

TESLA INC.

International Human Resource Management Analysis and Investigation



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1. Executive Summary

Tesla Inc., is 100th on the Fortune 500 list and is a leader in the automotive industry specialising in their electric vehicles and sustainable energy storage and generation. Tesla's plans for internationalisation was researched and investigated, specifically looking at Human Resource Management (HRM) and International Human Resource Management (IHRM). An environmental analysis is done on the company using SWOT and PESTLE analysis; and any challenges identified are analysed against how they would affect the HRM practice at Tesla. These policies are then reviewed and analysed to see how they would enable Tesla to overcome their internationalisation challenges. Hofstede's cultural dimensions were used to analyse the difference in culture between USA and China with the most noticeable difference being that of individualism vs. collectivism. Each of the cultural dimensions are further discussed and ways of integrating the cultural differences are explored; as well as recruitment strategies are researched and presented as a way for Tesla to hire host country nationals. The trait and behavioural theories of leadership are reviewed with the behavioural theory being analysed as a suitable leadership theory for Tesla's culture. Research and analysis are further done on IHRM, looking at how expatriates are selected, trained and the focus of expatriate management. Cisco Systems Inc. is used as a multinational company with great HRM practices, with special focus given on expatriate compensation and performance management. Lastly, recommendations are given for Tesla's internationalisation plans, specifically referring to adapting their HR policies for internationalisation, creating a well-structured expatriate training programme, and recruiting host country nationals.

2. Introduction

Tesla, Inc., commonly and hereon referred to as Tesla, currently 100th on the Fortune 500 list; is the world's leading manufacturer in electric vehicles in conjunction with sustainable energy storage and generation. Defined by their mission to "accelerate the world's transition to sustainable energy", Tesla has grown to become a household name and leader in the transport industry (Tesla, Inc., 2020). In 2018, Tesla had established its subsidiary in Shanghai, with an agreement with Chinese authorities to build its first manufacturing factory outside of the United States (BBC, 2018).

a. Environmental Analysis

In order to understand and identify the challenges that Tesla are likely to face in the international environment, an environmental analysis – both internal and external – must be done on the company itself.

i. SWOT Analysis

A SWOT analysis can be beneficial to HR as it can allow the department to better manage the company's strategic plan and overall operations of the human resources in all the necessary departments. This allows HR to hone in on the human resources within each department, enforcing the strengths; addressing the weaknesses; utilise the opportunities; and mitigate any threats (Sarokin, 2020).

Figure 1 presents the SWOT analysis of Tesla, with its presented strengths clearly setting the company up for success in the international market. However, the weaknesses relating to its current production of vehicles and subsequent effects of it are localised to the United States only as expanding its current factories pose a challenge. The internationalisation of Tesla by building a factory in Shanghai allows Tesla to seize the available opportunities presented to the company by building on the brand and its value. Although the threats presented will be ever growing, especially in a market as rapidly changing as China, the company must look to adjusting their strategies accordingly while continuously building on their current strengths,



Figure 1: SWOT Analysis of Tesla Inc. (Gupta, 2020)

ii. PESTLE Analysis

A PESTLE analysis can have a major impact on HR as it allows the department to ensure that the company is compliant and safe from any repercussions. It allows the department to not only put focus on the company and its objectives and strategy but also its employees and accommodating their need, especially in an international environment (Frue, 2019).

Figure 2 presents the PESTLE analysis for Tesla, which focuses more on the external environment of Tesla specifically factors that affect the internationalisation of the company presenting various opportunities and threats. While internationalisation of Tesla will result in a multitude of opportunities for the company, especially from a political, economic, technological and environmental standpoint, Tesla does face many challenges from a legal, sociocultural and even political factors.

