THE HUMAN RESOURCES INFORMATION SYSTEM PROJECT AT DHL BANGLADESH

by

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ABSTRACT

This case is set in Dhaka, Bangladesh in the year 2001. DHL Bangladesh, a subsidiary of DHL Worldwide Express, was a fast growing company and its Human Resources department had felt the need to have a specialized Human Resources Information System(HRIS). At that time, the HR department at DHL Bangladesh did not have any specialized HRIS .The HR department felt that it had to have an HRIS to deal with the greater amount of responsibilities and the rising number of employees.

Masud Chand, the Human Resources Executive at DHL Bangladesh, was responsible for the HRIS project. Initially, DHL Bangladesh was looking at local vendors to provide the required software solution. However, in January 2001, the Regional Headquarters based in Singapore had asked DHL Bangladesh to consider adopting an HRIS that DHL Pakistan had developed. The Regional HQ in the DHL hierarchy had great deal of influence on local subsidiaries, and even its 'suggestions' were rarely ignored. Masud had gone with the Regional HR Manager to evaluate the HRIS in Pakistan. After evaluating the DHL Pakistan HRIS, Masud had to make a recommendation as to whether DHL Bangladesh should adopt it.

There were a number of issues that had to be resolved with Pakistan HRIS. It had been designed for DHL Pakistan, and would require a great deal of customisation to make it suitable for Bangladesh's needs. These customisations would have to be made in DHL Pakistan and could result in DHL Bangladesh becoming technically dependent on them. The Pakistan HRIS would also be much more expensive than a local version. Set against these drawbacks was the Regional HQ support for the use of the HRIS

developed by DHL Pakistan. From the Regional HQ point of view, a standardised HRIS across the region would be of great benefit to it.

The conflict between the Regional HQ and the local subsidiary (DHL Bangladesh) is highlighted through this decision. Whatever the decision Masud makes, there will be lasting consequences at both the local and regional levels, and there is no way that such a decision will satisfy all the different stakeholders involved.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

- HRIS - Human Resources Information System

- DHL BD - DHL Bangladesh

- MNC - Multi National Company

- HR - Human Resources

- RO - Regional Office

CHAPTER 1: INTRODUCTION

The topic of relationships between the headquarters and subsidiaries holds a great deal of importance for the operations of multinational companies (MNCs). The United Nations Conference on Trade and Development (UNCTAD) in Geneva estimated in the mid 1990s that there were 44,000 MNCs in existence, controlling 280,000 affiliates around the world. The largest few hundred MNCs accounted for the bulk of total assets, sales revenue and number of foreign affiliates around the world. The largest 100 hundred MNCs controlled USD 4.2 trillion worth of global assets in 1995, of which USD 1.7 trillion were held outside their home countries.

Trends in global FDI flows reveal the increasing importance of MNCs. The scale of annual FDI flows rose dramatically in the late 1980s and early 1990s. Global FDI flows averaged USD 55 billion in the first half of the 1980s, peaking at USD 209 billion in the 1990s. In 1996, the IMF estimated the annual flow of FDI at USD 350 billion. (IEBM Handbook of International Business, Edited by R. Tung, 2001, p 426-427)

More and more of these investments are taking place in developing countries. This is not a surprise, since developing countries offer a growing and increasing affluent market. Most MNCs are based in industrialized countries- of the 100 biggest MNCs, only 1 is based in a developing countries. Much of their new investments, however, are taking place in developing countries. Since much of international trade and investments in fact intra-firm trade within MNCs, the importance of this the relationship between headquarters and subsidiaries in MNCs can not be overemphasized.

However, this is one area of international business where research has been relatively limited. One of the best ways to bring out the inherent dilemmas present in decision making in a headquarters v subsidiary environment is by studying real life business cases. However, these types of cases are rare in contemporary business literature. This project hopes to make a contribution to current business literature by providing such a case.

This case examines the context in which decisions in MNC subsidiaries often have to be made. Local subsidiaries and regional headquarters can have divergent objectives. These can often lead to situations where decisions made in subsidiaries can have potential ramifications beyond the immediate consequences, both for the company and for the decision maker.

On a personal level, this project will help me learn how to convert personal experiences into an academic case that can be useful in a decision making model in developing countries. The art of converting learning from the business to the academic world and vice versa is vital to any student of business.

There are very few cases in the business literature based on Bangladesh, and this case will help remedy that. Being a very recent case, it will bring out the contemporary feel of Bangladesh and also how executives in developing countries face nominal choices that are in essence not real choices. Being an integral part of this case in reality, I feel that I have useful insights to offer here.

