



LEVEL 7 ASSESSMENT SPECIFICATION

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Table and Contents

List of Tables and Figures-----	ii
Executive Summary -----	iii
1. Background of the companies -----	1 -
1.1 Company A-----	1 -
1.2 Company B -----	1 -
2. HR challenges associated with international expansion -----	2 -
2.1 Talent Management -----	2 -
2.1.1 Employee Engagement – Problems and Resolutions-----	2 -
2.2 Employee Relationship -----	3 -
2.2.1 Diversity and Inclusion – Problems and Resolutions-----	3 -
3. Strategic Analysis -----	5 -
3.1 Global Integration and Local Responsiveness Matrix -----	5 -
3.2 Different types of cultures-----	6 -
3.2.1 High and Low Context Cultures-----	6 -
3.2.2 Hofstede's Dimensions of Culture-----	7 -
4. Recommendations -----	8 -
4.1 Short-term plan and implementation -----	8 -
4.2 Mid-term plan and implementation -----	9 -
4.3 Long-term plan and implementation-----	9 -
5. Conclusion-----	11 -
6. Bibliography-----	12 -

List of Tables and Figures

Figure 2-1 Actions adopted by organizations	4 -
Figure 3-1 Company A in 4 key operating regions	7 -
Figure 3-2 Company B in 4 key operating regions	7 -

Executive Summary

There are several HRM challenges that enterprises may experience when they become international. Regardless of the organization's origin, they will have human capital issues from their employees due to cultural differences. This report identified the HR challenges through an interview with two companies and analyzed those through the global integration/ local responsiveness matrix, Hall's high/ low context culture, and Hofstede's theory.

We recommended the companies not only to focus on the quick-fixes but also need to implement mid and long-term strategies. That includes adopting new HR tech, restructuring their engagement survey according to the local culture, and developing a new retention strategy that is more suitable for the post coronavirus pandemic world. Lastly, we provided recommendations that are supported by Herzberg's two-factor theory.

Creating a diverse environment in the workplace and maintain a high level of engagement to increase productivity will take time. Adopting these changes will need the cooperation of their senior management, from top to down and from down to top, to provide a positive reinforcement.

1. Background of the companies

This consultancy report is written based on a consolidation of HRM issues from the two companies below.

1.1 Company A

A well established US branded hotel group lately acquired another well-known hotel chain, and they became the largest hotel network. They spun-off a loyalty program as an entity listed in the New York stock exchange, and that program expanded to the Asia Pacific region since 2008, recently it touch-based to Hong Kong and Shanghai. Being a US-based company with eight offices across Asia Pacific, they take Singapore as the regional office, reporting back to the US. Their HR manager said they have been facing different challenges with the multicultural network. The company is undergoing a new strategic planning to combine their Europe and Asia offices as an EMEA region, which further creates more HRM challenges during this transition.

1.2 Company B

A recognized Hong Kong hotel group focuses on investing and managing hotels, and they have 30+ international properties. The company is listed on the stock exchange of Singapore and London. Their hotels feature the Chinese culture where their HR manager shared many HRM challenges when expanding and bringing the Chinese culture to a new region. Currently, they have 13 hotels in Asia-Pacific, 6 in the US, and 14 in the EME region. All offices are reporting back to Hong Kong as their headquarter.

2. HR challenges associated with international expansion

While these two business units are from different origins, they shared similar HR challenges in managing human capital, but they also implemented various ways to resolve those. In this report, we will focus on i) Talent management and ii) Employee Relationship.

2.1 Talent Management

Precisely, the two companies have the same hurdles in driving employee engagement. It's getting more complicated for them to maintain a high engagement level after the company became universal. Research from SHRM indicated that other global enterprises got the same concern, with 38% of the HR professionals agreed engaging employees is their most significant challenge (Society for Human Resource Management, 2017).

2.1.1 Employee Engagement – Problems and Resolutions

Both companies have similar problems from their engagement survey, which impacted their employees' retention rate and productivity (Table 2-1).

