

# HOW INTERNATIONAL HUMAN RESOURCE MANAGEMENT CONDUCTED BY APPLE INC. INCREASES ECONOMIC GROWTH AND REDUCE UNEMPLOYMENT RATE IN CHINA

<sup>1</sup>Muhammad Hafiz Anwar, <sup>2</sup>Muhammad Hanif Machfudz, <sup>3</sup>Nadhif Muhammad Farhan, <sup>4</sup>Yehezkiel Triputra, <sup>5</sup>Ida Bagus Putu Aditya

<sup>1,2,3,4,5</sup> Faculty of Business and Social Sciences  
IULI - International University Liaison Indonesia  
BSD City, Serpong Tangerang Indonesia

E-mail: <sup>1</sup>fizhblancos@gmail.com, <sup>2</sup>machfudzhanif157@gmail.com, <sup>3</sup>nadhif1910@gmail.com, <sup>4</sup>[triputra598@gmail.com](mailto:triputra598@gmail.com), <sup>5</sup>[putu.aditya@iuli.ac.id](mailto:putu.aditya@iuli.ac.id)

**ABSTRACT** As China operates their business activities, many multinational companies contribute to helping its economic growth and reducing its unemployment rate. One of the crucial factors that contribute to the success of these companies in operating in China is its extraordinary management of the Human Resources team. With Apple Inc being a USA based company, they're still able to adapt and compete in China.

**Key words:** China, multinational companies, economic growth, unemployment rate, human resources, Apple Inc & USA.

## 1. INTRODUCTION

Human resources management is a department within a business organization that manages all aspects related with human capital (Heathfield, 2020). this may include processes such as recruiting employees, selecting them, motivating employees and laying off employees. There will come a time when a company decides to expand internationally. This can be due to many reasons such as increase in sales, spreading risks and increase market share and power. When companies decide to operate globally, human resource management would then be needed to be efficient enough to work as one. This is needed to make sure that all employees in different countries within one business company follow the same business corporate values and are working towards the same objectives.

However, the process of international human resources management can be challenging and costly. This is due to the fact that there are so many factors that must be analyzed. For example, some of the corporate values can be implemented into the business, however, this is added by the cultural values of the specific city or country.

This is done to respect the local culture and increase motivation of staff. When staff feel that their culture and them is respected, they will likely be more satisfied. One of the examples that can be explained relating to this issue is that in China it is common for meetings to start slightly late and that the meeting is served with hot tea. Meeting usually starts flashlight behind schedule due to the fact that there is a process of building relationship among the members within the meeting (Summers, 2019).

As businesses continue to expand. It parallely the economies of countries. Since developing countries already have higher percentages of growth in terms of economies, when international human resource management is conducted efficiently and effectively, it helps developing economies, increasing their economic growth even faster. Satisfied and motivated employees lead to increase in productivity and efficiency which leads to higher sales therefore more spending. As a result, international human resource management leads to increase in economic growth.

## 2. LITERATURE REVIEW

Human resource management (HRM) is a very crucial business department in all organizations. It mainly focuses on the human capital aspect of the business operations. The job of the human resource management department usually revolves around always looking at the changing local/international laws and regulations regarding employees. Many agree that the people within the organization are the most valuable assets companies could ever have, the HR department therefore can be said to have the most difficult job. When companies operate globally, the job of the human resource management department becomes harder and there are many aspects such as corporate values that must still be implemented but there are aspects such as local cultural values that must be respected and followed on a day-to-day basis.

This paper will discuss how when international human resource management is done correctly; it contributes to the increase in economic growth of China

### a. INTERNATIONAL HUMAN RESOURCE MANAGEMENT

International Human Resources Management (IHRM) refers to a certain department in an organization that manages their human resources activities at the international level. International Human Resources Management (IHRM) has been recognized as a significant department for many years. Organizations that are taking part in an international market must be able to Maintain competition, companies need to invent and establish a more receptive capability compared to their rivals. IHRM covers 'common' HR roles including such recruiting, procurement, success monitoring, training and support, and rates of pay, but they will be examined and/or supervised at the international level. Internationalization of an organization means there is a need to follow an international focus in all the operating operations of the company. The decisions to choose employees become more complex, for example how many expatriates are needed? How many locals are needed? Do the local employees need to follow regular selection methods from the organization's origins or there are more effective ways? How to maintain company's culture in

new areas where the area's culture is totally different? Knowing how to handle situations more effectively and efficient are one of the key factors to the success of the organization and the HR Manager should be able to take full responsibility for it (Barrachina, 2019).

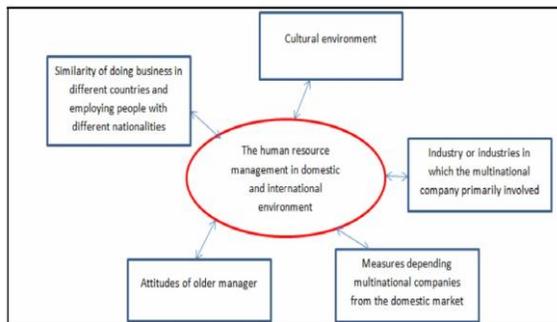
The key challenge in international human resource management is to overcome a multi-dimensional action plan composed of various national and corporate cultures. There are three major issues of the IHRM:

1. The procurement, distribution and use of human resources in the process of planning, collection, social development, skills development, methods of reward, progress monitoring, and so on in the field of international human resource management.
2. Unification with the three types of countries participating in international human resource management-the mother country where one part of the organization is based, the home state at which the company is headquartered, and another country or third country which may be an aspect of human capital or financial services.
3. Three forms of workforce treatment-workers who are residents of the host nation, employees who really are people of the native country and employees who are residents of a third country or nations (Dasić, Ratkovic, & Raletić, 2015).

### 1). DIFFERENCE BETWEEN INTERNATIONAL HUMAN RESOURCE MANAGEMENT AND DOMESTIC HUMAN RESOURCE MANAGEMENT

Human Resources Management or HRM is essential for both international and domestic organizations as well as for the creation of a competitive market and also the core of many key factors, such as fiscal, cultural, social and political issues. The significant difference among domestic and international human resource management is the translation of HRM practices and systems into diverse international contexts and global quality. Initially, various groups of people prefer to have different employee handbooks. For example, a company that requires

labor protection in the United States might not have the same consumer protection in China. Therefore, the Chinese Government doesn't have the same legislation as the United States Government. Employees that are coming from various nationalities and working in foreign countries are the main factors of discrepancies between domestic and foreign HRM. Institutional norms and value might be based on the features of a national business system brought by expatriates to be one of the differences between HRM and IHRM. For example, Germany provides vocational education that is relevant for every worker, including manual laborers, to be able to work in a particular field. Whereas in Indonesia not every worker has vocational education related to the field of work they do. Indeed, international business represents the relationships and interaction of employees across countries, and cultural, behavioral and linguistic dissimilarities are crucial. For example, a global corporation like Google has a huge number of workers from all across the world. In spite of this, its headquarter and home origin is built based on the US. However, a host country in Indonesia requires a different cultural approach than the origin country (Ongdashuly & Rakhmetzhan, 2017).