CHAPTER 2: PROBLEM OVERVIEW

The problem had no clear solution. Unlike the obvious endings that most cases in business schools lent themselves to, this was a real life problem that had no clear answer. It was November 2001 as Masud Chand, the Human Resources Executive at DHL Bangladesh looked out of his Dhaka office, wondering what his recommendation would be for the much touted Human Resource Information System (HRIS). HRIS would computerize various HR functions within DHL Bangladesh. However, the potential gains were not without their costs-financial and non financial.

An important consideration was the Regional Headquarters(RHQs) preferences for streamlining HR systems in various Asian subsidiaries. Given his involvement in DHL BD's HRIS initiative, Masud knew that the VP HR, Mr. Bhola Nath Saha, would almost certainly endorse his recommendation to the Management Board. The Board meeting was scheduled 2 weeks later. Masud needed to make his recommendation within a week. Right now, none of the alternatives in his mind seemed too attractive. With a view to clarifying his options, Masud sat back and started to play back the events leading to this situation in his mind.

CHAPTER 3: DHL BANGLADESH

DHL Bangladesh, a subsidiary of the DHL Worldwide Express, was a pioneer of the air express industry in Bangladesh. It operated with offices in 6 different locations throughout Bangladesh and was the acknowledged market leader in its field. The largest part of its business was in the capital city, Dhaka. Its main business consisted of carrying and delivering time sensitive documents and parcels worldwide to and from Bangladesh.

Starting operations in Bangladesh in 1979, DHL had grown from serving just a few banks to a 10 million USD business by 2002. The growth in the numbers of employees had been equally impressive, with its growth in the same period from 5 to nearly 300 employees, a 60 fold or 5900% increase in just 20 years. DHL Bangladesh had the lion's shares of its clients in two major industries- the garments/apparel sector, which accounted for nearly 70% of all business, and the banking sector, which accounted for another 25%. Over the last decade, these two, especially the garments sector, had been providing the engine of Bangladesh's economic growth, with garments exports increasing by 10-15% annually over the 1990s decade. This growth was expected to continue in the foreseeable future. Almost all clients were account (corporate) clients; walk in customers represented less than 1% of the business volume.

The organizational structure of DHL Bangladesh consisted of the Country Manager at the top, who had overall executive authority. He supervised a group of 8 managers, each of whom headed their respective departments. The 8 departments were Sales, Customer Services, Ground Operations, Air Operations, Marketing, Finance, Human resources and Information Technology. The first four departments were often

referred to as frontline and the latter as backline. The frontline departments interacted with customers on a regular basis, while backline or support departments were charged with providing various types of support to the frontline departments. Most of the growth in employee numbers usually took place in frontline departments. Back line departments had a much harder time in getting their required personnel increases approved- for eg, the HR department had been operating with 3 staff since 1994 when the company had 150 employees. it was unlikely that any increase in HR staff would be approved in the foreseeable future.

DHL Bangladesh considered people to be its key resource. This was much more so than in a similar manufacturing company, since DHL was not actually producing anything. It was basically in the business of selling services, and thus employee client interactions had a much greater impact on its business. It was estimated that on an average, nearly 250 of its 300 staff had some interactions with the customers daily. This made it even more important that all the staff were properly trained and highly motivated. Speed and service were identified as the key success factors for DHL, and highly trained and motivated people were integral to both. Thus despite being a support function, the HR department had a vital role in acquiring, motivating and training high quality employees at all levels of the company.

The HR department in DHL Bangladesh consisted of 3 people. The department was headed by the VP HR, Mr Bhola Nath Saha. Reporting directly to him were two HR Executives, including Masud. Although there was some overlap of functions, the other HR Executive was responsible for coordinating Training and development activities across DHL Bangladesh.

The HR department was responsible, together with the respective department managers, for recruiting all employees at DHL Bangladesh. In case of managerial level employees, the HR department shared this responsibility with the Country Manager. The process of recruitment included preliminary interviews, aptitude tests, job specific tests, personality tests and final interviews.

The administration of compensation and benefits was one of the fastest growing areas of work for the HR department. Until 1998, benefits were decided on a company wide basis while increments were based on department manager recommendations. Over the last 4 years, this situation had dramatically changed. All non-salary benefits were being streamlined to the regional standards, and the HR department now had complete responsibility for this process. Things such as medical benefits, employee leave, car allowance etc which had previously been introduced and administered on a ad-hoc basis were now being formalised and being brought in line with the regional guidelines. As for salary increments, the latest HR techniques including Hay grading and merit matrices were being implemented across all levels of the company. This process included company wide job evaluations and job sizing, benchmarking jobs both internally and externally, establishing DHL Bangladesh's salary position with respect to the market and then determining increments taking into account employee performance, internal and external equity and the overall industry trends. This created a lot of pressure on the existing HR staff, who already were dealing with a fast growth in the number of employees.

