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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.		

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International Human Resources Management Challenges

HKBM 7007 Assignment II

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Contents

Introduction.....	3
Organization health and core values	3
Hearst Magazines International	5
Company Overview	5
Human Resources Management in International Joint Ventures (IJVs).....	5
Recommendations.....	7
Overseas Attachment Programmes	7
Hypebeast Limited.....	8
Company Overview	8
Human Resources Management Approach and Challenge.....	8
Recommendations.....	11
Special Designed Training Programmes	11
“Conversational Intelligence” and Conversation Skills	11
Organic Expansion Human Resources Managements	12
Conclusion	13
References.....	15

Introduction

The idea of International Human Resources Management (IHRM) is organizations that manage their human resources activities on an international level. (Kramar, 2008)

International expansion of companies can encounter tremendous amount of human resources management challenges. The goal of this article is by having the case studies of two international companies; with different methods of expansion. That will allow us to have an idea of what considerations or strategies will be taken individually and differently in these companies, also to identify challenges from IHRM.

In the past decades, the term “globalization” has widespread around the world, especially in the business world. The associate parties to a company have expanded from one single country to several countries that have completely different backgrounds, legal systems, cultures, etc. HR professionals are all driven by the need of maintaining the balance of standardization and differentiation. Respecting the local practices and circumstances but at the same time, to ensure no bias caused due to unfair approaches per country and maintain a certain level of job satisfaction.

Organization health and core values

To strengthen the capability of an organization on a global level, it is important to have a full spectrum of comprehensive techniques, technologies adaptation and human resources that can hardly be simulated by others. These core values have direct relationships to the strategy and the performance of an organization. As measured by Mckinsey’s Organization Health

Index (OHI), the total shareholder returns of organizations with top-quartile cultures are 200 percent higher than those in the bottom. (Asmus Komm, 2021). Therefore, prodigious financial performance is built on the foundation of culture, the health of an organization.

Under the circumstances of international expansion, these core values are important to be well delivered to all subsidiaries to create a synergy globally. In this case, human resources management professionals should constantly ask themselves the following questions. These questions can lead to 2 important areas – talent management and employee relationship that can directly affect the core of the company, as talent and people are the biggest assets.

- How can we create synergy in the organization globally and develop sense of ownership that employees are all knowing they are walking on the same path and aiming the same goal as the organization does?
- Are we protecting the culture and health of organization?
- Are we nurturing and focusing on key talents in each market on a level that can maximize the performance of the organization?

While to fulfill all these questions locally is already challenging for HR professionals and yet we are looking into these on a global level.

Hearst Magazines International

Company Overview

Hearst Magazines International is one of the biggest publishers of magazine globally, founded by William Randolph Hearst in 1887 in San Francisco. Headquarter currently based in New York, the publication publishes over 300 editions for a distribution in over 100 countries. (Hearst Magazines International , 2021) ELLE, Cosmopolitan, Harper's Bazaar, Esquire, etc. are some of their strongest and well-known brand equities among their magazines. Their expansion to Hong Kong was a joint-venture formation with SCMP Group Ltd, while the separate team that manages Hearst branded magazines will functionally reports to U.S headquarter, direct reports to local vice president of regional operations.

Human Resources Management in International Joint Ventures (IJVs)

A board definitions of International Joint Ventures – 2 or more companies joined forces to achieve common goals. With multiple national and ownership structures, IJVs has brought together individual companies with different geographic segmentations. (Zeira, 1987) IJVs is attractive of its benefits that companies are able to share risk and cost, also to gain access to a new market by joining force with an established local company, therefore to avoid going through struggles to identify the market position. While there are so much positive impact to a successful joint ventures process, IJVs also comes with disadvantages that can lead to separation. Cultural difference was a root cause; the adjustment for different sets of approaches and strategies that established 2 or more sophisticated companies will take time.

Hearst Magazines International has adopted IJVs with SCMP Group Ltd. to publish their 4 key title magazines in Hong Kong edition – ELLE, Harper's Bazaar, Esquire and Cosmopolitan. Due to the success of their joint ventures, these 2 companies have been long-term partner since the launch of Cosmopolitan Hong Kong edition in 1984. Hearst has offered a valuable flexibility for SCMP Group, general human resources activities will be handled by a local team. During recruitment or promotion processes, profiles would require to submit to HQ for validation when the position involves in certain level of creativity production process, examples – Content Manager and Editor-in-Chief of the magazines, in order to make sure the aspiration of the talent is reconciling with the company.

The company has committed to encourage both personal and career growth of talent with well-planned development programs and support from leaders. They hope to nurture and would like to grow with their employees (SCMP Group Ltd., 2021). A high level of stability has been provided to their employees and have maintained a low turnover rate, which can be observed from the contributors' lists of their magazines, the names have not been changed for many years but only their titles.