Source: (Dasić, Ratkovic, & Raletić, 2015)

**Figure 1: Factors affecting the differences between the human resources management in the domestic and international environment**

## 2). INTERNATIONAL HUMAN RESOURCE MANAGEMENT CONDUCTED IN MULTINATIONAL BUSINESS CORPORATIONS

The HRM practices from Multinational employees are necessary to be transferred and implemented from the company headquarter into

subsidiaries in order to keep and increase the effectiveness of HRM. The application of HRM activities is embodied in multiple situations. The transformation of the planned HRM practices into real HRM practices is more than the implementation of the rules; it also involves a psychological attachment of significance and meaning (Nehles, Bondarouk, & Labrenz, 2017). HRM implementation process from the headquarters of multinational companies can be seen in the following companies below:

### **IKEA**

From the 1990s, Ikea has been acknowledged as the biggest furniture distributor throughout the world. Ikea wants the business to be efficient, and to achieve that, a management and organizational framework is developed by the company's founder. Ikea tries to maintain a deep Ikea culture so that the 's worldwide performance stays successful in the long run. Ikea is a worldwide company that sends its people to operate in various places around the world. Ikea teaches its staff on how to support Ikea in other countries. The preparation given focuses more on ensuring that workers are able to behave in a manner that is marked by selfishness, creativity, integrity and a good work ethic. Training Ikea provides its workers a lesson in cost-consciousness and simple lifestyles. Cultural preparation for Ikea expatriates is thus limited and, as a result, expatriates must make an attempt of their own to understand new culture through contact with local partners, books, the internet and observations. IKEA has a training strategy that relies on more training workers on the principles to be expressed instead of about how to adapt to evolving markets. A one stop solution all solution operates in regions that have the same values and communities (Joseph, 2018).

### **Toyota**

Toyota is a manufacturer of motorized machine tool production and Distribution Company headquartered in Nagoya, Japan, Toyota has decided to globalize its company throughout the world to take advantage of opportunities with cheaper labor, compete with a wider market and improve the market for its products worldwide. Toyota in globalizing its products, continues to use Japanese culture by recruiting typical Japanese employees who are team players, intelligent, hardworking, stubborn and

conservative. Each team leader from Toyota will be given training to understand the skills and philosophy of each staff. To ensure this Japanese standard, Toyota actively sends employees from the headquarter to maintain quality where every leader of employees from areas outside Japan will receive training from the headquarter employee (Toppo, 2015).

### 3). EXPATRIATES AND HOW THEY ARE CHOSEN

An expatriate is a migrant worker who is a skilled or professional worker inside the profession. The employee takes a position outside the home country, or as a work assignment schedule by the employer, that can be a firm, university, government, and non-governmental organization. Generally, expats will earn more than they would at home, and more than local workers. In addition to wages, businesses sometimes give their expatriate employees benefits such as relocation assistance and housing allowance. Life as an expatriate might be interesting and present an outstanding opportunity for career advancement and global business exposure. On the other hand, expats may also be an emotionally difficult change that involves separation from family and friends while adjusting to an unusual culture and work environment (Kagan, 2020).

The subjective nature of the abilities scored, especially those classified as personal and environmental characteristics, is the expatriate selection based on characteristics or traits. Models derived from this approach have nevertheless value in giving some guidance which can be applied during the selection process rather than simply depending on the domestic record of the potential manager as a predictor. Mendenhall and Oddou are one such model (Downling, Festing, & Engle, 2008). They propose a four-dimensional approach to link specific tendencies to the likely performance of overseas:

**The self-oriented dimension** - The degree to which the expatriate is concerned with the adaptation of self-preservation, self-pleasure and mental hygiene (ukdiss, 2019). This includes activities and features to enhance the self-esteem, confidence and psychiatry of the expatriate. The first is "reinforcement substitution"; the second is

'stress reduction' and 'technical competence.' The other is 'stress reduction'.

Substitution of reinforcement means the substitution of activities bringing happiness and fun in the home culture with other and similar activities in the host culture. Virtually all cultures, for example, value art, sports, cooking, music, dance, architecture, history, family and so on in general categories. However, the manifestations of all cultures of these activities do not belong to the same kind, since the expatriate of the USA may value baseball, steaks and potatoes and jazz. In order to adapt to the new culture, expatriates who can find parallel replacements for their interests and activities in a new culture are more likely to have been successful (Mendenhall & Oddou, 1985, p. 40).

Reduction of Stress, Cross-cultural theorists have long believed that entering an unknown culture creates stress in the expats. Hawes and Kealey as the expert found that day-to-day living in foreign countries was a significant variable in the acculturation process. This coping included social adaptation to other expatriates and adaptation to the new physical environment, including residential, service, entertainment, climate or other stress conditions (Mendenhall & Oddou, The Dimensions of Expatriate Acculturation: A Review, 1985, p. 41).

Technical Competence, expats are assigned to some kind of task abroad whether building a dam, running a business, turning others into one's own religion, or teaching English. Trust in our capacity to fulfill the purpose and the necessary technical expertise in overseas tasks to do this appears to be an important part of the adjustment of expatriate (Mendenhall & Oddou, The Dimensions of Expatriate Acculturation: A Review, 1985, p. 41).

**The perceptual dimension** - The expertise the expatriate possesses in accurately understanding why host nationals behave the way they do (ukdiss, 2019). It is important in adapting to a familiar cultural environment that foreigners can understand why they behave as they do. The ability to accurately attribute the reasons or cause of the conduct of host-nationals allows expatriates to predict how they will act towards him in the future, reducing interpersonal and intercultural relationship uncertainty. Research shows, however, that people of various cultures

often misunderstand each other due to learned cultural differences in their perceptions and social behavior (Mendenhall & Oddou, The Dimensions of Expatriate Acculturation: A Review, 1985, p. 42).

