



The University of  
**Nottingham**

UNITED KINGDOM • CHINA • MALAYSIA

## Wong, Yu Hong (2008) Mrs. [Dissertation (University of Nottingham only)] (Unpublished)

**Access from the University of Nottingham repository:**

<http://eprints.nottingham.ac.uk/22206/1/08MAlixyh3.pdf>

**Copyright and reuse:**

The Nottingham ePrints service makes this work by students of the University of Nottingham available to university members under the following conditions.

This article is made available under the University of Nottingham End User licence and may be reused according to the conditions of the licence. For more details see:  
[http://eprints.nottingham.ac.uk/end\\_user\\_agreement.pdf](http://eprints.nottingham.ac.uk/end_user_agreement.pdf)

For more information, please contact [eprints@nottingham.ac.uk](mailto:eprints@nottingham.ac.uk)

**Emerging Patterns of HRM:  
The Influence of Social Ties and ‘Guanxi’  
on Recruitment and Selection in China**

**Wong Yu Hong**

**Student ID: 4075138**

**MA Management**

**Instructor: Mrs. Anna Soulsby**

**24<sup>th</sup> September, 2008**

## ***Content***

<b>List of figures</b>	<b>P.5</b>
<b>Acknowledgements</b>	<b>P.6</b>
<b>Abstract</b>	<b>P.7</b>
<b>Chapter 1: Introduction</b>	<b>P.8</b>
1.1 Introduction	P.8
1.2 Objectives	P.10
<b>Chapter 2: Management and Organisation of Business in China</b>	<b>P.11</b>
2.1 Management and Organisation of Business in China before economic reform	P.11
2.2 Management and Organisation of Business in China after economic reform	P.13
2.3 Management and Organisation of Business in China- the role of social ties and 'guanxi'	P.15
<b>Chapter 3: Literature Review: Human Resource Management</b>	<b>P.18</b>
3.1 Personnel Management vs. Human Resource Management	P.19
3.2 Different Models of HRM	P.22
-3.2.1 The Michigan model of HRM	P.23
-3.2.2 The Harvard Model of HRM	P.25
-3.2.3 The Guest Model of HRM	P.28
<b>Chapter 4: HRM and China</b>	<b>P.31</b>
4.1 Identifying Chinese Culture and Traditional Values	P.32
-4.1.1 Respect for age and hierarchy	P.33
-4.1.2 Orientation towards groups	P.34
-4.1.3 The preservation of face ('mianzi')	P.35
-4.1.4 The importance of social ties and 'guanxi'	P.36
4.2 HRM practice before economic reform	P.36

4.3	HRM practice after economic reform	P.39
	-4.3.1 Performance Appraisal	P.40
	-4.3.2 Rewards & Compensation	P.40
	-4.3.3 Recruitment	P.41
	-4.3.4 Training and Development	P.42
4.4	HRM in different ownership types	P.43
4.5	Recruitment and Selection methods	P.45

**Chapter 5: Research Methodology and Methods P.47**

5.1	Qualitative Methodology- Values and Hurdles	P.47
5.2	Sources of Data	P.49
5.3	Case Study Research	P.50
5.4	Semi-structured Interview	P.51
5.5	Designing Interview Questions	P.52
5.6	Sampling of Participants	P.52
5.7	Interview Process	P.53

**Chapter 6: Mini Case studies P.56**

6.1	Mini case study 1- Carlsberg China	P.56
6.2	Mini case study 2- Tomer Electronics & Watch Co. Ltd.	P.58
6.3	Mini Case study 3- Da Jia Le	P.59

**Chapter 7: Data Analysis P.60**

7.1	Sources of 'guanxi'	P.60
7.2	'Guanxi' is still a common recruitment method in China	P.61
7.3	'Guanxi' is very important in recruitment and selection in SOEs/ governmental jobs	P.62
7.4	'Guanxi' is less important in recruitment and selection in POEs	P.64
7.5	'Guanxi' is not that important in recruitment and selection in MNCs	P.65
7.6	'Guanxi' plays a less important role in China: Mixed opinions	P.66
7.7	'Guanxi' plays a more important role in inland China	P.69

<b>Chapter 8 Discussion and Theoretical Conclusions</b>	<b>P.70</b>
8.1 A wholly owned model with Chinese characteristics	P.71
8.2 Transferring the HRM model from others	P.73
8.3 A hybrid HRM model	P.74
8.4 The future trends of 'guanxi' and social ties on recruitment and selection in China	P.77
<b>Chapter 9: Conclusions</b>	<b>P.79</b>
<b>References</b>	<b>P.82</b>
<b>Appendix 1 &amp; 2</b>	<b>P.99</b>

## ***List of Figures & Tables***

Figure 1: The Michigan Model of HRM	P.23
Figure 2: The Harvard model of HRM	P.26
Table 1: The 'iron rice bowl' employment model and its successor	P.43
Table 2: Interviewee List	P.54
Figure 3: Carlsberg recruitment procedures	P.57

## ***Acknowledgements***

Working on the dissertation has been a tough and long lasting job, and I am very pleased that it has finally come to an end. Firstly, I would like to thank my dissertation supervisor, Mrs. Anna Soulsby. She has given me lots of helpful advice and ideas for this assignment even though she was so busy. I shall never forget her teaching and the guidance.

Moreover, I would like to thank all the people who took part in the interviews, especially the chief executive of Carlsberg China, Sunny Wong. This research could not possibly have been done without their participation and unprecedented knowledge.

I would also like to say thank you to my family, especially my mum and my cousin. When I was frustrated about my work, both of them gave me the power and encouragement to finish it. Although I have not been back to Hong Kong for a year, their continuous support and encouragement was so important and made me feel warm all the time.

Last but not the least, my gratitude goes out to all my friends in the UK and Hong Kong, for their patience and friendship. Knowing them is my pleasure and they always help me to get through all the hard times.

## ***Abstract***

This is an investigation of 'guanxi' and social ties that may influence the recruitment and selection and also the Human Resource Management (HRM) practices in the Chinese business environment. The purpose of this research is to examine how 'guanxi' and social ties influence hiring practices in different business ownerships and which HRM model is the most suitable for China. Interviews and three case studies were conducted to examine this research question. Results indicate that 'guanxi' and social ties can influence recruitment and selection decisions and they are still a common method for hiring in China. A hybrid model which combines both Chinese and Western HRM practices should be used. However, results also found that 'guanxi' and social ties might be less important in the future.



## ***Chapter 1: Introduction***

### **1.1 Introduction**

China is the most populous country in the world and it is one of the fastest growing economies in the past twenty years. According to the CIA World Fact Book (2008), the GDP real growth rate was about 11.4% in 2007 and China has become the second-largest world economy after the United States (US). The potential of China is enormous; therefore, many foreign companies would like to enter this market which has more than 1.3 billion people. After 15 years of effort, China finally entered the World Trade Organization (WTO) in 2001 and it was an important step for China to enter the global economic community. Lin, Cai & Li (2003) believe the accession to the WTO will be beneficial to the China's overall economic growth in the long term and it can create great business opportunities for foreign companies.

In fact, China had experienced substantial economic reform since 1978, which was the date of Deng Xiaoping's 'open door' policy (Warner 1997). Numerous foreign companies started pouring into the Chinese market, but many of them have encountered considerable challenges in this transitional economy. Foreign companies have to deal with a communist power structure and huge cultural differences such as traditions, values, education and languages. China presents a business environment which is very different from that normally encountered by foreign companies. Foreign companies might need to modify or transfer their Human Resources Management (HRM) practices in order to fit the Chinese context and local employees. Unlike machines, products or technologies, human resources are extremely difficult to duplicate and undertake as they are unique in each organisation (Tien 2007). Verburg (1996) stated the successful HRM practices for managing personnel in country X do not necessarily have the same

impact in country Y, and there is no any single HRM approach which is universally applicable. Erez (1994) also said HRM practices might not lead to the preferred performance when applied in a different context. Local Chinese enterprises also started implementing HRM policies and practices in order to increase their competitiveness in the market. However, their own HRM practices with Chinese characteristics may not be good enough to compete with overseas firms. Thus, good HRM policies and practices are among the key functions in driving business forward and influencing business strategy for all companies. Sparrow et al. (1994) stated that HRM is increasingly seen as contributing to competitive advantage worldwide. Since HRM plays a key role in a company, there has been an increase in research into HRM practices in foreign companies in China. Notable among such studies is the work of Warner (1993, 1995) and Child (1991, 1994) on remuneration, Tsang (1994, 1998) on HRM in joint ventures, and Goodwill and Warner (1999) on labour management relations.

There are several areas in HRM and recruitment and selection is one of the most important. Many other strategies in the modern HRM approach implemented by companies are based and depend on the success of organisations in recruiting and selecting the best applicants. Hence, capable employees are essential for the growth and development of companies. Nevertheless, in China, apart from formal recruitment and selection procedures, social ties and 'guanxi' also play a vital and unique role in the process and these may affect the formulation and implementation of an effective recruitment and selection strategy. This may also be a problem for many enterprises when they want to practice their HRM policies in China. Thus, it is important to know and learn about them and choose the most appropriate HRM model to apply.

The dissertation will start by introducing the management and organisation of business before and after the economic reform and also the role of 'guanxi' and

social ties in business operations. This will give a basic idea about the current business environment in China. After that, the development of HRM and several major models of HRM will be introduced and discussed. There will also be a brief description of the Chinese culture and characteristics which could impact on company's recruitment and selection methods, and HRM policies and practices. HRM practices in different ownerships and recruitment and selection methods will also be analysed briefly. For the discussion part, which HRM model is the best for recruitment and selection and HRM in China will be chosen. The paper will end with some recommendations to different enterprises and the trends of future recruitment and HRM in China. To supplement the field study, interviews and three case studies from three different ownerships of businesses will be used.

## **1.2 Objectives**

This paper aims to investigate the role of 'guanxi' and social ties in the recruitment and selection methods of different business ownerships. Through the in-depth analysis of the processes of recruitment and selection of different enterprises, the major objectives of this paper are:

- 1- To find out the current HRM and recruitment and selection practices in China
- 2- To find out how 'guanxi' and social ties affect the recruitment and selection and HRM process in different business ownerships.
- 3- To investigate which HRM model will be the most suitable one for enterprises in China
- 4- To evaluate the role of 'guanxi' and social ties in the future

## ***Chapter 2: Management and Organisation of Business in China***

For centuries, China stood as a leading civilization in the world, but during the 19<sup>th</sup> and early 20<sup>th</sup> centuries, it faced many internal and external problems such as military defeats, foreign occupation and civil unrest. After World War II, Mao Zedong became the chairman and established an autocratic socialist system in China. In 1978, Deng Xiaoping, the new leader, implemented an 'open door' policy and focused on market-oriented economic development. Since then, China has developed much faster and many laws and regulation have been introduced; for example, the Labour Law of 1995 and the new Bankruptcy Law of 2007 (Warner 1996, 2008). Finally, it entered the WTO in 2001, which was a great step for China to enter the global economy.

### **2.1 Management and Organisation of Business in China before economic reform**

After the Chinese Communists assumed power in 1949, they built a command economy, in which market forces were severely reduced and government planners controlled the economy directly (Naughton 2007 P.55). All production materials were supplied by the government through planning, and all their output was sold to and allocated by the state. The revenue was remitted to the state, and all expenditures were approved and allocated by the central government (Lin, Cai & Li 2003 p.55). Moreover, the PRC followed a socialist heavy-industry-priority development strategy, or 'Big Push' strategy, with the assistance of the Soviet Union in the early 1950s (Naughton 2007, P.56) and a rudimentary planned economy was built at that time (He et al. 1995, P.57 & 241).

A socialist transformation campaign was also launched during this period. There were 18.1 million self-employed individuals in commerce and manufacturing and about 160,000 private entrepreneurs in 1952 (Lai 2006 P.32). However, in 1954, the state began to transform large-scale private factories into joint state-private ventures, with new investments from the state to expand or restructure them. For medium- and small-sized private enterprises, the transformation started with joint state-private enterprises and spread through all industries, ending with the establishment of new enterprises. Former private owners lost their own rights to manage their enterprises (Lin, Cai & Li 2003 P.54). Most private business had been nationalized or collectivized by 1958 because of the state's expropriation and the promotion of production cooperatives. The share of non-state sectors dropped to 46% in 1957 and 12% in 1962. Private industry was regarded as 'the tail of capitalism' and the enemy of the command economy and was strictly prohibited (Lai 2006 P.32). There were only a few of them operating covertly.

In addition, China was almost free of foreign direct investment (FDI) and maintained only minimal economic contacts with the outside world in the pre-reform period. As a result, the Chinese emphasized self-reliance and dismissed foreign aid. Foreign investment in China was limited to four joint enterprises with the Soviet Union and one joint enterprise with Poland (Gao, Wang, and He 1993, P.1412-13).

Through launching a series of political movements, China accelerated its industrialization and tried to achieve economic modernization. However, the results were far from satisfactory. The gap between China and more advanced countries widened rather than narrowed. For example, in 1950, China's gross domestic product (GDP) was more than twice that of Japan, but it was only 90% of Japan's in 1980 (Lin, Cai & Li 2003 P.2).

## **2.2 Management and Organisation of Business in China after economic reform**

In 1976, Mao died and Deng became the new leader. Due to the low economic efficiency and insufficient production incentives, Deng hoped to strengthen the legitimacy by using reform measures to speed up economic growth and improve people's living standard (Lin, Cai & Li 2003, P.140). Therefore, he initiated the 'open door' and 'four modernization' policies in 1978 (Warner 2008). The PRC changed from a centrally planned system to a more market-oriented economy. Reforms started with the phasing out of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state-owned enterprises (SOEs), the development of stock markets, the rapid growth of the non-state sector, and the opening to foreign trade and investment (Naughton 2007 P.58).

China began to reform, and the first step was to introduce the household responsibility system (HRS) in rural areas. In urban areas, reform focused on decentralizing powers to SOEs and on allowing them to share profits. Thousands of SOEs were restructured, sold off, closed down, or leased out and the number of SOEs declined (Lai 2006 P.45). The reform also liberalized entry of non-state firms to markets, previously prohibited enterprises of collective, private, foreign, and hybrid ownership were allowed to enter markets and compete against SOEs (Lai 2006, P.31). China's privatization accelerated even faster after 1997, when President Jiang Zemin endorsed the sale of all but the largest state enterprises. Such a policy became known via the slogan 'Grasp the large, release the small' (Shen 2008). The share of SOEs in productive output has fallen significantly from 77.6% in 1978 to less than 30% currently (Warner 2008) and the number of SOEs fell from 262,000 in 1997 to 159,000 in 2002 (China Economic Review 2004). The so-called 'dinosaur' SOEs no longer dominate the economy, by either

share of output or employment (Warner 2008) and private businesses have been given gradually increasing recognition and legitimacy (Naughton 2007 P.105).

The government has also adopted an open-door policy to attract foreign capital, allow FDI, establish joint ventures or exclusively foreign-owned enterprises and expand foreign trade (Lin, Cai & Li 2003 p.3). China started to allow foreigners to invest directly in China, introduced many regulations on FDI, and the State Committee for Administering Foreign Investment was established (Lai 2006, P.46). It has become a magnet for international production and investment (Warner 2003) and FDI has continued to pour in and topped US\$63 billion in 2006, up 5% year-on-year (Warner 2008). Today, there are about half a million foreign investment enterprises in China, with parent enterprises in more than 170 countries (Tien 2007 P.7). FDI has three main entry methods in China: equity joint ventures (EJVs), cooperative joint ventures (CJVs) and wholly foreign-owned enterprises (WFOEs). In order to maintain control over the pillar industries and to benefit from FDI technology transfer, the Chinese government encourages foreign investment to take the form of joint ventures. In the early 1980s more than 90% of FDI was made in the form of joint ventures. Nonetheless, in recent years, with the removal of policy restrictions, FDI in the form of WFOEs has increased steadily and has begun to replace joint ventures as the major form of FDI since 2001 (Tien 2007 P.9, P.79-81).

The reforms that have been carried out over the past two decades have increased China's economic efficiency and adjusted its economic structure. After China's WTO entry, the foreign trade and investment regime become more liberalized and less opaque than before. The accession induced regulatory, institutional and normative changes and it has transformed the landscape of trade and investment in China (Qin 2007). China promised to open up its service industries and remove the restrictions in several industries such as telecommunications, banking and

other financial services for foreign companies (Tien 2007 P.35). A more market-based version has been introduced incrementally.

### **2.3 Management and Organisation of Business in China- The role of social ties and 'guanxi'**

The Confucian influence, Mao's bureaucratic heritage, the absence of the rule of law and the lack of free market forces in the process of China's transition to a market system caused social ties and 'guanxi' to be extremely important in the PRC (Wall 1990; Tang 2003). In China, strong 'guanxi' can shield companies from unexpected challenges, or it can minimize costs (Chen 2001 P.47). Many empirical studies have shown that interpersonal relationships and 'guanxi' are key factors in the long-term business success in China (Luo 1997, Yeung & Tung 1996). The Chinese term 'guanxi' refers to a special bond between two persons created by the exchange of favours. 'Guanxi' implies interdependence based on common interests or stakes (Su, Mitchell & Sirgy 2006). Normal business 'guanxi' works like this: After a favour is performed by Party A, a sense of obligation rests with Party B. It is understood that Party B must at some point repay Party A. It is through this exchange of favours that a 'guanxi'-based relationship is created (Fernandez & Underwood 2005).