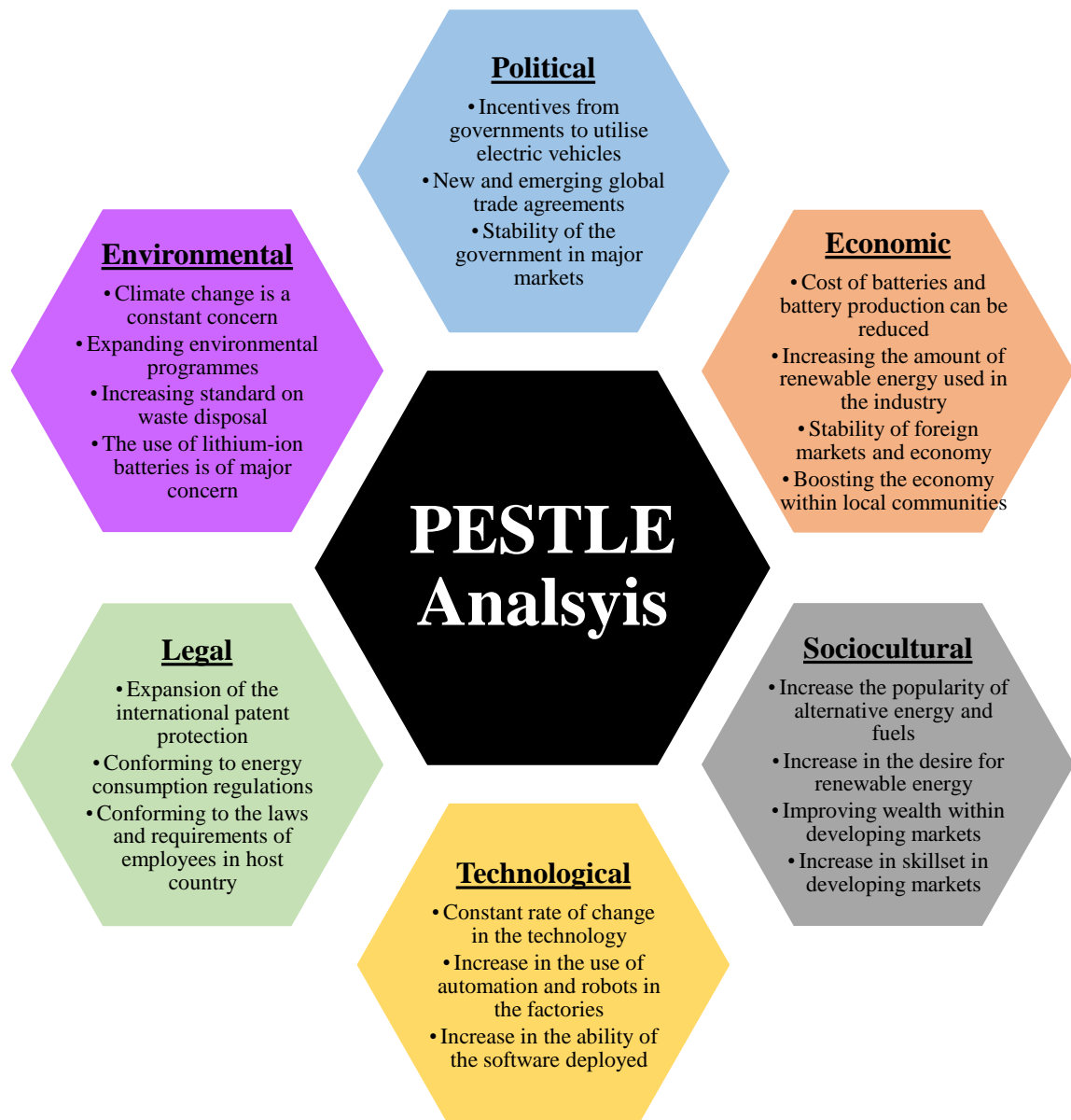


Figure 2: PESTLE Analysis of Tesla Inc. (Kissinger, 2019)

iii. Overall Critical Analysis

A country like China has incentives for both manufacturers and consumers to purchase and manufacture electric vehicles respectively, with expectations that at least 20% of the vehicles will be electric by 2025. This creates a huge opportunity for Tesla to open their factory within Shanghai, as the company will be able to manufacture their cars while receiving subsidies from the government. However, in China given the abundance of a workforce and technological components the supply of the vehicles could surpass the demand for it leading to pricing pressures. The construction of the vehicles will bound by the laws of the host country, for example using locally sourced components, requiring a strategic adjustment for

Tesla to ensure the quality remains the same, while using different components. Lastly, the increase in rivals within the industry presents an ever-growing concern, with a lesser valued and known brand, these rivals may be able to out-perform Tesla in the developing markets outside of the USA (Lopez, 2019).

These noticeable challenges impact the HRM practices at Tesla in many ways. The senior positions in the new factory should be taken up by experienced Tesla employees and can assist in recruiting the correct type of employees in the factory. The use of expatriate senior managers and their knowledge of the requirements for a job will allow Tesla to recruit correctly and efficiently. However, the recruitment of local employees may be challenged by rivals, specifically local rivals. The forced use of locally sourced components does mean that the company needs a team dedicated to building new relationships with local suppliers to ensure the quality of the vehicle is up to the Tesla standard. This leads to ensuring that all local employees are trained, coached and retained correctly to ensure that the newly formed international division of the company can continue to be a competitor in the market.

b. HRM Policy Analysis

HRM policies and procedures are used as a reference to create a set of guidelines for managers and supervisors that allow them to manage their subordinates defined by the company which are further governed by local and international law. There are many key elements that form the fundamental base of HR policies such as:

- Equal opportunities policy
- Hiring, recruiting and onboarding employees
- Offboarding and terminating employees
- Wages
- Codes of conduct
- Performance monitoring
- Working hours
- Use of company resources
- Disciplinary actions.