**Others-oriented dimension** - To the extent that the expatriate cares for and wishes to join host national employees (ukdiss, 2019). This dimension covers activities and characteristics that increase the ability of the expatriate to effectively interact with host companies. It consists of two sub factors: one is "development of relationships" and "communication readiness". The ability to develop long-term friendships with host companies has become an important factor in the successful abroad adjustment of large areas of variance in the factor analytical studies that study adaptation. Establishing close relationships with host nationals has the same effect on an expatriate as a mentor has on a new employee; that is to say, the experienced person guides the neophyte through the intricacies of a new organization, its complexity and culture (Mendenhall & Oddou, The Dimensions of Expatriate Acculturation: A Review, 1985, p. 41) Willingness to Communicate, two recent factor analytical studies showed how it is important for the intercultural adaptation to communicate with host nationals, whereas the confidence and readiness of the expatriate to use the language of the host culture had a greater influence on successful adjustment than actual fluency in the foreign language. In order to "learn" and to familiarize themselves more intimately with and Brazilian hosts, experts, Brein and David discovered that well-adjusted volunteers from the Peace Corps learned Portuguese. The expatriates collected anecdotes, jokes, poems, words, stories and statistics of movie and sport stars and so on, what Brein and David call "conversational currency." Those "conversational currencies" were used to talk to host-nationals, they were used to promote comradeship and show their hosts that, although they are Americans, they were "one-of-the-guys" (Mendenhall & Oddou, The Dimensions of Expatriate Acculturation: A Review, 1985, p. 42).

**Cultural-toughness** - A variable of negotiations which recognizes that the extent to which the host country is incongruous with the home country is affected by acculturation (ukdiss, 2019). Some

countries' cultures seem to be harder to adapt than other countries' cultures. In the areas of job satisfaction, stress and pressure levels, health care, housing standards, enterprise, food and skills of colleagues, the Torbiorn experts have found that expatriate workers express high levels of dissatisfaction with their work outside the world, for India, Pakistan, Southeast Asia, Middle East, North Africa, East Africa and Liberia. In Southeast Asia, Japan, Africa and the Middle East, there are also reported greater cultural barriers than other regions in the world. Graham reported that of the racial / cultural groups he studied (Japanese, Chinese, Maori, Samoan, Tongan, and Caucasian), the Samoans had a more difficult time adjusting to the Hawaiian lifestyle than the rest of his sample. He pointed out that the gap between Fa'a Samoa (Samoa Way) and the host culture exceeded the gaps between house culture and culture. So, how much the expatriate adapts to his experience abroad appears to be partly related to the country of assignment (Mendenhall & Oddou, The Dimensions of Expatriate Acculturation: A Review, 1985, p. 43)

#### 4). COMMON ISSUES IN INTERNATIONAL HUMAN RESOURCE

**MANAGEMENT** As the success of national businesses depends on its staff, international human resource management determines the success of a multinational company. Managers of human resources are typically managers of any business organization and are responsible for managing a wide range of employees. In a multinational company with divisions or subsidiaries in foreign countries, the human resource manager has all the normal HR responsibilities and a set of additional tasks specific to his department's offshore operations. By following International Human Resource Management, here are some common issues that happened (McCormack, 2019; Shaffer, 2017).

**Repatriation** - Repatriated staff also play an important role in the process of globalization. First, through their international experience, they add invaluable knowledge to the company's global wisdom. They continue to expand the scope and global perception of the company from triumph to failure, sharing experiences. Finally, they serve for others to consider expatriate tasks

as role models and guiding agents (Downling, Festing, & Engle, 2008).

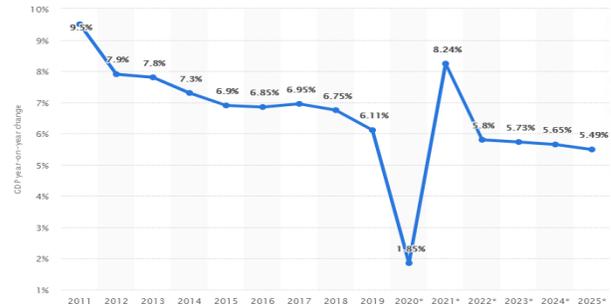
The return to the country can be traumatic and many experts agree that the initial international move calls for as much cultural adaptation. The expatriate and the family not only return to a completely different environment than they left, but do not often expect it to be changed. Here are some of the personal challenges faced during repatriation: Their experiences made repatriates change Over time, their friends have changed In reality, as well as from a subjective perspective, your home may look different, their children may have to find new friends and rejoin in a strange "home" community, their spouse / partner may struggle to re-enter their home country's workforce they may need to live on a wage without extra benefits. (Brewster & McNulty, 2016)

## II.2. HUMAN RESOURCE MANAGEMENT OF APPLE INC IN CHINA

The Multinational Company Apple.inc is a successful multinational organization in the telecommunications and electronic devices market. Apple.inc is a major developer, producer and marketer of telecommunications and devices equipment. With multiple sectors of businesses, Apple has an elaborated International Human Resource Management System including training of employee, deployment, return on investment, etc. Before deploying the employees into a new country, Apple.inc will create a pre-departure training for that particular country. For example, when Apple.inc wants to deploy an employee into Saudi Arabia or another Arabian country, that employee will be provided with knowledge on verbal and non-verbal interactions, taboo, rules, decision-making strategies and corporate management systems such as prohibition of alcohol and the social expectations of particular dress code. Other preparations also include Language preparation and business etiquette that consider local cultures such as Africa with high power distance where decisions usually come from Top management to below. Apple.inc rely on personal recommendation on sending employees as an expatriate, the recommendation itself coming from line manager and specialist to reduce the risk of failure in the assigned job.

Apple also prefers to have a mentoring system for expatriates to adjust new expatriates with the environment and supervise the assignee to develop themselves (IvyPanda, 2020).