The absence of the rule of law and the presence of a powerful bureaucracy in China increase the personal power of government officials (Tien 2007 P.55). If companies have good relationships with officials, they may have more chance to deal with the government than other companies through the 'backdoor'. Officials may give them certain priorities and political and legal protection in order to get business done. Hence, Tsui and Farh (1997) stated that 'guanxi' and social relations take precedence over justice in the PRC.



Moreover, the importance of social ties and 'guanxi' can be attributed to the lack of free-market mechanisms in resource allocation. The Chinese government wished to establish a socialist market economy and not to allow the full play of free-market forces; thus, social ties and 'guanxi' remained necessary for the acquisition of scarce resources (Fang 1999, p.119).

As for social and cultural factors, many agree that social ties and 'guanxi' are rooted in Confucianism-dominated Chinese culture. Confucianism is very much concerned with interpersonal relationships in a society. These interpersonal relationships are supposed to be reciprocal, in the sense that the senior cares about the junior while the junior respects the senior; reciprocal relationships form the basis on which a society operates (Fang 1999). (Please see Chapter 4 for details).

Additionally, building 'guanxi' internally with peers, superiors and subordinates is vital, as it may enhance the loyalty of employees and facilitate open communication between subordinates, managers, insiders and outsiders. At the same time, 'guanxi' should be built externally with suppliers, clients and government officials. Pearce & Robinson (2000, p.31-32) describe 'guanxi' as '*A form of social investment that enriches the executive's current resources and future potential, and it can enhance a firm's competitive advantage.*'

Based on those reasons, Warner (1995) argued that 'who you know' is still very useful in people's working lives and careers. The Chinese believe building interpersonal relationships and 'guanxi' can help them to get things done more effectively and efficiently. Therefore, there is a huge potential and opportunity for businesses to practice social ties and 'guanxi' in China, and great risk of failure if individuals and organisations refuse to do so. Tien (2007 P.57) stated that a firm

has to deal with social ties and 'guanxi' strategically in their daily operations in order to achieve its business objectives.

### **Chapter 3: Literature Review- The Development of HRM**

Bratton and Gold (2007 P.7) define Human Resource Management (HRM) thus: 'It is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices'. They believe people can really make the difference, out of all other resources, and have the capacity to generate value. Thus, employment policies, programmes and practices must be coherent and integrated with organisational strategy in order to achieve organisational goals and contribute to the organisational success and contingencies. Millward et al. (2000) and Ulrich (1997) identify some key HRM functions, which are: planning, integrating, staffing, developing, motivating, designing, managing relationships, managing change and evaluating. Through these functions, HRM can increase organisational effectiveness, manage human capital management, knowledge management and reward management in a better way, improve employee relations and meet diverse needs (Armstrong 2006).

In fact, *'The term "Human Resource Management (HRM)" has been subject to considerable debate, and its underlying philosophy and character is highly controversial'* (Bratton and Gold 2007 P.7). Different authors offer differing definitions of HRM and there is no widely acknowledged definition of it. Hence, exploring the historical development of HRM may be useful to understand its current definition and practice. Özbilgin (2004) stated that HRM has a complex and elusive history, as the rhetoric and practice of HRM have different historical paths of development. HRM as an academic area of work is said to have originated only in the 1950s with the works of Drucker (1954) and McGregor (1957). Nevertheless, the concept gained wider international recognition in academic and practitioner circles by the 1980s with a number of US academics

and managers (e.g. Tichy et al. 1982; Fombrun et al. 1984; Beer et al 1985; Walton & Lawrence 1985; Foulkes 1986), and UK academics and managers (e.g. Guest 1986; Miller 1987; Storey 1987; Torrington & Hall 1987; Armstrong 1987). The 1990s saw an even wider adaptation of HRM.

Moreover, the history of HRM is also elusive because of changes in name and strategic direction. This has encouraged academic debate on what HRM comprises and if and how this 'new' concept differs from personnel management. Legge (1995) explained that changing the name from personnel management to HRM was an inevitable outcome of the political economy and market conditions of the 1980s. In fact, Özbilgin (2004) stated that HRM is a clearly interdisciplinary and fast-changing area of study. It includes earlier notions of welfare, manpower and personnel management, employee and industrial relations, as well as sociology and psychology of work. In the following sections, the comparison of personnel management and HRM, and the different models of HRM will be introduced and discussed.

### **3.1 Personnel Management vs. Human Resource Management**

A number of authors believe there are more similarities than differences between personnel management and HRM. Legge (1989 P.27) suggests that there are 'not a lot' of differences between these two approaches, but manages to detect some diverging aspects. These, however, cannot be qualified as substantial differences, but are rather a matter of emphasis and meaning (Legge 1995 P.74). Torrington (1989 P.66) comments that HRM only adds '*a further dimension to a multifaceted role*', and is not totally a revolutionary concept. Armstrong (1987) claims that HRM is regarded by some personnel managers as just a set of initials or old wine in new bottles. Legge (2005 P.109) and Armstrong (2006) suggest there are some similarities between personnel management and HRM. Firstly, both

approaches emphasise the importance of integrating personnel/HRM practices with organisational objectives (Legge 2005). Secondly, both approaches place personnel/HRM firmly in line management (Legge 2005 P.109). Thirdly, both personnel management and at least a 'soft' version of HRM are identical with regard to 'respect for the individual', balancing organisational and individual needs, and developing people in order to achieve their maximum level of competence both for their own satisfaction and to facilitate the achievement of organisational goals (Armstrong 2006). Finally, both models recognize that one of their most essential functions is that of placing the 'right' people in the 'right' jobs (Legge 2005; Armstrong 2006).

Nevertheless, authors such as Storey have stated that HRM provides a completely new and distinctive form of managing personnel and '*a radically different philosophy and approach to the management of people at work*' (Storey 1989 P.4). Therefore, he suggests there are a total of 27 points of difference between the two. Legge (1989 P.95) also depicts HRM as '*strategic, long term and proactive, with empirical descriptions of personnel management as short term and reactive*'. In fact, personnel management is often used in a more restricted sense to describe activities that are necessary in the recruiting of a workforce, providing its members with payroll and benefits, and administrating their work-life needs. Torrington and Hall (1987) define personnel management as '*a series of activities which: first enable working people and their employing organisations to agree about the objectives and nature of their working relationship and, secondly, ensures that the agreement is fulfilled*'. Personnel management responds to changes in employment law, labour market conditions, trade union actions, government Codes of Practice and other environmental influences. Thus, it is reactive and diagnostic (Graham & Bennett 1998). Furthermore, personnel management is also instrumental and mostly concerned with administration and the implementation of policies (Graham & Bennett 1998). However, HRM is

concerned with the wider implications of the management of change and it seeks to integrate all the human aspects of the organisation into a coherent whole in order to achieve goals. Beer et al. (1984) point out that '*HRM is a longer term perspective in managing people and consideration of people as potential assets rather than merely a variable cost*'. Miller (1987 P.352) also asserts that HRM concerns the management of employees at all levels in the business and which are related to the implementation of strategies. HRM involves the integration of personnel and other HRM consideration into the firm's overall corporate planning and strategy formulation procedures. It seeks proactively to encourage flexible attitudes and the acceptance of new methods (Graham & Bennett 1998). Through these, HRM can develop fresh ideas and give the business a competitive edge as well as enhancing employees' long-term capabilities, and not just their competence at current duties.

Moreover, HRM places great emphasis on employee commitment and it determines general policies for employment relationships within the enterprise. Therefore, it needs to establish an organisational culture which is conducive to employee commitment and co-operation. In contrast, personnel management has been criticized for being primarily concerned with imposing compliance with company rules and procedures among employees, rather than with loyalty and commitment to the firm (Graham & Bennett 1998).

Additionally, there is a different perspective in employee relations between HRM and personnel management. Personnel management has a 'pluralistic' approach while HRM has a 'unitaristic' approach. HRM assumes that the best way to achieve objectives is to have identical interests for both sides of industry (management and employees). It believes that workers should naturally co-operate with management and should work with it as a team, as well as seeking to assist management achieve its objectives. HRM also encourages direct

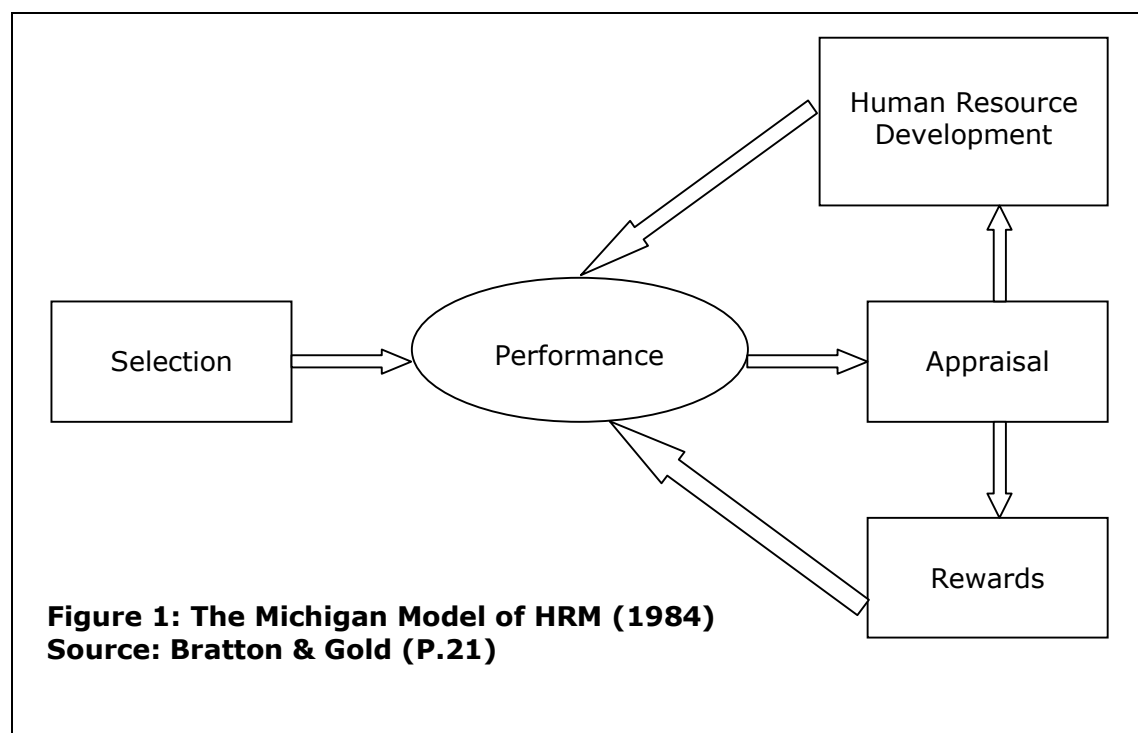
communication with employees rather than with their collective representatives. For 'pluralism', it believes management needs to recognize conflicting interests, to negotiate compromises, and to balance the demands of various groups. Through this, organisations can achieve consensus and long-term stability in management and employee relations (Guest 1987 P.507).

### **3.2 Different Models of HRM**

A number of models have been elaborated in order to define the meaning of HRM and its fundamental characteristics. Debate has mainly focused on 'hard' and 'soft' forms of HRM. The 'hard' HRM emphasizes the term 'resource' and adopts a 'rational' approach to managing employees; that is, viewing employees as any other economic factor, as a cost that must be controlled (Bratton and Gold 2007 P.6). It focuses on the importance of strategic fit, where HR policies, programmes and practices are closely linked to the strategic objectives of organisations, and are coherent among themselves (Baird and Meshoulam 1988; Hendry and Pettigrew 1986). In contrast, the 'soft' HRM model emphasizes the 'human' aspects of HRM and thus advocates investment in training and development, and the adoption of 'commitment' strategies to ensure that highly skilled and loyal employees give the organisation a competitive advantage (Bratton and Gold 2007 P.6). It is concerned more with the goals of flexibility and adaptability and implies that communication and motivation play a central role in management (Storey and Sisson 1993). Storey (1989) has distinguished between the hard and soft forms of HRM, typified by the Michigan model and the Harvard model respectively. Both models will be illustrated briefly in the following part. Additionally, the Guest (1987) model which draws on both hard and soft dimensions of HRM will also be discussed.

### 3.2.1 The Michigan model of HRM

This approach of HRM was developed by Fombrun, Tichy and Devanna (1984), who proposed that companies must build a direct link between their corporate and human resource (HR) strategies and structures in order to improve their performance. This model is regarded as 'hard' because it sees employees as resources in the same way as any other business resources. Price (2007) argued that employees must be obtained as cheaply as possible, used sparingly and developed and exploited as much as possible. Moreover, it emphasizes the interrelatedness and coherence of HRM activities (Bratton & Gold 2007 P.22). It also requires that HR strategies have to fit the overall strategies of the business. Their formulation aimed at promoting an instrumental use of HR for realising corporate objectives.



In this model (See figure 1), Fombrun et al. (1984) identified performance as a function of all the HR components in the 'HRM cycle', as follows:



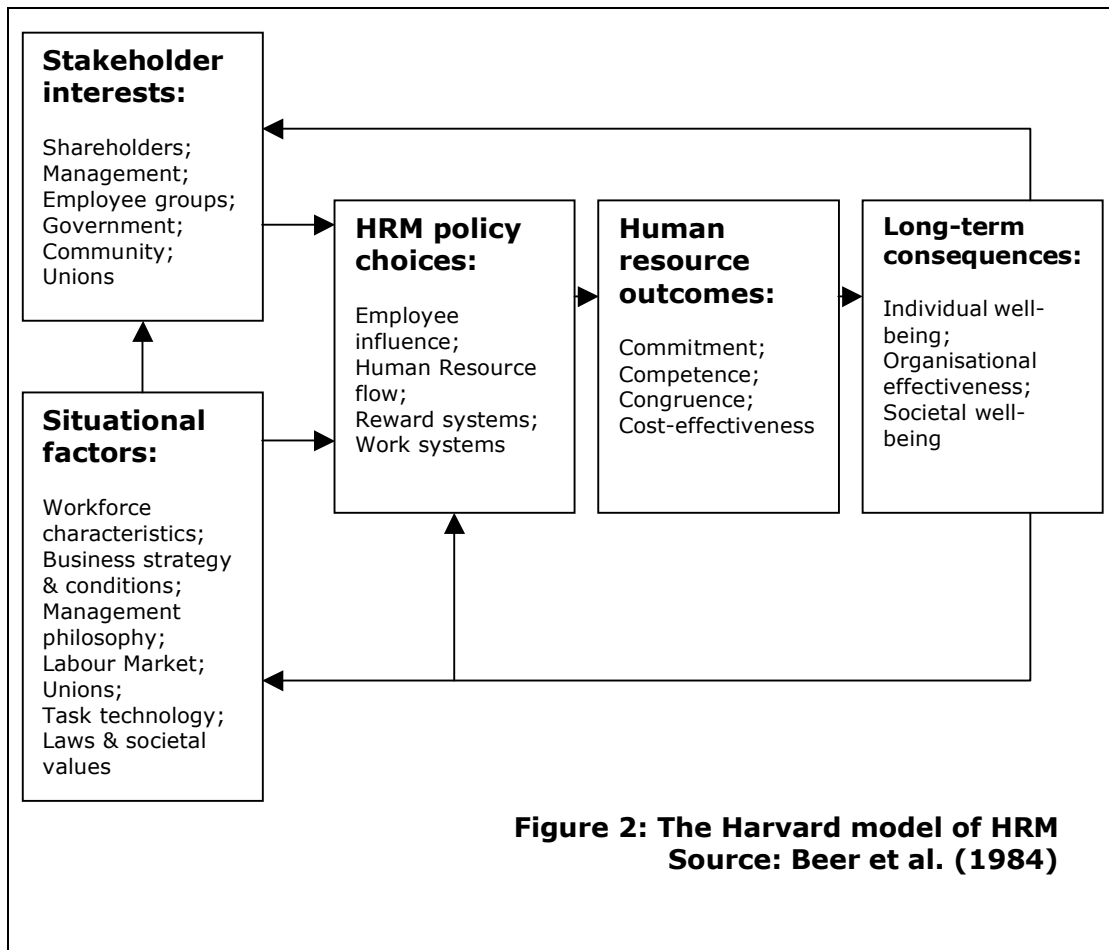
- **Selection:** Selecting people who are best able to perform the jobs which include internal movement of people and external hiring into the organisation (Fombrun et al. 1984 P.41). It also entails defining the organisation's human needs for particular positions and assessing the available pool of people to determine the best fit (Tichy et al. 1982 P.51).
- **Appraisal:** The performance appraisal data can determine employee rewards and be used in the future planning of the HR development.
- **Development:** Developing employees to enhance their current performance at work as well as to perform in positions they may hold in the future (Fombrun et al. 1984 P.41).
- **Rewards:** It emphasizes the importance of employee rewards and other forms of compensation for high levels of performance. Tichy et al (1982) believed organisations should launch effective and efficient reward systems in order to increase employees' productivity for driving organisational performance.

