



LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	Pang Steven Andrew	Student ID number:	
Programme:	MBA		
Module:	Human Resource Management		
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Lecturer:	Dr Leo Ho	Internal Verifier:	
Assignment Title:	Assignment 2	Word count (or equivalent):	2,500 words
Submission deadline:	3 May 2019	Return date of provisional marks & written feedback:	23 May 2019
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.) Alternative submission method (if applicable): 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.		
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.		

STUDENT FEEDBACK FORM

This section details the *extent* to which the assessment criteria are demonstrated by you, which in turn determines your mark. The marks available for each category of skill are shown. Lecturers will use the space provided to comment on the achievement of the task(s), including those areas in which you have performed well and areas that would benefit from development/improvement.

Generic Assessment Criteria	Marks available	Marks awarded
1. Engagement with Literature Skills	15	
- Critique of the interviews and literatures related to selected Human Resources Management. Refer to literature, text books, current news items and benchmark your chosen organisation. - Demonstrate the high-level referencing skills (Harvard Method System).		
2. Knowledge and Understanding Skills	25	
- Understanding of the business challenges in related to Human Resources Management and highlight the management problem/issue, relevant solutions and discuss what measures should be taken to improve the performance. - Critically evaluate external and/or internal issues related to challenges facing Human Managers in real world.		
3. Cognitive and Intellectual Skills	25	
- Analysis of the findings of the interviews and related articles on Human Resources Management - Ability to analyse the root causes of the issue for further development of possible recommendations - Analytical skill of the data presentation. - Discussion of the findings		
4. Practical Application Skills	20	
Conclusion and recommendation are relevance to the project objectives. - Analysis the strength and limitation of the different alternative suggestions - Conclusion is justifiable and relating to the findings - Recommendation - practical to solve the problem/issue - Results are applicable to business organization		
5. Transferable Skills for Life and Professional Practice	15	
Independent critical strategic thinking skill, writing style, logical flow, structure, communication/presentation style, appendix and referencing (Harvard Referencing System).		

Assessment Mark (Assessment marks are subject to ratification at the Exam Board. These comments and marks are to give feedback on module work and are for guidance only until they are confirmed.)	Late Submission Penalties (tick if appropriate)		%
	Up to 1 week late (50% Max)		
	Over 1 week late (0%)		

Student Self Evaluation Form

Student name:	Steven Pang	Student number:	
Programme:	MBA	Year of programme	2019
Assignment Title:	China: Global integration vs. differentiation by Groupon and Evernote		

This section repeats in brief the common assessment criteria detailed on previous pages. The *extent* to which these are demonstrated by you determines your mark. Using these criteria, tick the box that best indicates the level of achievement you feel you have achieved with regard to each of them.

Common Assessment Criteria Applied	Level of Achievement						
	REFER			PASS		DISTINCTION	
	FAIL	FAIL	MARGINAL FAIL	SATISFACTORY	GOOD to VERY GOOD	EXCELLENT	EXCEPTIONAL
1. Engagement with literature	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	✓	☐	☐
2. Knowledge and Understanding	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	✓	☐	☐
3. Cognitive and intellectual skills	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	✓	☐	☐
4. Practical Skills	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	✓	☐	☐
5. Transferable Skills for Life and Professional Practice	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	✓	☐	☐

PLEASE COMMENT ON AREAS IN WHICH YOU FEEL THAT YOU HAVE PERFORMED WELL		PLEASE COMMENT ON AREAS YOU FEEL THAT YOU NEED TO DEVELOP	
Student's Name	Steven Pang	Date	20190501
Student's Signature	SAP		



**CONSULTANCY
REPORT**

**CHINA: GLOBAL INTEGRATION vs. DIFFERENTIATION BY
GROUPON & EVERNOTE**



EXECUTIVE SUMMARY

China liberalised her economic policies in December 1978 (*News.bbc.co.uk, 2019*), has become very attractive to foreign direct investments, and after 40 years she now hosts many operations of international organizations. These operations face pressures of complying and coordinating human resources (HR) activities amongst head quarters and subsidiaries; undeniably, the standardization (global integration) or local responsiveness (differentiation) way to manage HR in these organizations which is the most dominant paradox and enables HR management to play a strategic role to make these multinational organizations to pursue a global vision, to enhance organizational performance, and to meet the local needs. (*Brewster, Farndale and Mayrhofer, 2018*)

This report employed 2 renowned multinational organizations, Groupon and Evernote, to reveal their international expansion to China. The first 2 chapters are their background: Groupon, a famous e-commerce marketplace connecting local businesses with an audience of people who are interested in getting deals, proven wise in the United States, she was valued over U\$1 billion in just 16 months, the fastest organization ever reached this milestone, and she went public in November 2011 in United States (*Baldwin and Barr, 2011*), however her global accomplishment failed to persist in the China market. Evernote, a Silicon Valley-based information organization application software (app) for taking notes, organizing documents, listing tasks and archiving, has reached a global users of 225 million, (*Evernote, 2019*) Evernote is victorious entering the China market where many eminent brands abortive!

