University of Wales
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LEVEL 7 ASSESSMENT SPECIFICATION			
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Remarks	* ONLY apply for those select using INTERVIEW 1. Students must complete and submit an Ethics Form (enclosed) before interview. Please observe the above-mentioned due date. 2. Ethics Form submission to Lottiefung@hkma.org.hk		
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Academic honesty / referencing:	Academic honesty is required. In the main body of your submission 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.		

Executive Summary

As for HRM management company expansion from oversea to Hong Kong has become trend in recent years. From the statistics analysis from the Legislative council, the number of offices set up in Hong Kong by foreign/Mainland companies, in year of 2019 the number of offices setting up Regional headquarters have 1541 in numbers, while for Regional offices have 2490 in numbers, for Local offices 5009 in numbers, in total have 9040 of office. (HK Legislative Council, 2020)

We would like to do an academic research base upon two international companies expanded to Hong Kong. This research will mainly focus on the topic of Recruitment and Talent Management. With the relevant research will focus on how international expansion has lead to changes on HRM management of these two companies.

For the above study will take the research methodology of interview HR manager of the two companies and with literal research for performing the whole study. It will have the scope, analysis and recommendation result.

Company Background

Company X

The First research company X is an international enterprise of the insurance and finance service industry. Their mother company is located in United State, with the company main business is locate at Asia Pacific Region and have expand to more than 18 countries for the business. It was first founded in year 1919 and the original founder of business established the first agency at Shanghai of Asia Pacific. (AIA Group Ltd, 2019)

The company X become a listed company on the Main Board of the Hong Kong Stock Exchange Limited in year of 2010. As the third-largest IPO ever globally at the time. At 2013 the company completed the full integration of the business in Asia Pacific region. (AIA Group Ltd, 2019)

Company X provide long-term saving and family protections through offer products including life, medical, and saving insurance. They also provide employee pension services for business clients. Serves more than 36 million individual policies and 16 million members of business scheme. (AIA Group Ltd, 2019)

According to the Annual report from Company X, the Operating Profit after Tax (OPAT) at 2019, HK and Macau branches accounts for 33% of group, approximate value of about 19.31 billion US dollar. Thailand takes up 19% of OPAT. Mainland China accounts for 18% of group OPAT. Singapore takes around 10% and Malaysia takes 6% of the group. Remaining 14% of OPAT comes from different countries. (AIA Group Ltd, 2019)

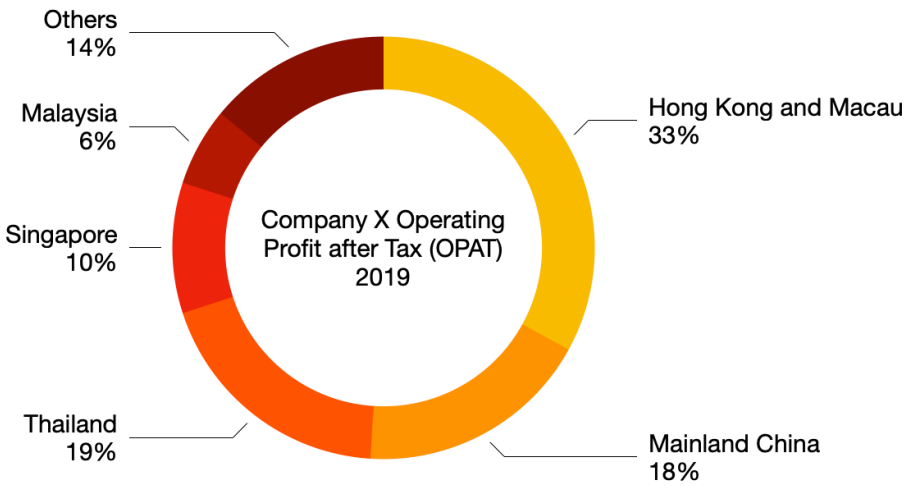

Fig. 2 Company X Operating Profit after Tax (OPAT) 2019 of Asia Branches
Source : Company X Annual Report 2019

Company Y

The Second Research Company Y is an international enterprise of Insurance and Financial Service. The Headquarter of the mother company located in the London, with Hong Kong as the Asia Pacific Headquarter. The mother company group of Company Y has four subsidiaries under the main group, with Company Y as one of the subsidiaries with main business in Asia Pacific, and have expanded up to more than 15 countries' market. (Prudential plc, 2019)

