planned by the units before sent to the headquarter for approval.

5.2 Communication

The key to success is according to Torrington et al (2002) that an organization can provide two- or three-way communication (top-down, bottom-up and lateral) instead of just one-way. For downward communication intranet, notice boards and a monthly newsletter are used in both units while upward communication consists of working councils and the Dialog program. This way of communication is in accordance with Torrington et al´s (2002) view of upward communication, with exception for suggestion schemes that is neither used in Ingelstad nor in Jászárokszállás. In Ingelstad this can be explained by the open dialog where “it’s just for an employee to step into the office and ask” as Sjöström says. The questionnaire result (n° 7) shows that this is true where a majority of the respondents in Ingelstad answer that they can turn directly to the Managing Director or Human Resource Manager if he or she has questions. Important to stress is that the result is practically the same in both units (mean value 2,88 out of 4) which shows that there is no difference in the employees´ perceptions regarding the confidence in turning to the Managing Director or Human Resource Manager. In this respect the fact that Jászárokszállás does not mention the use of an open dialog does not mean that there is less confidence in turning to the Managing Director or Human Resource Manager. However, when it comes to contribution for improving and developing working processes (n° 2) there is a clear difference where 75% of the employees in Ingelstad agree completely or to some extent while only 45% share this opinion in Jászárokszállás. This result on the other hand has an explanation in Ingelstad´s open environment. Worth notifying is that the spread of answers is bigger in Jászárokszállás and if only the option “agree completely” is taken into consideration the result is higher in Jászárokszállás than in Ingelstad (J=12% and I=5%). The open climate in Ingelstad can be placed in Hofstede´s dimension Power Distance where Sweden ranks low through interdependence between boss and subordinate.

Regarding the statement in the questionnaire handling downward communication (n° 1) it shows that a majority in both units believe it is good and no big differences can be seen. The
answers are in accordance with Armstrong (1992) who argues that two-way communication is essential to achieve good results and Lindmark & Önnevik (2006) who state that communication has to work in order for development. What concerns downward communication Carrier has, apart from meetings and communication from Managers, an exportive approach because both units use an intranet, notice boards and a monthly newspaper. When it comes to upward communication the idea of the Dialog program comes from the headquarter and is interpreted as an exportive approach. Since it is an exportive approach it can also explain why the use and need for the program is different in the units. While it is of importance in Jászárokszállás it is practically never used in Ingelstad due to the open climate. This shows the very clear differences of Hofstede’s dimension of Masculinity where Sweden marks a very low degree of MAS with the characteristic of solving conflicts by compromising. Hungary on the other hand shows a very high degree of MAS and conflicts are solved individually, which the bigger use of the Dialog program can confirm.

In Jászárokszállás daily and weekly meetings are held in the manufacturing while there are only weekly meetings in Ingelstad, in our opinion due to the open working climate that characterizes the plant. Every second year UTC realizes a “personal questionnaire” to get the employees perceptions of the units. This is an exportive approach from which the headquarter can receive useful information and see whether or not the applied working methods are adequate. In both units the Management board gather every month to discuss working environment, ACE and have a financial review. Regarding communication in form of meetings at a lower level an adaptive approach is being used since each unit has a method that is the most efficient for them while at Management level an exportive approach is notified. The reason for having daily meetings in Jászárokszállás and weekly meetings in Ingelstad can again be explained by Hofstede´s dimension of uncertainty avoidance. The fact that the Managing Director creates a dialog by walking around and talking to the employees strengthens the fact of working towards a flat organization where there is no barrier between management and employees. This view can also be seen in Jászárokszállás where the informal communication happens in the corridor through “small talk” with the employees. A big difference between the units is that the Managing Director in Ingelstad schedules time for walking around in the production twice a day while the Managing Director in Jászárokszállás makes spontaneous visits when he has time. Here it is clear that employees are managed in an adaptive approach since each Manager uses the style that he believes is the most efficient.
5.3 Motivation and reward