A strategic HR strategy of global integration and the talent-market conditions in China are dissected in Chapter 3. To realize the context and the root causes of the HR challenges and whom the stakeholders being impacted are in Chapter 4. In Chapter 5, a detailed analysis of the HR challenges including positive and negative impacts and identifying potential improvement areas; followed by a recommendation in Chapter 6. Then in Chapter 7 how the recommendation meets the stakeholders' expectation. Conclusion furnished the whole report in Chapter 8, China is a large diverse economy no single approach fits all, by contrasting Groupon and Evernote two entirely different HR strategies, global integration and differentiation, respectively. With the local perspicacity, Evernote has a notable success. The final part is the list of reference readings.

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1) BACKGROUND OF GROUPON

Groupon, a new word created in November 2008 by the founders Mr. Andrew Mason and Mr. Eric Lefkowsky, is a blend of group and coupon (*Steiner, 2010*); this American global organization title well self-explained her business nature that focuses on group buying in a novel approach. Groupon uses social media to attract people together and rounds them up to purchase a same product with the aim of having a collective bargaining power to gain a favourable group discount; this undisputed social discounts leader encourages her customers to share the promotion offers with friends on social networking sites. On the other side, Groupon partners with small businesses offering effective marketing to help these owners come up with featured offers to boost up their sales, and gives these businesses a degree of credibility, also generates brand awareness in a wider scope.

This famous e-commerce marketplace connecting local businesses with an audience of people, who are interested in getting deals, proven wise in the United States, Groupon was valued over U\$1 billion in just 16 months, the fastest organization ever reached this milestone, and she went public in November 2011 in United States (*Baldwin and Barr, 2011*).

Accelerated her swift growth by global expansions, in succession entered Europe, South America, Japan, Russia, Singapore, India, Hong Kong, and Malaysia. In February 2011, Groupon entered China by setting up a joint venture, GaoPeng, with Tencent where Groupon invested U\$8.6M for a 40% stake in the GaoPeng. However, within 7 months, Groupon had accumulated U\$46.4M in net losses with just U\$2.1M in revenue (*Lee, 2018*).

What actually happened?

2) BACKGROUND OF EVERNOTE

Evernote reaches 225 million users; she is the Silicon Valley-based information organization application software (app) for taking notes, organizing documents, listing tasks and archiving, is developed by the same-named organization, Evernote Corporation, which is an independent and private limited company founded in 2007 by Mr. Stepan Pachikov that headquartered in the United States. *(Evernote, 2019)*

This app is cross-platform that can support IOS, Android, Microsoft, Windows, and macOS; Evernote has multi-functions, allows users to create notes which can be formatted text, web pages or web page excerpts, photographs, voice memos, or handwritten notes, these notes can have file attachments and is also cross-devices that can be sorted into mobile phones, iPods, notebooks, and computers tagged, annotated, edited, given comments, searched, and exported. Besides, it is free to use with limited usages; of course, it offers paid plans. *(Evernote, 2019)*

Evernote expanded to China in 2012 by forming a Sino-US joint venture, Yinxiang Biji (Biji); and the ownership of Yinxiang Biji is divided roughly equally between Evernote, the Chinese cross-border investor and the Biji's management team. *(Russell, 2018)*

After a year launched in China, Evernote had 4 million users; and she has claimed that after 6 years China has become her second largest market having over 20 million users since 2018. Evernote recently announced to better approach the China market that she has spun off Biji as an independent entity with full autonomy over operation and management; Biji also announced that Biji would go public in China and continue to work closely with Evernote to inherit the intellectual property and source code. *(Russell, 2018)*

Evernote has succeeded entering the China market where many eminent brands abortive!

3) HR CHALLENGE: INTERNATIONAL EXPANSION TO CHINA

Being multinational organizations, both of the 2 said organizations confront a key challenge that should they be global integration, apply their own values to their Chinese operation, or should they be differentiation, reverse the Chinese cultural context and practices.

Due to the rapid economic evolution of China, she is no longer the board of low labour cost to fabricate product parts or manufacture low-end products primarily for western developed nations. China now internationally is one of the global financial hubs, domestically is still in a sizzling growth which creating skyscraping demand of white-collars so caused a talent-war, foreign organizations compete the same pool of talents with local magnates. Foreign organizations used to effortlessly attract the best candidates, because of general perception of solid career choices that employees enjoyed the foreign organizations' prestige that offered travel abroad, training and development, and some other valuable exposures, such as international assignments; but the stereotype seems to be varying.