## 5). ECONOMIC GROWTH IN CHINA



Source: (statista, 2020)

Figure 2: Gross Domestic Products Growth of China

The economic growth of China shows a reduction in growth across the years. The chart shows that even though China experiences a positive growth in Gross Domestic Products, it shows that since 2011, the percentage of growth across the year has been gradually decreasing over time. The lowest GDP growth was suffered in 2020 as the GDP growth drops to lower than 2%. This is due to the worldwide pandemic of COVID-19 which reduces trades among countries leading to lower exports of Chinese products. However, the GDP growth of China is expected to skyrocket increase in the coming years where it is predicted to increase up to 8.24% in 2021. However, after 2021, the percentage of gross domestic products growth is expected to decrease over the

## 3. RESEARCH METHODOLOGY

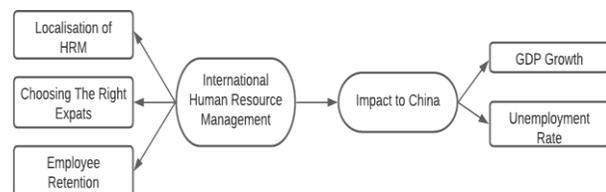
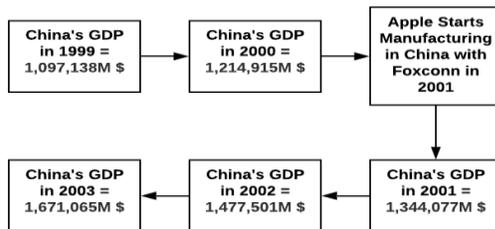


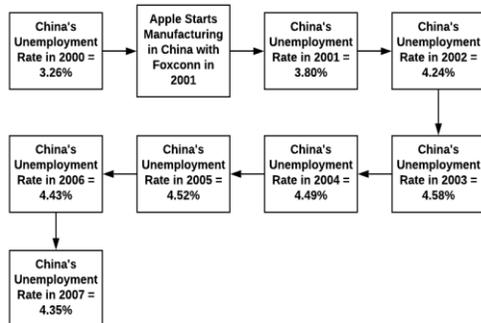
Figure 3: Research Model

Figure 1 illustrates the research model for the research study. It highlights that with 3 strategies conducted by the International Human Resource Management of Apple (Localization of Human Resource Management, Choosing the Right Expats & Employee Retention) leads to increase in gross domestic product growth and reduction in unemployment rate in China. The research study will be based on secondary research data available from websites & journals to find the most reliable data as its statistics are accumulated by professionals.



Source: (Country Economy, 2003)

Figure 4: China's Annual GDP Growth Thinking Diagram



Source: (Macro Trends, 2020)

Figure 5: China's Annual Unemployment Rate Thinking Diagram

**SECONDARY RESEARCH DATA:**

**A. LOCALISATION**

The performance-based bonus is provided, which is the benefits that employees can take from the basis of the location. The packages are also being designed on the employee skills and the performance level of the employees. The pay scale is not differentiated from foreigners, locals, and overseas. Chinese employees who have returned from abroad are doing similar jobs. The

wages are decided based on the employee's skills and performance. All employees must adopt a social insurance system because it is mandatory in China to play a role in some amount from their salary for health. The salary packages for employees in urban cities of China includes the cost for health care of old parents of their employees, child education allowance, and housing allowances. All workers in China have been providing voluntary help by collaborating with the health insurance firm (myassignmenthelp, 2013).



Source: (Iossifidis, 2020)

Figure 6: Hofstede Data Comparison for China and USA

Apple, as one of the companies which expand to China, is also doing the localization. Apple adopts the Hofstede theory in China like power distance, masculinity vs femininity, individualism vs collectivism, short vs long term, goals, uncertainty avoidance, and Indulgence. In this case it will be a comparison between China and the country of Apple's headquarters (United States). The number from the data is all estimated. Although, the data which is taken from Hofstede insight is a clear explanation that the USA as the country which Apple came from has a very different culture, people, and demographic segment with China. So, it is a must for Apple to localize and adopt with China.

**B. CHOOSING THE RIGHT EXPATS**

China is the selected country to explain the IHRM aspects. China is a country with a high population. It was a difficult task for Chinese organizations, since China is known worldwide

for its cheaper labor market to find talented staff. Because of the lower labor cost of manufacturing different products, many companies outsource the various technical parts of China. The salary of the employees is based on the living costs of the metro and the non-metro towns. HR policies vary in Chinese business to business. (Myassignmenthelp, 2013).

The process of recruitment is strategically conducted. It is an early stage in which the company concentrates on the capabilities of its staff. The companies focused on recruiting those candidates who are multi-skilled or lack the multiple skills of the local citizen. On the basis of nationality there is no discrimination. Whenever a senior employee is employed the companies verify the job records by external advisors working with standards to check the candidate's past history. The companies identify the reasons for leaving the job and verify how often the individual candidate changes the job. The candidates' objectives are sought when they are hiring to verify that they align with the organization's objectives. The employees should be familiar with the correct local and English language. The companies are linked to universities to offer their applicants the opportunity to become employees at entry level. Companies in China advertise with the commercial publication of local and official authorities (myassignmenthelp, 2013).

The process of recruitment is strategically conducted. The hiring takes place in the fourth and third level cities. Bringing a better brand image to Chinese companies with a global brand image, such as technology and financial companies, has attracted young workers in China. The firms with a strong brand image help to attract maximum recruitment candidates. Full expatriates are employees employed abroad but are transferred to China to serve as trainers. The selection of staff will be based on the qualifications, the skills required and the location of the staff. They have very good wages with multiple benefits. The MNC's in China are offering better wages to the local senior and medium level experienced employees. Talented employees have been observed to change their work for two reasons in China and to increase their wages and career opportunities in life. The stage in which the company concentrates on the

capabilities of its staff. The companies focused on recruiting those candidates who are multi-skilled or lack the multiple skills of the local citizen. On the basis of nationality there is no discrimination. Whenever a senior employee is employed the companies verify the job records by external advisors working with standards to check the candidate's past history. The companies identify the reasons for leaving the job and verify how often the individual candidate changes the job.

### **Apple Human Resource Management Policies**

Qualifications are available for Apple:

- 4 years minimum of software development project management.
- Excellence in communication and presentation at various levels of the organization, both in writing and verbally.
- The ability to take part in brainstorming sessions and may facilitate them.
- Technical skills: architecture and development of servers, SQL and bonus for past programming experience.
- Trade and business expertise: orders, charges, taxes, payments, invoices, fees, licenses etc.
- SAP integration experience in digital media.

### **Job/Person Specification**

- Experience: 8 - 10+ years of project management operational experience.
- Proven track record of large and complex project systems.
- 3 - 5 years of experience in the design or re-engineering of business processes, PMI training.
- Experience in consulting is considered a plus.

### **Employment Conditions**

The successful candidate has to meet certain requirements before officially joining the organization, which means that the following conditions must be fulfilled before finalizing the selection.

### **General Conditions**

- Lucrative aspirants must acquire and preserve a suitable safety sanctions and some other essential conditions
- Identity evidence and legal work rights in the United States as required and in conformity with the process and procedures of the

United States. Reform of immigration and control legislation (IRCA).