These are some of the key fundamentals for creating a company's HR policies which lead into creating a handbook for employees to aid them in managing expectations of the company (Withaar, 2019). Tesla's employee handbook has changed over the years from being a long,

formal document into a four-page handbook, aptly titled “The Anti-Handbook Handbook” (Babal, 2020).

The internationalisation of Tesla will impact all of these elements of an HR policy, however given the way the Tesla handbook is written, it gives employees the freedom to be innovative and challenge the company through any level of hierarchy. While the handbook does address the key elements in a different manner, this allows Tesla to adapt it with ease to international laws and policies (Tesla Inc., n.d.). Recruiting local employees can be done by simply ensuring that Tesla adheres to the host country’s law, as Tesla’s leader does not require specific educational criteria, but rather looks at how an individual can impact the company with innovation and motivation (Kelly, 2020). By enforcing Tesla’s “Anti-Handbook Handbook” in its internationalisation strategy allows Tesla to overcome many HRM policy challenges as this type of handbook can be constantly updated and adapted to the necessary markets.

One of the greatest challenges that faces Tesla in their internationalisation strategy lies with the expatriate employees. These employees will require extensive training to understand and adapt to new cultures and new norms while assisting the company in creating a good foundation in the new market. The onboarding, training and development of local employees to attain senior positions and have Tesla retain these employees is an ever-growing challenge in China. However, given Tesla’s “Goals and Feedback” section within their handbook, allows them to overcome this challenge by constantly and consistently setting achievable expectations for employees to attain and be rewarded for it (Froese, et al., 2019).

3. Literature Review

a. Hofstede’s Cultural Dimensions

Hofstede’s study on how culture influences the values in the workplace is one of the most comprehensive done. The results of the framework have allowed management in multi-national enterprises (MNE) to be able to understand the differences between countries and how to manage these differences (OpenStax, 2019).

