



## Tesla between challenges, Opportunities and Human Resource Management

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**Abstract:** The primary aim of the paper is to discuss about some relevant and effective HR practices which needs to be followed by Tesla as they are trying to expand their automobile business in China. The paper has effectively highlighted the importance of HRM and its practices along with the key challenges that will be faced by Tesla in the international environment and this would have an effect on the HRM practice of Tesla. The paper also discusses about how different HRM policies will have an impact on the internationalization of Tesla and how these policies will help Tesla to overcome the issues which they will face in the new market. The paper has also highlighted the cultural differences between the US and China by using Hofstede's cultural dimensions theory and the different strategies that can be used to attract as well as recruit local talent along with the advantages of selecting employees from host-country national staffing. From the literature review it has been concluded that US follows individualistic culture while China follows collectivist culture and therefore the organization needs to change its HR policies and activities according to the culture that is being followed by the employees of China. At the same time, the paper has also discussed about contingency and behaviour theory of leadership and how the former leadership approach will be suitable for the Chinese market. The paper has also effectively highlighted the difference between the selection process of expatriate employees from the domestic process, types of training and activities that needs to be provided to the expatriate employees along with the compensation and performance management that is followed by a reputed MNC organization known as Google Inc. Finally, the paper has successfully highlighted some recommendations for change of practices as well as perspectives that is required in managing the human resources as the company will be changing from domestic to multinational set up.

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**Keywords:** Challenge, HR Policies, Cultural issues, Recruitments, Leadership Theories

### 1- Introduction

HRM is the beating heart of the organization's activities and the management of its available resources (Miech, 2019). HR managers assist the company in accomplishing its objectives on time by creating a positive working posture among the employees (Ramlall, 2019). One of the significant roles played by the HR department is that they play an active role during the company's internationalization process and views different international factors that might affect the company's goals and objectives in the global market and thereby come up with changed HR policies which are suitable for the external market scenario. (Zirar, 2020). Tesla is a California-based company (2003) that focused on producing electric cars to take advantage of energy sources. It became one of the giant companies competing with Toyota, Volkswagen, and others, and always striving to grow in the markets according to the strategy of its CEO (Elon Musk).

Hence, the paper's primary purpose is to discuss the challenges that Tesla might face for its business

expansion in China and how the organization's HR will help overcome the obstacles and the behavioral dimension required in the management of HR within a foreign context.

### 2-Research Problem

Through the preliminary study, the researcher found a lack of clarity about the role played by Tesla in managing its obstacles, especially in light of environmental changes. Despite the existence of studies and reports, the external and internal motives for change in the company are not clear.

The paper's primary purpose is to discuss the challenges that Tesla might face for its business expansion in China and how the organization's HR will help overcome the obstacles and the behavioural dimension required in the management of HR within a foreign context.

### 3- Research Objectives

By reviewing studies, articles, publications, and books related to the topic of study, the researcher

identified the main objectives of this research as follow:

- 1- What are the key challenges in Tesla?
- 2- What are Tesla's human resource management policies?
- 3- What is the role of culture in Tesla?
- 4- What are Tesla Strategies to Recruit Local Talent?
- 5- How did Tesla benefit from various management theories?
- 6- What is the main role of HR at Tesla?

#### 4- Research Importance

This research reveals the strategic role that Tesla played in facing many challenges in the international environment. The research also discusses how different HRM policies will impact the internationalization of Tesla and how these policies will help Tesla overcome the issues it will face in the new market. The paper has also highlighted the cultural distinctions between the US and China by adopting Hofstede's cultural dimensions assumption and the different strategies that can be used to attract and recruit local talent, and the advantages of selecting representatives from host-country national staffing.

#### 5- Theoretical frame work

##### 5.1 What are the key challenges in Tesla?

Success and expansion are a dream for all institutions, but it is not simple (Sannegadu, 2021). Tesla company might have to change some of its HR policies to suit the international challenges (Yener, et al., 2014). Starting or extending business in China not easy task but it comes with many complications and dilemmas due to various restrictions that the government imposes on enterprises operating on their own country. Therefore, Tesla, too, will have to face many challenges in the international market, which will directly impact the HR policies of the organization (Yener, et al., 2014).