- Due to US Department of Commerce requirements, if not a U.S. citizen, U.S. permanent resident, Canadian citizen, political refugee, or political asylum holder, you will be required to sign an assurance regarding obligations not to export controlled technical data or software to certain countries.
- The contract must be signed and the signed agreement must be returned.
- Must be checked satisfactorily according to Apple policy

### Probationary Period

A 12-month probationary term agreement should be signed by successful candidates that includes training and performance management to determine their work capacity. As a major part of the responsibility lies with iTunes' manager, who also controls a number of other departments of the organization, Apple closely monitors the performance of its new project manager. Any unsatisfactory success of the candidate can be terminated by Apple during this probationary period (Waran, 2018).

### C. EMPLOYEE RETENTION

In China, the most effective ways of Companies attempt to concentrate also on employee attraction and retention programs is by connecting their careers to the career of the company. They provide professional development programs which add value to the job, and are funded by the company in order to create a better opportunity for their workers and the certificates are also eligible for employee recognition and are used as an extensive attention for further advancement of the employees' careers. Some of Chinese employee retention techniques have been used internationally by businesses to grow their capital. In various countries and towns workshops are held to ensure stable workers. The work rotation is also used in China to make the workforce more interesting. This is one way for the plan for retention. The employee's career is related to the advancement of workers on the basis of merit. More workers in China have been drawn by prestigious locations. The employers are pleased by providing the

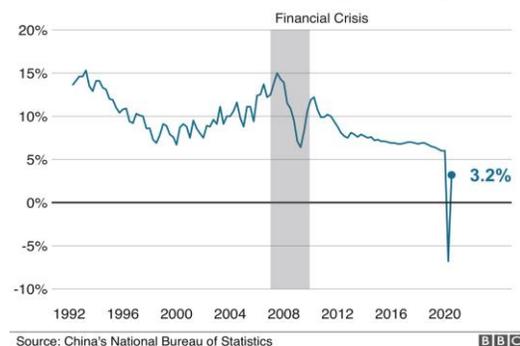
employees there with the healthy working atmosphere. The businesses also have a tradition to protect the brand reputation through the provision of social responsibilities and employee retention to the Chinese community (myassignmenthelp, 2013).

As standard for Apple, any employee sent from Apple as an expatriate must recognize the variation of those policies as it would most likely be a threat to the performance of the organization on the global marketplace if the new rules and rules were not complied with. Different countries make different views of the job as such that in their expatriate destination countries decision-making techniques and an acceptable business strategy are required. In addition to legislation, expats can handle workers from various cultural backgrounds effectively as the capacity of such managers for their employees affects the company's profitability, because the nationality and dress codes of people from different cultures differ. According to the Hofstede Cultural Compass, China itself has high power distance, low individualism and is long-term oriented, if expatriate employees are Americans who are accustomed to American culture with low power distance, high individualism and not too long-term oriented then they must change their approach to be more collective, creating a greater power distance and orientation with a longer term (IvyPanda, 2020).

### D. GDP GROWTH

#### Chinese economy bounces back into growth

Year-on-Year GDP has now fallen into negative territory

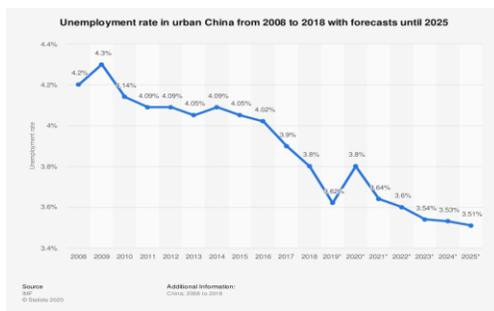


Source: (Oi, 2020)

Figure 7: GDP Growth in China

## E. UNEMPLOYMENT RATE

Since Apple's entry into China, they have created more than 4.8 million jobs in China in total and in the future will continue to invest with more than 3.5 billion yuan (about \$ 506 million) to establish research and development centers in Shanghai. and Suzhou, China. This is also coupled with the IOS ecosystem that they built as many as 1.8 million iOS ecosystem jobs in the same country and that the company employs more than 12,000 people in its 22 Chinese offices and 46 Apple Stores. to its manufacturing contract with Taiwan-based Hon Hai Precision Industry, better known as Foxconn, with its mainland in Zhengzhou, The facility started growing what locals had nicknamed the "iPhone City." with a workforce that rivals many US cities. They have the capability to employ roughly 350,000 people and manufactures about half of the iPhones worldwide. The factory created 500,000 smartphones a day or up to 350 a minute, in the peak summer season just before fall release of the new iPhone (Ausick, 2017). With so many workers in China, Apple relies heavily on China for the supply chain, which will make China the heart of Apple's development for the next few years. China's Located Infrastructure is considered strong, with employees who have that can be paid in minimum but at least have a good discipline, and a supply chain of localized resources that include free land and tax incentives in order to create suppliers in or around its own logistics such as Japan, Korea and Taiwan. In the current situation, Apple's production will not easily move by the impacts of the previous trade war, the pandemics and other factor



**Figure 8: Unemployment rate in urban China from 2008 to 2018**

## IV. DATA ANALYSIS

### A. LOCALISATION

As mentioned in the secondary research data, Chinese people are paid cheaper than other countries like in Europe. This situation is clearly a big advantage for Apple because they do not have to pay a lot of salaries to employees which means, it will produce lower cost. In addition, those salaries are already including health insurance, child education allowance, and housing allowance. This condition will help Apple to provide more money for labor welfare and making goods available to consumers (Myassignmenthelp, 2013).

Apple is also doing the Hofstede study to approach the local people character. Power distance of China is 80 and the USA is 40. The higher the number, the bigger power distance gap. Individualism vs collectivism in China is 20 and the USA is 91. The bigger the number, the more individualistic person in that country. For masculinity vs feminism, China is 66 and the USA is 62. Higher number means, the country pretends to be more masculine than the smaller. Uncertainty Avoidance of China is 30 and the USA is 46. The USA has more uncertainty avoidance than China. The Short vs long term orientation. China is 87 and the USA is 26. This number gap is high. China which has the bigger number is considered to be a long-term country compared to the USA. The last one is indulgence, which China has 24, and the USA has 68. So, the USA is more indulgent than China. Once again, as a reminder, these numbers are estimates

### B. CHOOSING THE RIGHT EXPATS

China is the selected country to explain the IHRM aspects. China is a country with a high population. It was a difficult task for Chinese organizations, since China is known worldwide for its cheaper labor market to find talented staff. Because of the lower labor cost of manufacturing different products, many companies outsource the various technical parts of China. The salary of the employees is based on the living costs of the metro and the non-metro towns. HR policies vary in Chinese business to business (Myassignmenthelp, 2013).