Job rotation and ACE-training is used in both units and has created work assignments among the employees that are not as limited as before the implementation of Kaizen. Szabó points out that “it was a huge learning process for the people, the change in their minds” and that employees now are more creative and can make proposals. In Ingelstad opportunities for development are very appreciated by employees and are a driving force. This corresponds to Cheser’s (1998) thoughts on the importance of motivating employees in manufacturing plants. However, regarding advancement, the result of the questionnaire (n° 6) shows that a majority (I=67.5% and J=76%) in both units disagree completely or to some extent with the fact that the company gives promotion opportunities for employees with potential. This means that the difference between the units is small and that opportunities for advancement among employees are not as clear as the Managers point out. Caring for employees is emphasized by Nelson & Spitzer (2003) who argue that it is essential in order to reach mutual respect and trust. What concerns appreciation from the management for the work the employees do (n° 4) the result of the questionnaire shows that employees are very shattered. In this statement 52.5% agree completely or to some extent in Ingelstad and the corresponding number for Jázsárokszállás is 48.5%. Both units work towards making the employees feel committed which is preferable for a company according to Bratton & Gold’s (2003) second module, reward objectives, of their model for reward management. However, the questionnaire’s shattered result shows that the units need to work harder with appreciation in order to make the employees who are dissatisfied feel more committed. In both units employees are given continuous ACE-training and can announce their interest in different kinds of education which reflects Naquin & Holton’s (2003) view that employee training increases the company’s competitiveness. An underlying motivational factor is the opportunity for advancement and there are clear differences between the units in their view of recruiting managers. In Ingelstad the view is that it is difficult for an employee to manage his/her colleagues, something which Westerberg expresses as follows: “It is difficult to promote one person in the group to be manager of his/her own colleagues, it just does not work”. In Jázsárokszállás on the other hand, preference is given to internal candidates for management positions. Regarding Hofstede’s dimension of Power Distance, Hungary shows neither a low nor a high degree. However, management recruiting suits in what Hofstede classifies as high degree of PDI since a colleague can become one’s boss tomorrow.
The ACE-training is compulsory for all employees in the units and is decided by the headquarter, i.e. an exportive approach. Concerning individual-specific education and training an integrative approach is used since employees can come up with proposals that the HR-manager in turn discusses with the headquarter. Regarding the statement in the questionnaire about if the employees feel that the company gives opportunities for developing their work-related and personal skills (n° 5) a narrow majority disagree completely or to some extent (I=55% and J=58.5%). Even though the management in both units say that a lot of continuous training and education are given the employees’ perception is that it is not enough. However, the statement includes both work-related and personal skills which mean that two factors are taken into consideration. This in turn means that the employees might have a high degree of satisfaction in one factor but not in the other and this could be a reason for a shattered view between managers and employees. Regarding longer individual-specific education clear differences are shown between the units where an employee in Ingelstad can leave the company quite easily while in Járákszállás a contract is signed with the employee. As Sípos states, “if an employee goes to university for four years then he or she might have to work another four years in the company after finishing their study”. This is due to tuition fees in Hungary that the company pays for.

Beardwell & Holden (1997) state that employees can feel more motivated if they receive a part of the company’s result. Today all employees in Ingelstad receive a weekly “factory bonus” depending on the company’s result. In Járákszállás on the other hand the rewards are individual where the supervisors evaluate the employees and give so called “greencards” to those who perform best and they get rewarded depending on the company’s result. This shows that there is a big difference between the units concerning rewards since it is collective in Ingelstad and individual in Járákszállás. This way of rewarding in Járákszállás fits in Bratton & Gold’s (2003) fourth module in their model for reward management. By evaluating individual performances an appraisal method is used. The units have regarding bonuses a local adaptation but the systems are discussed with the headquarter, the reason for classifying this reward management as an integrative approach. The different division of rewards in the units is supported by Schneider & Barsoux (2003) who state that culture valuates rewards differently and that this has an effect on how the division should be. It can also be explained by Hofstede’s dimension of masculinity where countries with a low degree gives rewards based on equality whereas countries with a high degree gives rewards based on equity. Furthermore, from the result of the statement (n° 10) it clearly appears that employees in both
units would feel more motivated if their salary was more flexible and related to the company’s performance. Worth notifying is that 17.5% of the employees in Ingelstad agreed completely to this statement (n° 10) while the number in Jázsárokzálás was as high as 84.5%. A simile can be drawn to Hofstede’s dimension of masculinity where a low degree characterizes the philosophy of “work in order to live” while a high degree of MAS has the philosophy of “live in order to work”. In the third module of Bratton & Gold’s (2003) model for reward management the units could put a greater effort on performance pay since the questionnaire result shows that employees, particularly in Jázsárokzálás, would feel more motivated with flexible salaries. Regarding bonuses for the Management board the same bonus system is used in both units, i.e. an expotive approach.