#### Challenge One: Tariff Barriers

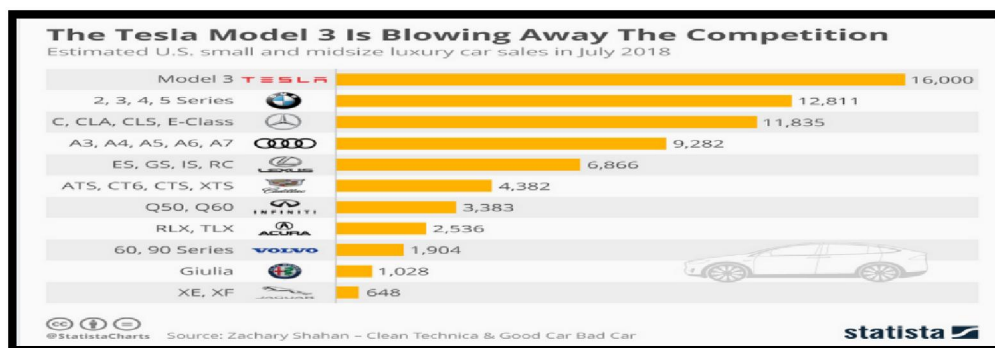
Since China imposes multiple restrictions and fees that discourage trading in their country. They impose tariff barriers to restrict free trade from operating in their country. Another significant challenge that Tesla is likely to face in the international market is the issue of organizational structure (Ergin, 2019). It should be noted that there is a massive difference in working style in China and the US where the organization follows a different organizational structure in the US, however, same structure cannot be applied to China as employees and business operations of the country is different from the US (Ergin, 2019). Hence, Tesla (Cuervo-Cazurra, 2018) might face issue here, since its corporate strategy is rigid which limits rapid adjustments in the organization which might limit the autonomous capability of the offices overseas to effectively respond to issues which they experience in their regional markets (Gurskiy, 2021).

#### Challenge Two: Cultural Differences & Communication matter

Cultural differences, leading to tremendous conflict within the organization and might impact organizational productivity and performance. (Lambert, 2020). Another difficulty that the organization might face is communication, finding the most appropriate expatriate skills, and recruitment, selection, training, benefits, and rewards challenges since the expectations of different employees are different depending on countries (Cuervo-Cazurra, 2018).

#### Challenge Three: Rivalry Challenges

Despite the new ideas in producing distinct types of electric cars, Tesla faces games and tactics from its competitors trying to create similar vehicles with the same capabilities at an affordable price (Truly, 2021). However, Tesla made a third model of its products and achieved a reputation and spread over other companies, as shown below:

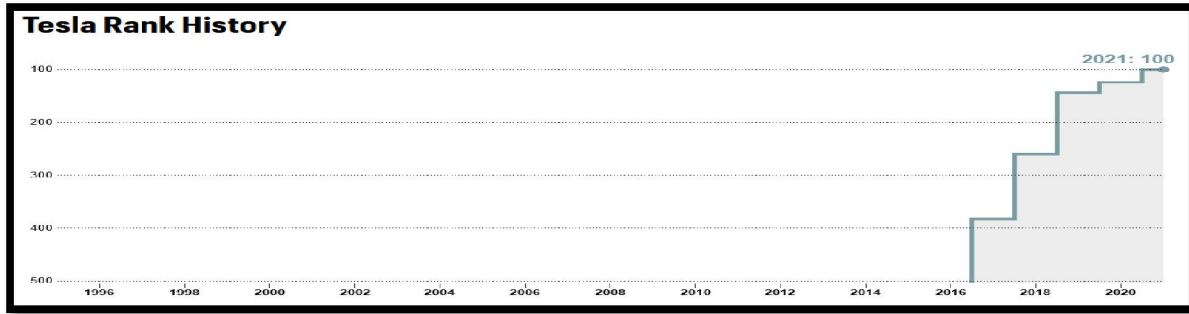


Source: (McCarthy, 2018)

**Challenge Four: Changing in Customers attitudes**

Since customers' attitudes are constantly changing, especially concerning technology and modern industries, Tesla may face a significant challenge: customers searching for electric cars with more accessible capabilities. Despite being ranked

second in the reliability of its customers and achieving 100 places according to Fortin's rating, and earning profits of 721 million dollars in 2020, however, it should understand that customer usually looking for an update in quality provided (fortune, 2021). Which is required highly qualified teams.



Source: (fortune, 2021)

**Challenge Five: Covid- 19 challenges**

The Corona pandemic led to the suspension of work for California and the disruption of production

lines. Tesla recording that over 1,550 workers “hit” by COVID-19 cases as below.



Source: (Lambert, 2020)

However, the company's founder adopted a business model and advanced administrative and control systems to preserve his employees from the spread of infection and develop a manual preventive guide. However, the company continued to produce and expand, but new virus generation may affect the Human Resources at Tesla. (Siddiqui, 2021 ).

Thus, the above challenges will directly impact the HRM practice at Tesla; for instance, the structural challenges in the international market will hinder the business operations of the organization in the foreign environment. They might also cause significant delays in meeting the organization's goals and objectives, thereby affecting the HRM practice of Tesla in the international market (Marques, 2017).

**Challenge Five: PESLE analysis consideration**

Environmental factors	Legal factors	Social factor	Economic factors	Technological factors
It means considering the environmental aspects and preserving natural resources from heat emissions that negatively affect the quality of nature. Therefore, Tesla must include among the performance evaluation criteria some indicators that require the preservation of the environment and set a policy of reward and punishment in the case of environmental violations. Production line employees must also be trained on the best ecological practices that prepare for sustainable development.	The legal systems in China and the United States are among the most critical factors that affect the continuation of Tesla's performance following legal trends. For this, the company must warn its employees of the need to adhere to the instructions and legal procedures. The company must follow employment methods that are compatible with the regulations of each country.	There is a global social aspiration towards energy-saving cars and distinguished by the latest means, which requires that Tesla employ the best human competencies to ensure success and continuity in the markets.	As explained above, each country's financial crises and economic systems and the Corona pandemic, and the increase in oil costs can affect Tesla's practices, which is why the structure of human resources and their internal operations cope with these changes.	The trend towards modern technology, new batteries, speed control devices, and other advantages has a significant role in that Tesla Company trains. It educates its employees on dealing with this development in the automotive world and periodically evaluating their performance.