Training and Development was another major area of HR activities. Over the last 3 years, development activities (which focused on development of generalist skills in the long term) had increased greatly throughout the company. There was also a

sharp increase in international trainings. Keeping track of these, as well as creating a proper framework for succession planning all required much greater effort now.

The HR department also had a number of other functions, such as record keeping, developing and implementing motivation schemes, cross-functional projects etc. However the above mentioned activities of recruitment, compensation and benefits and training and development took up most of its time, and these were also the areas where most of the growth in responsibilities was coming from.

CHAPTER 4: RELATIONSHIP BETWEEN DHL BANGLADESH AND REGIONAL HQ

DHL Bangladesh had a direct line reporting relationship to the Singapore Regional Office. The RO set country targets for revenue, growth, investments etc. It also approved annual budgets , both of finances and of people. Although the RO consulted with the country management team before setting targets, it had absolute discretion in this area. Once the target was set, the country team could not challenge or question it. A recent development in this relationship was that the RO had ordered a complete freeze in the increase of any staff in support functions.

Each department manager had a matrix reporting relationship. He/She reported directly to the country manager and was a part of the country management team. He also had an indirect reporting relationship with the Regional Manager of that function. For example, the VP HR of DHL Bangladesh, Saha, reported to the Regional HR Manager, Bruce Newton. Officially, this regional manager did not have direct line authority over the concerned manager. He could not give a direct order to the department manager. Officially, his role was to coach, guide, provide expert knowledge and lead cross-national projects. However, since most major country decisions required regional approval, the regional HQ staff often exercised considerable influence. Departmental projects not directly backed by the Regional Manager were rarely approved. The Regional Manager was also a part of the Regional Management team that had direct line authority over the country management. As part of the regional team that set country goals, as well as the chief functional adviser to the regional chief in their particular specialties, the regional managers were vital members of the team. It was very rare that their 'advice' was not followed by functional managers at the country level.

Despite not having a direct line position above the respective department managers, the Regional Managers had very real power in the DHL hierarchy and could significantly enhance or diminish the career prospects of these managers.

DHL followed a 360-degree feedback model for its senior managers. Thus performance management at DHL involved getting feedback from the immediate supervisor, peers, subordinates, customers and the regional team. Thus the Regional Manager's feedback also had a very important role in the career progression of the concerned manager.

CHAPTER 5: DHL WORLDWIDE EXPRESS

DHL was formed in 1969, pioneering the air express industry with its first route from San Francisco to Honolulu. It specialized in the carriage of time sensitive documents and parcels between different destination. The success of the company was founded in its innovative idea of sending out documentation in advance of cargo arriving, thereby speeding up the process of importing goods.

The DHL Network grew incredibly quickly. The company traveled westward from Hawaii into the Far East and Pacific Rim, then the Middle East, Africa and Europe. In just four years, the company had expanded to provide services to 3,000 customers with over 300 staff.

By 1977, it had extended its range of services and started to deliver small packages as well as documents. 1982 saw the first serious spurt of growth, with an additional 30 countries and territories added in this one year alone. The year after, it opened offices in Eastern Europe, the first air express company to do so, and in 1986 it started operations in China, again the first air express company to do so.

DHL in 2002 was one of the major players in the air express market. It operated in over 220 countries and territories and employed over 70,000 people. It, together with Fed Ex and UPS was one of the dominant players in the industry. In 2000, Deutsche Post (the German Post Office) acquired majority shareholding in DHL. DHL had thus become one of the companies under the Deutsche Post umbrella. By late 2002, it was expected that Deutsche Post would complete acquisition of 100% of the DHL shares.

DHL Worldwide Organizational Set-up

The DHL Express Corporate Headquarters, called the Global Coordination Council (GCC), is based in Brussels, Belgium. Uwe Dorken , the Chairman and CEO of DHL Express, headed the GCC. The GCC controls the DHL network throughout the world. It is initially divided geographically into three major areas: the Americas consisting of North and South America, EMEA, consisting of Europe Middle East and Africa and AP or Asia Pacific. The Asia Pacific HQ is based in Tokyo, Japan. One of its 4 administrative regions is ASEAN, which includes Indonesia, Malaysia, and a region known within DHL as SAIC- South Asia and Indo China. SAIC consists of the following countries: Bangladesh, Pakistan, Nepal, Maldives, SriLanka, Vietnam, Myanmar, Laos, Cambodia and Brunei. The DHL Bangladesh regional office reports directly to the DHL SAIC office based in Singapore.

