



University of Wales
Trinity Saint David

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	ANG, Arthur Wing Kai	Student ID number:	2019402
Programme:	MBA		
Module:	Human Resources Management		
Module code:	HKBM 7007	Contribution to Overall Module Assessment (%):	50%
Lecturer:	Dr Leo Ho	Internal Verifier:	Dr Terence Li
Assignment Title:	Assignment 2	Word count (or equivalent):	2,500 words
Submission deadline:	1. 6 Dec, 2020 (Ethic Form)* 2. 4 Jan 2021 (Report)	Return date of provisional marks & written feedback:	20 working days after submission
Remarks	* ONLY apply for those select using INTERVIEW - Students must complete and submit an Ethics Form (enclosed) before interview. Please observe the above-mentioned due date. - Ethics Form submission to Lottiefung@hkma.org.hk		
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one-week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
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HKBM7007 Human Resources

Assignment 2

Programme: MBA

Student Name: ANG, Arthur Wing Kai

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Dated: 23/12/2020

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Executive Summary

Globalization and advancements of expanding business is a trend to start thinking about the benefits of making new markets to attracting new customers, economics of scales, establishes multi revenue streams and offering brand opportunities.

Along with these challenges, many of the companies will also struggle with HRM incl., staff recruitment, compensation and benefits & training and development etc.

Therefore, the purpose of this report is to evaluate and foreseeing the act when business expansion will led different HRM challenges and upgrading local HR team into an international HRM on talent management.

Both companies will have similar issues, such as: talent attrition, company moving plant to Southeast Asia to keep the company responding to competition as well restructuring for better cash flow control.

Talent management is to increase their performance, aiming to motivate, attract and retain employees to make them perform better. In addition, the report will show how talent management can help in different disciplines.

Companies Background

Tonly Electronics Holdings Limited (HKEX: 01249) established in 2000. They are mainly in the ODM business in the field of video, audio, acoustic and smart home products and their products are sold out globally through clients. (Tonly Electronics Holdings Limited, 2020).

The group has a solid cooperative relationship with many well-known international, domestic consuming electronics and internet brands.

They have a strong product management and R&D teams with more than 500 employees, over 75% professionals with bachelor's degree incl. 20 masters and doctors for technical pre-research, audio and video product development to achieve cost-effective and mass production, in order to provide one-stop integrated solution of audio and video, electro-acoustic, intelligent products and other products to the cooperated partners.

Figure 1. (Tonly Electronics Holdings Limited, 2020).

Wise Ally International Holdings Ltd. (HKEX: 09918) provide one-stop solutions to global companies since 2010 under the Defond group.

They are an EMS provider which offers complete turnkey solutions with contract manufacturing services of multi-functional modules, electronics assemblies and finished products in different product categories, incl.: printed circuit board assembly (“PCBA(s)”), multifunctional modules and finished electronic goods, vapour products, appliances, commercial controls and HVACs (heat, ventilation and air conditioning) .
(Wise Ally International Holdings Limited, 2020).

In further, their designers and engineers have the knowledge and expertise to create a secure and user-friendly end device solution to maximize customer value.

Figure 1. (Wise Ally International Holdings Limited, 2020).

Tonly Electronics Holdings Limited	Company Name	Wise Ally International Holdings Limited
Non-HK (China)	Based	HK Company
SZ, China	HQ	HK
2000	Established	2010
Consumer Electronics	Industry	Consumer Electronics
9,200 +	Employees	1,500 +
Office, Sales Reps: SZ, China, HK & Worldwide; Factory: CN + Vietnam	Footprints	Office, Sales Reps: HK & Worldwide; Factory: DG, CN + Malaysia (Partner) + Vietnam (Planning)
ODM, Audio-visual products	Major Businesses	EMS, Vapour products, appliances, commercial controller & HVACs
8,146,641	Turnover (\$)	980,844
1,095,479	Gross Profit (\$)	226,191
268,746	Net Profit (\$)	33,390
Remark: Units: Thousand (HKD) Figure 1.		

Challenges

Smartphones, laptops, smart speakers, routers, and countless home IOT products are often in a competition where price is a factor. (Chen, 2020).