Source: (Kissinger, 2019 )

## 5.2 What are Tesla's human resource management policies?

### Conflict Resolution Policy

The policy for resolving disputes and problems includes many instructions regarding issues between employees and how to treat them and escalate them to the higher management. The policy also explains the necessary treatment mechanisms because solving internal problems quickly and accurately makes it easier to solve external issues. (Mäkelä, 2019).

### Cultural Policy

If Tesla tries to change and accommodate its cultural policy, it will assist the organization in taking into account the cultural preferences of Chinese employees, prioritizing the working style of the region's employees, and fostering a positive and effective relationship between expatriate US managers and Chinese employees. which will help in resolving and preventing workplace conflicts and at the same time, will also make employees loyal towards the organization which will help Tesla business to grow effectively in the international market (Beaverstock, 2017).

### Recruitment and Selection Policy

The R&S policy also need to change in the Chinese market since the same selection and recruitment approach cannot be applied both in the US and China due to different employee preferences (Tahir, 2018). When Tesla will follow recruitment and selection strategy like other Chinese companies then it will help in attracting and retaining local

talents who will be responsible for contributing towards the growth of the organization and will also make them ethical in their approach and prevent any form of governmental or union interference that might have an impact on the reputation of the organization and affects its business operations both nationally and internationally (Waxin, 2018).

### Rewards and Benefits Policy

Rewards and benefits policy also pose a great challenge when an organization tries to expand its business in the international market since what is considered to be reward for one employee might not be a priority for the other (Tahir, 2018).

For instance, some employee prefers monetary rewards over non-monetary ones and vice versa, therefore, when an organization expands internationally, they need to consider the values, preferences and beliefs of employees pertaining to rewards and benefits (Kang, 2017). Hence, Tesla's HRM policy of reward and benefits also needs to change accurately to be match with the expectations and preferences of the Chinese employees which will lead to their satisfaction and motivation and at the same time, will also lead to greater productivity and loyalty of national employees towards the international organization (Kang, (Minkov, 2018). Hence, the above discussion clearly highlights some of the challenges that will be faced by Tesla in the international market and how it affects its HRM practice and will help in overcoming the challenges. (Kim, 2020).

### 5.3 What is the role of culture in Tesla?

#### Cultural Differences

For every organization that desires to operate or expand its business operations internationally, it is essential to understand the host country's culture to work effectively and efficiently within the foreign land (Minkov, 2018). Hofstede's theory of cultural dimension is a framework that is effectively applied by organizations who want to expand their business internationally, that helps them to understand the differences in culture across countries, which allows in discerning ways in which business is done across cultures (Berardi, 2017). The theory is divided into six dimensions that highlight the differences of cultures in different countries, which helps make the business operations effective and efficient in an international environment.

**Power distance** in China is quite high than in the US where the Chinese employees support subordinate-superior relationship where employees are influenced by formal authority and sanctions which are not appreciated as well as acceptable to the employees of the US, where the country believes that individuals should always have high aspirations irrespective of their rank (Berardi, 2017). China supports a collectivist culture where people act according to the group's interest and not for themselves; they believe that success comes through

team work and personal and professional development takes place when individuals work together for collective success (Berardi, 2017). However, the US supports individualistic culture, where they desire their success and progress more. This aspect, therefore, needs to be effectively considered by US expatriates who will be working in China for Tesla, as their individualistic approach might have a significant and negative impact on employees who prefer **collectivism** (Ko, 2017).

There is no significant distinction between China and the US concerning **masculinity**; even then, China supports masculinity more than the US. For instance, Chinese people are more success-oriented and driven and do not consider leisure time as essential, while the US employees prefer work-life balance (Ko, 2017). From the country comparison between China and the US, uncertainty avoidance is quite high in the US. In other words, people of the US are comfortable with uncertainty and the unknown and accept risks and challenges (Pegan, 2020. ). On the other hand, China and the US both have low uncertainty avoidance; that is, they are comfortable with changes and uncertainties, and any type of unknown strategies are likely to be accepted by them. Both countries tend to welcome new ideas and innovations and are ready to embrace risks (Pegan, 2020. ). (Acs, 2017)