DHL Worldwide Express at a glance:

Number of Employees: more than 70,000

Number of Offices/Facilities 5,000

Number of Warehouses & Terminals Number of Hubs 78

Number of Gateways 238

Number of Vehicles 60,000

Number of Aircraft 250

Number of Countries & Territories more than 220

CHAPTER 6: THE AIR EXPRESS INDUSTRY

The launch of the San Francisco/ Honolulu route by DHL in 1969 heralded the start of the Air Express Industry. This is an industry that is characterized by the air transportation of a time sensitive document or parcel across (usually) international borders. Though pioneered by DHL, competition was not slow in coming. Two major companies operating in the US logistics market, Federal Express headquartered in Memphis, Tennessee and UPS headquartered in Atlanta, Georgia. We will now briefly look at two of DHL's main global competitors, UPS and FedEx, to get a feel of this industry.

United Parcel Service

Founded in 1907 as a messenger company in the United States, UPS had grown into a $30 billion corporation by clearly focusing on the goal of enabling commerce around the globe. UPS, or United Parcel Service Inc., was a global company with one of the most recognized and admired brands in the world by 2002. As the largest express carrier and package delivery company in the world, it was also a leading provider of specialized transportation, logistics, capital, and e-commerce services. It had operations in over 200 countries and territories worldwide.

Fed Ex

Founded in 1971 as Federal Express Corporation, Fed Ex soon grew to become one of DHL's most fierce competitors worldwide. By 2002, it had presence in over 215 countries and territories worldwide. It was more internationally focussed, and a bigger threat to DHL in markets outside the US.

CHAPTER 7: BACKGROUND OF BANGLADESH[1]

Bangladesh is one of the newer countries of the world, emerging as an independent political entity in 1971. Formerly known as East Pakistan, Bangladesh split from Pakistan in 1971 after a civil war lasting 9 months in which 3 million Bangladeshis were killed. Located in South Asia towards the east of India, it is one of the poorest countries in the world, with a per capita income of about 360 USD. The population of about 140 million lives an area of about 55,000 square miles, making it one of the world's most densely populated countries. Frequent natural disasters, including floods, cyclones and droughts compound Bangladesh's already immense problems.

Over the last decade, however, Bangladesh had made sustained progress in economic and demographic fields. The economy has grown at an annual average of 5%, while population growth has slowed from nearly 3% per annum to about 1.5%. Much of the economic growth can be attributed to the fast rising level of exports, most of which are in the ready made garments sector.

Bangladesh still remains a poor and overpopulated nation. Although half of GDP is generated through the service sector, nearly two-thirds of Bangladeshis are employed in the agriculture sector, with rice as the single-most-important product. Major impediments to growth include frequent cyclones and floods, inefficient state-owned enterprises, inadequate port facilities, a rapidly growing labor force that cannot be absorbed by agriculture, delays in exploiting energy resources (natural gas), insufficient power supplies, and slow implementation of economic reforms.

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[1] Figures from http://news.bbc.co.uk/1/hi/world/south_asia/country_profiles/1160598.stm

Following the independence in 1971, the economy was largely managed and dominated by the public sector. Since 1975, private sector participation has gradually increased along with measures to accelerate industrial growth and generate much needed foreign investment. The 1991 Industrial Policy allowed foreign investors 100% ownership of ventures, granted tax exemptions, and established export processing zones.

During the first half of the 1990s, notable advances in economic performance were made due to cautious macroeconomic and fiscal policies along with significant economic deregulation. Agricultural production, which supports about two-thirds of the workforce, grew rapidly as did ready-made garment (RMG) exports, which now account for some 63% of total exports. In 2002, Bangladesh had total exports of about 5.5 billion US dollars, of which over 3.5 billion were of RMG. Throughout the 1990s, GDP growth reached an annual average of 5%, compared to 4% in the 1980s, and 3% in the 1970.

GDP grew by 4.4% in 2001-02, its slowest since 1993-94. However, the economy began to strengthen in 2002-03, with GDP growth improving to 5.3%, led by the agricultural and industrial sectors, and aided by the strength of domestic and external demand. A more liberalized trade regime and the introduction of a managed floating exchange rate have helped to reduce external vulnerability. The government has rebuilt international reserves, tightened fiscal policy, and reduced its budget deficit from 5.2% of GDP in 2000-01 to 4.7% in 2001-02, and to 4.2% in 2002-03. Exports grew by 7.5% 2002-03, compared to a decline of 4.6% the previous year.