Bratton and Gold (2007 P.22) commented the "HRM cycle" is a simple model that serves as an heuristic framework for explaining the nature and significance of key HR practices and the interaction among the factors making up the complex fields of HRM'. Their approach focuses on the organisation and how it can best respond rationally to its external environment. Furthermore, Pinnington & Edwards (2000 P.11) stated that focusing on the level of the organisation has the advantage of drawing attention to aspects partly under the control of management, such as formal strategy, structure, and preferred culture.

The weaknesses of this model are that it is overly simplistic (Pinnington & Edwards 2000 P.11) and that its nature is apparently prescriptive, with its focus exclusively on the organisation and its needs. It ignores the wider environment and the interest of different stakeholders, situational factors and the notion of management's strategic choice (Bratton & Gold 2007 P.22). Moreover, attending to the organisational level may lead managers to assume that, through organisational strategy, structure, and HR systems, they have more power than they really have to change individuals and influence the external environment (Pinnington & Edwards 2000 P.11). Finally, it is also criticized for having a managerialist orientation and for assuming a 'unitarist' perspective- this means that employees' needs and interests are ultimately subservient to the needs of the organisation as dictated by management (Pinnington & Edwards 2000 P.14).

### **3.2.2 The Harvard Model of HRM**

At the same period, a group of academics from the Harvard Business School argued for a broader framework for HRM decisions and strategy. The Harvard Model, formulated by Beer et al. (1984) is probably the most seminal model of HRM and has had a major influence on academic debate on that subject (Price 2007). Compared with the Michigan model, the Harvard interpretation sees employees as resources, but they are different from other resources and they cannot be managed in the same way. They believe effective HRM depends not on strategies for controlling employees, but on strategies for winning employees' commitment. The model demonstrates the influence of situational factors on stakeholder interests, and their impact on HR policy which are destined to deliver a raft of predetermined HR outcomes. These outcomes can produce long-term and sustainable benefits for individuals and organisations, as well as society as a whole (Özbilgin 2004).



The analytical framework of the Harvard model offered by Beer et al. (1985) consists of six components (See figure 2):

1. **Situational factors:** These influence management's choice of HR strategy. This model incorporates workforce characteristics, societal values, labour market regulations, patterns of unionization and management philosophy, and suggests a meshing of both 'product market' and 'sociocultural logics' (Evans and Lorange 1989).

2. **Stakeholder interests:** General Managers must recognize the existence of other stakeholders and be able to incorporate the particular interests of these stakeholders. Stakeholders include owners, governments, workers, labour unions, communities and the managers themselves (Beer et al 1984).

3. **HRM policy choices:** Management's decisions and actions in HR management can be fully appreciated only if it is recognized that they result from an interaction between constraints and choices (Beer et al 1984).

4. **HR outcomes:** These are high employee commitment to organisational goals and high individual performance leading to cost-effective products or services. The underlying assumptions here are that employees have talents that are rarely fully utilized at work, and that they show a desire to experience growth through work (Bratton & Gold 2007 P.23).

5. **Long-term consequences:** These include three levels which are individual, organisational and societal. At the individual level, the long-term outputs comprise the psychological rewards that workers receive in exchange for effort. At the organisational level, the survival of the organisation is ensured by increasing effectiveness. At the societal level, some of society's goals are attained as people are fully utilized at work (Bratton & Gold 2007 P.23).

6. **A feedback loop** through which the outputs flow directly into the organisation and to the stakeholders: It reflects a two-way relationships between the above five components.

The Harvard model provides a useful analytical basis for the study of HRM and it recognizes a wide range of contextual influences on management's choice of HR strategy (Beer et al 1984). One of the strengths is the classification of inputs and outcomes at both the organisational and the societal level, creating the basis for a critique of comparative HRM (Boxall 1992). Furthermore, the acknowledgement of various interest groups has made the model much more amenable to export, as the recognition of different legal employment structures, managerial styles and

cultural differences can be more easily accommodated within it (Beardwell, Holden & Clayton 2004).

However, there are some criticisms of the model. Poole (1990 P.2) argues that the related variables and their associated hypotheses are not developed in sufficient detail for an investigation to take place. Furthermore, Guest (1997) states there is an absence of a coherent theoretical basis for measuring the relationship between HRM inputs, outcomes and performance. Additionally, the authors themselves acknowledge lies in the concept of stakeholders. They advocate that employee groups and unions be considered as stakeholders; in much the same way they advocate consideration of individual well-being as an important outcome (Guest 1987 P.510). Finally, Guest (1987, P.510) also points out this model owes more to idealism than realism and it is unlikely to have meaning and influence in practice unless it is manifested in adversarial power.

Based on recognition of the significance of both models, more formulations of HRM incorporate and display a combination of soft and hard attributes, rather than rejecting any one of them, and the Guest model is one of these.

### **3.2.3 The Guest Model of HRM**

Guest (1989, 1997) has developed a more prescriptive theoretical framework, reflecting the view that a core set of integrated HRM practices can achieve superior individual and organizational performance (Bratton & Gold 2007 P.24). The Guest model is based on the assumption that HRM is different from traditional personnel management (Price 2007) and it has six dimensions of analysis:

- An HR strategy
- A set of HR policies
- A set of HR outcomes
- Behavioural outcomes
- A number of performance outcomes
- Financial outcomes

The core hypothesis for the model is that HR practices should be designed to lead to a set of goals of integration, employee commitment, flexibility/adaptability and quality of work (Guest 1987). Guest (1987 P.512) stated *'If HR can be integrated into strategic plans, if HR policies cohere, if line managers have internalized the importance of HR and this is reflected in their behaviour and if employees identify with the company, then the company's strategy plans are likely to be more successfully implemented'*. Employee commitment refers to concerns with the goals of binding employees to the organization and obtaining behaviour outcomes of increased effort, cooperation and organizational citizenship (Bratton & Gold 2007 P.25). Committed employees can result in more loyalty, better performance for organizations, self-worth, dignity, psychological involvement and identity for the individual (Beer et al 1984 P.20). Flexibility/adaptability is seen as the employees' receptiveness to innovation and change (Bratton & Gold 2007 P.25). Through this, organizations can expect superior performance. Quality of work is concerned with all aspects of employee behaviour that bear directly on the quality of goods and services (Bratton & Gold 2007 P.25).

The Guest model can clearly map out the field of HRM and classifies the inputs and outcomes. The model is useful for examining the key goals usually associated with the normative models of HRM (Bratton & Gold 2007 P.26). Guest's constructed set of theoretical propositions can also provide a framework for a critical dialogue on the precise nature of HRM and the tensions between 'hard' and 'soft' versions (Legge 2005).

Nevertheless, it may simply be an ideal type and posit unrealistic conditions for the practice of HRM (Keenoy 1990, p.367). Guest's model has been criticized for presenting an ideal and for assuming unrealistic conditions for practicing HRM. Guest himself reported ten years later, in 1997, that the link between the adoption of HRM policies and high performance remains somewhat elusive. It may also make the error of criticizing managers for not conforming to an image that academics have constructed (Boxall 1992). Furthermore, it presents the HRM model as inconsistent with collective approaches to managing the employment relationship (Legge 1989).

In this section, the development and the differences between personnel management and HRM have been briefly discussed. The Michigan model, the Harvard model and the Guest model have also been introduced. In sum, the hard HRM emphasizes the '*quantitative, calculative, and business strategic aspects of managing the headcount resource in as "rational" a way as for any other economic factor*' while the soft HRM emphasizes '*communication, motivation and leadership*' (Price 2007).

## ***Chapter 4: HRM Development in China***

The desire of many foreign companies to start their businesses or increase their investments in China has given rise to questions about the applicability of HRM in cross-border operations. Verburg (1996) pointed out that HRM practices seem quite difficult to apply outside Europe and the US due to different organisational structures, cultural values and legislative regulations. Good HR practices can help to develop a human resource pool that adds value to the firm, and in turn enhances the firm's performance (Bae & Lawler 2000).

In fact, China has developed its own personnel management practice starting 1949, which used to be represented by the 'Iron Rice Bowl' (tie fan wan) policy. The 'Iron Rice Bowl' means that companies took total care of their employees by providing them with wages, housing, employment security, social and medical insurance through lifetime employment systems. However, the growing and changing Chinese economy forced these traditional personnel and employment practices to change in the late 1980s in order to allow for further development of the economy and improvements in the livelihood of the Chinese workforce (Verburg 1996). Additionally, China has become one of the most attractive markets for foreign investors. Not only do they adjust their HRM policies to fit to the Chinese market, but, to some extent, their HRM practices also influence China's personnel management practices and force certain changes in it.

The chapter starts with identifying the traditional Chinese culture and values. After that, it mainly focuses on China's HR policies and practices before and after the economic reform. It also introduces HRM practices in different types of businesses. Finally, it ends with the most common recruitment and selection methods in China.



#### **4.1 Identifying Chinese Culture and Traditional Values**

China is the world's '*longest continuous civilization with the longest tradition of record-keeping and collection*' (Ropp 1990, p.x). Chinese people are proud of their culture, and a strong sense of cultural superiority is ingrained in the Chinese mind (Fang 1999 P.26). T. Moran, Harris & V. Moran (2007) define culture as '*A distinctly human means of adapting to circumstances and transmitting this coping skill and knowledge to subsequent generation*'. It gives people a sense of who they are, who they belongs and how should they behave. Culture and behaviour are closely linked to each another (Fang 1999 P.25) and they could impact on morale and productivity at work and determine the success of a business.

After the implementation of the 'open door' policy, China has become more open to the world and western culture and thoughts have entered into China. These could bring some new values to China. However, as a result of Chinese history and socialization and other reinforcing factors, these core values cannot vanish suddenly, but change gradually over time (Lockett 1988). Child (1994, P.28) stated '*Chinese culture and tradition is particularly deep-rooted and before the 20<sup>th</sup> century it was largely undisturbed by foreign influence. It is a strong attribute of Chinese society, of which the members remain very self-consciousnesses*'. Moreover, China is a huge country and there are cultural differences in different regions. Although the population may generally share some core elements of a common culture, they will also exhibit contrasts in attitudes and behaviours (Child 1994).

In generally, Confucianism is a fundamental philosophical tradition which has shaped Chinese culture for over 2,500 years, despite the great influence of Taoism and Buddhism in Chinese society (Fang 1999, P.27-28). The impact of

Confucius's ideas on traditional Chinese values and beliefs can be summarized in the following four principles (Zhao 1993):

- Family orientation and the family as the key unit in society. Loyalty to family should be stronger than any other relationship
- A hierarchical view of society is central to Confucianism
- Leaders have an obligation to provide their subordinates with decent living conditions, but subordinates must respond with loyalty and obedience
- Power should only be exercised by people who have been educated in the proper manner.

There is a growing need for knowledge about unique cultural characteristics (Chan & Dasborough 2006). These cultural characteristics impact hugely on the HRM practices in China (Child & Markoczy 1993; Lockett 1988, 1990; Tan 1990). Lockett (1988) identifies four cultural values which he argues have particular relevance for management in China:

- Respect for age and hierarchy
- Orientation towards groups
- The preservation of face ('mianzi')
- The importance of social ties and 'guanxi'

In the following part, these four cultural values will be introduced briefly.

#### **4.1.1 Respect for age and hierarchy**

One important hallmark of Confucianism is its teaching on respect for age and hierarchy (Fang 1999, P.135). Chinese people are accustomed to respecting the aged and hierarchy; for example, in China's SOEs, age (nianling) and rank (jibie)

are people's two most important assets regarding the rating of professional titles, allocation of housing, increments in salary and so on (Fang 1999, P.138). Gao et al. (1996, P.285) also stated '*In Chinese culture, there are conditions associated with speaking, and not everyone is entitled to speak... A spoken "voice", thus is equated with seniority, authority, experience, knowledge and expertise*'. Therefore, listening becomes a predominant communication activity in Chinese culture and young people prefer obeying superiors' orders and doing nothing more than the job descriptions. Respect for age and hierarchy embodies favours organisational hierarchy and centralized decision-making (Child 1994); however, it may also hinder the development of individual responsibility and initiative.

#### **4.1.2 Orientation towards groups**

The second feature is group orientation. Throughout its long history, China has been firmly within the collectivist camp. In Chinese tradition, the extended family is the basic social unit, which encourages the development of a strong collective and group orientation (Child 1994). Therefore, Chinese people would rather be regarded as members of a group than be seen as individuals. Tang & Ward (2003, p.10) said such societies tend to be characterized by participation in intense social interaction that affords little privacy, leading to a corresponding stress on the need to maintain harmony relationships. Moreover, enterprises are seen as ideally based on moral ties reminiscent of the family rather than cold contracts (Tang & Ward 2003 P.11). The relationships between members of a group or unit are close and they are like brothers and sisters. There is an obvious distinction between insiders and outsiders, and outsiders need some time to establish trust when they enter into a serious business relationship (Tang & Ward 2003 P.11).

#### **4.1.3 The preservation of face ('mianzi')**

The Chinese people are extremely concerned about their face ('mianzi'); face is described as '*one's dignity, self-respect, and prestige*' (Hofstede & Bond 1988, P.8). Face is not only a person's private affair but also a concern of the person's whole family, social networks, and community at large (Fang 1999 P.144). The concept of face is embedded in the Confucian notions of shame and social harmony. Harmony is found in the maintenance of an individual's face (Hofstede & Bond 1988, P.8). Thus, people try their best to keep harmony and avoid giving offence. Tang & Ward (2003 p.18) believe that care is needed to preserve the face of other people, especially the face of superiors. Criticism of others could cause loss of face (Tang & Ward 2003 P.18) and it is very discreditable and bad for a Chinese person. When a manager criticizes an employee in public, the manager makes the employee lose his/her face, which may cause depression in that employee (Huo & Glinow 1995). This could damage the personal relationships between them.

Therefore, Chinese traditional communication style is relatively indirect and implicit in order to preserve harmonious relationships and avoid losing face. Changes on the work floor are likely to be disruptive, since stability is very important for maintaining harmony (Hofstede 1991). Thus, Chinese employees typically take passive attitudes towards their work when compared with foreign employees. The preservation of face could also cause trouble in performance appraisal systems as people are too reluctant to express themselves.

#### **4.1.4 Importance of social ties and 'guanxi'**

As mentioned in Chapter 2, social ties and 'guanxi' are essential in China. Fernandez & Underwood (2005) believe that a strong 'guanxi' network is a fundamental and important element for operating in the PRC.

China has been under the governance of the communist party for nearly 60 years and it impacts deeply on Chinese beliefs and values. Apart from the four cultural values which were identified by Lockett (1988), Fang (1999, P.71) also added the importance of guoqing ('the PRC condition') and ji ('Chinese stratagems').

It is essential to understand how the above Chinese traditions and values influence HRM practices in China. Foreign companies should keep some of their practices and they should also modify some of them in order to fit the Chinese context. Bond and Hwang (1986), however, affirmed that the importance of traditional values in Chinese society is diminishing. Tsui et al (2004) also suggested that communist ideologies as well as economic reforms since 1978 have brought Western management philosophies and practices into Mainland China and have brought changes to traditional Chinese values and practices. As a result, a mixed and unique culture is now being created in China incrementally.

#### **4.2 HRM Development before the economic reform**

Chinese HRM practices are quite different from Western HRM practices. There are a number of historical factors that have influenced HRM practices in China, including more than 6000 years of history, cultural and ideological factors, political-economic factors, and the role of administrative bureaucracy. Before the economic reform, the Central Planning committee controlled all aspects of the economy and society and the state intervention was also extended to the

structure and responsibility of personnel function at the organizational level. Managers of all levels were only involved in the administrative function and policy implementation under rigid policy guidelines (Child 1994; Cooke 2003a).

Under these circumstances, the PRC managed its workforce via a form of personnel management (*renshi guanli*), which they had partly borrowed from their Soviet counterparts (Warner 1995). It was a bureaucratic device to run the SOEs which were set up in the 1950s and had three major characteristics: 'iron chair', 'iron wage' and 'iron rice bowl'.

The 'iron chair' means the state controlled appointment and promotion of managerial staff. The state could even determine the number of people to be employed and sources of recruitment. No job market existed and the HRM was totally controlled through regional and local departments (Cooke 2005, P.19). The criteria for job assignments were based on political and government needs. Companies could not select the right workers and fire incompetent workers; the mobility of labour was minimal and workers were stuck with their work units ('*Danwei*') and the work units were stuck with them as well (Tang & Ward 2003 P.37). Therefore, employees could be burdens rather than assets for SOEs. As a result, many SOEs operated at a loss, with others receiving marginal marks.

For the 'iron wage', the state centrally administered wages and unilaterally set the pay scales for different categories of workers. There were little or no differences in pay among different levels of positions and the wages of a factory manager and a worker were similar. Differing occupations which required widely varying skills all shared a similar pay structure (Cooke 2005, P.42). From the viewpoint of the Communists, all people should have similar pay regardless of educational background, work experience and contribution in order to minimize the gap between rich and poor people. Seniority was the key promotion criterion

and poor performers were tolerated. Thus, there were few incentives for employees to learn skills and work hard (Bjorkman et al 1999).