According to Verespej (1994) the work processes and responsibilities an employee is given should match the reward system. This is fulfilled in the units through the yearly performance evaluation between the employee and the supervisor and the competence matrix that is continuously updated and serves as a ground for the salary. This is one way of individualism that Hofstede describes and it is correct since both units show high degree of individualism through job rotation and use of a competence matrix. The view that each employee should be rewarded based on their competence and that every salary is settled on equal grounds is in accordance with Gannon & Newman’s (2002) view regarding fair salary treatment. Also Bratton & Gold (2003) highlight this way in their fourth module stating that all the tasks should be collected and evaluated to analyze the job’s overall contribution. If an employee in either of the units still does not feel satisfied or comfortable, not only with their salary, they can turn anonymously to a third party via the Dialog program to communicate their problems and fears. This solution is to some extent in accordance with Gannon & Newman’s (2002) suggestion according to which employees can fill in a complaint form if they feel dissatisfied. In Ingelstad the questionnaire result shows that a majority (67.5%) agree completely or to some extent that they have a fair salary in accordance with given responsibilities (n° 9). A completely different result is shown for Jázsárokzálás where only 20.5% agree completely or to some extent with the same statement. A reason for this difference is found in the fact that the employees in Jázsárokzálás today have more responsibilities than they had before the unit was acquired by Carrier in 2000. Back then, the tasks were few, responsibilities limited and working duties monotonous. Today, as a result of the ACE-program, among other things employees are given more responsibilities. Therefore, from an employee’s perspective, the responsibilities are seen as very significant. The different perceptions about responsibilities
and a fair salary among the employees in Ingelstad and Jászárokszéllás can be explained in Hungary’s transition from a planned economy towards a market economy. In Sweden, which has had a market economy for a long time and has been influenced by a western way of thinking, the perceptions of significant responsibilities have not changed as much as in Hungary where these can be seen as drastic changes. The discussion presented above shows the different perceptions regarding responsibility versus reward. As mentioned earlier an integrative approach is used for reward management and this can also explain the dissatisfaction in Jászárokszéllás. If an adaptive approach would have been used, the local aspects would have been taken into consideration even more in order to make the employees feel satisfied. This is also in accordance with what Janssens (2001) claims to be the disadvantage of using an integrative approach.

Putting statements n° 8-10 together one can see that for Ingelstad the mean values for these statements are almost identical; 2.75, 2.68 and 2.75. Since a majority is satisfied with the salary it is rational that they are not very inclined for changing the structure of the salary towards a more flexible payment. In Jászárokszéllás on the other hand it is rational that a clear majority would like their salary to be more related to the company’s performance since they are dissatisfied with it. As explained above the dissatisfaction is due to that the employees feel they have significant responsibilities. In comparison to Ingelstad the mean values for Jászárokszéllás for statements n° 8-10 are; 3.40, 1.98 and 3.71. These big differences in mean values can/will in the long run be equalized since Hungary in 2004 entered the European Union, which means that the western way of thinking will influence the country even more. In other words, what is seen as significant responsibilities today will be seen as more “natural” working duties in a few years. An argument for this is that the generation entering the labour market today is more open and receptive for today’s working requirements and can not refer and compare to the older working system. According to Verespej (1994) an importance of a reward system is that it is able to communicate essential and critical factors for the company. Bratton & Gold (2003) as well discusses the subject and argue that reward management can influence attitudes and actions among employees. These points of view are seen in Ingelstad where the company bonus is based on the three most important factors for Carrier Refrigeration; effectiveness, delivery security and quality. Sjöström also clarifies that “if you give an incentive for something it is probable that it gets better”, which is the main reason why Ingelstad primarily focuses on these three factors. In Jászárokszéllás the three most important factors are informed to the employees as well but they are not reflected in a reward
system. Therefore this point of view is not very genuine since the employees are evaluated individually based on several factors. Furthermore, Bratton & Gold (2003) argue that a very first reason for reward is its effect on profitability. In other words, the benefits of the reward system have to be higher than the costs. In the case of Ingelstad this signifies that if the three factors are not reached, then no company bonus will be given. As mentioned before the reward systems in the units take some local factors in consideration and it is designed in collaboration with the headquarter. This means that an integrative approach is used.