Hofstede's Cultural Dimensions Comparison of USA and China

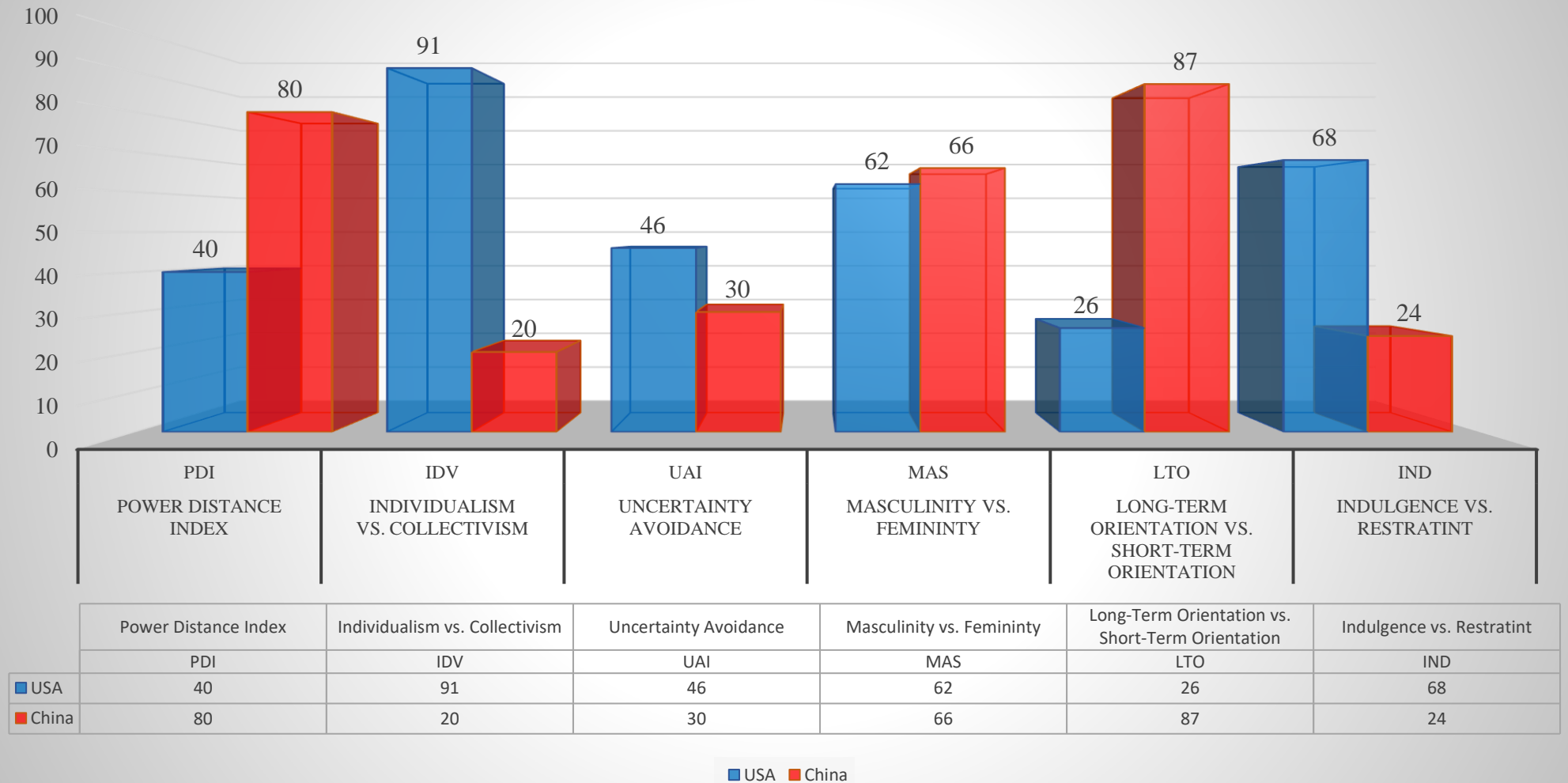


Figure 3: Hofstede's Cultural Dimensions Comparison of USA and China (Hofstede Insights, 2021)

Figure 3 presents a recreated version of the differences in the cultural dimensions between USA and China from Hofstede Insights (Hofstede Insights, 2021). While the difference in culture is significantly noticeable, each dimension indicates a different aspect that needs to be managed.

i. Power Distance Index (PDI)

The PDI is a measure of the degree of inequality that exists within society of that country (Hofstede, et al., 2010). China's high score of 80 indicates that the inequalities that currently exist within its society is acceptable, as aspiring beyond their current stand point should not be allowed (Hofstede Insights, 2021). USA with a low score of 40 shows that social inequality exists, however allowing society to aspire to reach beyond their norms is encouraged by society.

ii. Individualism vs. Collectivism (IDV)

The IDV measures how a person is brought up within their society, with individualism being defined as "ties between individuals are loose", whereas collectivism is defined as the opposite, where individuals are "integrated into strong, cohesive in-groups" (Hofstede, et al., 2010). USA's high score of 91 coupled with its low PDI score of 40 indicates how USA is generally branded as a country to achieve one's dreams (Hofstede, et al., 2010). China's low score of 20 shows how society tends to work together in groups whereby companies regard their employees as family (Garcia, et al., 2014).

iii. Uncertainty Avoidance (UAI)

The fear of the unknown, specifically the uncertainty of what will happen in the future is what is measured by UAI (Hofstede, et al., 2010). China's low score of 30 is an indication of the country and laws as well its culture as a whole. Subsequently, USA having a below-average score of 46 shows that the society prefers to follow more consistency than China, however will still allow and accept innovation and change as a whole (Garcia, et al., 2014).

iv. Masculinity vs. Femininity (MAS)

MAS looks at measuring how society motivates themselves, whether seeking power and performance (masculine) over enjoyment and comfort (feminine) (Hofstede, et al., 2010). The similarly high values of 62 and 66 for USA and China respectively show how both

societies are driven by success and will continue to perform at high levels putting work life ahead of family life; something that is seen more and more equally for both men and women (Hofstede Insights, 2021) (Garcia, et al., 2014).

v. Long-Term vs. Short-Term Orientation (LTO)

LTO is a measure based on how society want to move forward, where long-term is focused on the rewards of the future through perseverance whereas short-term looks at preserving traditions of the past and present (Hofstede, et al., 2010). USA's low score of 26 indicates how society is more practical, having a firm grasp of what is considered good and bad. China's high score of 87 shows how well the country is more pragmatic, being able to take traditions and change and adapt them going forward, showing strong perseverant traits in achieving results (Hofstede Insights, 2021) (Garcia, et al., 2014).

vi. Indulgence vs. Restraint (IND)

IND looks at measuring how much society allows for gratifying certain desires to make life more enjoyable and fun (Hofstede, et al., 2010). China's low score of 24 shows how restrained the country is and that indulgence is outside of the social norm. However, USA's high score of 68 is proof of the adage, "work hard and play hard", as this is something seen throughout society by showing the personal indulgence on all social media platforms (Hofstede Insights, 2021).

b. Synthesising the Integration of Cultural Differences

As China allowed the investment of foreign businesses into their domestic market, the categorisation of the ownership of businesses have changed, with three distinct categories being seen, namely: state-owned, privately owned, and US-owned (Kim, et al., 2016). Based on Hofstede's cultural differences seen in Figure 3, there are definite differences between US and China cultures. For example, policies relating to rules and various product catalogues have been put in place that seemingly discriminate against foreign companies (Browne & Chao, 2010).