Table 2-1 Problems with Employee Engagement

Company A	Company B
Conducted associate engagement survey by Aon Hewitt, although some regions got a high engagement score, they have the highest turnover rate year after year.	The majority of their properties are located in countries with a more conservative culture; the survey's score was usually average in all sections; the result was not reflecting their employees' actual engagement level.

Source: Constructed by the author

They used different resolutions, including training and briefing to their employees before answering the survey questions, working with department managers by evaluating and analyzing the survey result, etc. However, those are quick-fix and standardized procedures demonstrating the HR is executing the process but may not resolve the root cause. Hence, the same problem is happening year after year. Company B even stopped doing the annual engagement survey and changed it to a bi-annual basis.

Their senior management team stepped forward by visiting all regions and shared their company success and vision to their employees during town-hall meetings. Company B formed a committee within Asia Pacific regions called "Engaging better together" to share best practices for their department managers. Both companies are also using different social media platforms to allow employees to share their day-to-day work life and stories within the intranet.

With the coronavirus pandemic, both HR managers foresee the engagement level would be a big hit in the next two years. Since most of their non-operation employees are working remotely, which getting more difficult for the company to maintain employee engagement.

2.2 Employee Relationship

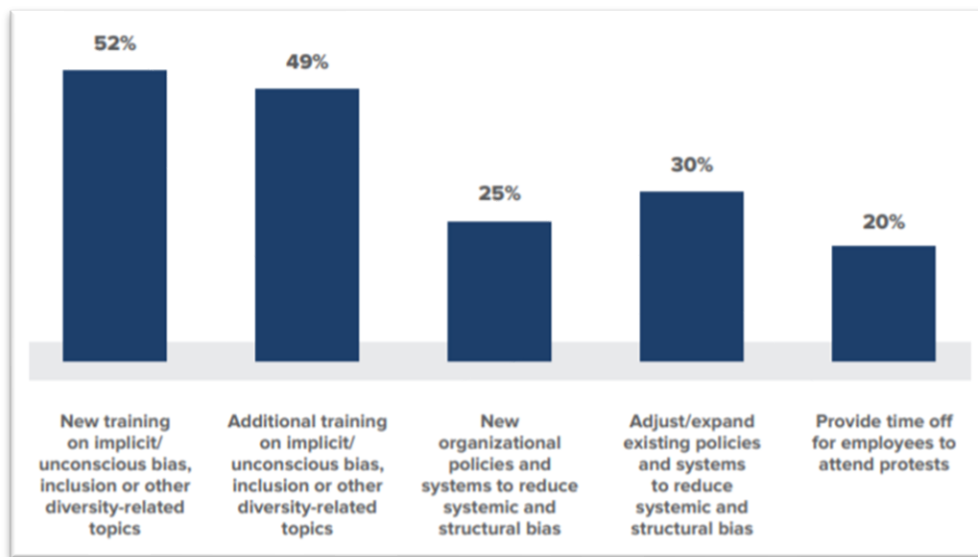
When an organization neglects to manage a diverse, inclusive, and unbiased environment, employee relation issues will undoubtedly arise (Paradiso, 2019). The two companies have their offices worldwide. While their senior management physically stations in the headquarter, they see employee relationships as one of their top priorities in human resources strategies.

2.2.1 Diversity and Inclusion – Problems and Resolutions

Specifically, they emphasize a lot on diversity and inclusion. "Diversity for us is like we will invite everyone to join our party, but they may feel lonely there; with inclusion, we ensure to invite everyone to the dance floor." (Company A). Although they know diversity and inclusion are crucial to their company, they have issues implementing their strategies, and people are usually sensitive to this topic. An interview by SHRM revealed that 38% of the interviewees claimed they are not willing to discuss diversity-related topics at their office (Society For Human Resource Management, 2020).

