

# Challenge of Talent Management in International Expansion

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HKBM7007 Human  
Resource Management

Lok Lam Frebie Chan –  
2322643



Submitted to:

Professor Leo Ho

## **Challenge of Talent Management in International Expansion**

Apple, BMW, IBM, Microsoft, Starbucks and other big names are commonly seen daily due to globalisation. These companies not only transform their product globally but also transform their business operations around the world. When a business expands the domestic market for potential opportunities to another country or region it will face different challenges, those five common challenges for international expansion which are language barriers, cultural differences, managing global teams, currency exchange and inflation rates and nuances of foreign politics, policy, and relations (Cote. C., 2020). Also will create disconnection with the headquarter and lose trust in between employee and management (Guthridge M. and Komm A., 2022). Based on these comment challenges to focus on global team management by looking at the BMW group, an automotive industry company. Especially on the expansion to the China market how do BMW Group manage talent sustainability, diversity and attracting high-tech talents. Also compared with another German automotive company to look at the similarities and differences about talent management. Last but not least will be based on BMW Group existing talent management to provide short term and long term suggestions.

Bayerische Motoren Werke Aktiengesellschaft (BMW AG) is an automotive manufacturer of luxury vehicles and motorcycles which is headquartered in Munich, Germany. BMW AG was founded in 1916 as a manufacturer of aircraft engines and today BMW AG expanded to a group business and is not only one of the market leaders of premium cars and motorcycles but also is a provider of premium financial and mobility services. BMW Group is operating over 30 production facilities and sells into over 140 markets by 149,475 employees due to end of 2022 (BMW Group, 2024).

In 2003 BMW Group expanded the business to the China market and founded BMW Brilliance Automotive Ltd (BBA) by joint venture with Brilliance China Automotive Holdings Ltd. (CBA) with around 23,000 employees and connecting with over 430 local suppliers (BMW Brilliance, 2024). In 2022 BBA received the relevant business licence from the Chinese authorities at the same time the joint venture contract was extended until 2040 by adjusting the share from 50-50 to BMW AG increased the share to 75% which has control over BMW Brilliance (BMW Group Press, 2024). Due to today BBA operates production, sales and after-sales services and has a production base in Shenyang, Liaoning Province with two vehicle production plants, petrol engines and high-voltage batteries at separate facilities primarily for the Chinese market. Also has a branch company in Beijing and expanded the R&D in Shanghai in 2023. BMW Brilliance to strengthen the long term collaboration with a partner in China (BMW Brilliance, 2024).

Expansion to the China market obviously is an opportunity, as China's real GDP grew at an average of almost 10 percent per year between 1990 and 2019 and contributed more than a quarter of global GDP growth, and average household income rose from about \$750 to \$13,000 (McKinsey & Company, 2023). However there is also a risk to gain this huge share market, especially in talent. Talent recruitment, talent management across countries are not easy and how BMW Group manages their talent in between Germany and China.

Great talent is insufficient anywhere to retain and attract new talent. The business will need to understand the needs from their employees to increase the employees' job satisfaction.

According to McKinsey & Company (2024) research of the four key factors of employee satisfaction when their company delivers, which are great leaders, great company, great job and great rewards (Figure 1) these factors also attract and retain talent in the company.