On one hand that the company has maintained a stable environment for employees with steady growth. On the other hand, the company has shown a slow adaptation and reaction to the market. While the creative team has been unchanged for years and no new blood has been brought in for a chance to freshen up.

Recommendations

Overseas Attachment Programmes

To give opportunities for employees to expose themselves in different cultures, company can offer attachment programmes that allow employees to experience cultural shock and learn in another country or headquarter. The stability of staying in the same company and working with same group of people will be too comfortable and an overseas attachment programme can freshen up their adaptability and get prepared for upcoming challenges and changes in this fast pace industry. This gesture will also show that the company values their talents and willing to invest on their personal growth, that the company did not take them for granted because they have stayed for so many years.

Hypebeast Limited

Company Overview

Hypebeast was a sneaker centric self-online blog that founded by Kevin Ma in April 2005, while he was studying in University of British Columbia in Vancouver. With his enthusiasm for technologies, music and gadget, he signed up for Google AdSense as well as a few other affiliate link programs. Starting from there, he realized the clicks did transfer to profit directly. (Business of Fashion , 2021) 16 years later today, Hypebeast has evolved into one of the most significant cultural-driven lifestyle brands; a multi-million international digital media and e-commerce company, one of the debut stock with the best performance in 2016. 6 physical offices are located in Hong Kong, Shanghai, Tokyo, London, New York and Los Angeles. A seven-story tall building will be opening as their flagship in New York City Chinatown in 2022, this location will also be served as their North American headquarter, while the global headquarter remains in Hong Kong, Ma's hometown. (Hypebeast Ltd., 2020-2021)

Human Resources Management Approach and Challenge

Continuous training and development is one of the important commitments from the group. (Hypebeast Ltd., 2020-2021) Digital media industry is in extremely fast pace, especially when the company identifies themselves as the forefront of fashion and culture. Constant update and training will ensure talents in the company to stay relevant to the industry and enhance their performance. Another important commitment from the company is the

competitiveness of the remuneration packages to staff with references to similar positions in the job market locally. Share Option Scheme has adopted by the company, to create the sense of ownership for a higher tendency of retaining talents and in return, a higher performance level from them. It is a very positive scheme that can create synergy to the company and that employees will know that they are walking on the same path as their employer does and aiming the same goal. (Choi Sang Long, 2013)