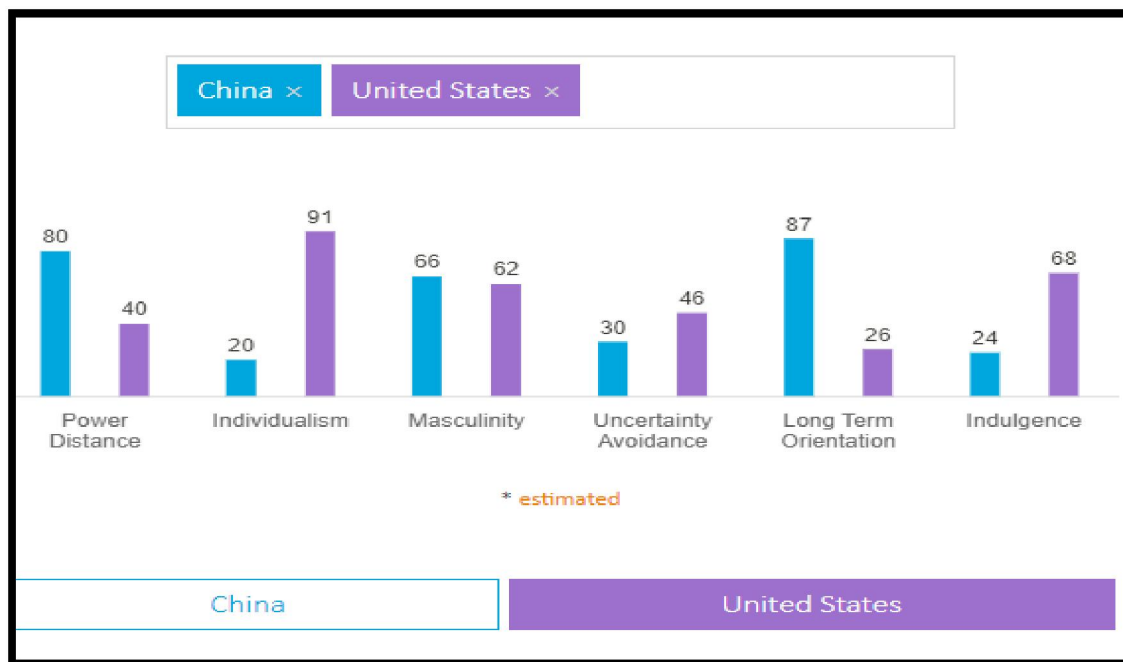


Figure 1: US-China Country Comparison  
Source: Minkov 2018

**Long term orientation** is high in China; that is, the country's people are future-oriented where they value both context and time in which the situation occurs and show high perseverance to achieve the desired results effectively and efficiently (Acs, 2017). On the other hand, the US value short-term goals and success than long-term ones. The US scores high in the dimension of indulgence, where they prefer doing things that gives them happiness and success and do not try to restrain their feelings (Acs, 2017). In other words, the US people are more expressive and outspoken than the Chinese people who follow restrained culture where they do not focus on expressing their emotions and facilitating their desires.

### Responding to Cultural Challenges

From the above discussions it can clearly be said that there is a huge difference of culture and working style between the US and China and will have an impact on the internationalization and organizational plans. The graph also shows that automobile business in China has proved to be quite successful hence, it is essential for Tesla to come up with steps that will help meeting the above cultural challenges efficiently and will make the internationalization process a success (Cuervo-Cazurra, 2017). Therefore, the US expatriates needs to be trained on the above aspects especially on the components of collectivism and long-term orientation as these are highly valued by Chinese people (Cuervo-Cazurra, 2017). The US expatriates needs to be trained of how they can collectively involve every member of the organization

in China to meet the goals of the company in the foreign land and should come up with training programs that will lead to the progress of every employees, instead of selected ones (Fang, 2017). At the same time, US expatriate needs to initiate a culture of collectivism where individuals can work together in groups frequently instead of allocating them tasks individually which is disliked by them as they prefer collectivism in work and progress (Fang, 2017).

Additionally, US expatriates should be aware of the strategies that promotes long-term orientation programs or should be able to successfully appreciate future oriented goals of the Chinese experts instead of coming up with strategies that will give short-term success to the employees (Beugelsdijk, 2018). In other words, Tesla's goals and objectives in China should be made in such a way that promotes long-term success for the organization and the employees which will thereby lead to positive organizational performance and productivity (Beugelsdijk, 2018). Similarly, US expatriates needs to learn how to be both professional as well as friendly with the Chinese employees and should know their limitations in terms of communicating with them, because the Chinese employees prefer subordinate-superior relationship and like to be supervised by their seniors instead of doing things according to their own beliefs and working expectations (Cuervo-Cazurra, 2018). Therefore, the US expatriate employees need to be professional so that they can effectively deal with the Chinese employees by showing their authority and approachable attitude at the same time.