As mentioned before Ingelstad has a monetary reward in the form of weekly collective “factory bonuses” meanwhile Jázsárokszállás has several monetary rewards, like individual “greencards”, collective “target boards” and “holiday checks” for individual performances. In the case of Ingelstad most of the rewards are non-monetary, like the employee club, art club, training hall, social activities, lifestyle education, keep-fit measures and an annual Christmas dinner. Today the non-monetary rewards in Jázsárokszállás are limited (e.g. a Christmas gift) but a “cafeteria model” is under development. This type of model is highlighted by Gannon & Newman (2002) who mean that employees get a greater discretion in selecting potential rewards. Since the “cafeteria model” is under construction and planned in collaboration with the headquarter an integrative approach is utilized. The mixture between monetary and non-monetary rewards is different between the units where Ingelstad puts greater effort on non-monetary rewards while Jázsárokszállás focuses more on monetary which Sinka expresses as “most of the rewards are money and it is also prioritized by the employees”. What concerns short-term and long-term reward the units do not prioritize any of these which is in conflict with Brelade & Harman’s (2000) view that a balance between these two is to prefer. The difference in reward systems in the units shows that a local adaptation is necessary; therefore an integrative approach is used for the monetary reward and an adaptive approach for the non-monetary reward (apart from the “cafeteria model”). Regarding the basic wage the headquarter needs to take each country’s legislation in consideration. The legislation is something Bratton & Gold (2003) mention in their model. In the last module, reward competitiveness, legislation is stressed in the organizational factor. Since the headquarter can not overlook the legislation an adaptive approach is and also has to be used in this respect.
5.4 Summary of analysis chapter

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| X= Ingelstad, Y= Jászárokszéllás, Z= Both units

Responsibility
1. - an exportive approach since the amount $2500 is taken into consideration for cost estimates which the units are not allowed to exceed without approval from the headquarter.
2. - an integrative approach since the involvement of several people when realizing cost estimates are directives from the headquarter but which people that are involved is up to the units themselves.
3. - an integrative approach since it is up to the unit how to achieve the given directives, e.g. the use of a budget. The differences between the units are supported by Hofstede´s dimension of uncertainty avoidance.
4. - an exportive approach since the headquarter gives clear control procedures to the units and monthly meetings are held where a comparison is made between the monthly and yearly budget.
5. - an exportive approach since all the departments in both units are expense centers and the Managing Directors have financial responsibility.

Communication
6. - an exportive approach since both units use intranet, notice boards and a monthly newspaper (top-down).
7. - an exportive approach since both units use the Dialog program (bottom-up). The difference in using the Dialog program is supported by Hofstede´s dimension of masculinity.
8. - an adaptive approach since each unit uses a method that is best suited for them, e.g. weekly production meetings in Ingelstad and daily meetings in Jászárokszéllás. This difference can be explained by Hofstede´s dimension of uncertainty avoidance.
9. - an exportive approach since the Management board have regularly planned meetings. Moreover, every second year UTC realizes a “personal questionnaire” for employees in all its units.
- an adaptive approach since Ingelstad has an open atmosphere where employees can contribute to the development of working processes. This is supported by Hofstede’s dimension of power distance.

- an adaptive approach since each Managing Director uses the way that is the most efficient for his unit, e.g. planned or spontaneous visits.

**Motivation & reward**

- an integrative approach since the employees are offered individual-specific education based on their needs. Regarding internal recruitment in Jászárokszállás this fits in Hofstede’s high degree of power distance.

- an exportive approach since the ACE-training with continuous improvements is compulsory in both units.

- an integrative approach since the bonus system is discussed with the headquarter but local conditions are taken into consideration and carried out through collective and individual bonuses. The differences between the units are supported by Hofstede’s dimension of masculinity.

- an exportive approach since the bonus system for the Management board is the same in both units.

- an integrative approach since both units use a competence matrix and job rotation but depending on the employee the different job positions can vary and therefore also the salary. The approach is supported by Hofstede’s dimension of individualism.

- an adaptive approach for the basic wage since the country’s legislation can not be overlooked.

- an integrative approach for the collective and individual bonuses and the competence matrix that is the ground for the wage.

- an adaptive approach depending on what the management believe is best for the employees, e.g. employee club, keep-fit measures and Christmas gift.