However, despite recent progress, Bangladesh still lags behind in several social indicators, and will require an annual GDP growth rate of around 8% to reduce the

poverty rate to 25% of the population by 2015, compared to its current level of 50%. Another challenge is to diversify the export base away from RMG, which will come under increased competitive pressure in 2005 when preferential trade arrangements with major markets are phased out. Since much of its present and future development is dependent on donor aid, the government has become increasingly aware of the need to accelerate reforms and encourage greater private sector investment.

Bangladesh: Salient Facts

- **Population:** 146.7 million (UN, 2003)

- **Capital:** Dhaka

- **Major language:** Bengali

- **Major religions:** Islam, Hinduism

- **Life expectancy:** 61 years (men), 62 years (women) (UN)

- **Monetary unit:** 1 taka = 100 paisa

- **Main exports:** Garments, fish, jute goods, leather products

- **GNI per capita:** US $360 (World Bank, 2001)

CHAPTER 8: EVOLUTION OF THE HRIS ISSUE

DHL Bangladesh did not possess a specialized HRIS system. The HR department used different software applications to aid it in its core HR functions. However, with nearly 300 staff being managed by a HR department of 3 people including the manager, the HR department felt that it needed specialized HR software to fulfill its specific needs.

Current HR Practices

Currently, the core HR functions were being handled by different types of non specialized software, mostly MS Excel. There were different files maintained for different activities such as recruitment, compensation and training. Though the data could be stored adequately through such a system, there were limited ways in which such data could be manipulated and different types of reports viewed. With the growth of the number of staff, it was becoming increasingly difficult to maintain such a system. There was no connection between the different databases maintained by the HR department. With the rising complexity of the tasks required of the HR department, as well as the projected growth of staff over the next few years, the HR department knew that it could not continue with the existing haphazard collection of HR systems. The need for a specialized HR Information System had now become paramount. The only other option was to increase the number of HR staff in line with the growth of DHL BD staff over the last few years. That, however, was out of question given the Regional office's strict instructions to freeze the number of backline staff. Thus in November 2000, the management of DHL BD approved in principle the decision to acquire an HRIS program within 1 year.

HRIS Requirements

The HR department decided on the following major criteria for the proposed HRIS 1) Ability to automate the different HR functions 2) Ensure linkage between the different HR databases 3) Easy to use 4) Be customized to DHL BD's needs. By December 2000, the HR department had already started looking at different HRIS options being offered by local vendors. Though none of the vendors had an existing software application that exactly mirrored DHL BD's needs, most of the vendors contacted assured DHL that they would be able to come up with a software solution that satisfied DHL BD's needs within the agreed time frame. As a major MNC in Bangladesh, DHL would have a significant amount of influence with any chosen vendor, to ensure that the required customizations were made, and that the software was delivered on the stipulated time. Also, technical support would be easy to call on. The software that the local vendor would provide would not be compatible or standardized with other countries in the region. However, regional standardization was not an objective for DHL Bangladesh.

All that DHL Bangladesh needed at this stage was a software solution to ease the increasing burden on its HR staff. Up till this point, the question of HRIS standardization across the region did not arise as DHL Bangladesh did not have an HRIS, and was still adequately fulfilling all regional reporting requirements. The HR department estimated that once they had decided on a software, it would take the local vendor about 2-3 months to make the necessary customizations to bring it to DHL requirements. This would be followed by a 1-month testing period and another 1-2 months of user and technical training. The installation and deployment of the system would take another month. All in all, it was estimated that about 6 months from placing its order, DHL BD would have a functional HR system that suited its needs. This HRIS

requirement was not unique to DHL Bangladesh. Other countries in the region, including Pakistan, Nepal and Sri Lanka were also looking for a suitable HRIS. At various points in time, these countries had informed the regional office of their desire to have a suitable system. DHL Pakistan had by this time already developed an HRIS customized for its own needs. This system was built in collaboration with a local vendor in Pakistan, and had gone live there in November 2000. At this point, DHL Pakistan informed the regional office that it already had an HRIS up and running and indicated that it might be suitable for other countries in the region as well.

Regional Office Intervention

One of the main functions of the Regional Office was to take the data from individual countries and combine them into regional reports to aid in (regional) management analysis, decision-making and control. There were some differences in HR practices from country to country. Also, each country used different types of HR information and reporting systems. This placed a great strain on the RO HR personnel to put together and compute the HR figures from different countries. With an eye to reducing the differences in the functional and reporting styles of different countries, the regional office always had an interest in standardizing processes across the region. It liked the Pakistan DHL HRIS idea and decided to consider it for the entire region.