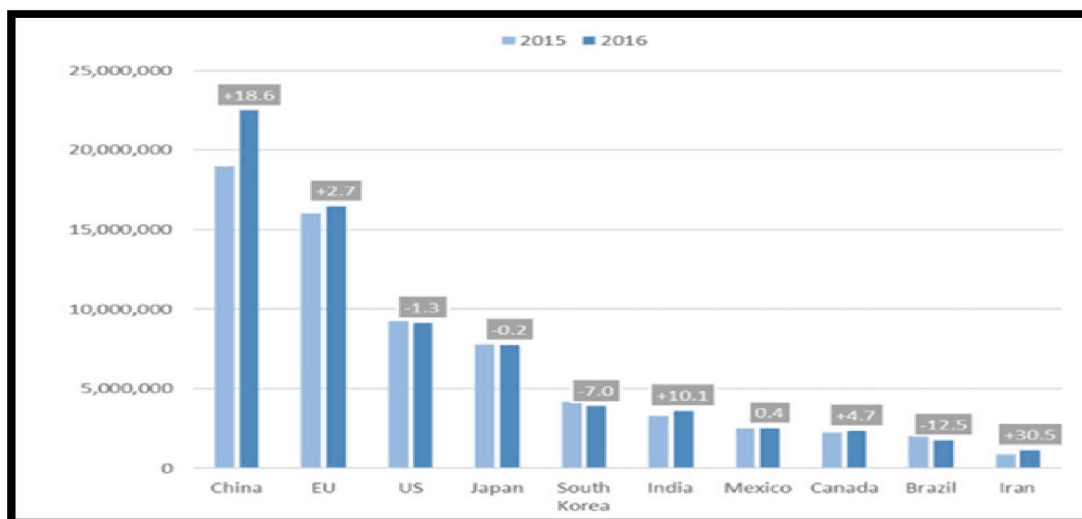


Figure 2: Automobile Industry in China  
Source: Acs, Szerb and Autio 2017

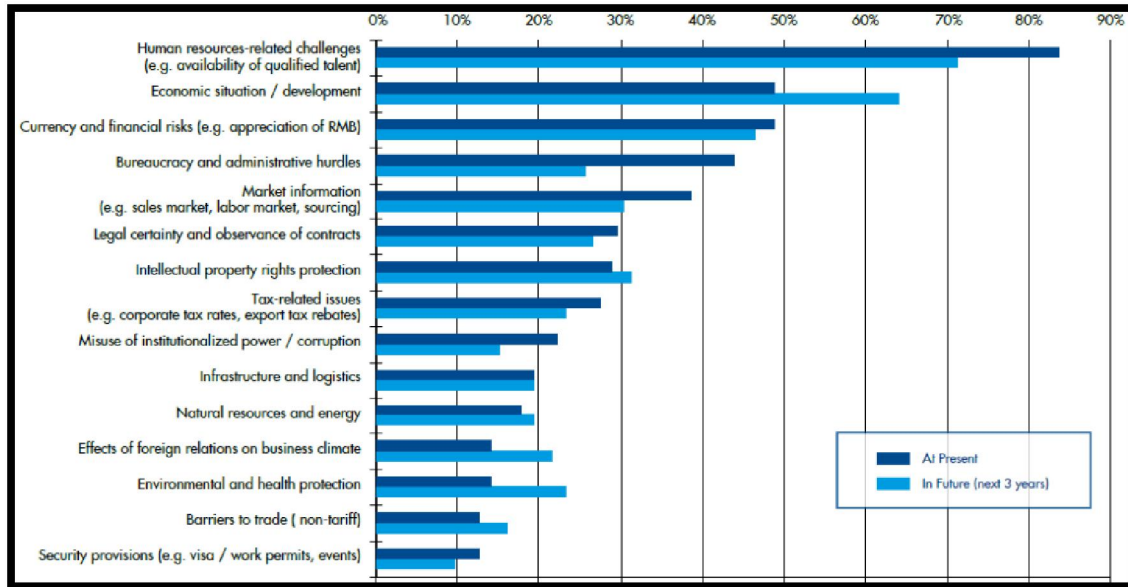


Figure 3: Human Resource Challenges in China.

Source: Fang et al 2017

Additionally, it should be noted that Chinese employees prefer work and are success driven and do not prefer leisure over work whereas this is completely opposite for US expatriates where they always try to maintain work-life balance and also appreciate leisure (Cuervo-Cazurra, 2018). Hence, this easy-going attitude of the expatriates need to change while they are in China, or they can also promote leisure activities for Chinese employees in a way that are appreciated by them and their work is not affected. Furthermore, it should also be noted that the people of the US are expressive as well as outspoken which is not appreciated by the Chinese people as they prefer to be restrained in their emotions (Borda, 2017). Hence, it is the responsibility of the expatriates to control their emotions especially that of anger as well as disappointment as it might greatly affect the Chinese employees. Limited emotions and expressions should be shown both verbally and non-verbally which will help in maintaining the superior and subordinate relationship (Borda, 2017).

#### 5.4 Tesla Strategies to Recruit Local Talent?

To recruit and attract the best local talent every organization need to understand their mission and values, the skills that they require for their organization so that they can accordingly find best talent for their organization (Rao, 2017). Organization also needs to build an employee-focused culture that will help the candidates to realize how the organization supports their cultural preferences,

values and beliefs which will thereby help the organization to attract best local talent for the company (Rao, 2017). Associating with consultancy organization in China is another way of recruiting best local talent since the consultancy organization will be in touch with effective talent who will help Tesla to attract and recruit best talents for their organization (Wang, 2018). Both traditional as well as digital advertisement can be used by Tesla to attract best local talents who will help in contributing towards the success of the organization in the foreign land (Ayentimi, 2018.).