However, workers enjoyed the 'iron rice bowl' policy of guaranteed lifetime employment and cradle-to-grave welfare system (Child 1994). For most people, entering employment was a 'once-in-a-lifetime' event with 'lifelong' job security (Cooke 2005, P.42). Remuneration may have been modest and slow to rise, but security of employment was guaranteed (Tang & Ward 2003 P.37). Work units were responsible for providing comprehensive welfare to workers and workers could enjoy a broad range of workplace welfare provisions such as housing, health care, children's schooling, pensions, transportation, and employment for spouses, as part of the responsibility of the 'nanny' employer (Warner 1996a; Cooke 2000). Ding (1997) said the enterprise played the role not only of a production centre, but also a welfare institution. The responsibilities of a work unit might also include resolving family disputes, arranging hospitalization for workers and counselling young people on family planning and education of children.

Low efficiency, lack of incentives, overstaffing, and a high level of bureaucracy have been major problems shackling the performance of the state sector (Cooke 2005, P.42). These characteristics were once dominant in the personnel management system of the PRC because, until the 1980s, the vast majority of Chinese employment organisations were state-owned with a minority collectively and privately owned (Cooke 2005, P.19-20). However, China was increasingly under competitive pressure and faced the needs for modernization. Under these circumstances, economic reform was launched in 1978 and this had a huge impact on and brought challenges to the traditional HRM practice in China.

### **4.3. HRM Development after the economic reform**

The inefficiency of China's traditional economic system was first recognized in the 1960s; however, there were no major changes made in the basic framework of this system until the 3<sup>rd</sup> Plenary Session of the 11<sup>th</sup> Chinese Communist Party Congress in December 1978 (Lin, Cai & Li 2003 P.137). Lin, Cai and Li (2003, P.137) said *'Before 1978, economic reforms existed only in the form of a re-delineation of economic and administrative functions among sectoral and regional governments, and in a corresponding cyclical increase or decrease in the number of administrative authorities. The basic trinity of the traditional economic system remained intact.'* The situation of state dominance began to change in the late 1970s after China adopted an 'open door' policy to attract FDI and domestic private fund in order to revitalize the economy (Cooke 2005, P.20). Rapid and fundamental changes in Chinese HRM policies had taken place during the 1980s and especially during the 1990s (Easterby-Smith et al. 1995). The 'open door' policy and the opening up of private sectors made it necessary for the state to reform the SOEs to make them more efficient and competitive, mainly by shedding a large number of workers, linking performance to reward and job security, privatization and implementation of management responsibility system (Cooke 2005, P.43- 44; Lin, Cai & Li 2003 P.154). Moreover, the reform was mainly through the sharing of management power and profit between the government and SOEs. Eventually, it brought to an end to the planned state economy which was characterized by 'high welfare', 'high employment rate', 'low wage' and 'low productivity'. The market economy has been introduced to China and the new economic system gradually took shape as a result of the survival-of-the-fittest process (Lin, Cai & Li 2003 P.139). In the coming section, HRM practices including recruitment, training & development, appraisal & rewards and retention will be introduced.



#### **4.3.1 Performance Appraisal**

Since the economic reform, performance appraisals have been widely used in Chinese firms (Shen 2008). It was used mainly for personal development and determining pay by identifying employees' strengths, weaknesses, and promotability (Chow 2004). The government issued 'The Regulation on Workers' Performance Appraisal' which outlines a performance appraisal scheme for cadres in order to distinguish between high and low performers within the enterprises (Dowling, Welch & Schuler 1999). Some new approaches such as management by objectives, internal subcontracting and position specification have also been developed. The 'iron bowl rice' was to be abolished (Chen 1995, Ngo, Lau & Foley 2008) while enterprises could distinguish high and low performers (Dowling, Welch & Schuler 1999).

#### **4.3.2 Rewards & Compensation**

Since the mid-1980s, firms have been given the autonomy to devise their own-remuneration systems within the given state guidelines (Shen 2008). Later in the 1990s, a performance-based reward system linking compensation with achievement was introduced to replace the grade-based system (Shen 2004b). Since then, performance-based compensation has become the trend and egalitarianism has been replaced (Dowling, Welch & Schuler 1999). The new pay system is now to be linked to the financial return of the work unit and the individual performance (Cooke 2005, P.46). Additionally, wage differentials are increased significantly between skilled, dangerous, specialist jobs and non-skilled jobs, and between active workers and laid-off workers (Huang 1998). Job responsibility (position wages) and education (including skill wages) have replaced seniority as the most significant predictors of pay (Cooke, 2005, Shen 2004b, Zhu 2005). Bonuses and profit sharing are also incorporated into

compensation structures (Ding et al. 2006). Therefore, these measures can attract people to upgrade their skills for the more demanding jobs (Cooke 2005, P.46). It can also provide sufficient incentives so that employees are motivated to work better and concern themselves more with the efficiency of enterprises (Ding, Akhtar & Ge 2006).

Moreover, there is a new welfare schemes in which all employers and employees are required by law to make a contribution to five separate funds: pension, industrial accident, maternity, unemployment and medical insurance (Warner 1996b). The system is intended to shift the huge welfare burden by the (state) employers alone towards a system which involves the employer, the individual employee and the social insurance company (Cooke 2005, P.20- 22).

#### **4.3.3 Recruitment**

Since 1986, all newly employed workers in the state sector have been hired on a contract basis to replace jobs for life (Dowling, Welch & Schuler 1999). This reduces job security of individuals and contracts can be terminated by the employer due to employee's poor performance, violation of company rules, or company bankruptcy (Cooke 2005, P.46, Shen 2008). By the end of 1996, a labour contract system had become compulsory in both public and private sectors and it has facilitated decentralization of employment practices. Additionally, employment policies and practices have been decentralized to the enterprise level, managers have more autonomy to select their employees, and 'two-way selection' is more common, which means individuals can choose their jobs and enterprises can choose their employees freely (Dowling, Welch & Schuler 1999, Shen 2008, Chow, Fung & Ngo 1999). The State Economy Commission issued a document in 2001 which requires SOEs to deepen the establishment of a system in which managerial workers should compete for their posts with both upwards

and downwards mobility (Cooke 2005, P.22). In the report, SOEs are also required to establish an independent employment system without interference from other bodies.

#### **4.3.4 Training and Development**

Developing human resources through employee training is another major issue for the economic reforms. Training is usually run by vocational training schools, and enterprises usually encourage employees to choose courses for further education for professional and management training and pay their employees' expenses (Cooke 2005, P.47, Shen 2008). The government has also collaborated with institutions from the US, UK, Australia and etc. to conduct some courses such as MBA programs (Dowling, Welch & Schuler 1999). Moreover, a system called 'competing for the post' was introduced in SOEs and public sector organisations. Employees would be assessed through tests once a year on their competence to work in a particular post. Those who came last would arrange for further training in order to increase their competence (Cooke 2005, P.22).

After the economic reforms, enterprises, of no matter what kind of economic ownership model, have become profit-oriented. Recent research shows that since the enterprise reforms of the late 1970s in China, employers or enterprise management have been given almost unlimited power over employment relations and workers have been disadvantaged (Cooke 2005, Zhu & Warner 2005). Consequently, 'long working hours, low wages, and bad working conditions' (Y.Zhu & Warner 2005) have become routine in many firms. The table in the next page shows the 'iron rice bowl' employment model and its successor.

<b><i>Pre-reform model</i></b>	<b><i>Post-reform model</i></b>
State ownership	Diffused ownership
Resource-constrained	Market-driven
Technical criteria	Allocative efficiency
Economic cadres	Professional managers
'Iron rice bowl'	Labour market
Jobs for life	Employment contracts
Work assignment	Job choice
Personnel administration	Human Resource Management
Egalitarian pay and perks	Performance-related rewards
Enterprise-based training	Outside courses
Company flats	Rented housing market
In-house social services	External social provision
Free medical care	Contributory medical insurance
Central trade union role	Weaker union influence
High institutional dependency	Low institutional dependency

**Table 1: The 'iron rice bowl' employment model and its successor (Braun & Warner 2002)**

#### **4.4 HRM in different ownership types**

There is substantial variation in the way HRM is managed among different ownership types in China (Ding et al. 2006, Zhu & Warner 2004) and the impact of HRM also is likely to differ among firms (Ngo, Lau & Foley 2008). The result by Ngo, Lau & Foley (2008) showed that the levels of adoption of HRM practice were lower in SOEs than in foreign-invested enterprises (FIEs) and POEs. Ding, Lan & Warner (2001) also said '*The more they were foreign-owned, the more likely they were to have HRM embedded*'.

The number of FIEs has increased substantially in China over the past two decades. Western 'mainstream practices' in HRM such as formal performance appraisal, performance appraisal, performance-based compensation, and extensive training have been widely adopted in these firms (Ding et al. 2006). Warner, Goodall and Ding (1999) said FIEs adopt a more market-oriented approach in managing HR than local firms. The reasons are that they face fewer institutional constraints and enjoy greater autonomy and flexibility in their HRM practice (Chow et al. 1999). At the same time, Cooke (2004) also noted that FIEs tend to develop sophisticated HR systems, many elements of which are Western practices transferred and adapted to suit the Chinese environment.

For the POEs, Warner (1996c) pointed out that they have greater room in their HRM practice than SOEs. However, the kind of HRM to be found is often concerned with short-term issues such as wages, promotion and welfare rather than long-term strategic ones (Warner 2008). Moreover, HRM practices in POEs tend to be informal and non-systematic because of their short history (Zhu 2005). Cooke (2004) also believed POEs are lack of comprehensive HRM strategy and a well-structured HRM system. Nevertheless, Zhu (2005) noticed POEs have started to invest more in HRM and develop their own HRM systems nowadays in order to improve their market competitiveness and to attract and retain talents.

For the SOEs, they took on more marketized HRM functions such as recruitment, training and performance evaluation than before (Ding & Akhtar 2001; Zhu & Warner 2004). However, HRM in many SOEs are still affected by social and political considerations, government interference and organisational inertia (Ding & Akhtar 2001). Goodall and Warner (1999) noted that some traditional practices (e.g. provision of social welfare and personnel administration) co-exist with market-oriented practices (e.g. employment contracts and performance-related rewards) in lots of SOEs. Warner (2008) commented that HRM system as a

'hybrid' one, which is mixed what remained of the old one with the newer features.

#### **4.5 Recruitment and Selection methods**

Recruitment can be defined as the process of seeking and attracting a pool of qualified candidates for a job vacancy, and is said to be a major cause of strategic changes in firms today (Li, Liao and Chu 2006). A firm must be able to attract qualified employees otherwise it may suffer from their operations. A recent survey conducted by Mercer Human Resource Consulting (2007) pointed out that the top HR issues in China were building leadership capabilities in employees, acquiring and retaining key talents. Companies may find that it is not easy to acquire people with management ability, high levels of technical expertise, language skills, education background and working experience. Therefore, it is important for companies to have an effective employee recruitment and selection methods in order to attract the best candidates (Dessler 2006).

Li, Qian, Liao and Chu (2008) pointed out many competitive MNCs commit a large amount of their resources to employee recruitment in the Chinese market. Braun and Warner (2002) conducted interviews in 12 enterprises and found out that recruiting in China is similar in many aspects to the West. Job fairs, media advertising, recruitment agencies, online recruitment, online recruitment agencies, individual recommendations and employment services at universities are the common methods for recruitment. Internship is also another major source of new employee which is a method that is widely adopted by foreign companies to discover and attract competent employees (Li, Qian, Liao & Chu 2008). It can allow a firm to have more time to observe the performance of applicants in a more comprehensive way. Additionally, companies will use different approaches for hiring varied positions. For example, when companies recruit manager or

skilled employees, they tend to use job fairs or media advertising; when they recruit unskilled workers, they prefer to use recruitment agencies or word of mouth (Shen 2007). However, as mentioned earlier, a major challenge facing lots of enterprises is the difficulty in recruiting and retaining managerial talent with the requisite skills to operate in that environment and further to persuade qualified candidate to transfer to China (Bjorkman & Xiucheng 2002; Collings & Scullion 2006).

For the selection methods, Braun and Warner (2002) found that the dominant employee selection method that involved analyzing the applicant's resume and then interviewing the person. Another researcher also found that job interviews are the most essential screening tools, however, psychometric tests are not popular in China as lack of locally validated versions are available (Chow 2004). Several employers improved interview validity by asking questions based on the specific skills that the job required (Dessler 2006).

In summary, HRM development and recruitment and selection strategies are still in an early stage and there are lots of spaces for improvements. No matter what kind of enterprises, they should all respect and learn from the Chinese culture and values, and design the HRM practices based on them in order to fit the Chinese context. Otherwise, they may fail to implement their policies and practices effectively in China.

## **Chapter 5: Research Methodology and Methods**

Relevant theoretical knowledge and the history of HRM in China have been examined in the previous three chapters. In this chapter, research methodology for this paper will be described. This research paper has adopted three mini case studies as its research method in an attempt to generate an in-depth analysis of recruitment and selection in China. Hartley (2004) describes a case study approach is appropriate to provide an analysis of the context and processes which illuminate the theoretical issues being studied. Based on the nature of this paper, qualitative methodology should be an effective way to generate data that helps to identify and assess the recruitment and selection methods in Carlsberg China, Tomer Electronics & Watch Co. Ltd. (Tomer) and Da Jia Le. Other than case studies, semi-structured interviews complement the review of some of the company documents as other sources of data. This chapter aims to elaborate the chosen research methodology and the data collection method which has been employed, along with presentation of the actual research process.

### **5.1 Qualitative Methodology- Values and Hurdles**

This section provides a brief discussion of qualitative methodology by highlighting its advantages and disadvantages to the comprehension of HRM, recruitment and selection in China. The choice of using qualitative methodology is made upon the nature of the dissertation topic as to assess the implementation of the HRM strategies in three different kinds of business organisations in depth. It can also be useful for understanding how 'guanxi' and social ties affect the current recruitment and selection situation in China from eleven new graduates' perspectives.



Qualitative research focuses on less rigorous sampling and garnering textual information for non-statistical analysis (Wilson 2003). Its primary concern is with answering the questions 'Why?' and 'How?'. It attempts to understand people's behavior and find out how people are affected by the events that go on around them and how opinions and attitudes are formed. Skinner et al. (2000 P.165) said *'Qualitative research focuses on people's experiences and the meanings they place on the events, processes and structures of their normal social settings..... This provides a holistic view, through the participants' own words and perceptions, of how they understand, account for and act within these situations'*. Thus, it could provide a 'richer' answer to a question and different from quantitative research which predominantly focuses on factual knowledge and singular truth. Gephart (2004) also believes qualitative research could provide valuable insight which may have been missed by quantitative research and it could help researchers get into people's hearts and minds, to understand their decisions and values. Hence, qualitative research is particular value for researches that seek to explore organisational goals, linkages and process in the organisations, and to understand failures of policies and practices (Skinner et al. 2000). In this paper, qualitative research has been used as it can help author to understand more about the topics and why things are the way they are (Bryman 2004), which is essential for the area of interest has not been investigated before or lack of information. It can help author to understanding the full, multi-dimensional and dynamic picture of the recruitment and selection in MNCs, POEs, SOEs and governmental organisations.

Although qualitative methodology has been justified for utilization in this research paper, there are still some key challenges. As both Bryman (2004) and Chisnall (2005) stated, qualitative methodology is intrinsically subjective and bias is difficult to avoid. The researcher is the main instrument of data collection, so

what is observed and heard and also what the researcher decides to concentrate upon is very much a product of his or her predilection (Clark-Carter 2001). Bryman (2004) also concerned about the lack of transparency and generalization of the qualitative methodology. Nevertheless, qualitative research could still provide some good and valuable information for this paper.

## **5.2 Sources of Data**

Appropriate data sources are necessary for interpreting and analyzing data and generally speaking, there are two types of data collection methods, namely, primary and secondary data. McDaniel and Gates (1999) define secondary data as information and statistics that have been previously gathered from some other purposes relative to the problem at hand. It plays an important role in the research process and ensuring analysis of the collected data.

Secondary data is important as it can save a lot of wasted time and effort in the primary research phase of a project. It offers enormous advantages such as providing a complete or partial solution to the problem in the questions and comparative data by which primary data can be more insightfully interpreted (McDaniel & Gates 1999). Therefore, a variety of secondary data was collected for this paper. Several management textbooks and journals such as Pacific Journal of Human Resources and The International Journal of Human Resource Management have been used, as they have many related topics and discussions about HRM in China. Electronic databases such as EbscoHost have been used as well. In addition, secondary data was also collected by using information which was provided by Carlsberg China, Tomer and Da Jia Le.

Other than secondary research, primary research is also vital for understanding how 'guanxi' and social ties affect HRM and recruitment situation for this paper.

Primary research aims to collect primary data, which are the original data and gathered especially from the research needs (Sauders et al. 2007). In most primary data collection, the researcher questions respondents what they think about the topic or how they might behave under certain conditions (Cateora & Ghauri 2000). In this research paper, semi-structured interview has been used in order to collect primary data for understanding the topic. In the following parts, the details of case study research and interview will be introduced.