In December, the RO asked Bangladesh to stop evaluating local options and consider DHL Pakistan's offer. At this point, the Bangladesh HR Manager was still looking after the project himself. He asked for an opportunity to examine the system first hand. The RO readily agreed, though BD request had to be coordinated with similar requests from the Nepal and Sri Lanka. Three days in late February 2001 were scheduled for the evaluation of the Pak HRIS. This was scheduled to take place in the

HQ of DHL Pakistan in Karachi. The HR Managers of Bangladesh and Sri Lanka, the Country Manager of Nepal (Nepal had a relatively small operation with about 30 staff and did not have a separate HR Manager) and Bruce Newton, the regional HR Manager, were scheduled to take part. The Pakistan HR Manager and a technical specialist from the IT department were to represent the hosts.

Masud Takes Over

Because of various scheduling commitments, Saha decided not to attend this meeting himself. Instead, he delegated the job to his subordinate, Masud. Having joined DHL Bangladesh as a Management Trainee in July 2000, Masud was one of the newest and youngest members of the DHL Bangladesh team. He had graduated from the country's premier business school under the University of Dhaka in January 2000 with a degree in business administration. He worked for 4 months as an intern at another multinational company, before joining DHL Bangladesh for his first full time job. In January 2002, he had been promoted to be DHL BD's Human Resources Executive. In his 6 months with DHL, Saha had come to trust Masud and often assigned him to work on priority HR projects, under his own overall supervision. The two had also recently been collaborating on DHL BD's search for a suitable HRIS, that is, till the RO put a stop to that search with its own suggestion.

It was on the morning of January 15, 2001 when Masud was called into his boss's office for an informal meeting. It started with a joint assessment of where the HRIS project was heading. DHL BD had already short listed 2 vendors locally after looking at the different options available. These two vendors would be available for giving a demonstration of their offerings within a week of being told to do so. However, there was also the alternative that the RO had asked DHL BD to consider; the Pakistan

HRIS. Saha moved on to say that that the RO had now set a date for the project meeting in late February. In this meeting, DHL Pakistan would demonstrate its HRIS to the RO and other countries in the region. It hoped to persuade other countries that this was the right software solution to their needs.

"In fact Masud, I would like you to attend the meeting on behalf of DHL Bangladesh. You have worked on the project professionally and enthusiastically so far, and I feel you are more than ready now to take this up on your own. Besides you are obviously much more adept in using computers than I am. I am always here to support you in the project in whatever way I can, but I want you to take responsibility for the project from now on. Are you confident of doing the job?"

The news hit Masud as a surprise, but he recovered quickly to say yes. He was confident in his own ability to do the job. The only thing that concerned him was the required support from the top management, and Saha had already assured him of that.

"In that case, Masud, here is the file for the HRIS project. You have already worked with me on this, so there is nothing new here that you need to be briefed on." With that, the direct responsibility of the HRIS project was transferred to Masud.

The HRIS meeting in Karachi was held in February 27, 28 and March1. The managers of DHL Pakistan briefed the participants on the system. They also gave them user training on its different functionalities. Masud recalls

"Pak HRIS was complicated software which required a lot of familiarization to be comfortable with. Though the DHL Pakistan HR employees appeared comfortable with its use, it seemed to me that this software required a lot of first

hand work on it to become proficient. The biggest surprise that had, however, was that Pakistan HRIS did not yet have any User or Technical Training Manuals".

Once operational, it would link all HR activities under one central database that would provide information for all HR activities. However, it would require a great deal of customization to be brought up to DHL BDs requirements. DHL Bangladesh and DHL Pakistan were very different in terms of size and operations, and thus their requirements in terms of HRIS requirements reflected that.

DHL Bangladesh and DHL Pakistan: Differences

DHL Pakistan was roughly double the size of DHL Bangladesh, both in terms of revenue and employees. Its operations were also much more spread geographically- Pakistan has approximately 7 times the land area of Bangladesh. Besides, the roles of the HR department in the two countries were somewhat different. Pak HRIS was customized to suit its needs, and in many cases, these were quite different from Bangladesh's needs.