In recent, mainland China’s cost of production had increased rapidly and with 25% identifying to consider moving their factories to Southeast Asia due to the increasing environmental pressure for the foreign multinational companies.

More importantly are many people assume the business environment in Southeast Asia is excellent for foreign investors and they are seeking to offset the commercial risks, especially the highlighted of the tariff's which affected to the mainland China. But they do have risks of development bottlenecks, a less efficient workforce, weaker supply chain links, and stronger labour movements as for their concerns.

For HRM, they will likely to be consider to provide strategic direction and focus within their overseas subsidiaries, to fill up the skills gaps, complete projects, operational requirements, and the following identify needs:

- Recruitment and selection
- Training and development
- Talent management
- Culture differences
- Compensation and benefits
- Performance evaluations
- International Labour environment etc.

Both companies are facing challenges. Especially they are facing the attracting and retaining high quality employees in the long run for their companies as originally each of them had a plant in Southeast Asia and now one of the companies would like to expand another new plant in Vietnam. The advantages in Southeast Asia is that they are business friendly than China and their wages is 1/2 less than China. Also, Vietnam is a political stable country without any involvement in domestic or international conflicts.

Scope

In general, both companies are keeping up with market changes and responding to competition. They are planning to expand their production facilities in Southeast Asia, upgrading the production facilities at their existing plant in PRC and strengthening the research and development (R&D) capabilities for the development.

For individual issue like Wise Ally International Holdings Ltd., they employed approximately 1,500 (2018: 2,600) employees. For CY2019, the Group's total employees benefit expenses amounted to HK\$195.4 million, representing a decrease of approximately 23.2% from HK\$254.5 million for CY2018.

This is because of simplifying the design, modification their assembly out of china by having partnership in Southeast Asia and pulling it into new technologies with automation to reducing the labor cost. This encourage them to do fast moving to relocate their plant or partnership by sharing the resources.

Hence, the Group experienced a material decrease in revenue for first half of 2020, largely due to the unprecedented Coronavirus ("COVID-19") pandemic, which affected many countries such as the PRC, the U.S., the United Kingdom, the European Union and other major countries of the world, where their major customers (the largest customer: 27.9% and top 5 largest customers combined: 69.0% of the group's total sales) and suppliers are located. (Wise Ally International Holdings Limited, 2020).

For Tonly Electronics Holdings Limited, they had a year-on-year growth rate of 160%, and the market size was approximately US\$15 billion which shows that 120 million True Wireless Stereo (TWS) headsets were shipped globally with a rise in the market share.

On the other hand, they have an overall attrition rate of 16.1% this is due to the carried out a series of human resource management work focus on the business development strategy of "transformation and entrepreneurship" by technological innovation, through vertical integration of the supply chain and strategic layout overseas to commit becoming a one-stop solution for smart audio and smart IoT products.

This is to improve the efficiency, deliver products to customers quickly and ensure customer satisfaction. This fact is to let them plan ahead to ensure their cash flow and financial challenges is making the best use of it and to improve the company's labour costs and empower the process by using automation or assembly level relocation to Vietnam. (Tonly Electronics Holdings Limited, 2019).

Both are well-known companies with experienced management (15+ yrs experience). The problems and opportunities worked yearly ago might not be the best approach or to avoid mistakes but could have made the business into the ran for creating sustainable growth in the future by doing proper restructuring and good cash flow control.

Analysis

Most researcher's shows that a high percentage of employees leave their company within a year because of the company simply cannot attract, developing right skills, training for expertise and helping them grow within their organization system.

Both companies had developed a training plan for its employees to ensure that employees are properly trained in different locations and also adopted a "share option scheme" for their talented employees due to attrition, company plant strategy to Southeast Asia and restructuring for better cash flow control.