For the Adjusted Operating Profit by Region in 2019 in Asia Pacific region has reached up to $3,276 million of pounds. The Hong Kong market accounts for 23% share of total Asia market operating profit. While Indonesia accounts for 17% of the market, with Singapore takes up to 15% of the profit, Eastspring takes up 9% and Malaysia takes up 8%. For Vietnam and China both accounts for 7% of the profit. The remaining countries has accounted for 14% of the company Asia Pacific region Adjusted operating profit in 2019. (Prudential plc, 2019)

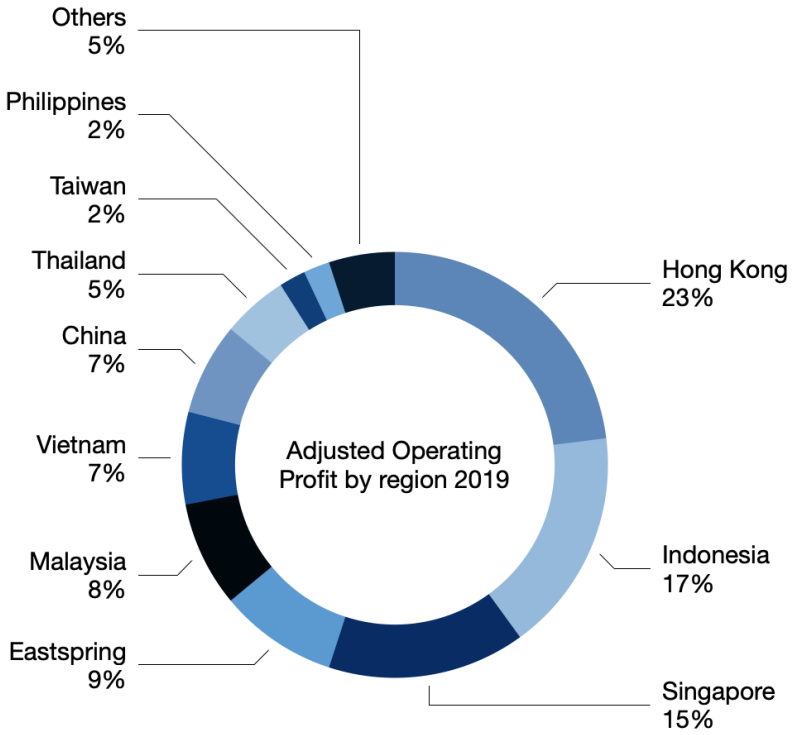

Fig. 3 Adjusted Operating Profit by region in 2019 in Asia Pacific
Source : Company Y Annual Report 2019

The significant growth of 24% on the operating profit in Hong Kong have been experienced in 2019, with the nearby Singapore has 14% of growth rate on operating profit. The overall expansion countries in Asia Pacific experienced growth in 2019. (Prudential plc, 2019)

Challenges

Staff Recruitment

1. Identify Eligible work force for the expanded branches and ensure all employed staff are following different countries regulated bodies requirement
2. The registration and employment procedure are time consuming

Talent Management

3. Alignment of Headquarters and Branches setting up arrangement and assign of suitable position for staff management on management for expanded Branches
4. Adjustment of expanded branches and ensure the operation can maintain in profit and local market

Scope

Staff Recruitment

1. For Staff Recruitment on international expansion, HR faces challenges for managing various countries of eligible work force. The eligible candidate should hold either the country residence ID or work permit visa. Besides they also need to ensure they have taken the required license for operating business for fulfilling the requirement of regulated bodies. (ILO, 2016)

   Both Company X & Y are setting up compliance and legal department for identify the regulation of various branches, with HR managers will have background checking of the candidates (AIA Group Ltd, 2020)(Prudential, 2020)

2. As for handling staff recruitment document, HR department need to handle the tones of application from the branches each day, processing procedure will require to ship the document of register candidate information to the regulated bodies. The whole process is time consuming and easily get human error.

   To simplify the procedure Company X has invent a digital HR system for resolving the above situation. The solution of inventing technical platform of recruitment can resolve the above problems by speed up the handling process and eliminating human errors. And facilitates information sharing between Companies and regulated bodies. (AIA Group Ltd, 2020)

Talent Management

3. For Talent Management, HRM need to have alignment for all countries branches and headquarters with suitable management level and operational staff. The international expansion alignment for the various branches of expansion will require branches report to the headquarters.