- an integrative approach for the cafeteria model that is under development in Jászárokszállás and designed in collaboration with the headquarter.

Regarding the aspect responsibility the indicators points at an integrative and an exportive approach. Overall in this aspect it is obvious that the headquarter gives clear directives that have to be followed with a slight influence from the units on letting them decide which people to involve in the cost estimate process and how to plan the budget. To sum up most of the indicators have an exportive approach and therefore the aspect is also categorized in this approach.

What concerns the aspect communication the influence from the headquarter can be said to be slightly higher than the units’, i.e. an exportive and adaptive approach is used. Top-down and bottom-up communication are the same in both units and meetings are regularly planned but held differently, e.g. daily and weekly. Regarding managing of people it is difficult to use an exportive approach, reason for adaptation through planned or spontaneous visits. To sum up there is a shattering since an exportive or adaptive approach is used. Therefore this aspect is summarized in an integrative approach since there are some indicators where directives are given which the units implement whereas there are some indicators where the units can decide on their own. Separately, the indicators show spread results, but when they are all put together an integrative approach is seen.
Concerning the aspect of motivation & reward all approaches are represented, with stress on the integrative approach. This is highlighted through different bonus systems, individual-specific education, competence matrix, job rotation and especially for Jászárokszállás a cafeteria model. An adaptive approach is used for the base wage due to legislation and for best suited local non-monetary rewards. Since the ACE program is an implementation from the headquarter compulsory training is also given in this area, i.e. an exportive approach. To sum up this aspect is a combination of given directives with local implementation, i.e. an integrative approach.

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*Figure 5: Relation between aspects and approaches of HRM*

Since the thesis handles three aspects a criteria from our part was settled, i.e. in order to be able to confirm a hypothesis at least two of the aspects have to be placed in the same approach. If one aspect is placed in each approach then no convincing pattern is seen and therefore no hypothesis can be confirmed. The opposite occurs if all aspects are placed in the same approach, then one of the hypotheses can be confirmed.
6. Conclusions

6.1 Results

In the aspects of responsibility, communication and motivation & reward, three different approaches can be seen. When each aspect is summarized the different approaches are seen as follows:

- **Responsibility shows overall an exportive approach**

  In this aspect the headquarter gives clear guidelines to the units that have to be followed and fulfilled. The major reason for applying this approach is to secure that no big financial decisions are taken by the units since it is the headquarter that takes the strategic decisions and sets up goals to be achieved. Since they also decide investments it is obvious that they not only want to decide in which direction the company should go, but also how to get there.

- **Communication shows overall an integrative approach**

  Also here some directives are shown regarding downward and upward communication. The reason for letting the units decide on their own in some issues is because some cultural and local aspects can not be overseen. If an entirely exportive approach would have been used there could be a risk for falling profits due to employee dissatisfaction.

- **Motivation & reward shows overall an integrative approach**

  In order to motivate the employees to a maximum, local aspects are taken into consideration since the conditions and needs differ between the countries. Considering reward there is a risk that the output from employees would not be as high using the same reward system in all affiliates, i.e. an exportive approach, as it is with an integrative approach.

Since two of the three aspects show an integrative approach the second hypothesis (H₂) is confirmed which means that the first (H₁) and the third (H₃) hypotheses are rejected. The hypothesis that is valid is formulated as follows:

*Culture and local aspects are to some extent taken into consideration when shaping Human Resource Management.*
6.2 **Widening of the subject**

This thesis has studied two affiliates belonging to a multinational corporation (MNC), Carrier Refrigeration, and the results show that this MNC gives directives and is working towards establishing the same corporate culture in its overseas affiliates. Although only two units in a corporation were studied the conclusions can be logically generalized to other MNCs, even though it requires further research in order to strengthen the conclusions. However, we believe that as long as an exportive approach is beneficial to the MNCs’ overseas affiliates there is no need to work differently. Nevertheless, MNCs should bear in mind that since countries and cultures are unlike it can be difficult to apply an exportive approach in all aspects immediately. Therefore we consider an escalation from an adaptive to an integrative and finally to an exportive approach in some aspects to be the most favorable way for MNCs to work overseas. The reason why an exportive approach should be utilized is because it lowers the corporation’s total HR-costs by using the same system worldwide. To bring the widening of the subject to a close the following statement is formulated:

> MNCs are working towards establishing the same corporate culture in its overseas units which in the long run means an exportive approach.

