

**Navigating Challenges: CK Hutchison Holdings' Human Resource Management in the  
Japanese Market Expansion**

Name

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## 1.0 Background of CK Hutchison Holdings

CK Hutchison Holdings is one of the established multinational corporations based in Hong Kong. The entity was founded in 2015 following a merger between Cheun Kong and Hutchison Whampoa, entities that had worked as associates for quite some time (CK Hutchison Holdings, 2024). Its formation involved the reorganization of the two holding entities, which had been in operation for many years. Cheung Kong was established in the 1950s as a manufacturer of plastic flowers but later developed into a real estate company. In 1979, the owner of Cheung Kong, Li Ka-Shing, acquired Hutchison Whampoa, which was then a major trading house in Britain (CK Hutchison Holdings, 2024). CK Hutchison Holdings owns and operates a wide range of businesses in different industries, both locally and regionally. Currently, its core businesses are telecommunications, ports and related businesses, retail businesses, and infrastructure. The company currently operates in more than 50 countries around the world and has other investments in different parts of the world. Its diverse businesses have employed close to 300,000 people across the world (CK Hutchison Holdings 2024). As of June 2023, the net asset value of this entity stood at \$84.48 billion (CompaniesMarketcap.com 2024). While the company has established its presence in overseas markets, it is important to point out that it is relentlessly seeking global expansion. In the recent past, this entity expanded its operations to Japan as a way of positioning itself in the entire Asian market. While the expansion was worthy and quite successful, it is important to note that the entity encountered a lot of challenges related to human resource management.

## **2.0 Human resource functional areas of focus-staff recruitment and employee relationship**

### **2.1 Staff Recruitment**

Staff recruitment is one of the functional areas of human resource management. According to Pande (2021), staff recruitment refers to the process through which the human resources department identifies, attracts, interviews, selects, hires, and onboards workers. It is the duty of the personnel management of any entity to build and maintain a strong workforce. This is especially true when the company is expanding into unknown territories. As pointed out by Vance et al. (2023), firms expanding their operations to global markets must develop a greater capacity for them to be competitive in the market. It is in this sense that effective management of employees endows an entity with the indispensable capacities to succeed and differentiate itself from other firms in the global market (Vance et al., 2023). However, this is not a walk in the park. As it will be documented in detail, CK Hutchison Holdings encountered numerous challenges recruiting workers in Japan.

### **2.2 Employee Relationship**

Employee relationships are another integral aspect of human resource management that tends to dictate the fate of a firm in global markets. According to Raizda (2019), employee relationships are a pivotal aspect of any thriving firm. By definition, employee relationships refer to the process of managing how employers relate to or associate with employees. This encompasses resolving conflicts between the two parties, addressing grievances raised by the workers, and enhancing workplace communication (Schuler et al. 2011). This aspect hinges on the effective implementation of appropriate policies, adopting safety procedures, ensuring that working

conditions are favorable, and engaging employees in decisions, especially those that impact their work lives (Raizda 2019). Employee relationships are important to a firm expanding into an international market because they help boost the morale of the workforce. When workers feel that the company is acknowledging and addressing their concerns, their morale often skyrockets, which in turn acts as a catalyst for more creativity and productivity. It also helps reduce conflicts in the workplace as there will be no disgruntled workers, which in turn leads to a productive work environment. As pointed out by Raizda (2019), employee relationships also foster loyalty among workers and reduce turnover. On the international market, having loyal workers is critical, and this can only be realized if there is an effective employee relationship.

### **3.0 Challenges related to staff recruitment and employees relationships Faced by CK Hutchison expanding in Japan**

#### **3.1 Challenges Related to Staff Recruitment**

Recruitment workers are crucial for a firm expanding its operations to the overseas market, as they determine the success of the global market. CK Hutchison Holdings faced numerous challenges in staff recruitment in Japan, despite its large population. One major challenge was the lack of bilingual professionals in the country. CK Hutchison Holdings has invested in countries like North America and Europe where most workers speak English, making communication easier. However, Japan's low English-speaking population creates communication barriers. In Japan, English is not a key determinant of job opportunities, so fluency in Japanese is essential (Shion 2023). Japan's English proficiency is low, ranking 13th among Asian countries, lower than China's 7<sup>th</sup> (Shion 2023). As is widely documented, a person can get a job if they can speak fluent Japanese. Therefore, a fluent Japanese speaker can help CK

Hutchison succeed in the Japanese market. As such, there is a shortage of bilingual professionals in this country, which poses a lot of challenges to CK Hutchison Holdings in integrating its workforce into the market due to language barriers.