While trade between USA and China is continuously growing, US-owned firms within China display a more Westernised management style, which align towards to the high IDV measure of the US society being individualistic and driven as opposed to state-owned businesses

(Kim, et al., 2016). Although this does indicate that Tesla should not have much of an issue with regards to the management of local employees, it can be suggested that expatriates should be knowledgeable of all cultural dimensions as this allows the expatriates to better manage stakeholders. This in turn would mitigate potential organizational performance barriers by understanding how the various cultural dimensions can affect decision making (Ray, 2011).

According to Kim et al., managers that work in US-owned firms in China tend to see inefficiency due to the cultural differences, as in general US firms would see a higher IND and MAS measure while their LTO, UA and PD measures are significantly lower; as opposed to state-owned firms having high values for LTO,UA, PDI while MAS measures whereas MAS and IDV are significantly lower (Kim, et al., 2016). A challenge arises where it is expected that local employees should adhere to the Western-styled culture seen in US firms. While expatriates should be trained to understand and engage with the culture within China, it can be suggested that in order to ensure that the internationalisation of Tesla is successful while achieving organisational objectives, local employees must be trained in a manner that allows them to understand and engage with the US culture.

The training of expatriate managers to understand the culture within China would also allow the company to adapt to its internationalisation in a faster manner. As the company would be inclined to source components locally, understanding the local culture would enable the expatriates to manage relations with suppliers and potential partners with minimal conflict as understanding how the state-owned firms operate culturally (Lopez, 2019).

c. Recruitment Strategies

Tesla's internationalisation strategy is one that would be increasingly welcomed within China as there is a demand for the use and implementation of electric vehicles, especially in Shanghai where sales are recorded as the highest (Xu, et al., 2020). Since the senior managers will be expatriates, the focus would be to hire host-country nationals (HCNs) or local employees. With Tesla being a US-firm, it can be suggested that the culture within the company would be that similar to US culture, as a result adapting the HRM practices from the west can be done so with limited effort (Cooke, 2012). This would become something that is appealing to HCNs as state-owned businesses are more susceptible to government

intervention, interference and political pressure. In conjunction to this, state-owned businesses are subject to the “three irons”, whereby the government appoints management, promotions and salary (Miedtank, 2017).

While using aspects of culture and minimised government intervention as an incentive to work for Tesla, the company could pursue various hiring options. Wholly Foreign Owned Entity (WFOE) could employ talent from both the host country or the parent country. This can be managed by hiring an experienced HR to handle the compliance and administrative operations, however this may be costly to the company. The other option is to outsource to an HR agency, through which all administrative tasks such as hiring and firing, payroll, housing, etc. can be handled. The benefit of using an HR agency is that it is highly recommended and more reliable for the company (HROne, n.d.). Another option would be having Tesla create their own HR department catered to hiring in China, this will allow the HR department to utilise channels such as WeChat to hire local talent to cater for the Chinese market itself (Sun & Goh, 2020).

Zhong et al. had conducted research on various MNEs through a multiple case study approach, with one of the cases being similar to the requirements for Tesla. It was found that hiring more HCNs allowed for low cost and high quality of service, while management was still controlled by PCNs (Zhong, et al., 2021). Other benefits of hiring HCNs include eliminating language and other barriers, a reduction in hiring costs as no work permits would be required, HCNs stay in positions longer, given the fact that the firm is US-owned, employees can achieve higher levels of individualism.

4. Application of Theory into Practice

a. Behavioural Dimensions

i. Theories of Leadership

A leadership theory is defined as the explanations, ideas and thoughts of how and why certain individuals become leaders. It looks to answer the question of whether leaders are born or if they are made. (Corporate Finance Institute, n.d.). This leads to two theories that define whether leaders are born or made, which are: trait theory and behavioural theory.

Trait theory states that leaders are naturally born leaders, that any leadership traits are a part of their personality. The core traits of a leader as identified by trait theory include emotional intelligence and maturity; cognitive ability; knowledge of business; integrity and honesty; motivation; drive for success; and confidence within themselves and their abilities (Piyu, 2019).

Behavioural theory rejects the idea of trait theory and that leaders are born, but rather identifies that leaders can be developed and trained. With a positive atmosphere and relevant training, leadership qualities can be developed while focusing on the behaviours of leaders as opposed to their characteristics (Piyu, 2019). Table 1 presents the differences between trait theory and behavioural theory, comparing the strengths and limitations/drawbacks of each theory.