Further details:

Tonly Electronics Holdings Limited	Company Name	Wise Ally International Holdings Ltd.
- Overall attrition rate 16.1%. - Improve supply chain and strategic layout in oversea. - Improve company's labor costs.	Issue(s)	- Company restructuring from 2,600 (2018) to 1,500+ employee (2019) due to business on downstream, relocate plant / partnership in Southeast Asia. - Putting automation in plant to reduce labor cost.
- Revise remuneration policy Distinction employees / Sr. management: Benefits as long term with share option plan and share rewards. - "Continuous learning and growth" for talent employees	Company Action(s)	- Revise remuneration policy General employees: With annual bonus which incl. insurance, discretionary bonous on individual performance. Distinction employees / Sr. managements / adivsers / consultants / diectors:
- Employees retention. - Workforce engagement, such as: motivated, performing well and more likely to stay. - Provide tracking progress training for talents growth.	Pros	- Employees retention. - Workforce engagement, such as: motivated, performing well and more likely to stay. - Provide training for talents to increase their performance
- Larger investment in development. - Challenge to manage team of top talent may result in underperformance. - Knowledge management needs to be planned in place. Right role in right department.	Cons	- Hierarchy benefits - Only retain best talent, may lead company with slower growth. - May cost more if end up needing to hire specialist.

Figure 2.

Tonly Electronics Holdings Limited, recognize their employees are one of the valuable assets and aimed to continue establishing a caring environment to its employees and emphasize the personal development of its employees. Therefore, they had carried out a series of human resource management work for efficient selection and key training as a method of “Continuous learning and growth”. They will provide employees a traceable training plan with development on improvement of personnel efficiency and professional ability of individuals and teams.

Other than that, they reviewed their remuneration policy on a regular basis with performance of individual employees. Share options are granted as long-term incentive plans, including share option plans and share awards. It is based on achieving the set of goals and is closely linked to the performance of the Group.

The long-term reward plan of the Group aims to reward employees with outstanding performance. The benefits or rewards will only be awarded in a certain period of time to encourage senior management or employees to continue to perform outstandingly and bring long-term benefits to the company. Figure 2.

Wise Ally International Holdings Ltd has adopted a remuneration policy which is commensurate with job nature, qualification and experience of employees, to provide annual bonuses and employee related insurance benefits, discretionary bonuses based on individual performance plus operating results of the company and they will be reviewed periodically.

The Group also has a “share option scheme”, including to directors, distinction employees, advisers and consultants as a benefit in order to align the interests and retain to keep employees for longer.

Based on the purpose of both companies, they are similar to ea. other and we can see that they would like to retain employees, increase their motivation and performance to stay with the company for longer-run in two different environment conditions. Figure 2.

And their disadvantage as below:

Tonly Electronics Holdings Limited will need to invest more for talent employees as no hierarchy since every employee is their valuable assets. However, challenges will come to their management level. They need to have well defined strategic planning and knowledge as a bunch of creative and talents are in the organization. Therefore, right people in the role are important to form a strong productive team.

Wise Ally International Holdings Ltd had a hierarchy benefit based on 2 different levels, such as: general employees and potential / management level or above. They will only retain the best talents in the company and lead with slower growth as more of the employees are talented, not top performers. If they need a skilful specialist it will end up more cost to hire from outside with a lower loyal professional.

Recommendation for solution

Short-term/long-term are not a battle between good and bad. While looking towards the future, companies need sufficient agility to meet current talent needs.

In general, most of the skills and company knowledge are current, they will be ready to contribute right away and recommendation as below:

	Short Term	Mid Term	Long Term
	- Outside hiring - Internal referral - Exit interviews / Focus group	- Change management (Make immediate & public changes) - Leadership development	- Develop internal talents - Compensation benefits differences per location, such as: remuneration policy & share options - Rebuild data pipelines - Examine internal culture and evaluate your competitors - Feedback from employees, make changes and share them out
Pros	- New comers can help motivate and obtain new opportunities - Initially by finding out the problems and what existing employees have to say to increase their retention rate - Re-build the trust, talk out the issues with staff what they have by schedule a meeting - Less pick up time for internal referral and they are familiar with its	- Respond quick can have good impression to staff - Create new outlook for improve decision-making and communication	- Improve the Return on Investment in developing Employees - Increase retention directly with compensation benefits - Improve predictive, identify employees motivations and find more opportunities - Don't just find the problem but need to fix them and make employees to see the effort
Cons	- Outside hiring will take longer and more cost. Also damage their morale with less chance for promotion - Professional hiring from outside may have risks as less automation expertise in Southeast Asian	- Leadership development can be costly and disappointing if poorly planned or executed - Lack of expertise for leadership development	- Costly on building data info., trainings and benefits - Strategic planning and execution

Figure 3.