6.3 **Suggestions for further research**

Since this thesis has focused on two affiliates on the same continent a suggestion for further research would be to carry out a similar study between affiliates on different continents with very significant cultural differences, e.g. China and the USA. While this thesis has studied a manufacturing company it would also be of interest to apply the same idea in some area of the service industry.

Another suggestion is to focus on only one of the three chosen aspects of Human Resource Management; responsibility, communication or motivation & reward. Other aspects, e.g. recruitment, are naturally of interest as well. The reason for focusing on only one aspect is to be able to break down the aspect in as many indicators as possible and study it in-depth.

A final suggestion that is in the authors’ special interest is to carry out the same study between the units in Ingelstad and in Jászárokszállás five or ten years from now to see if the results differ from today and to find out the development of HRM in the units.
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**Interviews**

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Peter Parsmyr, Company controller  
2006-03-07, 2006-03-24, 2006-04-18

Rolf Sjöström, Managing Director  
2006-05-08

Tove Westerberg, Human Resource Manager  
2006-02-06, 2006-04-26

**Carrier Refrigeration Jászárokszállás (Hungary)**

Ferenc Sípos, Chief Financial Officer  
2006-04-21

Judit Sinka, Human Resource Manager  
2006-04-21

Péter Szabó, Managing Director  
2006-04-21

**Other sources**

**Questionnaire**

40 respondents in Ingelstad

58 respondents in Jászárokszállás

**Internet**

www.carrierrefrigeration.se/Carrier/home.nsf, 2004-04-28


Appendix 1- English questionnaire

Hello!

We are two students from Växjö University in Sweden that are writing a master thesis in business administration. Our focus is on the area of Human Resource Management and for this purpose we would like you to contribute by answering some questions. Notice that the questionnaire is anonymous and that a general conclusion will be drawn. Please fill in one alternative per statement.

Gender

Male □
Female □

Age: ______ years old.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree Completely</th>
<th>Agree to some extent</th>
<th>Disagree to some extent</th>
<th>Disagree completely</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am satisfied with how information is spread from the Management board to the staff.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>2. I feel that I can contribute with ideas to improve and develop the working processes at the company.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>3. I feel important and that I contribute to the company’s overall performance.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>4. I feel appreciation from the management for the work I do.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>5. I feel that the company gives me an opportunity to develop my work-related and personal skills.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>6. I feel that the company gives promotion opportunities for employees with potential.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>7. I feel that I can turn directly to the Managing Director or Human Resource Manager if I have questions.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>8. I am given significant responsibilities at work.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>9. I have a fair salary in accordance with the responsibilities I am given.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>10. I would feel more motivated if my salary were more flexible and related to the company’s performance.</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

We thank you for taking your time and wish you the best luck in your work.

Dante Alarcón

Växjö University, Sweden
In cooperation with Carrier Refrigeration Jászárokszállás

David Ivarsson

Växjö University, Sweden
In cooperation with Carrier Refrigeration Jászárokszállás
Appendix 2- Swedish questionnaire

Växjö universitet

2006-04-18

Hej!


Känd: Man ☐ Kvinna ☐

Ålder: ______ år

<table>
<thead>
<tr>
<th>Siffra</th>
<th>Fråga</th>
<th>Instämmer helt</th>
<th>Instämmer till viss del</th>
<th>Instämmer inte till viss del</th>
<th>Instämmer inte alls</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jag är nöjd med hur information sprids från ledning ner till anställda.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2</td>
<td>Jag känner att jag kan bidra med idéer för att förbättra och utveckla arbetsprocesserna i företaget.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3</td>
<td>Jag känner mig viktig och att jag bidrar till företagets övergripande resultat.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4</td>
<td>Jag känner uppskattning från ledningen för det arbete jag gör.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5</td>
<td>Jag känner att företaget ger mig möjlighet att utveckla mina arbetsrelaterade och personliga färdigheter.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6</td>
<td>Jag känner att företaget ger möjligheter till avancemang för anställda med potential.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7</td>
<td>Jag känner att jag kan vända mig direkt till VD eller personalchef om jag har undringar/frågor.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8</td>
<td>Jag är tilldelad signifikanta ansvarsområden i mitt jobb.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9</td>
<td>Jag har en rättvis lön i förhållande till de ansvarsområden jag tilldelats.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10</td>
<td>Jag skulle känna mig mer motiverad om min lön var mer rörlig och relaterad till företagets resultat.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Vi tackar för att ni tagit er tid och önskar lycka till i ert arbete.