The key of apple to succeed in foreign countries, for example China is to employ the right and reliable workers. One of the key aspects

mentioned by Apple is to employ employees who are multitalented or simply has many capabilities. This is because, Apple is innovative and needs many ideas. Many capabilities held by the employees can reduce costs as they don't have to employ as many workers as the same workers can have many job responsibilities.

Since Apple is a huge multinational corporation, they employ employees not based racial discrimination and employs employee fairly based on experience and capabilities. However, Apple does still check the history of the workers e.g. job records such as how long they stayed in previous companies and their job roles there. This will help Apple employs employees who can be a long term asset for Apple and not be a burden. Apple also placed many qualifications that must be met by potential candidates who wants to apply to work for Apple. This is crucial to reduce any chances of hiring employees who are not productive or effective enough for Apple to manufacture and operate in China. Some of the qualifications mentioned by apple are, 4 years of software development project management, have between 8 up to 10+ years of project management operational experience. In addition, another requirement is to have expertise in orders, charges, taxes, payments, invoices, fees and licenses. There are many other requirement set by Apple. This allows Apple to reduce costs and time for Apple to find the right employees as there are standards already. This key requirements set by Apple can be hugely linked to its success in operating and manufacturing in China as over the years it shows that China experiences GDP growth and reduce in unemployment rate.

### C. EMPLOYEE RETENTION

Employee retention strategy in China can be considered as complex because it involves many factors such as social community, customs and culture in China and all factories in China in general carry out the employee retention strategy as mentioned above. Apple's employee retention strategy in general is a suitable strategy to implement. This is evidenced by Apple's improvement in global employee retention rate from 61% to 89% in two years in 2017-2019. Apple admits they are doing this by planting a strong vision and mission, equality, good

information distribution between the company and employees and continuing to train and develop the quality of their employees (Markovic, 2019).

One of the key strategy used by Apple to increase employee retention in China is to conduct job rotation once in a while. This is to not make employees bored and have a chance to work in other areas to improve their skills. This can increase employee satisfaction in working for Apple as job rotation can lead to many benefits. Some of the benefits of job rotation to Apple and the employees are:

1. Encourage employee's career development
2. Helps to identify where employees works best
3. Train employees for the future to cover up for different positions in case an employee suddenly quits their job position
4. Reduce/eliminate being bored of working the same job responsibility over and over again
5. Give employees a break from their tiring stressful job desk

As employees feel more satisfied and their needs are met when working for Apple in China, their productivity and efficiency in working can be beneficial for Apple as it can increase sales and profitability from the reduce costs due to rise of efficiency.

To increase the retention rate of the employee for Apple, apple provides healthy and safe working conditions. This allows workers to socialize while also working in a safe working conditions without worrying of hazards or dangers.

### D. GDP GROWTH

The graph shown in the d part of secondary research data is GDP growth in China. Since 1992, the graph shows the up and down numbers in terms of percentage. In 2020, China has decreased dramatically, even though it rises again. Every year the GDP is climbing although many of them are not more than 5%. It is understood that one of the factors of the issues is the decrease of unemployment rate and the capability of Apple to fulfill the job vacancies. In addition, the number of workers in China which are also related to supply chain and infrastructure

is being considered as a support factor which plays a role in China's GDP Growth.

The graph is higher than experts were predicting and points towards a V-shaped recovery which is a sharp fall followed by a quick recovery. It also means China avoids going into a technical recession with signified as two consecutive periods of negative growth. The bounce-back follows a steep 6.8% slump in the first quarter of the year, which was the biggest contraction since quarterly GDP records began. The country's factories and businesses were shut down for most of this period as China introduced strict measures to curb the spread of the virus. The government has been rolling out a raft of measures to help boost the economy, including tax breaks (Oi, 2020).

#### E. UNEMPLOYMENT RATE

On the basis of the above graph, China has managed to reduce its unemployment rate from the highest peak in 2009 by 4.3 per cent to the lowest of 3.62 per cent in 2019. This is closely linked to the opening of foreign investment access to China after 20 last year, which was very pronounced with the involvement of domestic entrepreneurs in growth. Yet, along with changing regimes, the country has experienced many transformations and outcomes. In 20 years, China could expand its economy 20 times from USD 0.5 trillion a year to USD 13 trillion a year (Situmorang, 2019). Investments made by foreign countries in the form of FDI or Foreign Direct Investment Inward Flow contributed more than \$141,225 million <https://www.nordeatrade.com/en/explore-new-market/china/investment>. As a result of several factors, China is seen to have a huge market opportunity with a large population suitable for products such as healthcare, engineering, luxury goods and others. When they also able to trade both regionally and abroad. China's market potential is underpinned by China's readiness for key business elements, such as road infrastructure, highways, bridges, and is equipped with a strong workforce, both in terms of numbers and talent. Progress in this area dramatically reduces transaction costs and increases profits. The Chinese government is also able to maintain stability in its country through a politically stable government and stable economic growth, and to

encourage investment in commercial and entrepreneurial activities by providing attractive financial incentives in the form of tax breaks, grants, low-cost government loans and subsidies (Bloomenthal, 2020).

In this case, Apple is one of the foreign companies that has also reduced the unemployment rate in China, one of its production centers in Zhengzhou, which can serve six million people with a large Foxconn plant, capable of producing 500,000 iPhones a day. According to classified government documents checked by The New York Times, a factory worth billions of dollars is key to the development of the iPhone, the best-selling and most valuable Apple product. This was initially initiated by the local government by contributing more than \$1.5 billion to Foxconn to construct large parts of the facility and surrounding staff housing with paved streets and also installed power plants, helping to cover ongoing energy and transport expenses for the operation, while also hiring assembly line employees and paying factory incentives to meet export goals. With its production capacity, Apple produces almost a quarter of its sales revenues in China and has some of the highest profits in the industry. Simply put, the Zhengzhou activity offers a highly illustrative view of China's impact to American tech giants and more precisely, to iPhone development and more prominently, to Apple's market sales. As the Zhengzhou activity shows, China not only provides a huge pool of labor, but also offers benefits that would be impossible to duplicate in the United States and anywhere else. The benefits in Zhengzhou flow from the factory floor to the retail store via the iPhone development process. As part of the contract, this Apple manufacturing plant, which spans over 2.2 square miles, and at its height is 350,000 workers, assembles, checks and packages iPhones up to 350 a minute, even hires, trains and house employees. Provincial authorities are calling on townships and villages to help locate future employees (Barboza, 2016).