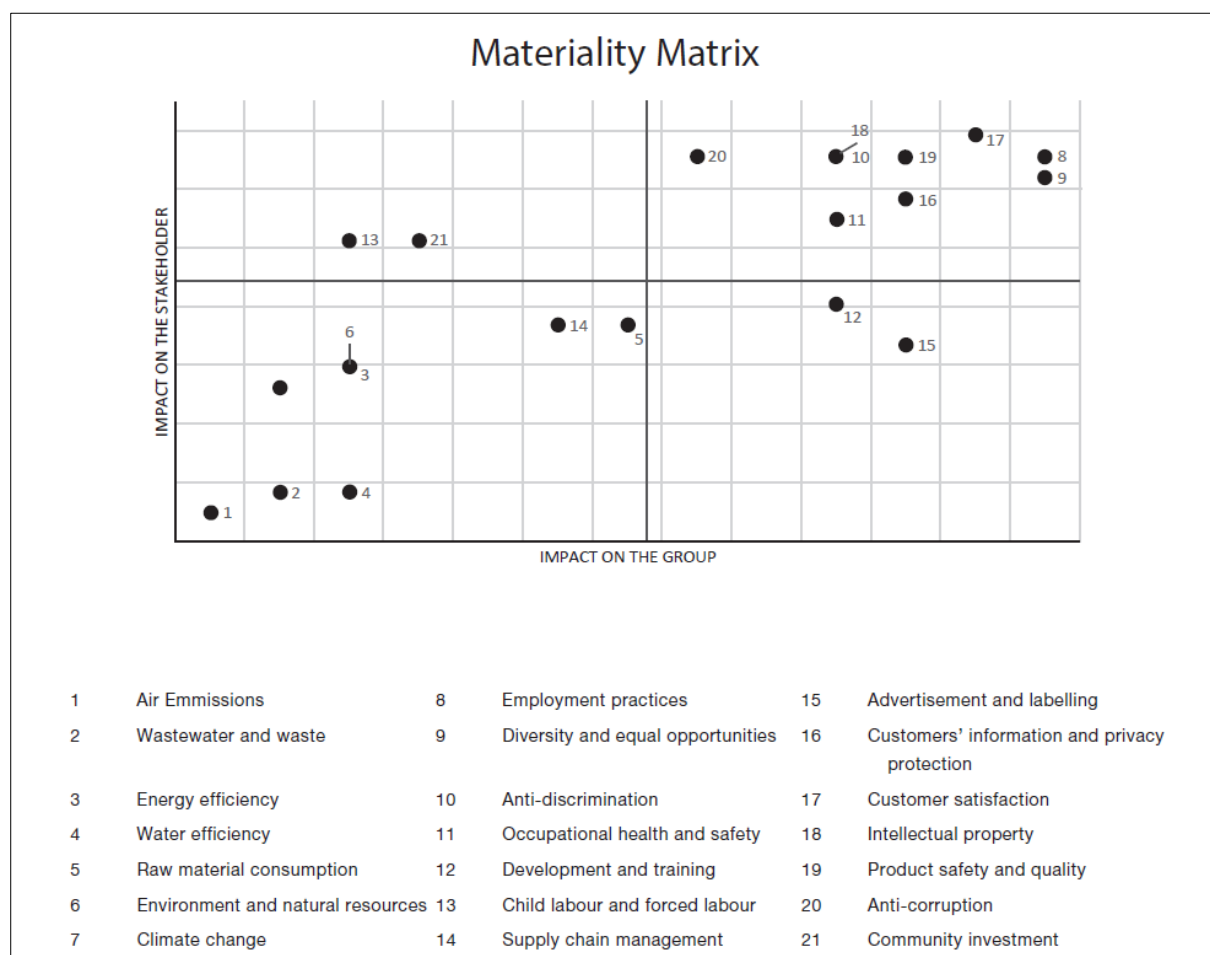


Figure 1 (Hypebeast Ltd., 2020-2021)

The company has developed a materiality assessment matrix, where it measures the importance and direct influence between both stakeholders and business performance. This figure was developed by conducting surveys that engaged with both external and internal

stakeholders of the company. Both employment practices and diversity and equal opportunities have landed on the top right quadrant of the chart. Which the result has shown a direct relationship and importance of these 2 issues to the business of Hypebeast, also shown that diversity and talents have been highly valued by the company.

While they emphasized on their annual report – continuous development and training for talents has fallen at the lower right quadrant, meaning that the impact of this issue was relatively lower to stakeholders than to the company. One core reason of this disparity appeared between stakeholders and the group was the fast expansion through the past decade. Hypebeast has launched 6 physical campuses at different counties on an average of every 1.5 to 2 years per each, the human resources management system was not as mature to cater this velocity of growth. This disparity has caused alienation of their employees globally as they did not have the sense of belonging nor being valued by the company. It has led to a certain turnover rate of mid-level entry positions has been observed from the constant change of names at the same position, ie. Regional Brand Partnerships Manager, Digital Campaign Specialist, etc. while the top management remains stable as most of them have joined the company since its start. With a high demand of creative and innovative talents from the company, development and personal achievements will likely be the top priorities to retain strong, creative and innovative minds.

Recommendations

Special Designed Training Programmes

Consider top talents that the company would like to retain are mostly innovative and creative people. Offering special designed and tailored-made training programmes for individual talents will be a strategy to make them feel special and unique. Successful talent management from a company can direct their talents' behavior in a direction to fulfil the business needs and shape the company culture. (Pratt J.W, 1991) By increasing the intellectual capital of the company will not only be beneficial at current state but moreover, in a long run.

“Conversational Intelligence” and Conversation Skills

“Millennials”, this particular generation were taught to be out-spoken and expressive for their feelings, yet these group of people are innovative and creative as they have been exposed to technologies at a very young age. While half of the employees are millennials in Hypebeast, traditional authority from top management will not be adequate to handle this new environment.

As conversation can be affected by too many factors, especially human emotions and behaviors. It will be difficult to reach a resolution with message discrepancies between the person who speaks and the person who perceives; judgements will be clouded and will lead to dissatisfactions from both employers and employees due to miscommunications. (Heal, 2021) “Conversational Intelligence” or conversation skills training are strategy that human resources management should consider to adopt and focus on.

Organic Expansion Human Resources Managements

Despite the risk of resource commitment, an upsurge of international mergers has been shown in the past few decades due to a better financial return comparing to less resource-laden foreign market entry. On the positive side, organic growth of a company can maintain the management style, culture and ethics. It comes with lesser risk by expanding what the business is good at and easier to control the pace. On the negative side, it can take a longer time to grow and the marketplace might restrict you to grow beyond a certain point as it can be thwarted by competitions, lack of opportunities will be a failure for emerging a new market. (Johnson, 2019) According to (The Economist Intelligence Unit, 2020), a survey of 1,000 HR executives in international expanded companies was conducted in October-November 2019. Focused on 80% of businesses that is currently undergoing expansion and 20% of businesses that have done expansion in the past five years.

