

LEVEL 7 ASSESSMENT SPECIFICATION

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Academic honesty / referencing:	Academic honesty is required. In the main body of your <u>submission</u> you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

**How companies from similar industry react on
staff recruitment when undergoing international
expansion.**

Introduction

Companies from around the world benefit from the new technology, the globe seems getting smaller and thus they can explore for new business opportunities with less geographical and time constraints, and they can develop their business cross-border and becoming globalized. Abdullah A., Boyle S. and Joham C. (2011) notes that, for the last twenty years, globalization has given opportunities for more and more corporations to expand their market share, with reduced costs and enhancing global accessibility by setting up their cross-border regional headquarters. However, this also applies to its competitors and competition become more and more significant between peers. (Islam A., Jantan A.H., Choo W.C and Hashim H., 2018). However, the decision of whether to send companies' staff to the designated country as expatriate or directly hire talent locally becomes a crucial to the success of development in overseas. There are many factors that need to be taken into consideration when making final decision to use expatriate or recruit locally. Usually, companies may choose from either expatriates or recruit

locally, but both of the means of staffing will have its advantages and drawbacks.

Therefore, before go in depth to finalized whether to choose between using expatriate or recruiting local staff, the understanding and differences of what is expatriate and local recruit is essential for further discussion.

How Local professionals benefits the international explorers?

Stevenson (2017) has precisely spotted a few points of how local recruitment benefits a foreign company expanding in designated region.

Understanding the local market practices and culture:

Stevenson (2017) notes that local staff understand the culture as they have been living in the region mostly since he/she borne, that means they can spot potential taboos or problems easily and alleviate or solve the problems with comparatively shorter time. Consequently, productivity will be improved and thus there will be financial loss caused by such problems, if any.

Language Fluency and can ability to utilize local resources

Many a times, recruiters of the foreign company and those doing the hiring duty

are easily got hung up on whether the employee speaks the language native to the company. For example, a Hong Kong company may favor an Putonghua, Cantonese or even English-speaking (an more international language in usage) expatriate over a local one even if the local candidate has got qualification or capability outstanding the other candidate. language barrier will make you missing the chance to hire the best candidate.

Cost comparison between hiring expatriate and local candidate

Usually, the cost of hiring an expatriate can be as much as two-three times more than that for a local candidate. The costs include but not limited to everything normal salary, relocation costs, language and cultural training. Those costs are not only for the expatriate, but also the expatriate's family because, for example companies need to provide benefits for expatriates' children, if any for the education as those children cannot enjoy the welfare from the local governments including education. Moreover, Rahim S.A. (2012) also states that apart from basic salary, the allowances, benefits and Foreign Services Inducement and/or Hardship

Premium may cause the cost for sending expatriate even more higher. However, Zhu C.J., Cieri H, Fan D. and Zhang M.M. (2017) suggested that the use of innovative technologies in expatriate management will significantly change the landscape of the global mobility and international assignments in terms of recruitment, communication, pre-departure and post-entry expatriate training, home country support, and decision-making of international assignments, and the like. For example, the use of innovative technologies will foster global recruitment and increase the flexibility of hiring. It will also foster the pre-departure and post-entry expatriate training when most employees have a smartphone with internet access. In addition, the use of innovative technologies enables MNEs to obtain accurate data for decision-making in international assignments.

Encourages diversity

Hiring local means diversifying the staff from different regions. It also gives a company a chance at growing business abroad since those local staff understand the costumes and the expenditure pattern of the region and can implement a more

effective strategy to boost up the business .

What are the drawbacks of not considering getting expatriate involved?

Stevenson (2017) had also raised points for disadvantage for not hiring

expatriates and advised some potential consequences:

Choice of candidate with the required job skills will be limited

There may be a chance that you may not hire a candidate that with required skill or knowledge for the job. Although, alternatively companies can still get local employees and giving relevant training to achieve the needs, the extra development and training cost may even higher than just hire a expatriate with suitable job knowledge and skill.so that That doesn't mean a company can't hire local and then train the new workforce.

There may be clash of the company's values with only the local staff are hired.