   The HRM will usually assign experienced professional from the headquarters to the expanded branches and hire relevant countries' profession for the operational staff.

4. For both Company X & Y have set up the branches, they may need to make adjustment between Headquarters and branches for staff management and providing resources on monitoring their staff.

   They also require to ensure all the expanded countries have attain the performing target business for maintain in revenue. Mainly through increasing the business staff. In order to ensure the operation of all branches attained the required level for maintaining in profit and can align with the countries' market.

Analysis

Staff Recruiting

1. Identify Eligible Work Force

Challenge of identifying eligible work force on expanded branches require familiarize the law of each countries, with identification requirement for regulated bodies in each branches insurance and financial field workers.

For insurance and finance companies, each countries will require specific professional requirement for eligible workers and monitored by professional regulated organizations. Both companies need to cooperate with regulatory bodies of expanded countries to comply with relevant regulations. HR department had to ensure candidates taken professional license exams and qualify for the post. HRM are require to perform background checking for each hiring staff on expanded countries. (ILO, 2016)

For positive impact of above measure can ensure company comply with regulation and rules on expansion and not engage in any illegal employment. The negative impact is time consuming to identify each countries regulations. Possible improvement is cooperate with lawyers and professions of the countries for speed up the screening procedures of the branches.

2. Employment Registration Procedure

For recruited staff onboard, front line and management staff registration procedures will require contract signing process with the company and regulated bodies. From registration to onboard will take for more than 1 month and requires lots of paper work delivery to different department and organization. Which will easily cause wrong information input and human error. (HKIA, 2020)

To simplify the procedure the two companies invent a digital system for resolving the above situation. From candidate information input to contract signing are all perform by the HRM digital system. Besides, some countries regulated bodies are also changing to digital system for registration procedures, simplify the entire onboarding procedures to digital process. (HKIA, 2020)

From the data study from Oracle, 58% of the company now work on more data source of application database. (Oracle, 2017) This can lower down the error rate of the paper works and speed up the application process. However for using digital platform the security will need to strengthen. Potential improvement areas can set up a team of technical securities and maintenance to ensure the digital system will not have information leakage and regular maintenance from time to time.

Talent Management

3. Alignment of company branches and assign suitable position professional

For the alignment of company on global expansion will require headquarters and expanded branches have cooperation on HRM for reporting require staff management and departments of expand business branches. The alignment also need to set up the relevant basic departments on the expand branches with the company model from the headquarters.

For staff management of new expansion branches, the headquarters will usually assign experienced staff from headquarters as senior management level for setting up new office operation according to the headquarters models. While they will select local / oversea professionals for operation and resolving issues of expanded branches. Usually for HR staff recruitment will consider their academic background, working experience and language skills for the ability to manage the new branches.

Company Structure

According to the annual report from 2019, Company X have expansion on Asia Pacific 18 markets, while Company Y have expanded to Asia, European, American countries. (AIA Group Ltd, 2020) (Prudential plc, 2020)

For setting up new company branches of Company X and Company Y, both are following bureaucracy model of headquarter business model structure. They include many layers of departments & management level structurally organize within the company. For both Company X and Y, each expand country branches departments include Actuarial, Business Training and Development, Strategy, Contact Management, Quality Management etc. (AIA Group Ltd, 2020)(Prudential plc, 2020)

For demonstration of one of the department are as follow :