Japan's candidate-driven market, particularly among bilingual professionals, presents the second challenge for CK Hutchison Holdings. Candidates have multiple job opportunities at any time, making it difficult to attract and retain the targeted workforce. They are more likely to work for companies where they feel appreciated and compensated well. Additionally, the passive job hunting style in Japanese labor markets, particularly among the younger generation, makes job changes a norm, allowing employees to choose their own timing for job changes (Hutchings & De Cieri 2016). This makes it difficult for CK Hutchison to retain its workforce and attract more suitable candidates.

The third challenge is attributed to distinctive aspects of Japanese culture. Recruiting agencies have a unique culture. Most workers in this country contact recruitment agencies whenever they want to look for or change jobs (Shion 2023). Therefore, it is impossible for hiring managers of CK Hutchison Holdings to recruit staff directly without using agencies. Direct sourcing is not common in Japan, which means that the entity is forced to use agencies. On the other hand, recruiting through agencies is expensive because they have a culture of charging up to 30 percent of the employee's total compensation (Shion 2023). Therefore, the hiring managers of CK Hutchison spent a lot of money recruiting workers in this market, which eroded its profitability in the long run. Last but not least, Japanese corporate culture emphasizes the importance of companies arranging career paths rather than managing one's own. Candidates are more cautious when considering new careers, so understanding short-term and long-term expectations is crucial

for job satisfaction and retention. Localizing and customizing the interview process and aligning with expectations can also impact hiring accuracy. Therefore, understanding the expectations of candidates and tailoring the interview process to meet specific needs is essential for successful hiring (Hutchings & De Cieri 2016).

### 3.2 Challenges Related to Employee Relationships

As stated earlier, employee relationships are the cornerstone of the success of a foreign firm. However, this endeavor often comes with a lot of challenges, as evident by the case of CK Hutchison when it expanded its operations to Japan. One of the challenges experienced by the personnel management of this entity in this regard is the language barrier. According to Hornsey et al. (2018), effective communication is integral to building positive employee relationships. However, this is hampered when employees and employers cannot understand each other because of disparities in language. Most Japanese do not speak English; hence, it is hard for human resource managers at CK Hutchison Holdings to understand the needs, concerns, and grievances of the employees (Budhwar & Mellahi 2016). The second challenge lies in understanding and observing Japan's work culture, which is deeply rooted in history and subtle norms. This balance between modern global practices and traditional Japanese conventions is crucial for foreign employees and professionals. Japanese organizations have a clear hierarchy, which influences communication styles by favoring indirectness and making reading between lines a crucial ability. The sensitivity with which decision-making, feedback, and expression of differences are handled may not be familiar to many. The Japanese work culture prioritizes communal peace, or "Wa," over personal beliefs or preferences, which may be challenging for those used to individualized settings (Hornsey et al. 2018). To adapt, tolerance, understanding, and adaptability are required, especially due to long working hours and the importance of

networking after hours to foster trust. Another issue that poses challenges in employee relationships is communication style. In Japan, people prefer an indirect communication style and have a tendency to rely on context and non-verbal cues (Hornsey et al. 2018). This sharply contrasts with the communication styles of most foreign firms. The management of CK Hutchison Holdings uses a direct and straightforward mode of communication; hence, this created a lot of misunderstandings that negatively affected employee relationships (Motto Japan Media 2021).

## **4.0 Analysis of how problems were solved, the impacts of the solutions and areas that need improvement**

### **4.1 Solutions**

CK Hutchison faced a wide range of challenges entering the Japanese market. Most of these challenges were related to human resource management, particularly the recruitment of workers and employee relationships. The problems had a profound negative effect on its attempt to enter and operate in the new market, but the entity embraced various strategies to resolve some of these problems. One of the solutions adopted was language training. This entails subjecting those involved in the recruitment process and management of employee affairs to language training programs where they would familiarize themselves with the local language as recommended by Evans et al. (2017). Most of the HR officials were required to complete Japanese language training, and this was significant in enabling them to better communicate with and understand Japanese workers or candidates. During recruitment, the HR department of CK Hutchison Holdings hired a translator and interpreters who are competent in Japanese, which helped clear up errors, mistakes, and miscommunications (O'Rourke, 2023). Translators helped the hiring