The differences in HR practices were directly related to what the HRIS was supposed to perform in the two countries. The process of calculating gross salary, for example, based on basic pay and other allowances were very different in both countries. In Bangladesh, total salary was fixed first, and then divided into 60% as basic salary and 40% as allowances. In Pakistan, on the other hand, the basic salary was first calculated, and then 40% house rent allowance and 10% transport allowance later assigned. Thus during the meeting, the system could easily calculate the salary of a person in the DHL Pakistan style; however, there was no way it could calculate the salary as required for

DHL Bangladesh. There were other major differences as well. In recruitment, DHL BD often recruited temporary or fixed term employees, who weren't eligible for many of the company's benefits. Pak HRIS did not have any provision for these staff-all employees were treated as regular employees, and this affected their payments and benefits. In terms of training, DHL BD kept a database on training imparted to all people since they joined the company; in DHL Pakistan, this was maintained only for up to 3 years earlier. Because these options were hardwired into Pak HRIS, they could be changed only from the designer side, not by the user. What this meant was that the software would have to be modified considerably by its designers in DHL Pakistan before it could be useful to DHL Bangladesh. Also, if after its adoption, there were any changes in HR processes in DHL Bangladesh (for eg, a new allowance of 10% was introduced), the whole system would have to be customized once again from the technical side. That, in effect, meant that it would have to be sent to DHL Pakistan for further customization.

Throughout the meeting, the Pakistan team had assured the visiting delegates that their technical team could make the required changes to customize the software to the needs of the various countries. If an application designed by DHL Pakistan were to be adopted on the regional level, it would be a major boost to DHL Pakistan's standing and influence within the region. It would also increase chances for DHL Pakistan staff(especially from the HR department) to move to the regional level. Bruce was highly impressed with the software, and he let the others know about it. As long as DHL Pakistan kept its part of the bargain, he was confident that this was the system on which the region could be standardized. Masud recalls Bruce saying

> *"The Pakistan team has done a fine job in designing this software and I thank*
> *them for it. I can see that they have put a great deal of thought and effort in*
> *designing it. Based on the demonstration that I have seen, I am confident that it*

can be modified to suit the purposes of all countries of the region. The only question I have is whether DHL Pakistan can provide the level of technical support that would be needed by the other countries."

DHL Pakistan officials assured Bruce that the they would make sure that all the required customizations were done on time, and that they would provide the required technical support to other countries. Based on the enthusiasm that Bruce had shown for the software, as well as DHL Pakistan's assurances of support, the visiting delegates from the other countries expressed similar confidence in Pakistan HRIS.

Masud however, had a few reservations about the system that he had seen. Though he didn't share these with the other visiting delegates, he let his boss know about these on his return to Dhaka. Firstly, the system costs, including training and traveling for team members, would be much more expensive than if it was purely local. A local system would cost below 5000 USD; Pak HRIS would cost an estimated 100,000 USD, to be split 4 ways among the participating countries and the RO. DHL BD had to spend 25,000 USD for the system. The management of DHL BD would probably approve such expenditure, but it would represent the HR departments biggest cost outlay for the year. To put that into industry perspective, DHL had about 50% of the air express market in Bangladesh, more than that of Fed Ex and UPS combined, and this would be by far the largest investment into an HRIS in this industry in Bangladesh. Secondly, many customizations would have to be made to bring it to Bangladesh's needs. These included changing how the salary was calculated, providing greater 'history' of records, changing how benefits were disbursed among different grades of employees, a provision for temporary employees and inputting DHL BD's recruitment process into the HRIS. This list was not exhaustive, but gave an idea of the major

changes that needed to be made (from the designer side, since these were hardwired into the system). Thirdly, since the changes would be made in Pakistan, DHL BD would to a large extent become dependent on them for technical matters, with no direct authority over them. Fourthly software documentation, both on the user and on the technical side, was inadequate or non-existent. DHL Pakistan would have to provide this documentation before the HRIS system could be implemented.

Lastly, Masud had noticed an interesting detail that DHL Pakistan had an IT specialist devoted solely to maintaining the HRIS. This probably indicated that the HRIS system needed regular upkeep, but of course, that was just speculation, not a known fact. DHL Bangladesh had IT specialists for different systems as well, but there were much fewer of them- 3 IT specialists supported about 15 core IT applications in DHL Bangladesh.

These issues were communicated by Saha to the DHL Regional Office. The RO got in touch with the Pakistan office to discuss these problems. It took about a month for RO to get back to DHL BD about this. According to them DHL Pakistan had assured them of their commitment to support the program in the participating countries. The changes that needed to be made would be worked on in Pakistan, after DHL Bangladesh had provided the complete list of all the customizations and changes that it would need. Once the changes were done, the remodeled software would be shipped to the participating countries, where the local staff would install it.

The Decision

By this time, it was already October 2001. Given the still uncertain situation of the HRIS project, Saha asked Masud for his recommendation. " It has been your project

almost from the beginning. At this crucial juncture, we need to decide on a broad level what we need to do about it. Should we even continue with it? Should we drop the whole idea and go for a local vendor? Should we get the Pakistan people here to try their luck in installing it? Should we refer this to regional office? Give me your recommendation with reasons by the end of this week."