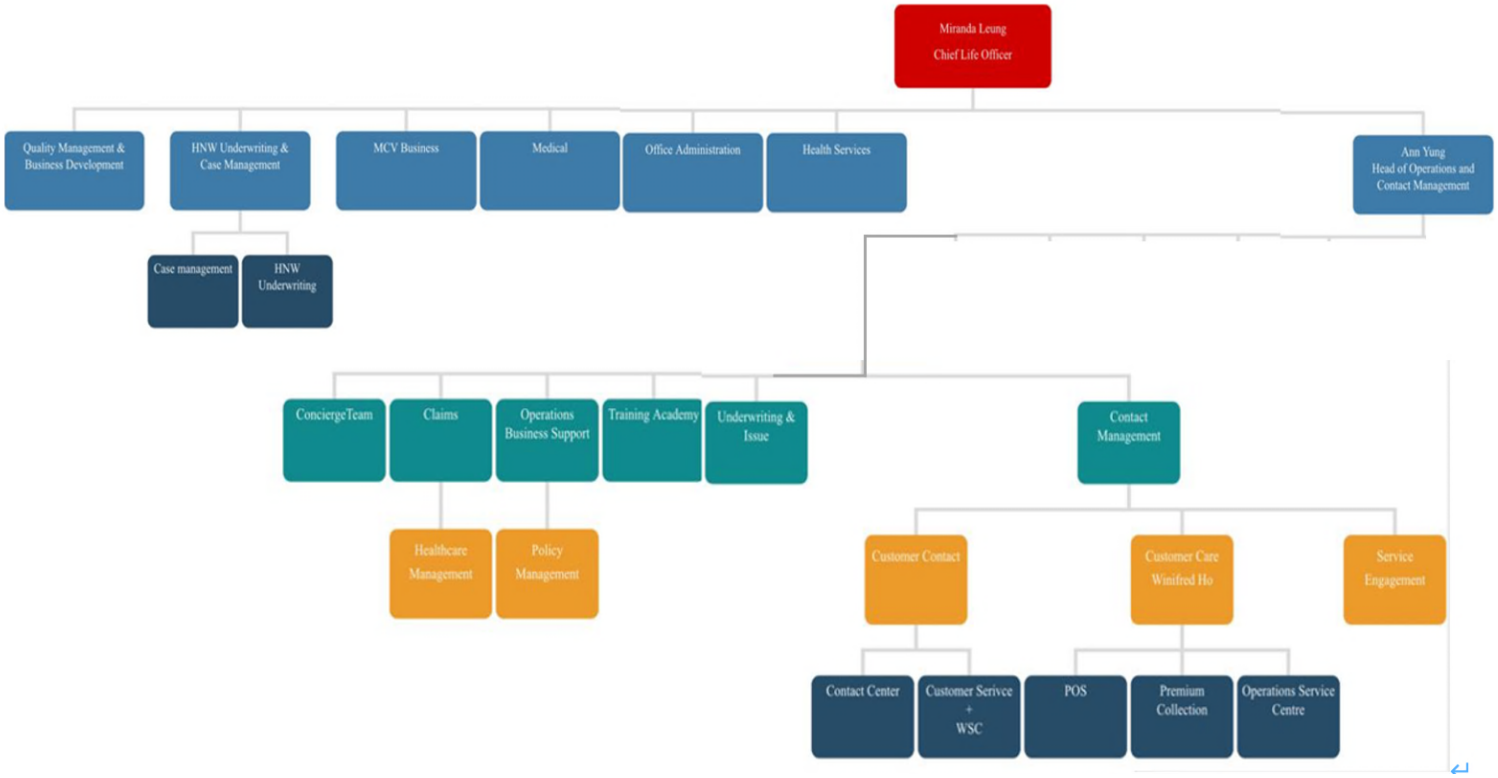

Fig. 4 Operational Department Structure
Source : Company X official website

The positive impact for alignment is for headquarter easily manage of the branches companies operation and staff management situation, for assign of resource and human power. But for negative impact is require for regular update of the expanded branches situation. For improvement areas can be set up digital system for communicate between headquarters and branches. Which can lower the require resource and time for the alignment.

4. Adjustment of the Branches

According to the statistics from HK Legislative council, factors affecting choice of setting up branches include tax system, free flow of information, rule of law and independent judiciary. (Legislation Council, 2019) The adjustment of company branches need to consider the expand countries business market, size of office etc. For staff management need to adjust number of professionals and human power.

To ensure company expanded branches maintain in revenue, for staff management of Company X and Y will usually develop many branches of front-line office for maintain revenue of expand company. While for operational staff will set up core team and work in main office. (AIA Group Ltd, 2020)(Prudential plc, 2020)

According to the statistics of Company X in 2019. The Asia branches of HK and Macau taken up to 37% for value of new business (VOBN), accounts for 16.21 billion US dollar. Second is branch of Mainland China with 26% of company VOBN. Thailand branches takes up 11% of VONB, Singapore account for 8% of new business and Malaysia accounts for 6% of the VONB, the remaining countries branches takes up 12% of new business. (AIA Group Ltd, 2019)