### **5.3 Case Study Research**

With the purpose of making this research persuasive, three real cases of recruitment and selection from three different types of companies in China have been chosen as part of the study. Creswell (1994 p.61) defines a case study as '*A single, bounded entity, studied in detail, with a variety of methods, over an extended period*'. Case studies can explain, describe, illustrate, explore or evaluate the social phenomenon researchers are interested in (Yin 2003). Although Baker and Foy (2008 p.160) said '*It has been criticized for its "mindless empiricism" in that no attempt is made to link the description with theory, and its tendency simply to record information without any attempt to structure or analyse that information*', case studies may still be one of the most useful and appropriate methods to answer research problems of what Perry (2001) terms the 'how and why'. Cassell and Symon (2004 P.323) also believe that case studies can produce fascinating details about life real-life context in a particular organisation and it is a comprehensive research strategy. It is a good way of finding out what is happening, collecting and analysing related data and reporting results. However, Yin (2003) added there is a lack of rigor in a case study research and researchers can be biased to influence the direction of findings. Additionally, a single case is not good enough to present a generalized view for all other organisations.

## 5.4 Semi-structured interview

Other than case study research, this paper has also used semi-structured interviews by telephone for collecting principal data. An interview involves a personal exchange of information between an interviewer and one or more interviewees in which the interviewer seeks to obtain specific information on a topic with the co-operation of the interviewees (Baker & Foy 2008 P.215). Semi-structured interview is a combination of both closed and open-ended questions (Baker & Foy 2008 P.229). Unlike fixed-response interview where all the interviewees are asked the same set of question and asked to choose the answer from among the same set of alternatives, semi-structured interviews are particularly useful to identify interviewee's attitudes, motives and behaviour by encouraging them to express their own opinions and feelings freely over the issues generated from a list of open-ended questions prepared by the interviewer. Burgess (1982 P.107) summarized the importance of interviews: *'It is... the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience'*. Semi-structured interview conversations can be allowed to take whatever path the participants find most interesting and best suitable for them (Clark- Carter 2001). They allow choosing how to answer the questions and they can elaborate and extend the contents of their views. Although Clark- Carter (2001) added that researchers are likely to have some preliminary ideas for the interview and guide at the least the initial questions, the researchers are not going to constrain the conversations. Therefore, interviewers could not set a framework for the answer, and they will have to steer the conversation back to the given topic and select the useful material. On one hand, semi-structured interviews allow flexibility and reflexivity in the interview and, are thereby more likely to generate answers in depth. On the other hand, they still have the advantages of a structural approach which enables the relevance of the

answer to ease the process of data collection and transcribing for this research study (Bryman 2004).

### **5.5 Designing Interview Questions**

As mentioned above, all interview questions' formats are open-ended which interviewees are able to express their views freely on the specific topic. All research questions were designed to be based on the theoretical structure developed in the previous chapters. As the interview goes on, new ideas or insights might emerge when the interviewees further developed their opinions. This is one of the characteristics of open-ended questions and it is more exploratory in nature and can lead to many other questions that cannot always be determined in advance (Maylor & Blackmon 2005 P.229). King (2004) suggested that probes are needed in order to follow-up responses and elicit greater details from interviewees. Thus, good preparation is important and the order of interview questions was arranged with deliberation and skills to provoke response effectively. For the contents of the interviews, some questions were slightly varied and modified according to the job nature and position of the interviewees. Hence, the interview questions with executives were not totally the same with newly graduates. Two samples of interview questions are attached for reference in the Appendix.

### **5.6 Sampling of Participants**

For the purpose of this study, author has selected a 'purposive sampling' technique. By this, interviewees were selected by the researcher with a specific purpose or objective in mind (Diamantopoulos and Schlegelmilch 2000). Denzin and Lincoln (2000) observed that many qualitative researchers employ purposive, not random, sampling methods in the way that individuals, groups or settings are

sought out where the processes being studied are most likely to occur. As recruitment and selection are two-way concept, therefore, not only owners and senior staffs from three different kinds of enterprises were chosen but also newly graduates were selected for interviews. Altogether, Carlsberg China executive, Tomer Electronics & Watch Co. Ltd. (Tomer) assistant chairman of Board, Da Jia Le previous owner and general manager, and eleven new graduates were selected in deliberation. Fifteen of them were important as they were closely related to the context and process for this paper. Due to the limited time and resources, it is impossible to include a large number of interviewees for this qualitative research. This is exactly what Wilson (2003) has been mentioned: *'Although a bigger sample may reduce the sampling error associated with the research, this has to be balanced against costs and interviewing time'*. Thus, the scope of this qualitative investigation could be restricted to some extent.

## **5.7 Interview process**

Initial contacts with Carlsberg China, Tomer, Da Jia Le and eleven graduates regarding for interviews were made by telephone in early July. Permissions were given for allowing author to conduct interviews with them. After confirmation of the schedule from interviewees, 15 interviews were carried out by telephone between 21<sup>st</sup> and 26<sup>th</sup> of August, 2008 (See interviewee list in table 2). Telephone interview allows researchers to make contact with participants with whom it would be impractical to conduct interview on a face-to-face basis because of the distance and prohibitive cost involved and time required (Saunders et al. 2007). Before interviewing, author practiced it with coursemates in order to prevent making basic errors. Clark-Carter (2001) said it is always good to do that and give participants a professional feeling. Moreover, the objectives and questions of the interview were sent to interviewees by e-mail a week before the interview

was made. It could be helpful for interviewees to understand the nature of the research and do some preparation before the interviews (Silverman 2001).

<b><i>Interviewee</i></b>	<b><i>Company/ University</i></b>	<b><i>Position</i></b>
Sunny Wong	Carlsberg	Chief executive
Sun Lei	Tomer Electronics & Watch Co. Ltd.	Assistant chairman of Board
Wang Ke Jia	Da Jia Le	Previous owner
Wang Ke Ji	Da Jia Le	Ex-general manager
Steven Ma	Nottingham University	Graduate, looking for a job at the moment
Nica Wei	Nottingham University	Graduate, looking for a job at the moment
Alec Fu	Nottingham University	Graduate, working in his family-owned business
Susie He	Nottingham University	Graduate, looking for a job at the moment
Edison Wang	University of Sunderland	Graduate, graduate trainee in a POE in China
Sun Bo	University of Sunderland	Graduate, looking for a job at the moment
Surina Wong	Nottingham University	Graduate, looking for a job at the moment
Wang Lin	Beijing Union University	Graduate, graduate trainee in a POE in China
Alan Long	University of Sunderland	Graduate, working in a POE in China
Gladys Bai	University of Sunderland	Graduate, looking for a job at the moment
Manho Tang	University of Hong Kong	Graduate, graduate trainee in an aircraft MRO (Maintenance, Repair & Overhaul) in China

**Table 2: Interviewee List**

At the start of each interview, author reminded them they had no obligation to participate the interviews and could withdraw at anytime. Furthermore, participants were assured of confidentiality and anonymity. Seale, Gobo, Gubrium & Silverman (2004) stated that this is essential, as confidentiality is a fundamental guiding ethical principal for research. While the interview with the executive from Hong Kong was in Cantonese, mandarin was the language used when interviewing with other participants. For the length of the interview, Wilson (2003) said it is not the most important factor; researchers should emphasis on the quality and reliability of the response. Therefore, interviews lasted in the region of 25-55 minutes individually and let the interviewees to feel as confidence as possible. Clark-Carter (2001) mentioned establishing rapport for respondents is essential and it could motivate them to continue with a longer and better interview. All telephone interviews have been recorded by taking notes. This can not only help author to write up the results, but also note down any issues that might be worth returning to during the interview, should any topics need probing or the conversation needs more direction (Maylor & Blackmon 2005 P.232). All interviews ran smoothly and interview data were analysed and interpreted following the theoretical framework derived from the previous chapters. Interview data were translated into English thereafter and generated and presented in the next chapter. The outcomes of the study were sent back to all the participants for validation of the data as well.



## ***Chapter 6: Mini Case studies (Carlsberg China, Tomer Electronics & Watch Co. Ltd. & Da Jia Le)***

### **6.1 Mini case study 1- Carlsberg China**

Carlsberg first entered the Chinese market in 1876. In World War II and the early stage of the establishment of the PRC, Carlsberg had a short interruption in China. In 1978, Carlsberg entered the Chinese market again. Carlsberg Hong Kong responded to the production and distribution of Carlsberg in Mainland China. In 1995, Carlsberg set up its own factory in Huizhou and started producing its own brand in China. Nowadays, Carlsberg is one of the biggest foreign brewers and there are more than 7,000 staff and nearly 30 breweries in China. Other than its own brand, Carlsberg wholly owns Kunming Huashi Brewery Co. Ltd. and Dali Beer Co. Ltd. Additionally, Carlsberg has created joint ventures with Lhasa Beer, Lanzhou Huanghe Enterprise Co. Ltd, Xinjiang Wusu Beer and Ningxia Beer (Carlsberg China 2008).

Through a series of acquisitions and joint ventures, Carlsberg China has become the leading brand in China, especially in the western region. Like other regional offices, Carlsberg China believes that employing and developing the right people is a key to their success. Therefore, it has developed a strong human resources team to support and manage their current employees and to find new talents. Normally, there are mainly four areas of job which include HR, commercial, production and distribution that people can apply for. At Carlsberg, no matter if it is in China or Denmark, they recruit people in a fair, transparent and consistent manner. Recruitment is always carried out jointly by the line manager and the local HR department in a professional manner. Corporate HR in Denmark will also be involved in senior management appointments (Carlsberg 2008).

**Figure 3: Carlsberg recruitment procedures (Source: Carlsberg 2008)**

**1. The job value analysis**

Before recruiting for any position – existing or new - we undertake a detailed analysis of the role and its responsibilities and consider how it fits into the department.

**2. The job profile**

Then we produce a job profile with a clear job description and a list of the competencies and qualifications required. This is a key tool in helping us to judge whether you match the position.

**3. Candidate sourcing**

We use a variety of sourcing channels to target the right pool of candidates for every vacant position. These include job advertisements, external recruitment providers and search and selection agencies (head-hunters).

**4. Job interviews**

You may be asked to attend a number of interviews, depending upon the complexity and level of the position. At least one of these will be with your potential new manager, but further interviews with other key people may be required before we can make a decision.

**5. Test or assessment**

We will inform you in advance of the methods that will be used to assess you. Our standard test package includes a personality questionnaire and numerical and verbal ability tests, adapted to the specific position. We will always give you verbal feedback on your results.

**6. 'Grandfather' interviews**

If you are selected, you will sometimes be invited back for a final interview with your potential new manager's manager. This gives us an expert second opinion on your suitability for the role.

**7. References**

Late on in the process, and only with your prior consent, we may contact your referees to check the facts from your application or obtain information on your previous performance. We usually only take up references on the top candidate and only ask questions relevant to the position.

**8. Contract**

Your new contract will be sent for your signature before your first working day. We grade all positions in accordance with the Carlsberg grading system and offer an appropriate salary package and working conditions. We will also ensure that your contract complies with local legislation.

**9. Induction**

We invest a lot of time and resources to get the right person on board – as do you! So we'll ensure you receive a well-planned and efficient introduction to your new role to make you feel welcome and able to contribute effectively right from the start.

Carlsberg always use two main methods to evaluate candidates which are interviews and a standard test package. The package consists of a personality questionnaire, numerical and reference checks. Carlsberg also uses case interviews, reference checks and assessment centers for finding the best candidates for their companies. The whole Carlsberg recruitment procedures is shown in figure 3.

## **6.2 Mini case study 2- Tomer Electronics & Watch Co. Ltd.**

Tomer Electronics & Watch Co. Ltd. (Tomer) was established in Hong Kong in 1984. It is the subsidiary of Shenhua Sky Base Trading Co. Ltd of the Shenhua Group. Tomer has developed itself as 'one of the leading companies in R & D, manufacturing and marketing of timepieces' (Tomer 2008). The company has been operating in a close partnership with the suppliers and factories in Hong Kong, Zhujiang River Delta region and Taiwan. Its production capacity and sales have reached more than five million timepieces and their products are exported to North America, Europe and also mainland China (Tomer 2008).

Like lots of SOEs, Tomer set up their own HR department for recruitment and selection after the restructure in the late 1990s. Other than 'guanxi', several recruitment methods which include job fairs, online application and recruitment agents have added for recruiting new employees since then. According to the interview with their assistant chairman of Board, Sun Lei, Tomer also uses relatively different strategies or methods for recruiting junior and senior staffs. For recruiting junior staffs, the company recruits people in Hong Kong by both 'guanxi' and formal recruitment procedures such as Internet, recruitment agents and job fairs. Through that Tomer (2008) claimed it can try their best to create value for shareholders, staffs and societies. For recruiting senior staffs, Tomer

only recruits people with 'guanxi'. Their parent company arranges and appoints directly from their group headquarter in Beijing and HR managers does not have any rights to ask about the appointments. For the evaluation process, Tomer uses interviews, numerical and verbal ability tests, physical examination and observations (Tomer 2008).

### **6.3 Mini case study 3- Da Jia Le**

Da Jia Le was established in 1993 and it is a POE in Beijing. It is a food processing company and its products include bread, cakes, desserts, Chinese snacks, festival and seasonal foods. It employed more than 100 staff before it was sold to another company in late 2006 due to the highly competitive business environment. Before that, Da Jia Le used newspaper and magazine advertisements, recruitment agents, job fairs and 'guanxi' to recruit their potential employees. For senior employees, they preferred to hire people with previous related experience in that industry and they did not like to hire people from SOEs as their values and thinking are quite different from the people from POEs. Da Jia Le's previous owner, Wang Ke Jia, said people in SOEs could shirk all day and contribute nothing to the enterprises, but they could not accept this in POEs because they did not have any subsidies by the government. For junior staff, Da Jia Le preferred to employ people who had just graduated from colleges or universities. Wang said they are fresher and easier for them to manage. They also used 'guanxi' for recruiting temporary seasonal staffs but Wang claimed this was the only way when there were no other choices. For selection process, Da Jia Le used face-to-face interviews and basic numerical and communication skill tests for all their applicants. Thus, Da Jia Le mainly used formal recruitment and selection procedures rather than 'guanxi' in order to maximum their profits and productivities.

## **Chapter 7: Data Analysis**

Based on the four interviews with three different kinds of businesses and 11 interviews with university graduates, the author found that social ties and 'guanxi' cannot completely be avoided in recruitment and selection in China. There are several key findings from the interviews, which are:

- (1) 'Guanxi' is still a common recruitment method in China
- (2) 'Guanxi' is very important in recruitment and selection in SOEs/ Governmental jobs
- (3) 'Guanxi' is less important in recruitment and selection in POEs
- (4) 'Guanxi' is not that important in recruitment and selection in MNCs
- (5) 'Guanxi' plays a less important role in China: Mixed opinion
- (6) 'Guanxi' plays a more important role in inland China

In the following part, all the findings and results will be explained.

### **7.1 Sources of 'guanxi'**

From interviews which author has conducted, several sources of 'guanxi' recruitment can be divided. The first one is children/relatives/friends of employers; the second type is children/ relatives/ friends of employees; the third is children/ relatives/ friends of government officials and the last is based on business relationships. However, these employees might not be qualified for the recruitment requirement and companies still have to employ them as they do not have any other choices. More significantly, employing these people could enable them to maintain the relationships between suppliers, government officials, distributors and clients. Tomer Electronics & Watch Co. Ltd (Tomer) assistant CEO, Sun Lei, summed up the importance of 'guanxi'

*'We and our parent company depend heavily on "guanxi" and individual recommendations in recruitment as it can bring lots of benefits for us. On one hand, we can deal with our suppliers, distributors and customers more easily and they could give us some benefits for managing our business; on the other hand, the children or relatives of suppliers, distributors and customers can work in our company directly without any formal applications. Thus, I believe it is a win-win situation'.*

A POE owner's daughter, Nica Wei also said:

*"Guanxi" seem to be the only reliable job-hunting method. A huge number of applicants will easily bury your resume at the bottom if you do not have some 'guanxi' with the employer. The success rate for the job is extremely low without good "guanxi".*

## **7.2 'Guanxi' is still a common recruitment method in China**

9 out of 11 graduates who have found their jobs in the past two years said they used 'guanxi' to find a job before and it is still a common and popular recruitment method in China.

Beijing Union University graduate, Wang Lin stated:

*'If my friends or classmates are working they will let me know if there are any vacancies in their companies. I can save lots of time job hunting through "guanxi".*

University of Sunderland graduate, Edison Wang also said:

*'The chance of getting a job will be much higher and I can get more first-hand and reliable information about the job. For companies, it is natural for employers to pick applicants that are recommended by people they know well as it can save lots of money and time for searching appropriate employees. Thus, it is important for us to show our abilities to employers skilfully'.*

This result can prove why the survey by the Shanghai Labour and Society Security Bureau in 2005, which polled more than 4,000 locals, found that asking friends and family members for help is the best way to find a job in China (Shanghai Daily 2005).

### **7.3 'Guanxi' is very important in recruitment and selection in SOEs/ Governmental jobs**

All the respondents, no matter whether they are working in the SOE, POE, MNC or university graduates, all agreed that 'guanxi' is vital in finding a job in SOEs or in governmental organisations.