The statistics on talent management is misleading since China is not a homogenous entity and she is big and dissimilar, regional divergences with different levels of economic developments; generally coastal or southern regions are higher living standards and expectations than those inland or northern parts, also cities can be classified into 5 tiers, the first-tier city is the highest labour cost, such like Beijing, Shanghai, Guangzhou, and Shenzhen, the second-tier cities such as Harbin, Zhongshan, and Dalian; the third-tier cities such as Zhuhai, Haikou, and Yangzhou, the fourth-tier cities such as Kaifeng, and Datong, and the fifth-tier city is the lowest labour cost, such like Zhangjiajie, Baiyin and Jiayuguan (*Yicai.com, 2017*).

Such talent-war makes demands on HR functions more rivalry, filling jobs with right persons and retaining these persons in right jobs are intricate and multifarious; many temptations defy employee-loyalty causing a high turnover rate, about 25% to 30% (*Nie, 2015*).

4) SCOPE - PROBLEMATIC ISSUES

China maintains her momentum as the largest emerging economy and exhibits big market potential, to certain extent, the Chinese market is even more important than domestic markets for most multinational organizations. This is because of the rise of China's middle class, and willingly this Chinese middle class pursues internationally branded foods and products. Hence many Chinese organizations without international influential brands are seeking to produce goods with those multinational organizations from Europe and America. The best way to do so is to incorporate a Sino-foreign JV in China; the JV allows foreign organizations to use the Chinese organization's geographic advantage, legitimately reducing expenditures while enjoying preferential treatment as foreign investors, it is a good option for foreign organizations; both Groupon and Evernote picked the option. Groupon partnered with Tencent forming GaoPeng in 2011 while Evernote partnered with the Chinese cross-border investors and the JV's management team forming Biji in 2012. *(Russell, 2018)*

Groupon and Evernote used different HR strategies in the China market; Groupon used the global integration strategy, regardless of divergences continues to carry out her standardization while Evernote used the differentiation strategy, exaltation of the local perspicacity.

Groupon staffed her 80 offices with 3,000 employees in seven-month operation in China, most American or Western managers whom could not speak Chinese and culturally insensitive. In the senior management team only two members were Asian and only one was Mainland Chinese. Groupon revealed her one size fit all global staffing strategy that offering substantial remuneration packages especially to those from her competitors. Her announcement really made her competitors infuriated, her competitors then allied to retaliate by affirming that anyone left for Groupon would never be employed by any organizations of the alliance. *(Lee, 2018)*

Evernote is local responsive, trusts and respects her local partners, every matter is tailor-made, not only localizes HR but also branding, promotion, customer services, product features, app version, security and privacy, data centre, and so forth. Biji is separated from Evernote, and becomes independent and sustains a good relationship with Evernote on the technology issues; Biji is arranging to go public in China. *(Russell, 2018)*

5) ANALYSIS

To understand the situations, firstly the selection of JV partners, Groupon partnered with Tencent, a technology giant in China, Tencent had had a number of group-buying portals prior this JV, it is openly an interest conflict, and the size of JV may be important to Groupon but certainly not of many concerns or priorities to Tencent; equally, Evernote partners with a group of zealous investors and management specialists, they attach importance to the JV.

As known, parties from dissimilar countries and regions with different social, political and legal systems plus poles-apart cultures; should not be astonished that would have loads of disparities along with inevitable arguments in management styles, decision making and operation. Groupon merely treated her partner Tencent a figurehead and dominated the JV. Conversely, Evernote gives full autonomy to the JV. (*Dowling, Festing and Engle, 2017*)

Groupon preserved unremittingly her HQ strategies and standards, and totally neglected the local state of affairs. The Super Bowl 2011, Groupon HQ broadcasted a commercial, in which stated Tibetan culture was at risk to disappear but at least Americans could still enjoy a discounted meal at local Tibetan restaurants through Groupon. Such kind of humours overtly offended not only her partner Tencent but also gave herself appalling social and brand images. Selling social discounts is a social aspect. Groupon relies on selling local deals to locals, needs to be local to gratify customers. She needs to be social and makes customers in the mood of being part of Groupon's culture and participated in the Groupon's lifestyle; she lost and ceased in China! (*Lee, 2018*)

