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Human Resource Management in Chinese manufacturing companies[☆]



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Summary The objective of this article is to analyse and present current Human Resource Management (HRM) practices in Chinese manufacturing companies. This work is an initial study of research focused on comparison of Human Resource Management in Chinese and Czech manufacturing companies. A questionnaire consisting of 58 questions devoted to specific aspects of HRM such as recruitment, performance evaluation and remuneration, training and development, was designed to acquire necessary data. Data acquired from 67 Chinese companies were analysed; descriptive statistics and analysis of variation were applied in order to yield the most beneficial outcomes. Results show significant differences in various aspects of HRM depending on the size and the ownership of monitored companies. Results followed with discussion and implications emphasize the importance of proper practices implementing all aspects of HRM in one functional complex.

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Introduction

Human resources represent, and for sure will represent also in the future, the greatest potential competitive

advantage of companies. The condition of the materialization of this prerequisite is an effective management of human resources, i.e. careful planning, organizing, leading and controlling (Samolejova et al., 2015). Manufacture industry is the pillar of China national economy, ranking the third in the world in terms of size. Nevertheless, most products are located at the lower end of value chain with weak competitiveness and anti-risk capabilities. In contrast, foreign owned companies have owned absolute advantage with core-technology and thereafter hold on the higher end of manufacture value chain. In China, 80% Hi-Tech exports come from foreign invested companies. Behind this phenomenon, a very big gap of human capitals and HRM

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Ownership type	State-owned	Private	Stock	Joint ventures	Sole foreign invested
percentage (%)	12	53	25	3	7

Figure 1 Distribution of companies by ownership type.

performance implicates the truth: foreign invested companies have attracted the majority of high-level technical talents and professionals. How to acquire human resource and keep employees motivated and committed is the key to enhance the competitiveness of Chinese manufacturers. A big effort has been made recently in research on Human Resources Management both in western countries and China trying to compare practices and find a common way to take advantage of different practices among manufacturing companies (Cooke, 2013). Since the initial studies (Björkman and Lu, 1997) on HR in Chinese–western joint ventures many researchers focused on comparison and transfer of best practices both from Chinese to western companies and from western to Chinese companies. Journal of Chinese Human Resources Management founded in 2010 could be the proof of HRM topic importance. A review (Wang et al., 2014) of the journal is available discussing all the main aspects mentioned above. Aim of this study is to contribute to HR research in terms of specific HRM aspects of Chinese manufacturing companies. Data acquired during this study will be used in further research to compare Chinese and Czech practices and provide both sides a set of recommendations on HRM and possible transfer of experiences and practices.

Sources and methods

Data for this study was collected using the questionnaire designed by Czech and Chinese co-researchers. The questionnaire of total number of 58 questions divided into several sections referring to various aspects of HR management was designed to reflect both the Chinese and Czech industrial environment what would provide a relevant material to compare both environments in further research. 82 local manufacturing companies of Hubei province were invited to participate in the research. The questionnaire was sent via email together with an introduction letter. We received 67 completed questionnaires, one per company, what makes good return rate of 81.7%. As this was the initial study of a long time cooperation project not all the data acquired was analysed for the purpose of this paper which is focused on basic analysis of questions dealing with a HR department characteristics and settings as well as with HR planning, training, recruitment, etc. Data were analysed using free-ware R (version 3.2.2) software environment for statistical computing and graphics, descriptive statistics and ANOVA tests were performed.

Results

This survey was focused on the manufacturing companies in Central China. Several indexes such as ownership type (see Fig. 1) and size (see Fig. 2) were used to reflect the basic features of the surveyed companies.

Following text of the results section is divided into 5 subsections according to specific HR aspects.

Size (number of employees)	100-500 (small)	500-3000 (medium)	More than 3000 (large)
Number	34	26	7
percentage (%)	50.75	38.81	10.44

Figure 2 Distribution of companies by size.

The setting of HR department

The HR department is generally a formal unit within a firm that develops and implements policies, programmes and procedures for the acquisition and development of the firm's human capital, consistent with the needs of the firm's primary stakeholders. Whether to set up a dedicated HR department is mainly subjected to the numbers of employees, and also influenced by ownership and performance of company. It was found out that 88.24% of the responding firms have set up specialized HR department or personnel department. Statistical tests show that significant difference ($P=0.001 < 0.01$) exists between large, medium and small firms in terms of this part. 100% of large and medium-sized companies have independent HR departments while 76.47% small firms do not. This study has also found that in small firms which have not independent HR department, the HR functions are usually combined into administration, or business management department. The result is similar with that of a large-scale survey on the HRM situation of Chinese enterprises which was conducted by Development Research Center of the State Council (DRC) and China Human Resource Development net (2003). The survey found out that 90% of firms with more than 1000 employees have dedicated HR department, in the meantime, only 44% of firms with no more than 100 employees have it as well.

The number of HR employees

Among the companies, Huawei Science & Technology has equipped the biggest number of HRs to 5000 persons, average number of HR employees is 98; 11.94% of firms have not full-time HR employee and all of them are small firms. Test illustrates that in terms of the number of HR employees, there is significant difference ($P=0.000 < 0.01$) between large, medium and small-sized firms, significant difference between state-owned, private and foreign owned companies, and between listed companies and non-listed ones as well. According to the variable of size, small firms have 3.56 HRs, medium-sized firms have 8.67 and large-sized firms have 1030.67 in average. According to ownership type, state-owned enterprises have 12.75 HRs, private firms have 172.39, stock companies have 12.75, joint ventures have 7.5 and foreign owned companies have 5.5 HRs in average. Further analysis has identified that the size of firm is significantly and positively relevant to the number of HR employees. There is no standard ratio between the number of HR employees and the total employees. In this study, the ratio varies dramatically from 1:2.5 to 1:458.84, average ratio is 1:62.99. This ratio describes for how many employees a single HR manager serves, or how many HRs should be equipped against the size of company. More precisely, the rate is influenced by many factors, such as industry, technology, business, ownership and the attitude of stakeholders

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