Dante Alarcón
Växjö universitet, Sverige
I samarbete med Carrier Refrigeration Ingelstad

David Ivarsson
Växjö universitet, Sverige
I samarbete med Carrier Refrigeration Ingelstad
Szívélyes Üdvözlettel!


Neme: Férfi □ Nő □

Életkora _______év

<table>
<thead>
<tr>
<th>1. Kielégítőnek tartom azt a módot ahogy az információ és a felvilágosítás eljut a vezetőségtől a beosztottakhoz</th>
<th>□</th>
<th>□</th>
<th>□</th>
<th>□</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Úgy érzem hogy ötleteimmel hozzá tudok járulni személyesen is a vállalatnál zajló munka fejlesztéséhez, tökéletesítéséhez</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>3. Úgy érzem fontos vagyok és hozzá tudok járulni a vállalt általános teljesítményéhez</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>4. Úgy érzem megbocsátást kapok a vezetőségtől azért a munkáért amit elvégzek</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>5. Úgy érzem a vállat keretein belül lehetőséget kapok úgy a munkámmal kapcsolatos mint az egyéni fejlődésre</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>6. Véleményem szerint a vállalat juttatások formájában is megbocsúli a fejlődőképes alkalmazottait</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>7. Úgy érzem hogy személyesen is bizalommal fordulhatok kérdéseimmel az illetékes vezetőhöz</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>8. Véleményem szerint a munkához jelentős felelősség is társul</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>9. A bérem a munkához és felelősségemhez mérten is megfelelő</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>10. Úgy érzem hogy ösztökélő lenne ha a bérem még flexibilisebben követhet a vállalat általános sikerét és teljesítményét</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

Újfent köszönjük szíves együttműködését, és kívánunk a munkájához, karrierjéhez sok sikert:

Dante Alarcón és Dávid Ivarsson
Appendix 4- Mean value for questions 1-10

In the table below the mean values for the statements in the questionnaire are shown.

<table>
<thead>
<tr>
<th></th>
<th>Ingelstad</th>
<th></th>
<th></th>
<th>Jászárokszállás</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
</tr>
<tr>
<td>1</td>
<td>2.79</td>
<td>3.00</td>
<td>2.83</td>
<td>2.67</td>
<td>2.56</td>
<td>2.64</td>
</tr>
<tr>
<td>2</td>
<td>2.74</td>
<td>2.67</td>
<td>2.73</td>
<td>2.48</td>
<td>2.38</td>
<td>2.45</td>
</tr>
<tr>
<td>3</td>
<td>2.65</td>
<td>2.83</td>
<td>2.68</td>
<td>2.83</td>
<td>2.75</td>
<td>2.81</td>
</tr>
<tr>
<td>4</td>
<td>2.53</td>
<td>2.33</td>
<td>2.50</td>
<td>2.40</td>
<td>2.38</td>
<td>2.40</td>
</tr>
<tr>
<td>5</td>
<td>2.47</td>
<td>2.33</td>
<td>2.45</td>
<td>2.43</td>
<td>2.25</td>
<td>2.38</td>
</tr>
<tr>
<td>6</td>
<td>2.26</td>
<td>1.83</td>
<td>2.20</td>
<td>2.12</td>
<td>1.81</td>
<td>2.03</td>
</tr>
<tr>
<td>7</td>
<td>2.91</td>
<td>2.67</td>
<td>2.88</td>
<td>2.93</td>
<td>2.75</td>
<td>2.88</td>
</tr>
<tr>
<td>8</td>
<td>2.79</td>
<td>2.50</td>
<td>2.75</td>
<td>3.43</td>
<td>3.31</td>
<td>3.40</td>
</tr>
<tr>
<td>9</td>
<td>2.71</td>
<td>2.50</td>
<td>2.68</td>
<td>1.90</td>
<td>2.19</td>
<td>1.98</td>
</tr>
<tr>
<td>10</td>
<td>2.74</td>
<td>2.83</td>
<td>2.75</td>
<td>3.69</td>
<td>3.75</td>
<td>3.71</td>
</tr>
</tbody>
</table>