Carlsberg China chief executive, Sunny Wong commented that 'Guanxi' is extremely important in recruiting employees in SOEs and governmental organisations. Wong said:

*'They can hire an employee through 'guanxi' and set up a new post for those new employees. The post may not have existed before. This is totally different from MNCs which try to find people for a specific post'.*

Da Jia Le previous owner, Wang Ke Jia also noted 'guanxi' is crucial for recruitment in SOEs and governmental organisations. Wang gave an example:

*'Xi Jinping, the current vice-president of the PRC, is the youngest son of Xi Zhongxun, one of the founders of the Communist guerrilla movement in Shaanxi province and former vice-premier. Through that "guanxi", Xi had a chance to get into the government and eventually, he became the vice-president currently. Thus, feudalism still plays a key role in the central government. Nevertheless, we should not ignore that Xi is a very smart and hard-working person'.*

University of Sunderland graduate, Edison Wang gave another example:

*'Li Peng, the premier of China in 1987-1998, was the adopted son of Zhou Enlai. Li Xiao Lin, his daughter who is currently the vice chairman in the China Power Investment Corporation (CPI), one of the five largest state-owned power producers in China. Lots of people believe Li Xiao Lin used her father's "guanxi" in order to get her job'.*

Nottingham University graduate, Surina Wong also agreed 'Guanxi' is important in recruitment and selection in SOEs or government. She stated that:

*'When you apply for the jobs in government, you must pass the civil service exam (gong wu yuan kao shi). Then, you will have a face-to-face interview which is the most crucial part of your recruitment processes. The examiner will ask several questions during the interview. If you do not have "guanxi" and answer all the questions correctly, it does not mean you can be guaranteed for the job as examiners may give some excuses for not hiring you. However, if you have "guanxi" and do not answer those questions properly, they might still make you*



*an offer and the examiner will comment on you as an applicant with a good attitude. Therefore, 'guanxi' plays a key role in recruiting in government'.*

#### **7.4 'Guanxi' is less important in recruitment and selection in POEs**

For POEs, 'guanxi' plays a less important role comparing with SOEs and governmental jobs in recruiting new employees. There are mixed opinions from the interviews which author has conducted. Da Jia Le previous owner, Wang Ke Jia said:

*"Guanxi" is not that important in our company. This is because if my friends recommend some people to work in Da Jia Le, but their abilities are not good enough and they do not work properly, then my friend will 'lose face' and feel sorry about that. Thus, no matter whether I am recruiting senior or junior staff, I prefer not to use "guanxi" and avoid it as much as possible'.*

However, Tomer assistant of CEO, Sun Lei, believed lots of jobs need "guanxi", otherwise you have no chance to get them. Sun said:

*' I have worked for 10 years after graduating from university, and my experience told me a good "guanxi" and social network could determine whether you can get a job or not in POEs. Our company is a SOE but we worked with lots of POEs and many of them use 'guanxi' in their recruitment and selection'.*

Carlsberg China chief executive, Sunny Wong added 'guanxi' may not be avoided in China or even in Asia, as there are many family business in this region. Hence, people can use 'guanxi' or take over businesses from their family members directly.

Nottingham University new graduates, Susie He and Nica Wei also commented about it. Wei said:

*'No matter whether it is a large or small POE, "guanxi" is crucial in recruitment and selection. My father established his business 15 years ago and he told me the importance of "guanxi" in POEs. Many departments have their own recruitment processes, methods and policies and they are difficult to monitor by the board'.*

Wei also mentioned that:

*'When I applied to some POEs before, they asked me to provide some references with 'background'. Moreover, if you want to get a good job in SOE, you must give some favours to the HR managers or related people. Sending gifts to them and inviting them to have dinner is very normal'.*

### **7.5 'Guanxi' is not that important in recruitment and selection in MNCs**

'Guanxi' is relatively not important in recruitment and selections in MNCs. The reasons are many MNCs have their own beliefs, values and HRM practices.

University of Sunderland graduate, Alan Long said 'guanxi' is not that important in finding jobs in MNCs and foreign companies. Long stated that:

*'Most of the MNCs and foreign companies have their complete HRM practices and recruitment systems. Many of my friends whose are working in the MNCs such as P&G, Tesco, PricewaterhouseCoopers and KPMG used formal application channels to apply for their jobs. 'Guanxi' does not really matter'.*

Carlsberg China chief executive, Sunny Wong explains that MNCs and foreign companies focus more on abilities and working experience of their applicants rather than 'guanxi'. Wong said:

*'All applicants should have some basic knowledge of our company and brewery industry. They also need to have some related working experience, outstanding working performance in the previous jobs and good working abilities. Like other MNCs, "guanxi" plays a very minor role in our company'. Wong also added 'We have our own HR teams for recruitment and they will try to find the best matching people for our jobs. For senior staffs, we use formal channels such as magazine advertisements, Internet and headhunter companies. However, we will consider "guanxi" when recruiting junior staffs and the referees can even receive bonuses for that'.*

#### **7.6 'Guanxi' plays a less important role in China: Mixed Opinions**

On one hand, some interviewees believed 'guanxi' was no longer that important nowadays in China. On the other hand, 'guanxi' still seems to play a role in many enterprises for recruitment. Beijing Union University graduate, Wang Lin said:

*"Guanxi" is definitely important nowadays. 9 out of 10 of my friends use "guanxi" to get their jobs, and only one has used formal recruitment methods. He applied for the job through university job services and he took several interviews to get into the company. After that, he needed to have a 6-month test period before becoming the formal employee and the salary was only RMB\$400 (£28) monthly in this period'.*

Nottingham University newly graduate, Alec Fu also said:

*'China has a very long history and we have our own traditions and cultures, "guanxi" cannot be changed that easily and it still plays a key role in recruitment and selection'.*

However, many enterprises have started encouraging or using the newer and fairer internationally used recruitment methods. The 'guanxi' problem in recruitment has been progressively improved in Chinese enterprises, in the face of challenging by international companies. Therefore, they try to move away from the deeply rooted Chinese values and beliefs. Companies are mainly filled with high qualified employees; meanwhile, the employees who entered companies through 'guanxi' are motivated to perform better in order to achieve the international competitive standard in limited time.

University of Sunderland graduate, Sun Bo highlighted the importance of China accesses to the WTO. He said:

*'As China has entered the WTO in 2001, China has implemented lots of reforms in the economy. Western style management brings some challenges and impacts to Chinese companies. They start to be more concerned more about applicant's education backgrounds, working abilities, personality and previous working performance rather than "guanxi" and social ties'.*

Nottingham University graduate, Steven Ma also pointed out the pressure from the government, and he stated:

*'The Chinese government wants to establish a good image for other enterprises and the whole world, therefore, it actively encourages anti-corruption, and the*

*importance of "guanxi" is declining. However, "guanxi" and social ties are something which cannot be changed in a short period.'*

Carlsberg China chief executive, Sunny Wong also believed 'guanxi' is less important than before. Wong has worked in China for more than 15 years and he concluded four reasons for that situation:

*"Guanxi" is not the only factor that enterprises will consider nowadays. Firstly, people can access to different varieties of information due to the improvement of information technology and its increasing popularity. They can have a chance to learn from the west and the world. Secondly, many MNCs and foreign companies enter into China and they introduce their western style HRM practices, values and cultures through setting up joint-ventures with their Chinese partners. Thirdly, the whole institution is now changing in Mainland China. Many SOEs restructure and use a new way to manage their employees. Lastly, the Chinese economy has growth rapidly, and lots of small and medium-sized enterprises have established. People with high working abilities no longer want to work in SOEs and they try to find better jobs. Thus, SOEs lose some good workers and if they want to survive in the market, they must improve and increase their competitiveness. More importantly, they cannot rely on the subsidies by the government nowadays. They need to be more realistic and give up "guanxi" and social ties in order to face the market competition. For those reasons, I believed "guanxi" has become less important'.*

Therefore, HR departments should be very careful in selecting their potential employees through the clear position requirement, a series of strict recruitment, screening and selection process. The qualified applicants should be recruited regardless of whether they have 'guanxi' or connections with important people within or outside companies.

## **7.7 Guanxi plays a more important role in inland China**

Most of the graduates were not too sure about it as they do not have too much experience in working in inland China. However, all the four interviewees from three different types of businesses said 'guanxi' plays a more important role in inland compared with coastal regions and developed regions.

Da Jia Le ex-general manager, Wang Ke Ji said:

*'In coastal cities such as Shanghai and Xiamen, people or enterprises are more likely to accept new ideas or values and formal recruitment methods, "guanxi" is not the only factor they will consider. Nevertheless, for western areas and less developed regions, "guanxi" is so crucial for managing our business. In Chinese, we say "If you are further away from the emperor's foot, local officials will do whatever they like to do". This is so true and you must have "guanxi" with local officials or people, otherwise, your business will suffer from operations'.*

Tomer Electronics & Watch Co. Ltd (Tomer) assistant of CEO, Sun Lei gave an example for their parent company Shenhua Group. Sun said:

*'Our parent company operates in Inner Mongolia and they need to contact the mayor or local officials regularly. They must have a good "guanxi" and relationships with them, so that they can operate smoothly and get protection if anything goes wrong'.*

Carlsberg China chief executive, Sunny Wong also thought good "guanxi" can help their operations especially in Lanzhou and Tibet. Thus, 'guanxi' plays a more essential role in inland or western China.

## **Chapter 8: Discussion and Theoretical Conclusions**

Overall, based on the data analysis, 'guanxi' still plays a key role in SOE and governmental job recruitments. However, some changes have occurred in China's HRM and recruitment policies and practices under the market economy after the economic reform in 1978. 'Guanxi' is no longer the only factor which POEs will consider, and other factors such as working experience and individual abilities are crucial as well. To some extent, these changes provide more chances and fairer opportunities for applicants. In the long term, these will create competitive advantages and increase working efficiency and effectiveness for companies. MNCs started pouring into China in the last decade, and many of them apply their own HRM and recruitment practices in China. Many of them localize part of their HRM policies and practices in order to suit the Chinese environment; however, they do not change their recruitment or selection practices too much. Thus, 'guanxi' is relatively unimportant in recruitment for MNCs and foreign companies.

Currently, there is still room for improvement for the HRM system in China and it is not just limited to the recruitment practices. In fact, the whole HRM system in China is still in the early stages and there are many problems. It generated many conflicts when a large number of MNCs started entering the China and required quality staff. For example, Zhu and Dowling (1994) indicated that performance appraisal has not established its position in China's enterprises. Many cases show that it has not been conducted on a systematic basis and its accuracy and significance have been reduced. More importantly, it has also caused a slowing down of the reform of the compensation systems. Of the training system in China, Warner (1993) said '*Training remains narrowly defined, in contrast to the Western HRM notion of planning for long-term staff development*'. Additionally, 'guanxi' and inter-related human relations usually play an important role in the recruitment and selection processes in the China's enterprises. The right person

cannot be guaranteed for the right position, while some applicants can get the job although they cannot fulfil the job requirements. Hence, China's HR and recruitment reforms still have a very long way to go, especially for SOEs and the government.

### **What kind of HRM model is the best one for China?**

The most fundamental challenge to the HR community in China is the need to develop HR theories and practices that are suitable for and compatible to China. Although China has put a great deal of efforts into its HR and recruitment reforms, its inward-oriented development still brings a range of issues such as production inefficiencies, inadequate knowledge of markets and poor product quality (Glover and Siu 2000). Which HRM model is better for China, a wholly owned model with Chinese characteristics or transferring a model from the West such as the Michigan, Harvard and Guest models? Or will a combined model of these Western models with the Chinese one be the most suitable one for the HRM and recruitment in China?

#### **8.1 A wholly owned model with Chinese characteristics**

Under the central planned economy, China's adopted the 'three old irons' for their HRM practices in the early 1950s (Warner 2008) which were largely copied from the Soviet Union. However, low efficiency, lack of incentives, overstaffing, and a high level of bureaucracy became serious problems for the Chinese enterprises (Cooke 2005, P.42). These characteristics were dominant in the personnel management system until the 1980, as most of the Chinese employment organisations were state-owned (Cooke 2005). China was increasingly under pressure and faced the need for catching up with the modern world; thus,



enterprise reform in the 1980s led to a more market-oriented HRM approach. This had a huge impact on and brought challenges to the traditional HRM practice in China to some extent. For example, enterprises have autonomy on recruitment and selection; training and development systems have also been adopted by China's enterprises. However, it has been argued that this HRM system with Chinese characteristics still exposed too many weaknesses and was difficult to depart from the complexity of 'guanxi'. This is also why Carlsberg chief executive, Sunny Wong indicated that many employees with high working abilities no longer want to work inside SOEs as they want to find some new challenges and better career paths. SOEs, POEs and the government should be more realistic and give up the overuse of 'guanxi' and social ties in recruitment and other parts of HRM. As mentioned in Chapter 2, strong 'guanxi' may be good for companies as it can shield companies from unexpected challenges or minimize costs and it can be the key factor in the long-term business success in China (Luo 1997). Nevertheless, it can also be trouble for companies, as enterprises may not get the right person for the right job and their quality may be not good enough; that is why Da Jia Le previous owner, Wang Ke Jia said to avoid hiring people with 'guanxi'. Thus, if companies want to survive in the market or increase their own competitiveness, they cannot just develop their own HR or recruitment policies and practices without learning from successful experiences in other countries. Although many POEs and SOEs formalize their recruitment procedures and there are also a number of new approaches in recruiting for the state sector, including allowing employment organisations to look for appropriate candidates directly from the external market (Cooke 2005), and introducing civil service exams for applying for governmental jobs, their reliability and openness of are still doubtful.

In the 21<sup>st</sup> century, internationalization and globalization of business are the trends and they enhance the demands to put HR across different national borders and cultures, thus, China must re-evaluate and modernize its own HRM practices

and leave some traditional values or customs behind in order to accelerate its accession to the world economy.

## **8.2 Transferring the HRM model from others**

It is undoubted that many Western countries and Japan have more experience and theoretical models than China in the HRM area. However, HRM practices are difficult to duplicate and transfer completely from a specific model into a different national context, as the author has already argued in the previous chapter. Verburg et al. (1999) point out that HRM practices will have different meanings when they are applied into a different context; therefore, these may not necessarily lead to the preferred behaviour. HRM practices will lead to preferred results by employees only when applied in the right context. Moreover, if organisations want to apply western HRM practices in Chinese enterprises, this will require a substantial change in cultural norms and traditions which are not easy to achieve in China or even other nations. Thus, Child (1994) argues that it would be naïve to think Chinese organisations can readily adopt Western or Japanese approaches of HRM. A major change in the institutional structures within which HRM practices are formed in the Chinese industry are also required. Therefore, it might not be a good idea for firms to copy the HRM systems directly from overseas. Modification has to be made in order to bring the best results for companies (Ahlstrom et al. 2001).

The Harvard, Michigan and Guest models which author have mentioned in the literature review can provide some useful directions and ideas for the development of HRM in China. They explain the nature and significance of key HR practices; however, author believes that none of these three models is suitable to apply into the enterprises in China except for MNCs. Firstly, these models are too simplistic. The result of the interviews showed that there is a big difference for

HRM and recruitment in different types of organisations in China. For example, 'guanxi' is not very important in MNCs when compared with SOEs. Moreover, the HRM practices have such a large distinction between the coastal developed cities and western/ inland areas. Operating in China has to face many uncertainties and it can not be explained in just twenty pages or just by a theory. There are many factors and background such as the role of the communist party, the Chinese culture and values, and the development of management and organization of business in China also needs to be considered.

Moreover, these three models are too idealistic. For example, the Michigan model defines 'selection' as selecting people who are best able to perform the jobs which include internal movement of people and external hiring into the organisation (Fombrun et al. 1984, P.41). Clearly, it cannot fulfill and implement that easily in China as 'guanxi' and social ties still influence many enterprises to some extent. Recruitment and selection are not totally open and fair in China compared to the West.

Additionally, these three models are all from the West and their HRM policy choices, behaviour outcomes, performance outcomes and financial outcomes may be different from China. However, there are different areas of HRM such as recruitment and selections. Companies can apply it step by step or through joint-ventures with foreign companies.

### **8.3 A hybrid HRM model**

There is now an emerging consensus among researchers (e.g. Warner 1993, 1995; Zhu & Dowling 2002) that many traditional Chinese HR policies have changed and Cooke (2005) stated there is clear evidence that a more complex and hybrid management model which combines both Chinese management

characteristics and Western or Japanese approach is emerging. An increasing number of enterprises operate with a blend of Chinese and Western HRM practice especially larger and new enterprises across different ownership structures that are located in coastal and developed cities due to marketization and enterprise autonomy (Ding & Akhtar 2001). A model without considering contextual knowledge such as cultural values, insights into local organisational structure and labour regulations (Verburg. et al. 1999) may not fit in the Chinese context. Therefore, the importance of 'guanxi' and social ties should not be ignored as they still play a key role for recruitment and HRM especially in POEs, SOEs and government. Although 'guanxi' and social ties may bring some disadvantages for companies, appropriate 'guanxi' and social ties may bring benefits for enterprises to some extent and they are still significant, especially in inland China. Thus, HR managers cannot neglect such a vital factor when they implement Western HRM practices into China. They must consider and try to find out the best way to combine them into their HR practices.

Moreover, larger organisations in China are beginning to adopt Western practices of HRM in several areas such as more sophisticated recruitment and selection methods, various methods of financial rewards with individual and organisational performance, increasing levels of personnel development and training, more flexibility in strategies of labour utilization and a renewed interest in enterprise culture with strong Chinese characteristics (Cooke 2005). Although the level of uptake is relatively low and lagging behind Western countries, Western HRM in China is becoming more systematic and strategic which concern more about employee's commitments and how to motivate your employees. Chinese enterprises are accepting it incrementally and try to combine it with Chinese characteristics. 'Guanxi' is no longer the only dominant factor in recruitment and HRM as half of the interviewees believed 'guanxi' is less important nowadays.