#### 1) THINKING DIAGRAM DATA ANALYSIS (GDP GROWTH)

The thinking diagram, Figure 4, illustrates the gross domestic products growth for China before and after Apple starts manufacturing in China

with Foxconn. It shows that before Apple enters China to conduct manufacturing expansions, China has already experienced increase in annual GDP growth between the year 2000 and 1999, where the GDP growth increased from 1,097,138 Million US Dollars to 1,214,915 Million US Dollars. Apple then enters China in 2001 where it has contract with Foxconn where it plans to manufacture iPods, an Apple original product. This had positive impact to the Chinese economy as GDP over the years continue to grow. It increased to 1,344,077 Million USD by the end of the year 2001, 1,477,501 Million USD by the end of the year 2002 and 1,671,065 Million USD by the end of the year 2003. The rise in GDP growth can be linked to Apple starting manufacturing in China. This is because it provides job for the people and encourage spending across many different industries, thus helping the economy of China as a whole.

## 2) THINKING DIAGRAM DATA ANALYSIS (UNEMPLOYMENT RATE)

Figure 5 Illustrates the thinking diagram of China's unemployment before and after Apple enters China for manufacturing. As the thinking diagram highlights, despite many global economic crisis across the world, the unemployment rate in fact increased between 2000 and 2001, the year Apple starts manufacturing in China. However, this number then increased again up to 2003 where it reached 4.58%. However, over the years, it shows signs of decreasing in unemployment rate, for example in 2004, it dropped to 4.49% in unemployment rate only. However, it then increased again in 2005 to 4.52%. Even though this seems not a big change, when placed into context, this is a huge change and has a really huge impact due to the fact that China has over 1 billion population. However, the years after shows positive changes to the unemployment rate as numbers dropped to 4.43% by 2006 and down again to only 4.35% in 2007. As apple grows, more manufacturing demands are placed due to more products are created by Apple. This then provides many jobs to the Chinese people or other nationals living in China, therefore leads to the lower unemployment rate in China.

## V. CONCLUSION

It is difficult to adapt to a country when expanding to it especially for Apple, a United States of America based company operating in China, a country with absolutely different culture and language and different ways of doing business.

In Theory, when multinational companies expands to a certain country, it can expand with keeping its standards or localize to the local market. In the case of Apple.inc, Apple still keeps its standards while following the local rules and regulations and beliefs. As shown from Figure 5, China is growing economically and can be a very lucrative market for Apple as it has over 1 billion population. Apple also focuses on China in terms of employment in an effort to reduce costs, not only for the customers.

Some of the localization done by the international human resource management team of Apple is to act based on the Hofstede comparison between China and USA. For example, Chinese people are seen to be more collective compared to individualists, therefore operations and ways of doing things will be done more collectively in Apple China compared to Apple USA. This is a crucial factor to be followed because if not followed, domestic employees in China can feel culture shock and feel demotivated in their job which can reduce efficiency and productivity. Moreover, when apple chooses employees, it also needs expats to have broader skills and knowledge and diversity within its Chinese officers or stores. The method of choosing expats is based on the Chinese beliefs and also regulations. For example, the salaries and wages of employees will be based on the required salaries and wages by law of the certain states or districts in China, each states or districts can have different ranges of wages and salaries. Moreover, it is common in China to pay more salaries or wages to the Chinese people compared to foreign people, following this means Apple respects the culture of China. Lastly, as mentioned already, employee retention programs conducted by Apple is done planting a strong vision and mission, equality, good information distribution between the company and employees and continuing to train and develop the quality of their employees.

With the help of the international human resource management team of Apple to localize to the Chinese laws and regulations, choosing the right expats with Apple standards and Chinese laws and beliefs and lastly, by conducting employee retention programs to motivate employees and prepare for the long-term growth of Apple in China. All these aspects resulted in the drop in unemployment rate in China as shown in Figure 6. Moreover, Apple's success in China resulted in the increase in Gross Domestic Products over the years in China, shown in Figure 5.

When viewing the case at the bigger scale, there are many factors that influence the success of Apple in improving the GDP and reducing the unemployment rate of China other than its human resources management team. However, the international human resources management team of Apple Inc and its actions has played a crucial role in the success of Apple.

## REFERENCES

- Ausick, P. (2017, March 17). *Apple Supports 4.8 Million Jobs in China, More Than Double US Total*. From finance.yahoo: [https://finance.yahoo.com/news/apple-supports-4-8-million-135220928.html?guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\\_referrer\\_sig=AQAAAKvaVHKA0zJLQzthVZbgo5SxIUQERf2\\_L4woSURK69gwa73--PMmtmE6K1wTmIEILcjC70Efc88rbDQDhBGV5\\_P3TC6Uuh4inoWP31pzvHgrJcOMw](https://finance.yahoo.com/news/apple-supports-4-8-million-135220928.html?guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAKvaVHKA0zJLQzthVZbgo5SxIUQERf2_L4woSURK69gwa73--PMmtmE6K1wTmIEILcjC70Efc88rbDQDhBGV5_P3TC6Uuh4inoWP31pzvHgrJcOMw)
- Barboza, D. (2016, December 29). *How China Built 'iPhone City' With Billions in Perks for Apple's Partner*. From nytimes.com: [https://www.nytimes.com/2016/12/29/technology/apple-iphone-china-foxconn.html?\\_r=0](https://www.nytimes.com/2016/12/29/technology/apple-iphone-china-foxconn.html?_r=0)
- Barrachina, M. B. (2019, March). *International Human Resource Management: How should employees be managed in an international context*. From researchgate: [https://www.researchgate.net/publication/331981993\\_International\\_Human\\_Resource\\_Management\\_How\\_should\\_employees\\_be\\_managed\\_in\\_an\\_international\\_context](https://www.researchgate.net/publication/331981993_International_Human_Resource_Management_How_should_employees_be_managed_in_an_international_context)
- Bloomenthal, A. (2020, April 30). *6 Factors Driving Investment in China*. From investopedia: <https://www.investopedia.com/articles/economics/09/factors-drive-investment-in-china.asp#:~:text=FDI%20in%20China%20in%202019%20was%20%24137%20billion.,capital%2C%20and%20government%20regulatory%20policy>
- Brewster, C., & McNulty, Y. (2016, October 31). *Theorizing the meaning(s) of 'expatriate': establishing boundary conditions for business expatriates*. From tandfonline: <https://www.tandfonline.com/doi/full/10.1080/09585192.2016.1243567>
- Country Economy. (2003). *GDP China 2003*. From countryeconomy: <https://countryeconomy.com/gdp/china?year=2003>
- Dasić, D., Ratkovic, M., & Raletić, S. (2015, January 10). *The differences between human resource management in domestic and international environment*. From researchgate: [https://www.researchgate.net/publication/305860491\\_The\\_differences\\_between\\_human\\_resource\\_management\\_in\\_domestic\\_and\\_international\\_environment](https://www.researchgate.net/publication/305860491_The_differences_between_human_resource_management_in_domestic_and_international_environment)
- Downling, P. J., Festing, M., & Engle, A. D. (2008). *International Human Resource Management* (Five ed.). Jennifer Pegg. From [https://books.google.co.id/books?id=LVG2BUQs\\_ygC&pg=PA125&lpg=PA125&dq=four+dimensions+of+expatriate+selection+terbaru&source=bl&ots=Bpf3tSyHh4&sig=ACfU3U1zGqQMNqfsWqH42EpJwEcR1bDS7A&hl=id&sa=X&ved=2ahUKEwiKj6TOzaLsAhUb8HMBHZ5ADrM4ChDoATADegQIAhAC#v=onepag](https://books.google.co.id/books?id=LVG2BUQs_ygC&pg=PA125&lpg=PA125&dq=four+dimensions+of+expatriate+selection+terbaru&source=bl&ots=Bpf3tSyHh4&sig=ACfU3U1zGqQMNqfsWqH42EpJwEcR1bDS7A&hl=id&sa=X&ved=2ahUKEwiKj6TOzaLsAhUb8HMBHZ5ADrM4ChDoATADegQIAhAC#v=onepag)
- Heathfield, S. M. (2020, July 3). *What Is Human Resource Management*. From thebalancecareers: <https://www.thebalancecareers.com/what-is-human-resource-management-1918143>
- Iossifidis, J. (2020, October 12). *Design a culture that will support your strategy*. From