Some of the advantages of selecting host-country national staffing strategy is that they have no problems with language and culture and can easily follow the strategies and goals of the organization in the employee-focused culture (Ayentimi, 2018.). The hiring costs are reduced since accommodation for expatriate expenses can be reduced effectively. Similarly work permits are also not required. The strategy also allows managers to gain experience of the local markets and at the same time, build morale of the host country employees which thereby motivates them to work hard (Zweig, 2020). Since the language barrier is eliminated through effective expatriate training, the promotional activities and organizational strategies can be effectively implemented without delay and difficulties (Zweig, 2020) (Vidal, 2017).

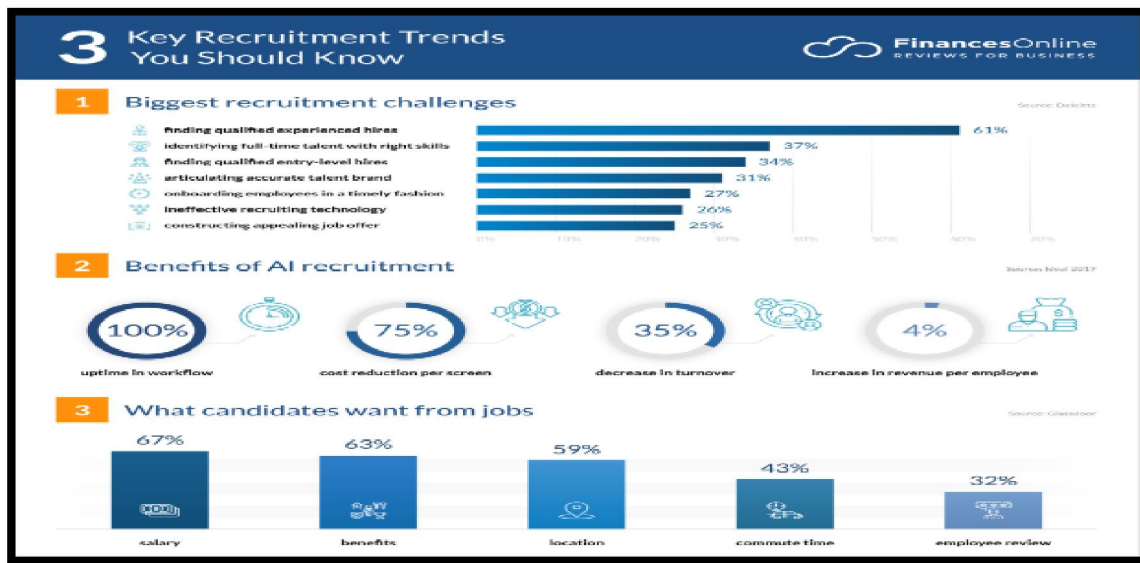


Figure 4: Challenges of Recruitment  
Source: Ayentimi, Burgess and Brown 2018

### 5.5 How did Tesla benefit from various management theories?

#### Leadership Theories

Contingency theory of leadership focuses on both the persona of the leader as well as the situation or environment within which a leader operates. In other words, contingency style of leadership helps in highlighting whether or not a specific style of leadership suits a particular situation or not and goes on to state that a leader can be effective on one occasion and fail on the other (Vidal, 2017). In other words, the theory states that a leader can only be successful when they apply the correct leadership style within a given situation and environment around them (Vidal, 2017). Hence, it should be noted that the contingency style of leadership promotes flexibility as well as adaptability. Therefore, contingency theory helps in stating that the course of action is contingent or dependent on the internal and external situation. The contingency theory of leadership further states that individual and organizational factors need to appropriately match the effective leadership where the effectiveness of the group is contingent upon different types of situational factors (Abba, 2018).

To understand the theory, it is essential to examine the characteristics of an individual leader. These organizational factors will help determine the leadership situation and the interaction of these factors (Abba, 2018). herefore, the contingency leadership style allows leaders and managers to change the organizational policies depending on the situation, which helps enhance their leadership and decision-making skills (Park, 2020). The theory also goes on

to offer options to employees, which leads to their growth and development.

The behavioral theory of leadership is considered a management philosophy that evaluates leaders according to their actions within the organization. It has been stated that influential leaders need to learn a particular set of behaviors that will be critically appropriate for the organization (Arendt, 2019). In other words, the behavioral theory argues that leaders' success depends on the behavior of the leader instead of their natural attributes and also involves observation and evaluation of the actions and behavior of leaders. At the same time, they respond to a given situation (Arendt, 2019). The theory also proposes the idea that every leader can develop and learn by adopting behaviors that are beneficial and then performed within the workplace. At the same time, behavioral leadership theory also motivates the leaders to become self-aware about their behavior and identify how this behavior affects the morale and productivity of the team (Roux, 2018).

There are several types of behavioral leadership like people-oriented leaders, task-oriented leaders, participative and dictatorial leader and others and these behavioral leadership practice needs to be selected by the leaders after analyzing the preference and values of the employees which will help in creating an effective bond between them and will at the same time, keep the business operations flowing smoothly without any type of conflicts with the employees (Roux, 2018) (Chow, 2017).