Both companies adopted similar ways to resolve the dilemma, such as promoting their open-door policy, trainings with diversity-related topics, adding diversity to their company's core value, etc. A recent report described that 52% of organizations did the same by providing new training that promotes diversity and inclusion, and 49% will have more and additional trainings on those topics (Figure 2-1). However, is it enough with just training?

Figure 2-1 Actions adopted by organizations



Source: (Society For Human Resource Management, 2020)

Although they promoted the importance of diversity and inclusion, Company A said their senior management were still not getting much feedback from the ground when they did their site visit despite knowing problems exists. When their headquarter leaders wish to implement a new strategy, diversity may not come to their minds, and they always take Asai Pacific as one country. So their regional HR leaders will need to fine-tune those strategies for their respective regions that do not violate the local employment acts.

On the other hand, Company B encourages their employees to have cross broader exposure opportunities, so they have mixed cultures in all properties to promote the importance of

diversity. However, some transferred employees feedback that they felt they are an outsider being in a new region, so the company is working on increase the awareness of inclusion.

3. Strategic Analysis

The below analysis utilized a variety of tools that verify our findings and guide us to the recommendations.

3.1 Global Integration and Local Responsiveness Matrix

How an organization forms the linkage between its local offices with the international business operation will impact the overall business performance (Devinney, et al., 2000). The Global Integration and Local Responsiveness matrix is a great tool that helps multinational companies to establish and implement their strategies (Stahl & Bjorkman, 2006). The organization's model will directly affect every aspect of HR professionals. There are four global business strategies according to the matrix i) Global Strategy ii) Transnational Strategy iii) Multidomestic Strategic and iv) International Strategy.

Company A is under the global strategy model, where their company's strategy has a high level of global integration and a low level of local responsiveness. It stresses robust connections between the home office in the US and the EMEA region's subsidiaries. The benefit is that the critical strategic decisions can be made centrally within the US, and all subsidiaries would be closely controlled. However, it discourages the local offices' innovation, and it may increase the problems related to diversity and inclusion (Acharya, 2014), which is now reflecting in the HR challenges raised by Company A.

Company B is under the transnational strategy; this strategy has high global integration levels and local responsiveness. It also stresses robust connections between the home office in Hong

Kong and its subsidiaries. Transnational strategy allows a strong relationship between the subsidiaries; the company will have synergies between different offices to drive better performance (Stonehouse, 2004). However, it may create confusion for its employees when the local office has a different alignment with the corporation (Festing, et al., 2007). It also takes a longer time to implement a new strategy in all offices.

3.2 Different types of cultures

Culture can be defined as a set of beliefs, behaviors, values, and attitudes which a large group shares and hands down from generation to generation. A culture isn't necessarily bound by geography, and its subcultures are often defined by ethnicity, geographic boundaries, regions, race, religion, or class (Schudson, 1989).

3.2.1 High and Low Context Cultures

Many theories around cultural dimensions have been developed. Hall's theory questions the amount of context or unspoken background someone needs in order to understand a statement or a behavior. There needs to be a great deal of background in a high-context culture since personal relationships are essential in business. In a low-context culture, minimal context is required since relationships carry little weight, and any necessary background is contained within the communication itself (Hall, 1977).