Carlsberg China's chief executive, Sunny Wong, believes that combining Western and Chinese HRM practices is the best way to operate in China. In Carlsberg China, they adopted the standard HRM policies and styles from headquarters but at the same time, they localized some of their HRM practices in order to suit the Chinese environment. For example, all the operation managers in their joint ventures are locals. Wong explained that this will encourage their employees to express their views and have better communications between managers and employees, which will be helpful and make it easier for them to manage the group.

More importantly, a hybrid model is possible to implement in China and Cooke (2005) concludes three reasons for this. Firstly, there are lots of MNCs and joint ventures operating in China and many of them adapt their Western HR policies and practices to fit Chinese cultural values and norms. Many local companies or organisations are beginning to model these Western management practices with Chinese characteristics as 'best practices'. Many of them adopt their management techniques and organisational procedures. Secondly, returned overseas graduates and migrant workers from Hong Kong and Taiwan bring yet more Western management techniques into the Chinese HR system. In the past 20 years, more than 580,000 Chinese have gone abroad to further their education; more than 130,000 overseas Chinese students had returned to China by the end of 2002 and there has been a significant increase since then of 13 per cent each year (Peng 2003). They may act as catalyst in the adoption of the new HR practices with Chinese features in their workplaces if local employees feel the need to compete with these employees who are pro or more receptive to these practices. Thirdly, due to the economic reform, the new generations of Chinese managers are more likely to bring Western HR practices into the Chinese one. They tend to be more open-minded and innovative. They may more likely champion the diffusion of 'advanced' Western management practices in their workplace. Other than

those three reasons, POEs are becoming more and more popular in China, as mentioned in Chapter 2 and most of them aim at profit maximization. If they just consider 'guanxi' or traditional personnel management, they will find it difficult to compete with other players in the market. Hence, a hybrid model combining Western practices and Chinese characteristics is beginning to take root in China and it should be the most suitable model for both domestic and foreign firms.

#### **8.4 The future trends of 'guanxi' and social ties on recruitment and selection in China**

Half of the interviewees did not agree 'guanxi' may play a less important role in China; because most of them believed there are still relative lack of formal institutions and recruitment procedures. In fact, this has changed so much nowadays. Many MNCs and foreign companies entered into the Chinese market and they introduce western or Japanese HRM practices and recruitment methods into both private and public sector. This is why Cooke (2005) believed more and more local companies adopt more formal, softer and strategic recruitment and HR practices. Some conventional aspects of HRM such as recruitment and selection, training and development, performance and rewards are more human oriented nowadays. Interests are turned increasingly to the softer dimensions such as cultural management, team-working, motivational theories and organisational commitment. Authors believed this will also continue in the future and these elements will combine with some new concepts, for example, e-learning and online training and they will become the new trends of HR practices in China. The difference between China and other developed countries is going to be less and less. More significantly, the central government would like to show their ambitions for change to the foreigners and outsiders, therefore, the importance of 'guanxi' and social ties is diminishing in recruitment procedures and HRM practices.

In this section, a hybrid model which combines Chinese and western HRM practice has been chosen. Enterprises no matter they are SOEs, POEs, MNCs and foreign companies, they all need to consider 'guanxi' and social ties when they do businesses in China. At the same time, if they would like to survive and perform better in the market, they need to adopt the Western HRM practices as they are more complete and more experience. However, author believes the effect of 'guanxi' and social ties on recruitment and HRM is no longer as crucial as before as formal, softer and strategic recruitment and HR practices have been adopted by enterprises in China.

## ***Chapter 9: Conclusions***

The business environment in China is changing; it has moved from predominance by the state-owned sector to a sectoral pluralism where there are SOEs, POEs, joint ventures and other types of businesses. The business environment with market socialism and Chinese characteristics is establishing itself incrementally. The theoretical implications of these research findings suggest that the role of 'guanxi', social ties and national culture still weighs heavily in the balance when we look at how recruitment and selection and human resources are managed in the PRC. SOEs, governmental jobs and some POEs still consider 'guanxi' as one of their major recruitment and selection methods; however, MNCs and foreign companies do not take them into account to any great extent. Furthermore, 'guanxi' and social ties are even more important in inland and western areas compared to the costal areas.

In order to survive in the Chinese market, enterprises cannot just adopt the wholly owned model with Chinese characteristics or just transfer their Western models directly from the West, they must combine them in order to create competitive advantages and survive in the market. Cooke (2005) stated that the majority of jobs in China are relatively low skilled and poorly paid with limited intrinsic value, and it would be difficult to expect a macro convergence towards the high-commitment model of HRM. Thus, both hard and soft approaches to HRM will co-exist in China in the future. In addition, there may be more and more companies adopting more Western, softer, strategic recruitment and HR practices; hence, author believes 'guanxi' and social ties may play a less important role in the future as China has a more complete HRM policy and practice.



## **Limitations & Future Research**

Even though this paper attempts to investigate and explore how 'guanxi' affect recruitment and selection in different ownerships of businesses, the research constraints within this study cannot be neglected. Suggestions for future research are also going to be addressed in this section.

Analysis of Chinese HRM practices is quite widespread; however, there is a lack of information as to which HRM model, the Harvard one or the Michigan one or another, is more suitable for the Chinese context. The author found it quite difficult when trying to apply it to the interview results and case studies.

Another constraint is time. The project time scale only allows for data collection and analysis of a limited number of organisations and interviewees. The respondents are all university graduates and most of them are from coastal and developed areas. If more time was permitted, further research could be conducted which could give a more accurate and comprehensive reading for the paper.

Furthermore, it was very difficult to gather the information by telephone and author also needed to translate the information from Chinese into English. There are some specific words in Chinese which are difficult to translate, and this took quite a long time to complete.

Finally, for the author, this was the first time to use telephone interviews for collecting primary data, so lack of experience was a problem. Saunders, Lewis and Thornhill (2007) mention that the participant may be less willing to provide researchers with as much time to talk to them in comparison with a face-to-face

interview. So, it might be difficult to get the best answers from interviewees and bias might be hard to avoid to some extent.

For the future researches, several areas can be dealt with. For example, the central government is still the biggest employer in China, and research could focus on it and examine what role 'guanxi' and social ties play nowadays. Moreover, the respondents for interviews could also include people from headhunting companies, as they may have an overview of the whole recruitment and selection market. They may have some valuable experience of and insights into this topic. Additionally, researchers could explore the influence of social ties and 'guanxi' in other areas which are deeply influenced by Chinese culture such as Hong Kong, Taiwan and Singapore. Researchers could also compare 'guanxi' with social networks in the West and see their influence on HRM practices. Lastly, more and more Chinese companies are entering into the global market and researchers could investigate whether 'guanxi' and social ties are important or not when these companies enter into the new market.

## **References:**

Ahlstrom, D., Bruton, G. and Chan, E.S. (2001), 'HRM of Foreign Firms in China: The Challenge of Managing Host Country Personnel', *Business Horizons*, Vol.44, Issue 3, pp.59-68

Armstrong, M. (1987) 'Human Resource Management: A Case of the Emperor's New Clothes?', *Personnel Management*, Vol.19, Issue 8, pp. 30-35

Armstrong, M. (2006) *A Handbook of Human Resource Management Practice*, 10<sup>th</sup> Edition, London: Kogan Page

Bae, J. & Lawler, J.J. (2000) 'Organisational and HRM Strategies in Korea: Impact on Firm Performance in an Emerging Economy', *Academy of Management Journal*, Vol.43, pp.502-517

Baird, L. & Meshoulam, I. (1988) 'Managing the Two Fits of Strategic Human Resource Management', *Academy of Management Review*, Vol.13, Issue 1, pp.116-128

Baker, M.J. & Foy, A. (2008) *Business and Management Research*, 2<sup>nd</sup> Edition, Argyll: Westburn Publishers

Beardwell, I., Holden, L. & Claydon, T. (2004) *Human Resource Management a Contemporary Approach*, 4<sup>th</sup> Edition, Harlow: Prentice Hall

Beer, M., Spector, B., Lawrence, P.R., Quinn Mills, D. & Walton, R.E. (1984) *Managing Human Assets*, New York: Free Press

Bjorkman, I. and Lu, Y. (1999), 'A Corporate Perspective on the Management of Human Resource in China', *Journal of World Business*, Vol.34, Issue 1, pp.16-25

Bjorkman, I. and Xiucheng, F. (2002) 'Human Resource Management and the Performance of Western Firms in China', *International Journal of Human Resource Management*, Vol.13, pp.853-864

Boxall, P.F. (1992) Strategic Human Resource Management: Beginnings of a New Theoretical Sophistication? *Human Resource Management Journal*, Vol.5, Issue 5, pp.5-17

Bratton, J. & Gold, J. (2007) *Human Resource Management Theory and Practice*, 4<sup>th</sup> Edition, Basingstoke: Palgrave Macmillan

Braun, W. & Warner, M. (2002) 'Strategic Human Resource Management in Western Multinationals in China: The Differentiation of Practices across Different Ownership forms', *Personnel Review*, Vol.31, Issue 5, pp.553-579

Bryman, A. (2004) *Social Research Methods*, 2<sup>nd</sup> Edition, Oxford: Oxford University Press

Burgess, R.G. (1982) *Field Research: Sourcebook and Field Manual*, London: Routledge

Carlsberg (2008). 'Recruitment Process', online at: <http://www.carlsberggroup.com/Careers/Recruitment/Pages/Process.aspx> (accessed 25th August 2008)

Carlsberg China (2008) online at: <http://www.carlsberg.com.cn/info/index.htm>  
(accessed 25th August 2008)

Cassel, C. and Symon, G. (2004) *Essential Guide to Qualitative Methods in Organizational Research*, London: Sage Publications

Cateora, P.R. & Ghauri, P.N. (2000) *International Marketing*, European Edition, Berkshire: McGraw-Hill

Chan, C.S. & Dasborough, D.T. (2006) 'The Influence of Relation-based and Rule-based Regulations on Hiring Decisions in the Australian and Hong Kong Chinese Cultural Contexts', *International Journal of Human Resource Management*, Vol.17, Issue 7 pp. 1267-1292

Chen X.W. (1998) *An Investigation of Major Events and Decisions since the Third Plenum of the Eleventh Party Central Committee* (Shiyijie Sanzhong Quanhui yilai Zhongda Shijian he Juece Diaocha) Beijing: Zhinggong Zhongyang Danxiao Chubanshe.

Chen, M. (1995) *Asian Management Systems: Chinese, Japanese and Korean Styles of Business*, London: Routledge

Chen, M.J. (2001) *Inside Chinese Business A Guide for Managers Worldwide*, Boston: Harvard Business School Press

Child, J. & Markoczy, L. (1993) 'Host-country Managerial Behaviour and Learning in Chinese and Hungarian Joint Ventures', *Journal of Management Studies*, Vol.30, pp.611-631

Child, J. (1994) *Management in China during the Age of Reform*, Cambridge: Cambridge University Press

China Economic Review (2004) 'Privatising China's SOEs', online at: [http://www.chinaeconomicreview.com/dailybriefing/2004\\_01\\_01/Privatizing\\_China\\_as\\_SOEs.html](http://www.chinaeconomicreview.com/dailybriefing/2004_01_01/Privatizing_China_as_SOEs.html) (accessed 14th August 2008)

Chisnall, P. (2005) *Marketing Research*, 7<sup>th</sup> Edition, Maidenhead: McGraw- Hill

Chow, C.K.W., Fung, M.K.Y., & Ngo, H.Y. (1999). 'Job Turnover in China: A Case Study of Shanghai's Manufacturing Enterprise', *Industrial Relations*, Vol.38, pp.482-503

Chow, I.H.S (2004) 'Human Resource Management in China's Township and Village Enterprises: Change and Development During the Economic Reform Era', *Asia Pacific Journal of Human Resource Management*, Vol.42, pp.318-335

CIA (2007) *The World Fact Book*, online at: [http://www.cia.gov/library/publications/the\\_world\\_factbook](http://www.cia.gov/library/publications/the_world_factbook) (accessed August 2008)

Clark-Carter, David. (2001) *Doing Quantitative Psychological Research From Design to Report*, Hove: Psychology Press Ltd.

Collings, D. & Scullion, H. (2006) 'Global Staffing', in G. Stahl and I. Bjorkman (eds), *Handbook of Research in International Human Resource Management*, Cheltenham: Edward Elgar

Cooke, F.L. (2000) 'Manpower Restructuring in the State-Owned Railway Industry of China: The Role of the State in Human Resource Strategy', *International Journal of Human Resource Management*, Vol.11, Issue 5, pp.904-924

Cooke, F.L. (2003a) 'Equal Opportunity? Women's Managerial Careers in Governmental Organisations in China', *International Journal of Human Resource Management*, Vol.14, Issue 2, pp.317-333

Cooke, F.L. (2004) HRM in China. In P.S. Budhwar (Ed.), *Managing Human Resources in Asia-Pacific (pp.17-34)*, London: Routledge

Cooke, F.L. (2005) *HRM, Work and Employment in China*, Oxon: Routledge

Creswell, J. W. (1994) *Research Design: Qualitative and Quantitative Approaches*, Thousand Oaks: Sage

Denzin, N.K. & Lincoln, Y.S. (2000) 'Discipline and Practice of Qualitative Research', in Denzin, N.K. & Lincoln, Y.S. (Ed.), *Handbook of Qualitative Research*, 2<sup>nd</sup> Edition, London: Sage

Dessler, G. (2006) Expanding into China? 'What Foreign Employers Should Know About Human Resource Management in China Today', *Sam Advanced Management Journal*, Autumn 2006, pp.11-23

Diamantopoulos, A. and Schlegelmilch, B.B. (2000) *Taking the Fear out of Data Analysis*, London: Thomson Learning Business Press.

Ding, D., Fields, D. and Akhtar, S. (1997) 'An empirical study of Human Resource Management policies and practices in foreign-invested policies enterprises in China: the case of the Shenzhen Special Economic Zone', *The International Journal of Human Resource Management*, Vol.8, Issue 5, pp.595-613

Ding, D.Z. & Akhtar, S. (2001) 'The Organisational Choice of Human Resource Management Practices: A Study of Chinese Enterprises in Three Cities in the PRC', *International Journal of Human Resource Management*, Vol.12, pp.946-964

Ding, D.Z., Akhtar, S. & Ge, L. (2006) 'Organisational Differences in Managerial Compensation and Benefits in Chinese Firms', *International Journal of Human Resource Management*, Vol.17, pp.693-715

Dowling, P.J., Welch, D.E. & Schuler, R.S. (1999) *International Human Resource Management: Managing People in a Multinational Context*, 3<sup>rd</sup> Edition, Cincinnati: South-Western

Easterby-Smith, M., Malina, D. & Lu, Y. (1995) 'How culture-sensitive is HRM?', *International Journal of Human Resource Management*, Vol.6, Issue 1, pp.31-59

Erez, M. (1994) Towards a Model of Cross-Cultural and Organisational Psychology. In Triandis et al. (eds) *Handbook of Industrial and Organisational Psychology*, Vol.4, 2<sup>nd</sup> edition, pp.559-608

Evans, A. L. & Lorange, P. (1989) The two logics behind Human Resource Management. In P.Evans, Y. Doz & A.Laurent (eds) *Human Resource Management in International Firms*, Basingstoke: Macmillan

Fang, T. (1999) *Chinese Business Negotiating Style*, Thousand Oaks: SAGE

Fernandez, J.A. & Underwood, L. (2005) 'Succeeding in China: The Voice of Experience', *Organizational Dynamics*, Vol.34, No.4, pp.402-416.



Fombrun, C.J., Tichy, N.M. & Devanna, M.A. (1984) *Strategic Human Resource Management*, New York: John Wiley & Sons

Gao S.Q., Wang M.K, and He, C. (1993) *An Encyclopedia of Events in China's Economic Reforms and Opening* (Zhongguo JIngji Gaige Kaifang Dashidian, Vols.1 and 2. Beijing: Beijing Gongye Daxue Chubanshe

Gao, G., Ting-Toomey, S. & Gudykunst, W.B. (1996) 'Chinese Communication Processes', in: M.H.Bond (ed) *The Handbook of Chinese Psychology*, Hong Kong: Oxford University Press

Gephart, R.P. (2004) 'Qualitative Research and the Academy of Management Journal', *Academy of Management Journal*, Vol.47, Issue 4, pp.452-462

Glover, L. and Siu, N. (2000) 'The Human Resource Barriers to the Management of Quality in China', *International Journal of Human Resource Management*, Vol. 11, Issue 4, pp. 867-882.