team understand the Japanese candidates and communicate the entity's policies, employment benefits, and employment rules to enable them to make the right decisions. That way, there were no ambiguities. To address the problems attributed to cultural differences, CK Hutchison hired a diverse HR team comprised of Japanese professionals who are fluent in different languages (Poór et al. 2012). The team created by the company effectively communicated with the candidates and employees at the workplace. The diverse HR team that built the company collaborated, ensuring that language and cultural barriers were minimized during the hiring process and the management of the workforce (Evans et al. 2017). The third approach embraced by this entity is leveraging video interviews, which enabled it to overcome language and cultural barriers during the recruitment process (Suen et al., 2020). The use of video interviews was pivotal in providing the HR team with an opportunity to effectively assess the communication skills and cultural fit of the potential candidates (Guchait et al. 2014). The video interviews were conducted in Japanese, thus providing the candidates with comfort and confidence to express themselves openly and fluently. Additionally, the entity established clear communication channels, guidelines, and procedures that were utilized during hiring and when managing the workforce (Hutchings & De Cieri 2016). The HR officials of this entity ensured that every candidate during the recruitment process was aware of the established communication channels and how they could be used to address any concerns. Through these channels, the organization provided contact information for those appointed as multilingual HR representatives. The workers were also provided with alternative means of communication, which include email messaging, as pointed out by O'Rourke (2023).

## 4.2 Impacts of the Solutions

The solutions adopted by the entity had both positive and negative impacts. One of the positive effects is that language training ensured that the HR team communicated effectively with the candidates and the workers at the workplace. In effect, good communication ensured that the right candidates were picked and that needs and desires of the workers were address thus minimizing tensions and conflicts which could prompt some of the workers to leave the organization. On the negative side, language training meant that the organization incurs more cost which would erode profitability in the end. Hiring the translators and interpreters also ensured that qualified candidates are picked but this was also costly. The idea to hire diverse HR teams had positive impact in the sense that it enhanced the image of the company among the Japanese who made them feel like they are part of the organization. Consequently, the company was able to attract talented workforce which contributed to better performance. However, this strategy meant that the company had no full control over human resource functions in its subsidiaries in Japan. The idea of leveraging video interviews was instrumental in enabling the company to offer every candidate the opportunity to participate in the recruitment process which meant that it had large pool of candidates to select from (Guchait et al. 2014). As such, this enabled the company to have quality workforce which translates to enhanced performance and productivity.

## 4.3 Areas that Need Improvement

CK Hutchison Holdings did a wonderful job by adopting and implementing the discussed strategies which helped in address the human resource management challenges in Japan. While this is the case, it is important to point out the fact that there are still areas that need to be improved. Reliance of diverse HR team means that the organization do not full control HR

functions hence making it hard for the entity to adopt and implement standardized practices to match the Japanese culture (Alam & Rasheduzzaman 2018). Therefore, it is ideal for this entity to ensure that its HR practices at global level are coherent and aligned to its predetermined objectives (Raizda 2019). The use of translators and interpreters and the idea to subject workers to language training is costly hence there is a need for this entity to consider other cost-effective approaches such as leveraging technology which can offer language support and employing more advanced translation tools to streamline its recruitment processes (Suen et al. 2020). The idea of using video interviews is exemplary but there is room for this entity to enhance its efficiency by exploring more advanced and innovative technologies which make interviews more streamlined.

## **5.0 Short term solutions to address the challenges related to staff recruitment and employee relationships**

In the short run, it is highly recommended that this entity consider engaging with training institutes and professionals from Japan who are conversant with the local language and task them with the responsibility of training its HR personnel about the local language. The entire HR personnel of this entity should be subjected to intensive language training sessions which focus on aspects such as effective communication skills relevant to Japanese and enhancing their understanding on how to interact and relate with Japanese in general as highlighted by Poór et al. (2012). The main advantage with this strategy is that it is quick implement hence will not derail operations of the company. The main demerit is that the company may incur additional expenses in engaging with training institutes and professionals. In addition, it is ideal for this entity to adopt and implement a buddy system through which human resource managers who have been subjected to language training can be effectively paired with Japanese workers who can speak

different languages and those who clearly understand the Japanese culture. The main advantage of this move is that it enhances communication as the personnel of the entity will gain language proficiency quickly hence can communicate and relate with Japanese employees as emphasized by Budhwar and Mellahi (2016). The main disadvantage is that these are short term solutions hence they will not address long term challenges adequately especially in regard to HR practices.

## **6.0 Conclusion**

Expanding to a foreign country is a good business strategy as it enables firm access new markets. However, this often comes with a lot of challenges. CK Hutchison Holdings is a well established firm in Hong Kong but recently decided to expand its operations to Japan where it encountered various difficulties conducting staff recruitment and fostering employee relationships. The challenges experienced can be attributed to cultural and language diversities. These challenges had notable impacts on its operations. To overcome these challenges, CK Hutchison Holdings embraced various strategies which included subjecting HR professionals to language training programs, hiring translators and interpreters, using video interviews and establishing effective communication channels. While these strategies played a pivotal role in addressing the challenges, it is important to note that there are areas that need improvement as discussed in the preceding paragraph.

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