% of employees satisfied when their companies deliver

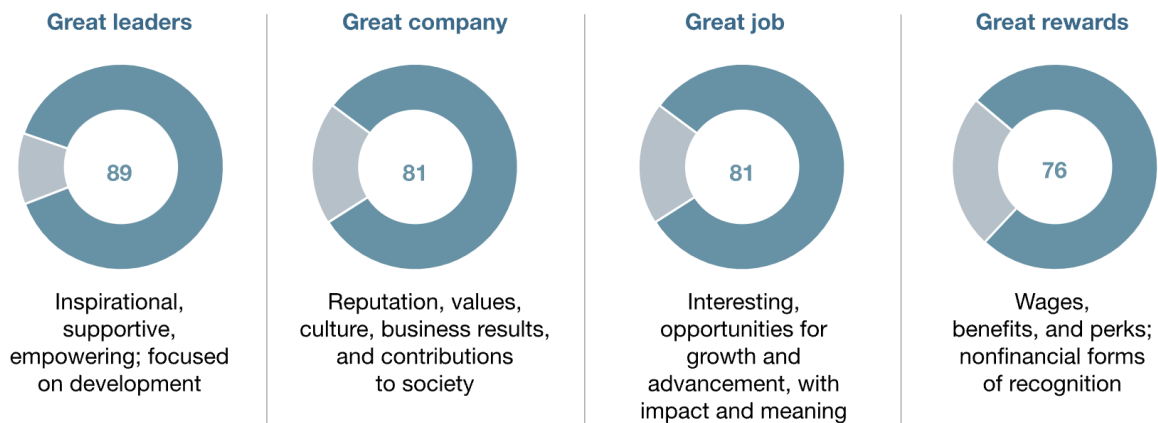


Figure 1: One of four element most valued by top talent should be a source distinctiveness  
Source: “McKinsey Global Survey: War for talent 2000”, refreshed in 2012 (McKinsey & Company, 2017)

Employee satisfaction is a critical aspect that can directly affect the performance of the employee which is important for a company to provide a diversity and inclusion workplace (Duarte, P. & André P., 2023). An international business work environment will affect employee satisfaction due to the cultural barriers, organisational obstacles, multi-dimensional and uncertainty hidden dangers may directly influence business (Bai, C. 2022).

According to BMW Group’s strategy is to shape the future mobility and individual mobility goes beyond moving the body, touching the heart and stimulating the mind to connect there by the product, innovation, transformation and people (BMW Group, 2024). The BMW Group’s always put people first this spirit also expanded to BMW Brilliance, China. When the BMW Group grows the business into China also puts the people first.

BMW Group understands people play an important role in the business therefore the BBA human resource team is constantly working on talent sustainability, diversity and attracting high-tech talents (BMW Brilliance, 2024). For better supporting business development and

business transformation BMW focuses on updating the internal learning resource to enhance employees' future-oriented skills instead of talent development. "Trust, Inspire, Open, Care, Go Beyond" as the core elements of the BMW Brilliance company culture. It can be divided into 4 aspect "Giving you the passion to push beyond your limits", "Charging your talent to keep you in touch with your dreams", "Launching your career, charging your passion" and "Greener life, greener energy, greener career" (BMW Brilliance, 2024).

Firstly, be passionate about your role to establish the portfolio process to take a vision of employee performance and future expectation by providing personalised development for each individual employee and for potential talent. The BMW group also provides comprehensive training courses to help employees grow professionally. Start from on board will be entitled to a series of training regarding individual positions, grades spanning with a wide range of training that helps to enhance career success. A strategic approach will be adjusted and adapted by integrating in-class training, learning from others and on-the-job learning, and translating the in-service training to daily practice (BMW Brilliance, 2024).

Launch your career and charge your passion by reviewing the work annually with line managers or senior managers, and BMW Brilliance helps enhance professional skills and support career development. Employees not only have access to the group training but also are able to apply for other opportunities to participate in different training programs, professional instruction and personal tutor (BMW Brilliance, 2024). In BMW Group health and well-being is a major concern for all the employees all the time. BMW Brilliance provides various health management projects and convenient fitness centres benefits. Also provides comprehensive annual body check-ups, medical and clinic services, continuously monitoring the healthiness of every employee to enhance the general well being of everyone.

BMW Brilliance promotes responsible behaviour and a corresponding work environment to maintain the long-term health and performance of all employees (BMW Brilliance, 2024).

By supporting the training and development for China region, in 2021 BMW Brilliance established a training centre with an annual capacity to provide training to 40,000 people and deliver over 1,500 training sessions at Shenyang, China (BMW Brilliance, 2024). The training centre connects within the BMW Group global network and plays an important role for talent sustainable strategy and contributes to high quality training and development in China (BMW Group, 2024).

In addition BMW Brilliance is constantly developing the existing employees and also actively recruiting young talents especially crossover digital and IT talents. BMW's human resource departments focused on building “people-oriented” organisations, by using innovation and diversity to attract outstanding talents and developing employees' contribution to the sustainable success of all BMW entities in China (BMW Brilliance, 2024). There are certain aspects of China's becoming a world leader, especially in advanced technology, such as artificial intelligence, advanced connectivity, and space technology (McKinsey & Company, 2023).