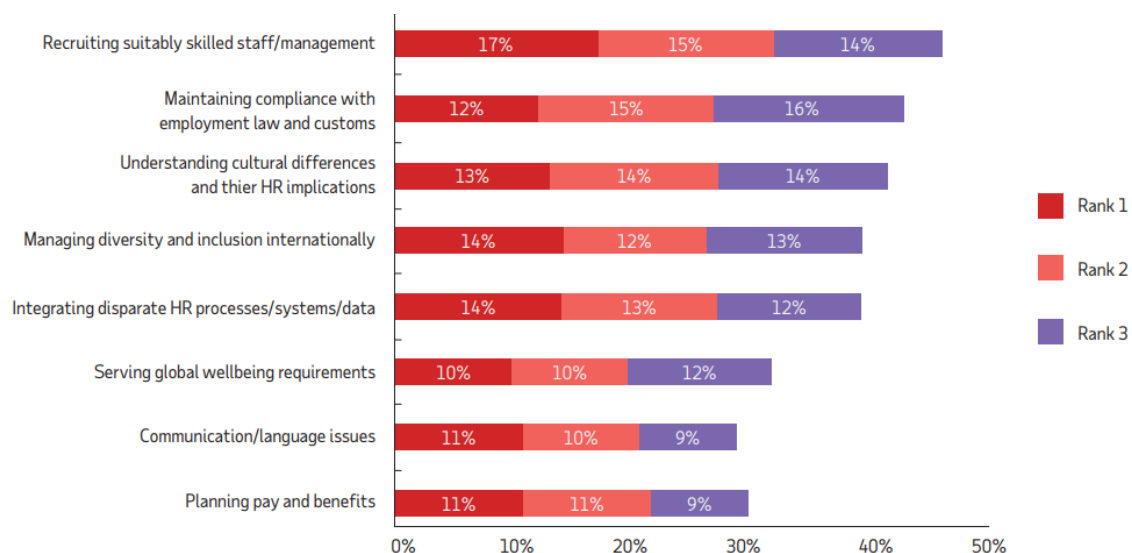


Figure 2 (The Economist Intelligence Unit, 2020)

Referring to figure 2, 46% of the respondents ranked “recruiting suitably skilled staff/management” as their top challenges to perform on a global level.

Conclusion

While moving forward to a post-pandemic era, the past two years have been extremely challenging for human resources management yet remarkable as we are evolving and adapting changes globally. Through experiencing a world with closed borders and limitations for having a presence at situations that we typically did before the pandemic; has fostered us to embrace digitalization and utilize technologies.

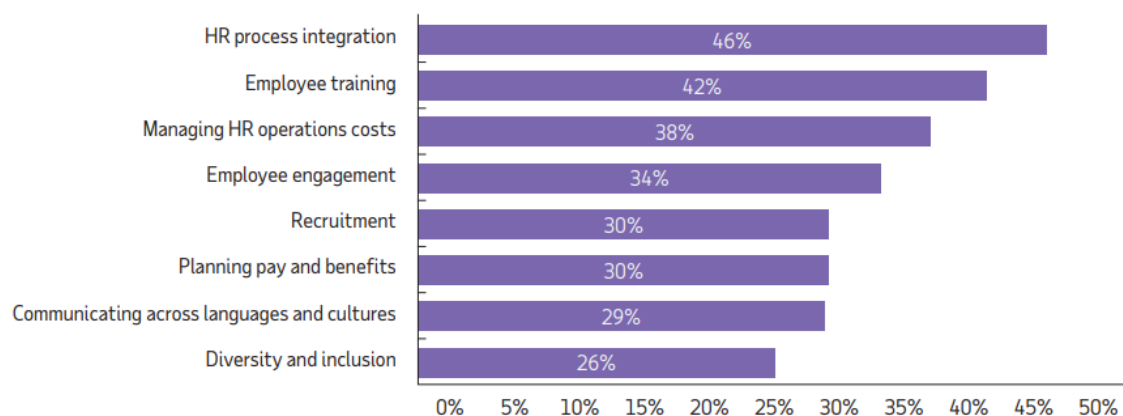


Figure 3(The Economist Intelligence Unit, 2020)

By referring to figure 3, the areas that international human functions that have been most improved by technology, 46% respondents has commented HR process integration as a whole has been the biggest beneficiary . Technologies for HR process integration are time and cost effective and we can foresee more travels will be eliminated moving forward and instead

more systems or technologies will be replaced. Hence, human resources management on a global level will be more efficient.

In order to strengthen the connectedness and synergy of the international organizations, it is all the effort that employers are willing to invest on their employees and employees to return with discretionary effort on their job. Digitalization is not optional in the current environment, IHRM can benefit from reducing time for traveling and other operations, the more HR professionals to embrace and be equipped for this transformation the more competitive and relevant they can be.

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