Table 1: Table showing the differences between Trait and Behavioural Theory (Piyu, 2019)

<u>Trait Theory</u>	<u>Behavioural Theory</u>
<u>Strengths</u>	
Validated theory with research backing	Allows more leadership theories to be research based on developing leaders
Forms the baseline for the characteristics of a leader when assessed	Promotes value of leadership styles, while emphasizing concern for people and collaboration
When measuring behaviour, objective criteria is used for categorising and measuring	Helps understand how team relationships are affected on different behavioural styles
Easy to categorise observable behaviours	Helps find balance between different leadership styles, and how to behave as a leader
Collective behaviours of individuals create a strong correlation with traits of leadership	No physiological traits are used to consider effectiveness of a leader
<u>Limitations/Drawbacks</u>	
Definition of a successful leader is subjective	Learning, understanding the behaviours of leaders does not indicate efficient leadership
List of leadership traits is long	Learning and understanding the behaviours is less complex and does not allow one to master them
None of the traits identified are rated as the “most important”	Adapting behaviours to various situations is a challenge

Physiological traits (height and weight) is related to the model	
Complex theory	

ii. Analysis of Leadership Theory

Tesla's plan to internationalise the organisation and build a factory in Shanghai is a welcomed one within the industry and would be increasingly positive for the company itself. Although Elon Musk's leadership style is that of a servant leader, the solo effect that he has on his company, its share price and investors could be cause for some concern. (Khan, 2021). The behavioural theory of leadership would be the most suitable for Tesla's internationalisation as this would conform to Tesla's organisational culture of encouraging and motivating employees of all levels to be innovative and look for ways that would allow Tesla to have a competitive advantage. By having management use the organizational culture to optimise the way employees achieve and innovate creative behaviours, it allows the company to remain and hold a competitive advantage (Meyer, 2019).

Behavioural theory would allow employees to step up with innovative solutions and ideas and begin to learn leadership qualities while implementing their solution. Using this leadership theory allows employees to work as the theory suggest and learn the various qualities that would be best for the work at hand. The internationalisation will allow host country nationals to learn the behaviours of senior management, adapt and improve on those behaviours within their local environment making that subsidiary more efficient from a leadership perspective.

Behavioural theory is more suitable for Tesla's internationalisation as innovation would require constant change and adaption. No specific style of leadership or trait of leadership will be consistent throughout any drastic changes and so having employees and leaders, whether expatriate or local, be trained and upskilled according to the change that is being implemented will allow Tesla to maintain effective leadership while remaining competitive and being ahead of said competitors.

One of Tesla's features of its organisational culture is to "think like owners". This means that Tesla uses this as a motivational tool for employees by allowing them to think as if they own the company. It in turn allows the company to maintain a specific mindset catered to supporting the business development (Meyer, 2019). Allowing employees to think like they own Tesla, gives them all an opportunity to develop and unconsciously learn leadership skills, traits and behaviours making the behavioural theory a more suitable choice.

Subsequently, Tesla's last feature of its organisational culture is "we are ALL IN", means that employees must be unified into teams that continuously work to improve the business. This would minimise conflict, develop synergy through the human resources of the company and increase the collaboration by using each employee's skills and talents to their maximum potential (Meyer, 2019). The constant collaboration would allow leaders to emerge making the behavioural theory a more suitable leadership theory.

b. Role of IHRM

i. Selection Process

Multinational corporations (MNCs) are known for having employees from all over the globe working within the company and in order to employee the necessary talent can follow any of the three main staffing strategies:

- Parent-Country Nationals (PCN)
- Host-Country Nationals (HCN)
- Third-Country Nationals (TCN).

PCNs are regarded as your expatriates and determining whether or not they will be successful and selected for the position is based on various criteria, which can be seen in Figure 4.

The job factors relating specifically to the technical skills is one of the most crucial determinants for the success of an expatriate, as being away from the headquarters the usual sources of information and assistance is a distance away. The "unidimensional approach" is created as the method that aligns to a candidate have the minimum requirements for the expatriate job which is the technical skills and abilities. Although research and arguments are had over a more balanced approach, the "unidimensional approach" is still regarded as the bare minimum for being selected for the expatriate position (Wang, et al., 2011). Once a PCN

is chosen, the correct type of visa must be applied for and issued, as well as considering training prior to moving.

An HCN selection is far simpler than selecting an expatriate. While the matter of their technical skills, organisational cultural fit and overall character is still incredibly considered, an HCN is easier to hire as there are less costs involved from a moving and training perspective. While expatriates may and will take time to adjust and adapt to their new surroundings, HCNs are able to be more productive from the start as culturally they have overcome all challenges and concerns regarding laws (University of Minnesota, 2011). In addition, the compensation of an HCN could be significantly lower than that of an expatriate making hiring of an HCN faster as less negotiations would be involved.