Furthermore, BBA's sustainable development strategy Corporate Social Responsibility (CSR) is an integral. BMW's core strengths and stakeholders to support social problems, create shared value and contribute to Chinese society are leveraged by the CSR. BMW Brilliance CSR activities included various areas improving road safety with BMW Children's Traffic Safety Education and responsible corporate citizens of China (BMW Brilliance, 2024). BBA is committed to developing local talent, creating high-quality jobs, actively supporting its partners, and contributing to the economic development of Shenyang, Liaoning Province and

Northeast China. As a diversity business group BMW Brilliance constantly increases the proportion of local employees and female employees. BBA constantly integrates responsible and sustainable practices throughout the entire value chain, contribute positively to Chinese society and provide customers with the high-quality products and services that the BMW brand stands for (BMW Group, 2024).

Therefore BMW not only offers an attractive job but also creates a platform for employees to fully realise their potential to shape the future. Except having a massive training centre in 2021 BMW refreshed the “Leadership Concept Model” to provide leadership programs for the potential talents in an evolving market environment, incorporating new elements such as psychological safety and paradoxical leadership, to address future challenges with the aim of developing a new generation of successful leaders (BMW Brilliance, 2024).

On the other hand, there are various automotive manufacturing companies that have also expanded the business to China. Compared with another German automotive manufacturing company Volkswagen (VW) also expanded into China by a joint venture based in Shanghai called Shanghai Volkswagen Group (SVWG) in 1984. Volkswagen Group is operating over 114 production facilities and selling into over 150 markets by 670,000 employees due Jan, 2024 (Volkswagen Group, 2024). VW is also aware that talent sustainability plays the key role in organisation transformation over the world by focusing on diversity and inclusion. Volkswagen Group believes it is essential for all employees to contribute their full potential in the innovativeness of diverse ways of thinking and experience to ensure the group can attract employees and new talent in their future of mobility (Volkswagen Group, 2024).

Volkswagen Group China has provided various training programs for employees on topics ranging from digital transformation, managing complexity and ambiguity in a digital business environment, to leading on a remote basis (Volkswagen China, 2024). Volkswagen encourages and enhances communications among employees and management and across countries. Volkswagen launched V-Talk as a powerful platform to enhance understanding between employees and the management, also facilitate internal knowledge sharing, synergize business updates across the group around the world (Volkswagen Group, 2024).

Volkswagen Group China Corporate Social Responsibility (CSR) committed to support social problems, create shared value and contribute to Chinese society. Volkswagen Group China constantly increases the proportion of local employees and female employees in management positions and promotes the career development of female employees. The company also established the “Open Together” program to reduce the distance between management and employees.

Compared with BMW Brilliance and Volkswagen China they took a similar approach for talent management. Both companies gained significant success in talent management as both companies received various awards from different institutes and associations in the industry. BMW Brilliance received “Top Employers China 2022” by the Top Employers Institute (Top Employers Institute. 2023), and also received "China Best Employer Award", “Number 1 Best Employer Award for Female Employees” and specially for the HR team received “Corporate Social Responsibility Excellent Employer” and “Graduate Employer China 2021”(BMW Brilliance, 2024). Volkswagen China “Top Employers China 2023” and different awards in HR aspects in 2022 (Volkswagen China, 2024). Both companies are a great example of managing talent management for domestic and their global business.

Although BMW Brilliance already received various awards from different institutes and associations in the industry. There are still minor improvements for better linkage between China and Germany. In the short term, for any new potential talent and future managers once they settle can travel to the headquarters and the production line for a set of training around 1-2 weeks. On the other hand, for long term potential talent and future managers can rotate positions across countries and departments.

Purpose for both short and long term suggestions are beneficial for the employees to enhance the understanding of the company and create belonging and loyalty to the company that can also create a strong connection between both company sites. Especially when they are new it is a great opportunity for the employee to create a connection with the existing employees and connect with the working team even if they are not in the same site. That can encourage collaboration to work and one group across countries.

Globalisation, international business are already integrated into our daily life by culture, brands, languages, products, etc. When a business grows global it will face various challenges cultural related, money related, police or law related however it cannot without people. Based on these comment challenges by looking at the approach of talent management from BMW group and Volkswagen when expanding to China, such as managing talent sustainability, diversity and attracting high-tech talents. To conclude, there are various ways to attract and retain talent, however the most effective way is to be open and increase job satisfaction (Gavin M., 2019). Open to listen and understand what are the employees needs and wants by supporting great value of training and development and a great working environment based on the attractiveness of great leaders, great company, great job and great

rewards, also showing the employees there opportunities for them to grow and expand their further plan in the company.

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