### Suitability of Leadership Theory

Hence, from the above-discussed leadership theories, it can be said that the contingency style of leadership will be beneficial for Tesla in promoting its international organizational plans and will also be appropriate to its culture (Cherry, 2017). The contingency style of leadership, as discussed, focuses on both the persona of the leader and the situation or environment within which a leader operates (Park, 2020). In other words, the theory states that a leader can only be successful when he/she applies the correct leadership style within a given situation and environment around him /she. Thus, it should be noted that since Tesla is trying to expand its business to China, there are various types of uncertainties which the HR and other concerned teams of the organization will face while operating in a foreign country, despite considering and going through necessary training and changes in organizational policies (Park, 2020).

It is quite obvious that every uncertainty which might arise during internationalization cannot be considered by the parent company since there are several changes which are taking place on a daily basis and China too goes through a lot of political instability as a result of which they keep on changing policies and laws regarding international business operating in their country (Chow, 2017). Hence, to meet with different laws and changes, one approach of leadership cannot be applied in every situation. Hence, contingency style of leadership will best suit Tesla while it operates in the Chinese market. For instance, the contingency style of leadership will help in changing the leadership style when Chinese employees behave in a manner that is unacceptable to the organization and a changed leadership approach can be adopted that will help in making the employees understand to

maintain organizational culture. Similarly, of China suddenly introduces new policies on recruitment and selection then the contingency approach will help in changing the organizational policies of recruitment to meet the requirements and expectations of the Chinese market. Additionally, contingency leadership will best help in managing cross-cultural communication and relationship where leaders can change their behavior according to the cultural preferences of employees which will lead to their satisfaction and motivation (Chow, 2017).

### 5.6 What is the main role of HR at Tesla?

#### Selection Process of Expatriates

Selection process of expatriate employees is quite different from the domestic process where the selection of the former is made on the basis of their technical competencies, skills regarding human relations, spouse and family adaptability as well as desirability of the employees to work overseas. (Yussuf, 2018). These criteria are not essential during selection of domestic process, since the employees will be working within the organization where technical, human relations and other competencies can be developed during the course of organizational training (Lawson, 2020). However, during expatriate process, it is essential to make selections based on the above criteria because it is these employees who will be responsible to running operations in a new business environment and when expatriates themselves will be incompetent then they will not be able to set effective example for employees of host country (Lawson, 2020). At the same time, when expatriates will not be skilled then this will also affect the business operations in the foreign land since effective and face-to-face communication cannot be made on a daily basis like in a domestic process (Zhang, 2021).

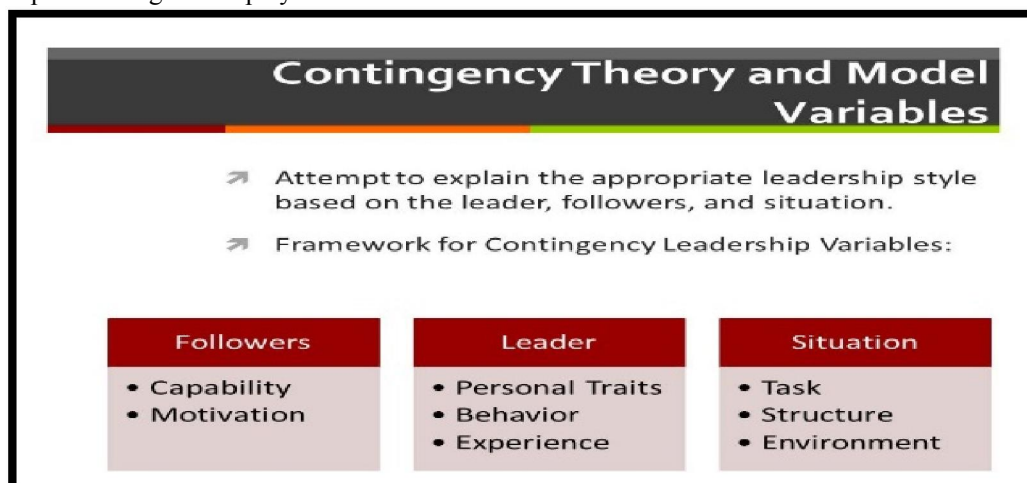


Figure 5: Contingency Theory of Leadership  
Source: Chow, Salleh and Ismail 2017

Therefore, selection of expatriate employees needs to be based on a selective process where only the best candidates should be chosen to carry out the operations of the organization in the host country (Zhang, 2021). Unlike the selection of domestic process, selection of expatriate employees need to be made on the basis of their flexibility and adaptability so that they can easily adapt and accommodate themselves to changed environment and uncertainties (Aljbour, 2018). At the same time, it should also be noted that expatriate employees have to be tolerant to stress, should have effective cross-cultural management and language skills which is not required during domestic process as issues when faced by domestic employees can be effectively resolved by interaction and communication with the management team which is not possible for expatriate employees, therefore, they need to be skilled so that they can deal with every time of stress as well as uncertainty (Aljbour, 2018).