Masud knew that this was going to be a tough recommendation to make. Dropping the whole Pak HRIS was certainly an idea worth considering. It might not live up to its potential in DHL Bangladesh. There still were local vendors willing to do the job of designing a suitable HRIS. On the other hand, a lot of time and money had already been spent on this project. Foreign trips by employees were a high expenditure item, and a great deal of time had also been spent on it in discussions by the HR staff in DHL BD, their constant communications with the RO, and their occasional contacts with DHL Pakistan. Would it not be better to continue with it, and keep solving the problems as they arose? After all, this project had serious regional office backing. Another option was referring the situation to RO for its recommendations. This would always be a defensible action. RO after all, had a big hand in the project. It had been done before though, and despite promising support, there was little that RO had actually done to ease the situation.

Whatever recommendation he made would have major ramifications. There was the future of the HRIS project to consider for sure. Should he also consider the future relations between DHL Bangladesh and the Regional Office, and between the different countries of the network? How would this decision affect his own career at DHL?

No obvious solution jumped out to Masud as he looked out of his window into the winter sunshine. "What do I tell my boss two days from now? And how do I support whatever recommendation I make?"

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APPENDICES

UPS: Worldwide Facts

Founded: August 28, 1907, in Seattle, Wash., USA

World Headquarters: Atlanta, Ga., USA

World Wide Web Address: www.ups.com

Chairman & CEO: Michael L. Eskew

2002 Revenue: US$33.5 billion

Employees: 357,000 Worldwide (317,000 U.S.; 40,000 International)

2003 Delivery Volume: 3.4 billion packages and documents

Daily Delivery Volume: 13.6 million packages and documents

Daily U.S. Air Volume: 2 million packages and documents

Daily International Volume: 1.3 million packages and documents

Service Area: More than 200 countries and territories; Every address in the US

Customers: 7.9 million daily (1.8 million pick-up, 6.1 million delivery)

UPS.com: 115 million hits per day on UPS.com, including an average 9.1 million daily online tracking requests

Operating Facilities: 1,748

Delivery Fleet: 88,000 package cars, vans, tractors, motorcycles

UPS Jet Aircraft Fleet: 266

Chartered Aircraft: 316

Daily Flight Segments: Domestic: 972; International: 873

Airports Served: Domestic: 385; International: 466

Air Hubs:

United States: Louisville, Ky. (Main US Air Hub); Philadelphia, Pa.; Dallas, Texas; Ontario, Calif.; Rockford, Ill.; Columbia, S.C.; Hartford, Conn.

Europe: Cologne/Bonn, Germany

Asia Pacific: Taipei, Taiwan; Pampanga, Philippines; Hong Kong; Singapore

Latin America and Caribbean: Miami, Fla., USA

Canada: Hamilton, Ontario

Data Source: www.ups.com

Fed Ex Facts

Headquarters	*Worldwide:* Memphis, Tenn.
	Asia Pacific: Hong Kong, China
	Canada: Toronto, Ontario
	Europe/Middle East/Africa: Brussels, Belgium
	Latin America-Caribbean: Miami, Fla.

Principal Officer David J. Bronczek, President and CEO

FY03 Revenue $16.5 billion (restated to include FedEx Trade Networks)

Workforce More than 136,000 employees worldwide

Daily Volume Average of 3.1 million shipments daily

Service Area 215 countries, including every address in the United States

Air Operations   378 airports served worldwide

Air Fleet   643 aircraft, including:

44 Airbus A300-600s	17 Boeing DC10-30s
51 Airbus A310-200/300s	27 Boeing MD10-10s
2 ATR 72s	5 Boeing MD10-30s
19 ATR 42s	42 Boeing MD11s
19 Boeing 727-100s	10 Cessna 208As
94 Boeing 727-200s	246 Cessna 208Bs
39 Boeing DC10-10s	28 Fokker F-27s

Delivery Fleet   More than 42,000 motorized vehicles

Operating Facilities   877 stations (679 domestic; 198 international) and 10 air express hubs:

Asia Pacific:	Subic Bay, Philippines
Canada:	Toronto, Ontario
Europe/Middle East/Africa:	Paris, France
Latin America-Caribbean:	Miami, Fla.
United States:	Anchorage, Alaska
	Fort Worth, Texas
	Indianapolis, Ind.
	Memphis, Tenn. (SuperHub)
	Newark, N.J.
	Oakland, Calif.

Dropoff Locations   1,129 FedEx World Service Centers

6,275 FedEx Authorized Ship Centers

41,892 FedEx Drop Boxes (including 4,982 U.S. Postal Service

locations

Data Source: http://fedex.com/us/about/today/history/2