- hofstede-insights: <https://www.hofstede-insights.com/>
- IvyPanda. (2020, July 03). *International HRM: A Case Study of Apple Inc.* From IvyPanda.com: <https://ivyPanda.com/essays/international-hrm-a-case-study-of-apple-inc-essay/#ivy-csf-section>
- Joseph. (2018, July 24). *cross-cultural-training-programs-and-expatriate-adjustment-effectiveness-a-case-study-of-ikea/*. From academicscope: <https://www.academicscope.com/cross-cultural-training-programs-and-expatriate-adjustment-effectiveness-a-case-study-of-ikea/>
- Kagan, J. (2020, July 14). *Expatriate*. From investopedia: <https://www.investopedia.com/terms/e/expatriate.asp>
- Macro Trends. (2020). *China Unemployment Rate 1991-2021*. From macroTrends: <https://www.macrotrends.net/countries/CHN/china/unemployment-rate>
- Markovic, I. (2019, September 12). *This is how Apple improved their employee retention rate by 28%*. From edume: <https://edume.com/blog/how-apple-improved-employee-retention-rate>
- McCormack, D. J. (2019, September 5). *Repatriation Programs Can Ease The Challenges Of Returning Expats*. From rw-3: <https://expatfinancial.com/6-challenges-for-expatriates-living-abroad/>
- Mendenhall, M. E., & Oddou, G. (1985, January). The Dimensions of Expatriate Acculturation: A Review. *The Academy of Management Review*, 40.
- Mendenhall, M., & Oddou, G. (1985). The Dimensions of Expatriate Acculturation: A Review. *The Academy of Management Review*, 41.
- Mendenhall, M., & Oddou, G. (1985). The Dimensions of Expatriate Acculturation: A Review. *The Academy of Management Review*, 42.
- Mendenhall, M., & Oddou, G. (1985). The Dimensions of Expatriate Acculturation: A Review. *The Academy of Management Review*, 43.
- myassignmenthelp. (2013, October 22). *HR assignment report help: International Human Resource Management with respect to China*. From myassignmenthelp.info: <https://myassignmenthelp.info/assignments/hr-assignment-report-help-international-human-resource-management-respect-china/>
- Myassignmenthelp. (2013, October 22). *HR assignment report help: International Human Resource Management with respect to China*. From myassignmenthelp.info: <https://myassignmenthelp.info/assignments/hr-assignment-report-help-international-human-resource-management-respect-china/>
- Nehles, A. B., Bondarouk, T., & Labrenz, S. (2017, January). *HRM implementation in multinational companies: the dynamics of multifaceted scenarios*. From researchgate: [https://www.researchgate.net/publication/318983323\\_HRM\\_implementation\\_in\\_multinational\\_companies\\_the\\_dynamics\\_of\\_multifaceted\\_scenarios](https://www.researchgate.net/publication/318983323_HRM_implementation_in_multinational_companies_the_dynamics_of_multifaceted_scenarios)
- Oi, M. (2020, July 20). *Coronavirus: Chinese economy bounces back into growth*. From bbc.com: <https://www.bbc.com/news/business-53399999>
- Ongdashuly, E., & Rakhmetzhan, A. (2017, February 12). International Entrepreneurship and Management Journal. *Diffrence and Similiarities Between Domestic and Multinational Human Resource Management and Multinational Organization's Performance*, 1-5.
- Shaffer, M. A. (2017, October 19). *Repatriation: what do we know and where do we go from here*. From tandfonline: <https://www.tandfonline.com/doi/full/10.1080/09585192.2017.1380065>
- Situmorang, A. P. (2019, August 9). *Investasi Asing di China Mampu Dongkrak Pendapatan hingga 20 Kali Lipat*. From liputan6: <https://www.liputan6.com/bisnis/read/4033797/investasi-asing-di-china-mampu->

- dongkrak-pendapatan-hingga-20-kali-lipat  
statista. (2020, October 22). *Gross domestic product (GDP) growth rate in China 2011-2025*. From statista.com: <https://www.statista.com/statistics/263616/gross-domestic-product-gdp-growth-rate-in-china/>
- Summers, J. (2019, may 9). *Traveling in China – Business Etiquette and Culture*. From china briefing: <https://www.china-briefing.com/news/doing-business-china-etiquette-culture-travel/>
- Toppo, S. (2015, March 15). *IHRM Toyota*. From prezi: <https://prezi.com/9q0vu3olz8nz/ihrm-toyota/>
- ukdiss. (2019, December 6). *Selection Process for Expatriates*. From ukdiss: <https://ukdiss.com/examples/selection.php>
- Waran, B. (2018, Juni 23). *apple human resource management policies*. From academia.edu: [https://www.academia.edu/36007825/apple\\_human\\_resource\\_management\\_policies](https://www.academia.edu/36007825/apple_human_resource_management_policies)