On the other side, the differentiation strategy Evernote uses in China is considerate; launching her service in China with a name Yinxiang Biji (印象笔记), which means Memory Note or Impression Notes based on the app functions, not like most foreign brands did, just a translated pronunciation. It is not only a memorable pun into her Chinese brand but also building admirable social and brand images. Her localization strategy includes releasing API for integration with local apps, such as WeChat, Weibo, Duoguo and UC browsers, building a data centre in China, letting customers to freely choose Biji or Evernote international version to use, marketing strategies tailored to the locals with an official blog and Weibo also with content specially targeted to locals, customer services real time on local social media; her customers are proud of using the app. (*Garg, 2016*)

Talents management is crucial to organizational performance; look into another blunder Groupon injudiciously made in swanking her global staffing approach, announced substantial

remuneration packages especially to those from her competitors. Factually it is going on which is of no problems i.e. head-hunters, but cannot high-profile proclaim nor brazenly footstep on your competitors, it truly tantalized her competitors and they allied to a counter-offensive, anyone left for Groupon would never be employed by any organizations of the alliance. Groupon's action is a taboo in Chinese culture which just as smashing 'face'. 'Face' plays a tremendously imperative role in the Chinese spirit. As a result, Groupon could only establish herself as an American organization by hiring an American team. The formation of the senior management team had only 2 Asians and one Chinese Mainlander, lack of local involvement made Groupon difficult to get thru the market especially local connections no Chinese speaking senior managers. Reckless expansion under such an intricate facet, Groupon set up 80 offices and hired 3,000 employees. *(Lee, 2018)*

Partnering with a local organization would encourage foreign investment to adapt to the Chinese market; this was totally not the case of Groupon. While Groupon contentedly pulls about 40% margins on deals in her HQ, no one in China can make anything above 14% since the Chinese consumer market is very price sensitive; plus more expensive service with poor social and brand images, it was difficult for her to survive in China. In January 2012, Groupon held an estimated 2.1% market share which was behind 13 competitors. About 18 months after starting her operations, the JV merged with FTuan, another Chinese daily-deal portal which held 5.1% of the market, putting them in the 7th position, and FTuan was also backed by Tencent. After several financial struggles and reforms, now Groupon is only having a name but no reality in China. *(Griffiths, 2015)*

Apparently, Groupon is in conformance with just another afterthought to entering China, and Evernote is attentive and well-prepared herself to penetrating the Chinese market. Evernote accomplishes because she knows how to value and appreciate disparities, respect others, seek synchronized consensus, and work of one mind.

6) RECOMMENDATION

Groupon paid for a costly lesson, nothing really could help out, the old JV is arid plus the prime time entering China is over, also the rivalry is fierce; so not recommend Groupon to re-enter China. For Evernote it is the best resolution, her JV is independent and arranging to go public in China; Biji continues to work closely with Evernote to inherit the intellectual property and source code. *(Russell, 2018)*

Learn from them, some vigilant suggestions for foreign organizations are listed below:

- ✓ Select the 'right' partners. Hereto recommend a due-diligence, on the size, nature, interest conflicts and creditability of prospective partners, should be well-conducted prior to the entry of China.
- ✓ Adapt a meaningful and easily recognizable Chinese name for the products, not just directly translate the pronunciation, doing business in China needs social and brand images, not just a translation of foreign language to Chinese.
- ✓ Staff local talents and get them involve in decision making and operation to make use of the local acumen and push to accomplishment. Money is not the single mean to attract talents, some other motives, such like the foreign organizations' prestige, international assignments, overseas trainings, job rotations, and development schemes, are graduates much value.
- ✓ Differentiate China as a separate locally base in order to success; China is a vast and diverse economy needs extra attention; especially, cultural and regional variations.
- ✓ Give JVs autonomy to build their own business model and operate independent from the foreign HQ. The China market is dynamic and in high-speed transition, so not easy to be comprehended.

7) STAKEHOLDERS' EXPECTATIONS

Groupon is just another scorched case in China; no stakeholders may consider her re-emergence. For the case of Evernote in China, the Chinese government is content to see the achievement of localization and technological or know-how transfers, the general public wishes to buy Biji's shares, Biji is vivid going public, the senior management shall have pressure on the business sustainability, employees are proud of their organization, perspective talents are motivated to join this legend, customers are glad to keep on using Evernote. Evernote is prepared to carry on the relationship with Biji, and continues to support on Biji on technological issues.

8) CONCLUSION

By studying the lesson of Groupon, one-size-fits-all strategy is injudicious to use in China, and the notable accomplishment of Evernote is wholly assimilated into Mainlander Chinese perspicacity; a conclusion drawn that a global expansion is a thorny subject, requires a broader and more strategic view of international HR management to clearly identify the complexity and challenges as early as possible to the senior management prior to the expansion, so the HR specialists should be comprising in the expansion team.

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