There may be clash of some values and common practices of the company with the country of origin that the employees might not agree. For example, Standing at the cashier is normal in Japan but this may be give an image of torturing staff in Hong Kong and thus cause the problem.

Staff recruitment in international expansion to Emerging Market – Bangladesh logistic market

Bangladeshi logistics industry develops and expands drastically with the significant growth of e-commerce in the country. Thus logistics players, usually startups, from local or overseas, looking this as good opportunities and landing on this land by raising capital and entering the market by either setting up the regional headquarters or by means of merger and acquisition.

Hyderabad and Gateway M. (2022) mentioned that logistics is the bread and butter of e-commerce. E-commerce is the backbone and the logistics is supporting activities. Delivering products to customer after the order is made as quickly as possible, accurately to the designated customer on time can make the e-commerce company a competitive in the market. This is the essential customer service for an e-commerce company. Of course, a smooth delivery for customer is necessary. Post-purchase customer service is indispensable for maintaining the customers' loyalty. Of course, product quality and authentic products are also important. However, if logistic companies make delivery wrongly, the forementioned effect will not take into place.

Therefore, logistics is one of the determinant factors in e-commerce success. Only faster delivery can no longer be good enough to become a feature of an e-commerce company, but it can help to build and maintain customers' loyalty. As such, logistics is a winning factor on vigorous e-commerce competition.

Overseas logistic companies rush in the Bangladeshi markets

Such a potential market will, of course attract, many start-ups to come to aim to take the lion share of the market. LaLamove Hong Kong (2022) announced in August 2022 that The Hong Kong based Lalamove, commenced in 2013, started its operations in Bangladesh, one of the fastest-growing and densest economies in Asia and Lalamove landed on the capital city Dhaka as the first stop in Bangladesh.

According to its Chief Operating officer, Mr. Paul LOO, Lalamove partners with driver partners in Bangladesh to provide three types of delivery options including motorbikes, cars and 1-ton trucks and all are already in service, while another type of vehicle, the Compressed natural gas cars (CNGs) was not available but now available in service. These are conveniently-sized transport modes that are suitable for timely

deliveries in such a busy city that comprising complicated road networks with many lanes and streets. By matching driver partners to designated customers, Lalamove in this way unlocks more opportunities for the local drivers as they can be more flexible to take up the order and in turn make more earnings. At such a operating environment, expatriates may not have clearing understanding of the country even the complicated land transportation system which is essential for developing logistic business, and understanding Bangladeshi driver partners working pratice. Moreover, p.204,

Abdullah A., Boyle S. and Joham C. (2011) also reveal that Bangladeshi people are more on the culture of collectivism and thus they prefer group-based benefits plans as incentives rather than individual performance bonus; they also put more trust on what their top management decision on how to distribute the reward to each of the employee, even there may be unequal reward sharing. Therefore, Rader R.

(2022)Lalamove choose to hire actively for positions including important positions like managing director in Bangladesh.



Lalamove (2022)



Maritime Gateway (2022)

Before the expansion of Lalamove from Hong Kong, another Indian logistic startup, Delhivery, also enter the Bangladeshi. Delhivery, has used acquisition as a way for expansion and growth of its business in Bangladesh. Delhivery decided to keep this

development strategy in Bangladesh for now, the company is in the midst exploring more acquisition opportunities in the future to ensure its competitiveness in the Bangladeshi market. In fact, Delhivery has a track record acquired another logistic company Spoton Logistics, although the acquisition is local, it reveals Delhivery's staffing strategy is not recruit employees by itself, but acquiring the company to obtained the target's talent. Moreover, the top management can just delegate the recruiting duty to the Bangladeshi regional office because Mani D. (2018) Bangladesh has a large youth population of 19% are between 15 to 24 years old and a rapidly growing economy. This give a good source of energetic labor force and thus it will be easy and spend less to hire the employees, and as the drivers are mostly in the mode of partnership, the cost spent will also manageable. Abdullah N.N. and Anwar G (2021) states that although a highly selective recruiting process is beneficial for picking the correct candidate who can fulfil required job requirements, with necessary abilities and experience, which fit well into the job duties, while making sure that

those hired candidates obtained abilities and qualities to face dynamic culture and ever-changing environments.