Talent on demand gives employers a way to manage their talent needs and make good in development, a way to balance the interests of employees and employers, and a way to increase the level of skills to the company.

Ideally, mid and long-term solutions will have a better resulting as they are mainly with strategic planning and more chance to create win-win benefits to everyone. Its challenges are costly on leadership development, trainings, creating data pipeline and it needs a longer lead-time for success as their plan incl. essential components of talent management strategy. Figure 3.

Further for the leadership and training development they must have a tailor-made plan as location difference will create culture and work environmental different and also to control the training time to maintain fresh.

Nevertheless, China and Vietnam also have differences on their compensation benefits. Most of the Chinese employees prefer housing, daily meal but Vietnamese prefer rest break/coffee time, day meal, “red packet” bonus and carer leave if they have these benefits from the company, they will retain in the position for longer because they likely feel unqualified or lacking in essential skills. However, if the Chinese are working in a foreign company and once they are on the job up to half year then they will try to switch to a better paid job, being not loyal to anyone.

For short term, it tended to be a band-aid and it is a quick fix to a problem that needs a more robust solution but cannot be waited. In this case, putting something in place is better than nothing, but a formal process should be following up afterwards.

Internal referral and exiting interviews/focus group is kind of understanding the act needs from employees and do a quick fix to immediate increase the employee engagement. However, the disadvantage of it will be not the best route to fix the problem like hiring outside will have longer training time and most cost, potential will damage other employee's morale with less chance for promotion. Figure 3.

Stakeholders

Everyone in the company is a stakeholder and should be able to have a say. Both companies are multinational, and it should be aligned and included in the global HR strategy.

Below as ref. to ea. stakeholders expectation:

- CEOs and senior executives – company benefits and secure backing

Their goal is to improve workforce productivity, so it has a positive effect on the company's strategically and profitability. Also, in public trade then the value of its stock will be increased. In addition, usually they are the secondary stakeholders, similar to the manager which relies on employees co-worker's expertise to improve their own performance. (Mayhew,2020).

- Managers – make it easy to manage people

As a direct manager, they have decision-making power and can authorize the daily work of the team to obtain their approval and support. (Mayhew,2020).

- Employees – create visible, proactive and collaborative experience

Employees are the largest users of the global HR system and should be involved at the beginning. HR implements job skills training, employees are primary stakeholders because the training directly influence on their ability, productivity and some cases on their confidence and earning capacity. (Mayhew,2020).

- Local HR departments – share responsibilities and practices

by finding out what knowledge and best practices are already available in different markets and geographies that can be used for global HR and shared with other regions and countries. Also, to make them feel as a team in the global HR strategy too. (Mayhew,2020).

In overall of my case study, the CEOs and Sr executives are the most beneficiaries from the restructure by implementing the talent management for key success and also the relocation in Southeast Asia and manufacturing plant for automation system as to create profit with better cash flow for their business goals. Offering top talent a chance to grow and the procedures and tools to ensure the business interests achieve across the organization.

Conclusion

Talent management rarely happened naturally and we need to stop assuming HR had covered it. We need a strategy plan to tailor-made alone. Only this can acquire and retain top talents and gain a competitive advantage in the businesses.

It is an integral component of an organization's strategic vision. It helps to define processes to help reach business goals and cover all the area of employees.

Quick wins can boost and provide immediate ROI and momentum but proper planning and road mapping will help to ensure that long-term initiatives, identified and implemented.

To gain the big use of talent management we need to be considering with long term solutions by having the right system and planning is essential. This could be contributing right people in right position, retain top talent, help to understand employee's needs and shaping their future and improve the communication on culture and staffing between different discipline. However, we need to understand long run could be expensive in terms of time, resource and costs. Therefore, there will be a risk of less supporting from company or line managers and drawback with conflict against HR and management by not reaching the proper agreement.

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