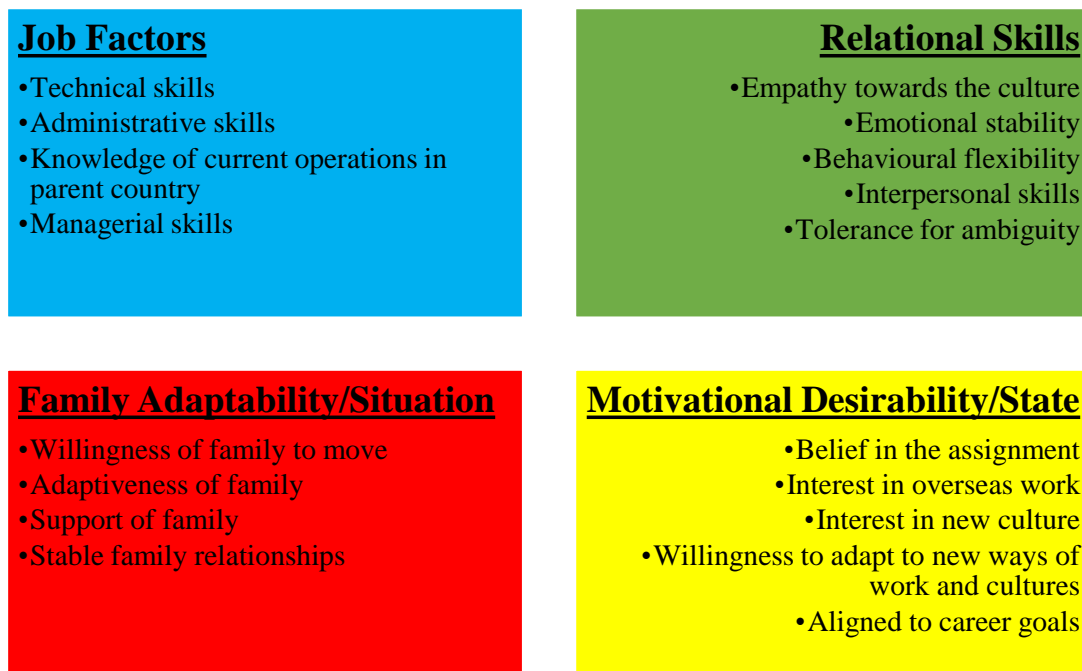


Figure 4: Selection Criteria for Expatriate Selection adapted from (Wang, et al., 2011) and (University of Minnesota, 2011).

ii. Expatriate Training

Cultural training is the initial and most important training that is presented for expatriates. Generally, this training is done prior to the employee's departure to the host country. The purpose of this training is to immerse the expatriate into the new culture that they will be living in. This training includes learning the etiquettes, history, religion or even the political aspects of the culture. It can further be extended to understanding the management style of the country, food and logistics such as currency and transportation (Schmitz, 2012).

Language training is a possible topic that may be needed for any assignment. Although English is regarded as the language used for business internationally, the other aspect of language training falls to body language and small habits that are normal in parent countries that could be considered disrespectful in host countries. Understanding and learning these non-verbal forms of communication can allow an expatriate to adapt faster and build better relationships with the HCNs (Schmitz, 2012).

Assignment training would be a major topic that must be taught as this will allow the expatriate to fully understand the goals and expectations of the assignment. Not only will it allow the expatriate to manage the work correctly, but will also allow the expatriate to be successful in their final delivery (Schmitz, 2012).

Personal management training is training the expatriate to be able to cope with stress, feeling homesick, culture shock, or even workload management. The pressures from the new environment and work can impact not only the expatriate but the expatriate's family as well. By ensuring that not only the expatriate but the family as well is able to manage the stress of expatriation will allow the employee to reduce the amount of personal stress in their life and manage the assignment better, leading to success (Schmitz, 2012).

iii. Expatriate Management

Over and above preparing the expatriates for their assignment through the various training topics, expatriate management includes the constant support of the expatriates during their assignment. Providing the constant support throughout the assignment will contribute to the overall success of the assignment. The support is dependent on the assignment itself, based on its timeline and requirements, and this can be discussed during pre-departure training (Morris, 2020).

Expatriate management includes constant contact with the expatriate through various channels. This could be through an employee in the parent country itself or even previous expatriates. The knowledge sharing and feedback of positive experiences can allow the expatriate to feel less lonely and cut-off. Besides communication, ensuring that the expatriate

is covered by adequate healthcare and an emergency contact can make managing the expatriate an easier task (Morris, 2020).

Prior to departure, the expatriate must be engaged with to agree on a fair compensation package to ensure willingness of the employee considering the costs of visa sponsorships, housing and allowances. In conjunction to this, an adequate repatriation package must be created and agreed upon to not only incentivise the employee to return to the parent country offices, but to aid in the readjustment of the expatriate and their family. Lastly, expatriate management should include post-assignment discussions whereby the expatriate can give constructive feedback to allow the company to better manage future expatriation of employees (Morris, 2020).

iv. Analysis of another MNC

Cisco Systems Inc., founded in California in 1984 began creating and producing routers and has quickly risen to be a leader in the computer networking industry, becoming a constantly nominated and award-winning company specifically recognised by Great Place to Work ®. Over the last decade, Cisco has expanded their operations across the globe into more than 165 countries, allowing and creating a diverse staff through equal opportunities (Chen, 2017).