What common challenges will a company faced when expand internationally in human resources context and how to deal with it?

As this kind of startup on one hand needs IT-logistics professional for operating the online delivery system and professional, on the other hand, these logistic companies need to hire very local drivers who are well understand the complicated road network in the city, Dhaka LaLamove Hong Kong (2022), and Bangladesh is an Muslim country, the International Human Resource Manager (IHRM) upon recruiting and selection, especially hiring local Bangladeshi needs also to take the religion into account so that it will not impact their values and can cause serious problem.

Fortunately, the guidance from Quran (can be treated as “Holy Bible” of Islam)

IHRMs have to carry out the “right personal strategy”, which eventually affect the trust and dedication to the organization . If the candidates are selected based on

favoritism from the recruiter and not because of his capabilities and suitability, people

will come up with the thought that the IHRM is of skeptical and unfaithful (Abbazi & Zarqan, 2019). The Quran also mentioned that in order to make sure the selection of the most suitable candidate, the Islamic method should be considered to select the best fit applicant (Gheraout, 2017).

Conclusion

Traditionally, multinational corporations (MNCs) would set up their branches or regional headquarters, directly report to the headquarters and thus the IHRM will stay at the headquarters; Bouquet C., Hébert L. and Delios A. (2022) their wholly owned subsidiaries and expatriate are preferred by MNCs competing in industries where required capabilities must be developed through, high levels of professional skills, specialized knowledge, and customization with also easy accessibility with end customers.

However, due to globalization, Abdullah A., Boyle S. and Joham C. (2011) and different cultures upon international expansion, companies Schuler R. S., Jackson S.E. and Tarique I. (2011) suggested that the major focus of IHRM

was on maintaining and managing a sufficient number of highly talented employees (or “valuable contributors” including C-suite executives, those with high potential managers, and those with very specialized skills) to deal with the challenge of the global talent shortage in ever-changing future competition. (Beechler and Woodward, 2009, Guthridge et al., 2008).

However, if all the recruiting and selection is to be done by IHRM, the turnaround time may be too long and potential talent or candidates will choose another one (usually competitors) and you may eventually lose your competitiveness in the market because your target talent is sitting at the office of your competitors; Moreover, if you are hiring the staff with comparatively basic job skills, this will be too time consuming. Therefore, at the international expansion stage we can do in the way that hiring the talents of staff by acquiring the companies with similar business model. It will be more effective. But we have to consider a number of obstacles when carrying out international expansion through merger and acquisition (M&A)

so that can minimize the negative effect derived from such M&A. First,

Andrew O. Manzini and Gridley J.D. (1986) states that the leave of necessary

employee or talent, especially of those senior executive, professionals, and skilled

worker most demanding in the job market. Meanwhile the personnel problems that can

prevent a merger from achieving its stated objectives—where those objectives include the

continued prosperity of a new organization and improved profitability:

- The lost productivity, especially in the acquired company, resulting from layoffs or

the employees who fear of layoffs, lost autonomy among managers, and the shock of

unexpected change in the organization. Leadership struggles and dysfunctional

jockeying for position in the new organization, where companies' planning has been

not enough or poorly communicated and management succession plans lag behind the

merger by months or years.

- Unexpected financial obligations incurred by the acquiring company as a result of

underfunded pension plans and other employee benefit plans that were not analyzed

thoroughly in advance of the merger.

-The skills and talents of managers and other employees turn out to be only superficially suited to the needs of the new company, and have been created more by company-specific factors than by industry-wide or functionally generic training and experience.

-Accommodation scheme of the merged companies with different objectives, reward employees on the bases of different criteria, and are perceived as unfair by those whose salaries and benefits are reduced or remain below levels that prevail in the merged partner.

Last but not least, morale problems that increase absences and lateness, reduce working efficiency, and impair decision making, at least until the new company has established itself in the minds of employees as a reliable employer with a clear corporate mission, and once again provides a sense of permanence and security to workers.

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