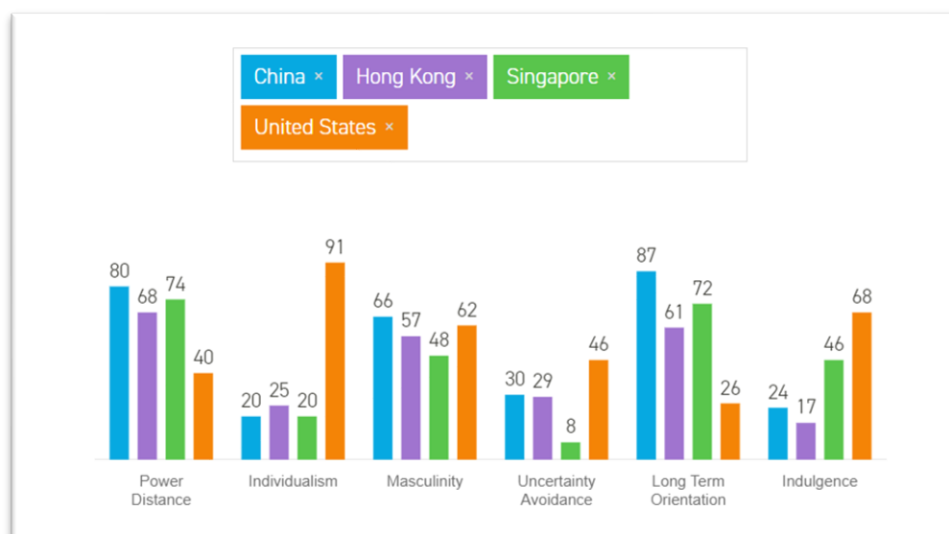
Company A, being a US-based headquarter, they have a low context culture. In contrast, Company B has a high context culture being the headquarter in Hong Kong. There is no right or wrong to both cultures, but when a person with high-context culture communicates with a person with a low-context culture, they will need many commitments and adjustments (Mehta, et al., 2003). It brings the importance of having diversity and inclusion in both companies.

3.2.2 Hofstede's Dimensions of Culture

Hofstede's theory dates back to his research in the 1970s and illustrates the effect of culture on the manager and the person being managed. The theory has multiple dimensions such as power distance, individualism versus collectivism, masculine versus feminine, etc. (Hofstede, 2001)

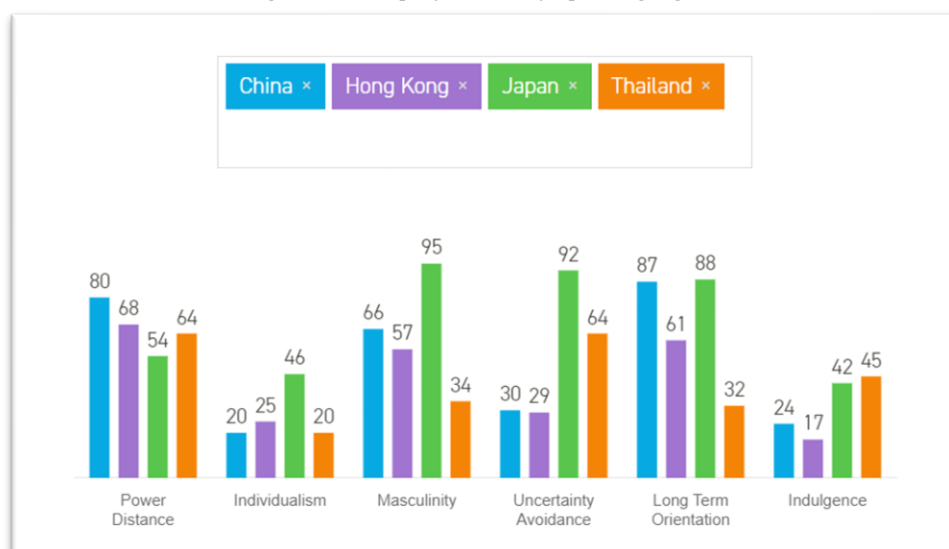
The figures below illustrate the cultural differences between Company A and Company B, within four key regions that they are operating.

Figure 3-1 Company A in 4 key operating regions



Source: (Hofstede Insights, 2020)

Figure 3-2 Company B in 4 key operating regions



Source: (Hofstede Insights, 2020)

4. Recommendations

From the problems raised in Chapter 2 and the analysis in Chapter 3, we understand that both companies face the same challenges, even they may operate under different cultures and different organizational strategies. Changes all start from within. Both companies' strategies are now tactical-reactive, which is a quick-fix to short-term issues; they perform functions haphazardly and fix problems as they arise. We may suggest to implement changes in three different phases.