In an attempt to obtain better results, Cisco paid more attention to defining the company's goals and direction, with that understanding how to measure its progress, especially appraising employee's performance. This allows employees to set out their performance goals for the year, define their work, and measure against their goals. As a reward to meeting or exceeding one's goals, Cisco is able to compensate their employees in monetary or non-monetary ways which include performance-based pay; extra leave; stock purchasing options; and even flexible work practices. These rewards are over and above the wages agreed upon between the employee and Cisco (Chen, 2017).

Although Cisco does offer its employees rewards and incentives for better performance and results, the company does pride themselves in equal and fair culture. Through various mergers and acquisitions, Cisco looks to further diversify their culture by hiring more local talent and incorporating diversity into their leadership team. This allows Cisco to have a more geocentric approach, ensuring that human resources are utilised to the maximum while

constantly innovating and allowing the company to maintain a competitive advantage (Chen, 2017).

The geocentric approach, where employees are hired based on suitability and not nationality, allows Cisco to be a company open to anyone of any nationality. The company does allow for expatriate management, as seen by Cisco employee Matthew Ingram. Mr Ingram has worked at Cisco since 2015, and since then has been encouraged to use the company's technology to work remotely supporting his wife's career aspirations of being a travelling nurse (Ingram, 2019). Another example is seen in India, where Cisco expatriate employees are primarily from four places, Europe, Singapore, Beijing and USA. The cultural orientation during the pre-departure training includes a language course of 160 hours, depending on the individual's needs (Biswas, 2007).

5. Recommendations and Conclusion

a. Recommendations

Tesla's internationalisation plans by opening a factory in Shanghai would be an incredibly welcomed one to the company and the country itself. While the company's current HR policies are somewhat informal, the prospect of international subsidiaries should indicate a need for a more defined HR policy that can be defined for the companies outside of USA. This would ensure that the Tesla's brand is protected but continually successful in foreign countries.

Tesla's current management of human resources does allow for innovation and challenges all levels of management; however, the company could benefit from adapting similar HRM practices from a company such as Cisco. By creating subsidiaries across the globe, Tesla can change their recruitment approach to be geocentric as opposed to a polycentric approach or in the case of China an ethnocentric approach. The benefit of changing the HR practice to be more geocentric would allow Tesla to maintain their level of innovation but have a greater impact on their competitors on a global scale.

Tesla should ensure that a well-constructed and thoroughly researched training programme is put in place for any expatriates that will be sent on assignment for the company. The

definition of this training will determine the success of the internationalisation of Tesla. These expatriates can then be given the opportunity to train host country nationals to become leaders in the subsidiary company and continue to adapt and lead the company to have and maintain a better competitive advantage within that country respectively.

In conjunction with expatriate training, Tesla should ensure that any and all recruitments done for host country nationals and even third country nationals are done through a reputable, highly informed and expertly trained HR department or company. The better the understanding and training of the HR department, the more refined and well-selected host country nationals will be employed for the company.

b. Conclusion

Tesla is the world leader in aesthetically pleasing electric vehicles, currently 100th on the Fortune 500 list, the company is a leader in the electric vehicle and a fierce competitor in the automotive industry. The company's plan to internationalise themselves by building a factory in Shanghai is the first Gigafactory built outside of the United States. The company has many opportunities available to them with regards to their internationalisation plans, however it brings with it many threats. Although its HR policies are unique and somewhat informal, it allows Tesla to easily adapt these policies to conform to host country laws and regulations. According to Hofstede's cultural dimensions, many differences exist between USA and China with the individualism vs. collectivism having the greatest difference. The company has various options in recruiting host country nationals, and given the HR policies, the behavioural leadership theory would be best suited for Tesla as it would allow employees to more collaborative, innovative and give the company a competitive advantage.

The report looked into Tesla's plans for internationalisation through building its factory in Shanghai, analysing various HRM and IHRM practices and its impact on the company. An environmental analysis was done on the company and any challenges that were likely to be faced were analysed on how it would affect the HRM practice within Tesla. The HRM policies are critically reviewed and discussed on how they would enable Tesla to overcome any challenges faced. Recruitment strategies are investigated and an analysis was done on the selection of expatriates and host country nationals. This was taken further and the expatriate training was discussed and the relevant areas of expatriate management. Cisco System Inc.

were used as an MNC to understand and analyse their IHRM best practices with the focus on compensation and performance management of expatriates. Lastly, recommendations are given for Tesla for their internationalisation and adaption of HRM practices.

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