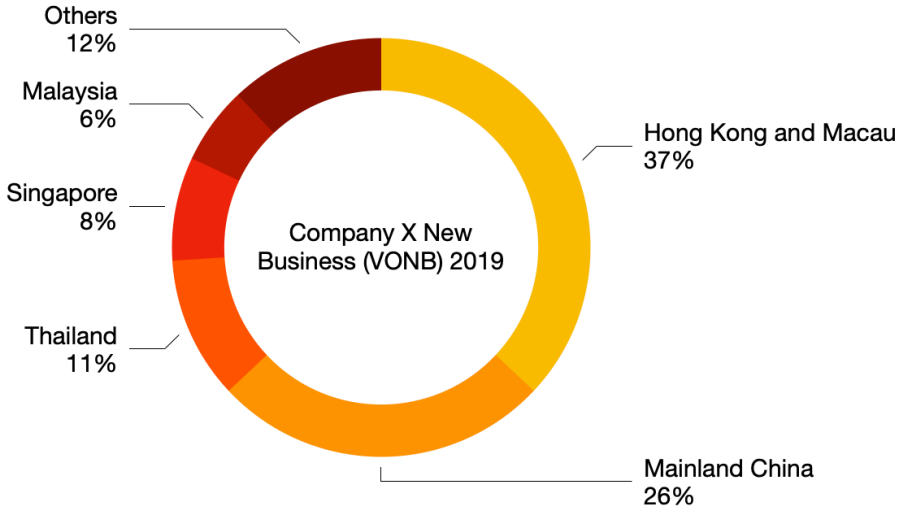

Fig.1 Company X Value of New Business (VONB) 2019 of Asia Branches
Source : Company X Annual Report 2019

With the double digit Value of New Business (VOBN) growth in HK and Macau, Company X has provide more resources for setting up Premier Agency to produce increasing number of active agents with high educational background and working experience. For raising the number of quality services agents for high-end clients business. (AIA Group Ltd, 2019)

The positive impacts of adjustments ensure the branches can maintain in profit while follow company operation order from Headquarter. The negative impact is need to adjustment base upon each countries operation culture and may need to change the management strategy from time to time. Possible improvement can be cooperate with the local business professionals to set up the new company branches.

Recommendations for Solution

Recommendation of Solution

For recommendation on the Recruitment and Talent Management solution include short term, mid term and long term action plan.

For the short term action plan will include implementing Digital system for organizing information data of all Talent management for both headquarters and oversea branches. As for recruitment and staff management, managing the HRM data for all the expanded branches require lots of effort through traditional method. Setting up digital system for organizing data can shorten the time for handling recruitment for all branches and make alignment for the headquarters and branches.

The mid-term action plan will include hiring more expanded countries legal, business professionals on operation. As for hiring more legal and business professionals can speed up and keep update expanded countries regulations and operation business strategy. Besides the expand branches should provide analyze result from the digital operation and staff management system. Continuous reviewing record on Talent Management can align the expanded branches and Headquarter Talent Management situation and make possible adjustments.

For Long term goals will include the transformation of organization management by gathering all the situational and staff management analysis data from the expanded branches and propose improvement plan for the management from headquarters. The progress of transformation will require the management team from expanded branches to gather the new branches management situation, then send back to headquarters for analysis. For transformation can be done when the analysis is complete and make adjustment for new branch management and operational team to profit more expansion business.

Required Resources, Impacts, Pros and Cons

The required resources of recommendation plan will include Technical Teams for setting up the digital management system and hiring professional operational staff on all the expanded branches.

Impacts and potential outcome of the plan can enhance alignment for headquarters and expanded branches on staff management. And can propose adjustment plan base on each branches situation. For recruitment and staff management can become more systematic and eliminate un-necessary human errors. From statistical data, 26% more companies with “Best in class” Talent management programs likely use Performance Management software. Companies with Newly upgraded HR systems have cost saving of 22% per employee. (Capterra, 2016)

The Pros of the plan can enhance the management of staff and understand the situation of the expanded branches on operational and staff management. But the Cons will be require the company to invest a large amount of budget for setting up the digital system and require extra manpower for performing the maintenance and analysis.

Stakeholders

The stakeholders for the recommendations can be the headquarters management of the company and the new branches management levels. Expectation will be facilitate the upper management to manage and communicate the situation of the expanded branches through digital system.

Conclusion

For expand new branches oversea will requires both experienced management and local professionals knowledge. Recruitment and Talent Management are recommend to make alignment with headquarters using digital tools and make possible management adjustment from time to time.

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