4.1 Short-term plan and implementation

More quick-fix for both companies could be relooking into the engagement questions in the next 3-month. Instead of using a set of standardized questions across the globe, e.g., Aon Hewitt's survey for Company A, a tailor-made one would be a better option according to each region's culture. The staff from high and low context cultures may have different interpretations of the engagement questions; the same survey system may not apply to all countries unless tailor-made for the culture or a 360 survey.

Both companies may look into retightening their company's vision and mission in Q1 2021. Although some employees are now working remotely due to the pandemic, they must have the same vision and goals. A company's purpose is one of the core components to drive employee engagement. Employees want to work for companies whose mission and vision resound with them intelligently and psychologically (Blount & Leinwand, 2018). However, a survey from PwC revealed that only 28% of the interviewees from international enterprises felt they have a linkage with their company's purpose (PwC, 2019). The same for Company A and B that even they get a good score in the employment survey, but it may not reflect the employees' actual feelings.

To communicate vision and mission to all stakeholders, both companies shall outline their core competencies and create a new effective communication channel for each department manager, especially during the recovery stage from the COVID-19 pandemic. All regions shall ensure all employees' voices are heard and feedback from down to top. All staff shall be allowed to communicate in local languages to avoid language barriers, and then site leaders to translate to the senior management. This is through a centralized corporate structure that requires HRBP, senior management, and the operation leaders to have quarterly meetings and an organizational structure similar across departments.

4.2 Mid-term plan and implementation

In the next 1 to 1.5 years, both companies may start investing in HR tech to reduce diversity and inclusion issues in the workplace, moreover, to work on new HR strategies.

HR tech such as Artificial Intelligence and big data will help HR professionals reduce bias behavior. Companies may further show their commitment to diversity by hiring experienced talent to manage their diversity training (Windley, 2020). Investing in new technology will involve lots of stakeholders from various departments, including resource allocation, but the result will be sustainable with competitive advantages.

4.3 Long-term plan and implementation

Creating employee relations and retention strategies that fit is part of the third phase of the strategic planning process. This is the phase where ideas for the organization's direction are considered along with information on what the company understands about itself and its environment; then, explorer options for getting there are developed (Grant, 1991). The next step is to review the options and identify the potential for success in reaching the desired levels of

performance and risks and requirements. When strategic fit exists, an organization's activities are consistent with its strategy, reinforce each other, and optimize with the strategic goal (Porter, 1983).

One essential issue from a lower engagement level is retaining talents for future success, and especially we need talents for recovery from the virus pandemic. HR plays a key role here by developing and implementing strategies for the region. One of the primary objectives is to ensure employees remain employed and engaged in order to uphold the company's value and increase employee relationships during this challenging period. There are a few retention strategies that are often effective to accomplish these goals:

Mentorship programs - Pairing some potential employees with a mentor is a great component to add to your continuing development for both mentors and mentees. Mentors can offer guidance and create a sense of belongings from helping the juniors. In return, the mentees will have a role model to look for in their career path.

Hiring the right people – With the HR tech implemented in the mid-term plan, not to stop there but further develop the new hires starting from orientation. According to the cultural differences, companies shall begin to build up their global mindset and exposure to diversity.

There are more options in the long run. The purpose is not only to implement strategies for hygiene factors, e.g., job security, compensation, and peer relationships. Companies shall also look into the employees' motivators, such as job satisfaction, recognition, growth opportunities,

responsibilities, etc. Both hygiene factors and motivators will help increase satisfaction, which is also explained according to Herzberg's two-factor theory (Herzberg, 1987).

5. Conclusion

COVID-19 impacts most of our lives, including the way that we do business. In order to have a fast recovery from the pandemic, companies will need to reinforce its strategies that will drive all employees to work towards a common goal, especially for multinational enterprise that they are not only facing the threats within the region, but they have the threats from the macro environment. Senior management shall implement strategies that will work under the new normal. As for HRBP, the HR strategies shall align with any changes in their business strategies. Company A and company B may adopt the new normal, new strategies to sustain their competitive advantages with the recommendations provided.

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