#### **Expatriate Training Topics**

It should be noted that there are several trainings which need to be given to the expatriate employees so that they can overcome the issues as well as difficulties while working in a foreign country. One of the first trainings that is provided to the expatriate employees is language and culture training because culture and language of other countries are quite different from that of expatriate employees therefore, training in these two aspects will be quite essential as it will help the expatriate employees to understand the cultural preferences, beliefs and values of the host country nationals as this will help in understanding the working culture as style of the host country which will thereby help in creating effective understanding and appreciation for the cultural preferences as well as differences (Wang, 2020). Similarly, language training will help in keeping the communication flow effective and strong which will help in creating better understanding between the employees and the management team (Chen, 2018). When expatriate employees will be given training on language then they will be able to effectively negotiate and bargain with the employees which will help in meeting organizational goals as well as objectives (Chen, 2018).

Another training that is essential for the expatriate employees is to educate them about the management styles which are preferred by members of host country nationals. It should be noted that organizations in different countries follow different management styles based on their working style, culture and strategic suitability which are clearly aligned with the working patterns of employees (Tahir, 2018). Hence, it is essential to train expatriate

employees regarding the management style that is followed in the host country, and in this case, Tesla needs to train their expatriate employees regarding the management styles that are followed in Chinese business organization so that they can make their business operations relevant and clearly aligned with the business policies which is followed in China that will help Tesla to prevent being unethical in their business approach and at the same time, will also help in retaining employees within the organization effectively (Tahir, 2018).

Another efficient and important training that needs to be provided to the expatriate employees of Tesla who will be working in China are to train them rigorously on Chinese laws and ethics (Stanulović, 2017). It should be noted that China is a country who is strict with their rules and regulations and failure of individuals and organizations to adhere to the laws will lead to serious legal implications (Stanulović, 2017). Hence, it is the responsibility of Tesla to make its expatriate employees aware about business and other laws which need to be strictly followed in the country so that they can prevent themselves to become involved in any kind of legal dispute in foreign land.

#### **Other Activities**

Some of the other activities that need to be focused on regarding expatriate management is that Tesla needs to inform its expatriate employees regarding the transport facilities that operate in China and the traffic congestion so that employees can reach the organization in time (Guttormsen, 2017). Expatriate employees also need to be made aware of the medical health as well as housing facilities and the types of health insurance which exists in China so that timely medical and housing help can be accessed by the expatriate employees (Guttormsen, 2017). At the same time, another expatriate management activity that needs to be kept in mind by Tesla, is that the organization needs to inform the expatriate employees regarding schooling facilities in China as the expatriate employees will be taking their family to a new country and therefore, arrangement for their family members needs to be made so that the expatriate employees are not harassed in the new country and they can concentrate on their work without investing their time in finding good schools for their children (Chen, 2018).

Expatriate employees also need to be made aware regarding the electricity and water rules in the country and along with this, the different types of non-verbal communications that are preferred by the Chinese employees need to be known (Erogul, 2017). Non-verbal communication is understood differently in different countries and a lack of

understanding of this aspect can lead to huge misunderstanding and miscommunication between the expatriate employees of Tesla and employees of China (Erogul, 2017).

#### **MNC Company**

Google Inc. is an American multinational company who has the best international HRM practice especially compensation and performance management regarding their expatriate employees. Google for both its expatriate as well as host country national employees makes use of mid-point check in where employees will have the opportunity to see if they are on track in meeting with their performance goals (Tripathi, 2021). They effectively initiate communication with their expatriate employees so that their performance can be managed in an efficient manner and try to keep the systems of performance management transparent and also include employee self-evaluations which are circulated through effective technological systems (Tripathi, 2021) (Maley, 2020).

The compensation package which are offered to expatriate employees of Google Inc. are also quite attractive and efficient. They offer employees with some bonus so that the expatriate employees can deal with their sudden relocation issues and will not have to spend their personal expenses in doing the work of the organization (Maley, 2020). Google Inc. offers housing allowance to their expats on either a quarterly or annual basis and sometimes it is also accommodated by basic facilities like domestic help which makes it easier for the employees to do activities in the host country (Maley, 2020). These are some of the recommendations that Tesla can follow for their expatriate employees who will be working in China.

#### **6- Conclusion and Recommendation**

Thus, to conclude it should be noted that for its internationalization process Tesla needs to effectively consider the cultural differences between the US and China and the challenges that it will face in the foreign land and the HRM practices which it needs to improve effectively and efficiently. The paper has also highlighted the cultural differences between the US and China that needs to be considered by the US expatriates so that their business operations can take place smoothly in the foreign land.

Hence, it is recommended that Tesla needs to make effective as well as efficient human resource changes that suits their internalization process. Therefore, the human resource strategy of Tesla will be quite different in the international market from their domestic strategy where Tesla in China will have to deal with external factors like government regulations regarding the staffing practices since

every countries have different staffing regulations and therefore, Tesla needs to change their recruitment and staffing policy accordingly so that they can recruit and attract the best local talent for their expansion in China. Tesla also have to change their rewards and compensation practices and policies of human resources that are clearly aligned with the expectations as well as desires of the Chinese employees that will motivate them to perform effectively within the organization. Another changed perspective that is required to manage human resources in China is that Tesla the organization have to change their management style and organizational structure that is aligned with the business perspectives of China so that business operations can take place in an efficient manner. Additionally, the US expatriates also need to consider the forms of negotiations that the human resource managers need to consider while communicating as well as interacting with the Chinese employees so that relevant strategies can be initiated.

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