Goodall, K. & Warner, M. (1999) 'Enterprise Reform, Labour-Management Relations, and Human Resource Management in a Multinational Context', *International Studies of Management and Organisation*, Vol.29, pp.21-36

Graham, H.T. & Bennett, R. (1998) *Human Resources Management*, 9<sup>th</sup> Edition, London: Pitman

Guest, D.E. (1987) 'Human Resource Management and Industrial Relations', *Journal of Management Studies*, Vol.24, Issue 5, pp.503-21

Guest, D.E. (1997) 'Human Resource Management and Performance: A Review and Research Agenda', *International Journal of Human Resource Management*, Vol. 8, Issue 3, pp.263-76

Hartley, J. (2004) 'Case Study Research' in Cassell, Catherine and Symon, G. (Eds) '*Essential Guide to Qualitative Methods in Organisational Research*', London: Sage

He Li et al. (1995) *A history of the People's Republic of China* (Zhonghua Remin Gongheguo Shi), Beijing: Zhongguo Dang'an Chubanshe

Hendry, C. & Pettigrew, A. (1986) 'The Practice of Strategic Human Resource Management', *Personnel Review*, Vol.15, pp.3-8

Hofstede, G. & Bond, M. (1988) 'The Confucian Connection: From Cultural Roots to Economic Growth', *Organisational Dynamics*, Vol.16, Issue 4, pp.4-21

Hofstede, G. (1991) *Culture and Organisations: Software of the Mind*, London: McGraw-Hill

Huang, M.T. (1998) 'A Discussion on the Implementation of Position Wage', *Reform and Management*, Vol.5, pp.18-21 (Chinese)

Huo, Y.P. & Von Glinow, M.A. (1995) 'On Transplanting Human Resource Practices to China: A Culture-driven Approach', *International Journal of Manpower*, Vol. 16, Issue 9, pp.3-15

Justin Yifu Lin, Fang Cai and Zhou Li (2003) *The Chinese Miracle Development Strategy and Economic Reform*, Revised Edition, Hong Kong: The Chinese University of Hong Kong

Keenoy, T. (1990) 'Human Resource Management: Rhetoric, Reality and Contradiction', *International Journal of Human Resource Management*, Vol.1, Issue 3, pp.363-84

King, N. (2004) 'Using Interviews in Qualitative Research' in Cassell, Catherine and Symon, G. (eds) *Essential Guide to Qualitative Methods in Organisational Research*, London: Sage

Lai H.Y. (2006) *Reform and the Non-State Economy in China The Political Economy of Liberalization Strategies*, Basingstoke: Palgrave Macmillan

Legge, K. (1989) Human Resource Management: A Critical Analysis. in J. Storey (ed.) *New Perspectives on Human Resource Management (pp.21-36)*. London: Routledge

Legge, K. (1995) Rhetoric, Reality and Hidden Agendas, in J.Storey (ed.), *Human Resource Management: A Critical Text (pp.33-59)*, London: Routledge

Legge, K. (2005) *Human Resource Management Rhetorics and Realities*, Anniversary Edition, Basingstoke: Palgrave Macmillan

Li, J., Liao, S. & Chu, C. (2006) *The HRM Practice of Multi-national Enterprises in China*, Hong Kong Baptist University, working paper, series no. 200610

Li, J., Qian, G.M., Liao, S. & Chu, C. (2008) 'Human Resource Management and the Globalness of Firms: An Empirical Study in China', *International Journal of Human Resource Management*, Vol.19, No.5, pp.828-839

Lockett, M. (1988), 'Culture and The Problems of Chinese Management', *Organisation Studies*, No.9, pp.475-496

Lockett, M. (1990) The nature of Chinese Culture. In J. Child & M. Lockett (eds), *Advances in Chinese Industrial Studies (Part A, pp.269-276)*, Greenwich, CT: JAI

Luo, Y. (1997) 'Guanxi and Performance of Foreign- Invested Enterprises in China', *Management International Review*, Vol.37, Issue 1, pp.51-70

Maylor, H. & Blackmon, K. (2005) *Researching Business and Management*, Basingstoke: Palgrave Macmillan

McDaniel, C. & Gates, R. (1999) *Contemporary Marketing Research*, 4th Edition, Cincinnati: South-Western College Publishing

Mercer and Mercer Management Consulting (2007), *Understanding China's Business Risk Environment*

Miller, P. (1987) 'Strategic Industrial Relations and Human Resource Management- Distinction, Definition and Recognition', *Journal of Management Studies*, Vol.24, Issue 4, pp.347-361

Millward, N., Bryson, A. & Forth, J. (2000) *All Change at Work: British Employee Relations 1980-1998*, London: Routledge

Moran, R.T., Harris, P.R. & Moran, S.V. (2007) *Managing Cultural Differences Global Leadership Strategies for the 21<sup>st</sup> Century*, 7<sup>th</sup> Edition, Butterworth-Heinemann

Naughton, B. (2007) *The Chinese Economy Transitions and Growth*, Cambridge: The MIT Press

Ngo, H.Y., Lau, C.M. & Foley, S (2008) 'Strategic Human Resource Management, Firm Performance, and Employee Relations Climate in China', *Human Resource Management*, Vol.47, Issue 1, pp.73-90

Özbilgin, M. (2004) *International Human Resource Management*, London: Palgrave Macmillan

Peng, J.F. (2003) 'Talent market focus in China', *Development and Management of Human Resources*, Issue 3, pp.4-9

Perry, C. (2001) 'Case Research in Marketing', *The Marketing Review*, Vol.1, pp.303-323

Pinnington, A & Edwards, T. (2000) *Introduction to Human Resource Management*, Oxford: Oxford University Press

Poole, M. (1990) 'Human Resource Management in an International Perspective', *International Journal of Human Resource Management*, Vol.1, Issue 1, pp.1-15

Price, A. (2007) *Human Resource Management in a Business Context*, 3<sup>rd</sup> Edition, London: Thomson Learning

Qin, J.Y. (2007). 'Trade, Investment and Beyond: The Impact of WTO Accession on China's Legal System', *The China Quarterly*, Vol.191, pp.720-741.

Ropp, P.S. (1990) Introduction. In P.S. Ropp (ed.) *Heritage of China: Contemporary Perspectives on Chinese Civilization* (pp. ix-xxi), Berkeley: University of California Press

Saunders, M., Lewis, P. & Thornhill, A. (2007) *Research Methods for Business Students*, 4<sup>th</sup> Edition, Pearson Education

Seale, C., Gobo, G., Gubrium, J.F. & Silverman, D. (2004) *Qualitative Research Practice*, London: Sage

Shanghai Daily (2005), 'Guanxi' key to job hunting, online at: [http://www.chinadaily.com.cn/english/doc/2005-08/31/content\\_473764.htm](http://www.chinadaily.com.cn/english/doc/2005-08/31/content_473764.htm) (accessed 27th August 2008)

Shen, J. (2004b) 'Compensation in Chinese Multinationals', *Compensation & Benefits Review*, Vol. 36, Issue 1, pp.15-25

Shen, J. (2007) *Labour Disputes and Their Management in China*, Oxford: Chandos Publishing (Oxford) Limited

Shen, J. (2008) 'HRM in Chinese Privately Owned Enterprises'. *Thunderbird International Business Review*, Vol.50, Issue 2, pp.91-104

Silverman, D. (2001) *Doing Qualitative Research A Practical Handbook*, London: Sage

Skinner, D. Tagg, C. & Holloway, J. (2000) 'Managers and Research: the Pros and Cons of Qualitative Approaches', *Management Learning*, Vol.31, Issue 2, pp.163-179

Sparrow, P.R. & Hiltrop, J.M. (1994) *European Human Resource Management in Transition*, London: Prentice-Hall.

Storey, J. (1992) *Developments in the management of Human Resources*, Oxford: Blackwell

Storey, J. & Sisson, K. (1993) *Managing Human Resources and Industrial Relations*, Buckingham: Open University Press

Storey, J. (1989) *New Perspectives on Human Resource Management*, London: Routledge

Su, C., Mitchell, R.K. & Sirgy, M.J.(2006) 'Enabling Guanxi Management in China: A Hierarchical Stakeholder Model of Effective Guanxi', *Journal of Business Ethics*, Vol. 71, pp.301-319

Tan, C.H. (1990) Management Concepts and Chinese Culture. In J. Child & M. Lockett (eds), *Advances in Chinese Industrial Studies (Part A, pp.277-288)*, Greenwich, CT: JAI

Tang, J. & Ward, A. (2003) *The Changing Face of Chinese Management*. London: Routledge

Tang, Q. (2003) 'Relationship Mapping', *China Business Review*, Vol.30, Issue 4, pp.28-30

Tian, X.W. (2007) *Managing International Business in China*, Cambridge: Cambridge University Press

Tichy, N., Fombrun, C. & Devanna, M.A. (1982) Strategic Human Resource Management, *Slogan Management Review*, Vol.23, Issue 2, pp.47-61

Tomer Electronics & Watch Co. Ltd. (2008), online at: <http://www.tomer.com.hk/English/About.asp> (accessed 25th August 2008)

Torrington, D. (1989) Human Resource Management and the Personnel Function', in J. Storey (ed.) *New Perspectives on Human Resource Management* (pp.56-66), London: Routledge

Torrington, D. & Hall, L. (1987) *Personnel Management A New Approach*, London: Prentice Hall

Tsui, A.A. & Farh, J.L. (1997) 'Where Guanxi Matters: Relational Demography and Guanxi in the Chinese Context', *Work and Occupations*, Vol.24, pp.56-79

Ulrich, D. (1997) *Human Resource Champions*, Boston, MA: Harvard Business School Press.

Verburg, R. (1996) 'Developing HRM in Foreign-Chinese Joint Ventures', *European Management Journal*, Vol.14, No.5, pp.518-525

Wall, J.A. (1990) 'Managers in the People's Republic of China', *Academy of Management Executive*, Vol.4, Issue 2, pp.19-32



Warner, M. (1993) 'Human Resource Management with Chinese Characteristics', *International Journal of Human Resource Management*, Vol.4, Issue 1, pp.45-46

Warner, M. (1995) *The Management of Human Resources in Chinese Industry*, London: St Martins Press

Warner, M. (1996a) 'Human Resources in the People's Republic of China: The "Three Systems" Reforms', *Human Resource Management Journal*, Vol.6, Issue 2, pp.32-42

Warner, M. (1996b) 'Chinese Enterprise Reform, Human Resources and the 1994 Labour Law', *International Journal of Human Resource Management*, Vol.7, Issue 4, pp.779-796

Warner, M. (1996c) 'Economic Reforms, Industrial Relations, and Human Resources in the People's Republic of China: An Overview', *Industrial Relations Journal*, Vol.27, pp.195-210

Warner, M. (1997) 'China's HRM in Transition: Towards Relative Convergence?' *Asia Pacific Business Review*, Vol.3, Issue 4, pp.19-33

Warner, M. (2001) 'Human Resource Management in the People's Republic of China', in P. Budhwar & Y. Debrah (eds), *Human Resource Management in Developing Countries (pp.19-33)*, London: Routledge

Warner, M. (Ed.) (2003) *The Future of Chinese Management*, Frank Cass, London

Warner, M. (2008) 'Reassessing Human Resource Management "With Chinese Characteristics": An Overview', *The International Journal of Human Resource Management*, Vol.19, No.5, pp.771-801

Warner, M., Goodall, K. & Ding, D.Z. (1999) The 'Myth' of Human Resource Management in Chinese Enterprises. In M. Warner (Ed.), *China's Managerial Revolution (pp.223-237)*, Portland: Frank Cass

Wilson, A. (2003) *Marketing Research an Integrated Approach*, Harlow: Pearson

Yeung, I. Y. M., & Tung, R. L. (1996) 'Achieving business success in Confucian society: The importance of guanxi (connections)', *Organizational Dynamics*, Vol.25, Issue 2, pp.54-65

Yin, R.K. (2003) *Case Study Research: Design and Methods*, 3<sup>rd</sup> Edition, London: Sage

Zhao, S.M. (1993). 'Human Resource Management in China', *Asia Pacific Journal of Human Resources*, Vol.32, Issue 2, pp.3-12

Zhu, C. (2005) *Human Resource Management in China: Past, Current and Future HR Practices in the Industrial Sector*, London: Routledge Curzon

Zhu, C. & Dowling, P. (2002) 'Staffing practices in transition: some empirical evidence from China', *International Journal of Human Resource Management*, Vol.13, Issue 4, pp.569-597

Zhu, J.B. and Dowling, P.J. (1994), 'The Impact of the Economic System upon Human Resource Management Practices in China', *Human Resource Planning*, Vol.17, No.4, pp.1-21

Zhu, Y. & Warner, M. (2004) 'Changing Patterns of Human Resource Management in Contemporary China: WTO Accession and Enterprise Responses', *Industrial Relations Journal*, Vol.35, pp.311-328

Zhu, Y. & Warner, M. (2005) 'Changing Chinese Employment Relations since WTO Accession', *Personnel Review*, Vol.34, No.3, pp.354-369

## **Appendix 1: Interview Question Set One**

**Q1. What are the most important factors that you consider when you apply for jobs in China? (当您在中国申请工作时, 什么因素您是認為最重要的?)**

1) Company size (公司规模)	2) Company reputation (公司名誉)
3) Promotion/ Working path (晉升的道路)	4) Pay/ Bonus system (薪水奖金系统)
5) Interests (兴趣)	6) Working conditions (工作环境)
7) Welfare system (福利体系)	8) Appropriate training (适当训练)
9) Good senior support (前辈的支持)	10) Working Location (工作地点)
11) Working hours/ Holidays (工作时间/假日)	12) Job mobility (就业流动性)
13) Others (Please specify) (其他請說明)	

**Q2. What methods do you use when you look for jobs? (当您寻找工作时, 您是使用什么方法的?)**

1) Newspaper/ Magazine advertisements (报纸/ 杂志广告)	2) Job Fairs (就业展覽)
3) Online applications (线上申请)	4) Employment services at universities (大学的就业服务)
5) Recruitment agents (就业代理)	6) Recruitment centers (就业中心)
7) Individual recommendations/ informal contact (友人推荐)	8) Others (Please specific) (其他請說明)

**Q3. How long do you normally take a job for? (您通常多久能找到工作?)**

**Q4. What are the biggest challenges when you find a job in China?  
(当您寻找工作时, 您遇見最大的挑戰是什么?)**

**Q5. Do you think 'guanxi' is important in recruitment and selection when you apply for a job in foreign/private companies in China? If so, how important is it? Could you please give some examples?**

(当您申请外国/私人公司的工作时, 您是否认为'關係'是重要的? 如果是, 它是多么的重要? 请举一些例子?)

**Q6. Do you think 'guanxi' is important in recruitment and selection when you apply for a job in state-owned enterprises/government sector? If so, how important is it? Could you please give some examples?**

(当您申请国营企业/政府的工作时, 您是否认为'關係'是重要的? 如果是, 它是多么的重要? 请举一些例子?)

**Q7. Do you think 'guanxi' is less important in China nowadays?**

(您是否认为'關係'在现今的中国较为不重要?)

**Q8. Do you think 'guanxi' is less important in coastal regions and larger cities?** (您是否认为'關係'在沿海的地区和大都市较不重要?)

**Q9. Do you think 'guanxi' is crucial for obtaining promotion?**

(您是否认为'關係'是获得晋升的关键?)

**Q10. Do you know any of your friends/relatives who used 'guanxi' in order to get a job?** (您是否認識使用'關係'而得到工作的朋友/亲戚?)

## **Appendix 2: Interview Question Set Two**

**Q1. What are the most important factors that you consider when you recruit in China?** (当贵公司进行徵募时, 您们认为什么因素是最重要的?)

**Q2. How does your company invite candidates for job application in China?** (当贵公司进行徵募时, 您们是使用什么方法的?)

1) Newspaper/ Magazine advertisements (报纸/ 杂志广告)	2) Job Fairs (就业展览)
3) Online applications (线上申请)	4) Employment services at universities (大学的就业服务)
5) Recruitment agents (就业代理)	6) Recruitment centers (就业中心)
7) Individual recommendations/ informal contact (友人推荐)	8) Others (Please specific) (其他请说明)

**Q3. Do I need to have 'guanxi' in order to work in your company?**  
(我是否需有‘關係’才能在贵公司工作?)

**Q4. What are the biggest challenges when you recruit in China?**  
(当贵公司进行徵募时, 您们遇见最大的挑战是什么?)

**Q5. What are the differences between recruiting senior and junior staffs in your company?** (当贵公司进行徵募资深和初级职工时, 您们所使用的方法有什么区别?)

**Q6. Do you think 'guanxi' is important in recruitment and selection when you apply for a job in foreign/private companies in China? If so, how important is it? Could you please give some examples?**  
(当申请外国/私人公司的工作时, 您是否认为‘關係’是重要的? 如果是, 它是多么的重要? 请举一些例子?)

**Q7. Do you think 'guanxi' is important in recruitment and selection when you apply for a job in state-owned enterprises/government sector? If so, how important is it? Could you please give some examples?**

(当申请国营企业/政府的工作时, 您是否认为‘關係’是重要的? 如果是, 它是多么的重要? 请举一些例子?)

**Q8. Do you think 'guanxi' is less important in China nowadays?**

(您是否认为‘關係’在现今的中国较为不重要?)

**Q9. Do you think 'guanxi' is less important in coastal regions and larger cities?** (您是否认为‘關係’在沿海的地区和大都市较不重要?)

**Q10. Do you think 'guanxi' is crucial for obtaining promotion?**

(您是否认为‘關係’是获得晋升的关键?)

**Q11. Do you know any of your friends/relatives who used 'guanxi' in order to get a job?** (您是否認識使用‘關係’而得到工作的朋友/亲戚?)

**Q12. Does your company localize the HRM practice in order to suit the Chinese context?** (貴公司是否將人力資源管理地方化以适合中国文化?)