

Analysis of Improvement on Human Resource Management within Chinese Enterprises in Economic Globalization

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Abstract: In this study, we analysis of improvement on human resource management within Chinese enterprises in economic globalization. China's entry into WTO has accelerated the economic globalization pace of Chinese enterprises and Chinese economy is further integrated with the global economy in a global scope. Human resource is what economic globalization of Chinese enterprises relies on, the first resource for China to participate in the international competition and is also the key to make effective use of other resources. Nevertheless, under the background of economic globalization, human resource management in Chinese enterprises is still faced up with quite a lot of challenges and problems. In order to establish a human resource management concept of globalization and set up a human resource management mechanism to respond to the economic globalization, this study makes a discussion and proposes management method and improvement measures for reference.

Keywords: Economic globalization, human resources in Chinese enterprises, management improvement

INTRODUCTION

The modern society advocates "human orientation", in which human is the core of the society and is the most important resource in enterprises. How to realize the most effective functions of talents, reduce flow of talents, cut down on internal consumption of system, improve the interpersonal relationship in enterprises and build up an internal harmonious environment has become the Achilles' Hill for quite a large number of enterprises and is what the enterprises urgently need to resolve. Especially, nowadays, under the global background of internalization, informatization and diversification, human resource management in enterprises is faced up with acid test. Waters (1995) shows the globalization. Wang (2003) study the strengthening the research of man power resources management to counter the challenge of economic globalization. Zhang (2007) have a research of the influences of economic globalization on human resources management in state-owned enterprises. Liu (2011) study the challenges, opportunities and countermeasures of global economic crisis to environmental human resource management. Cheng (2006) shows the enigma in deficiency of senior talents, online edition of Beijing talent market news.

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INFLUENCES OF ECONOMIC GLOBALIZATION ON HUMAN RESOURCE MANAGEMENT IN ENTERPRISES

The true essence of enterprise management is no more than what the management master Peters once said, "The only really important resource in an enterprise or undertaking is human and management is to develop human resource for a better job". With vigorous development of global economy, management

and development of human resources has witnessed a globalization era. The positive effects of globalization are just as plain as daylight.

- Free flow of human resources and management mode and experiences able to be exchanged. Flow of human resources globally has brought labor force and technology to the host country
- The high-tech means of information networking have eliminated geographic isolation between enterprises and human beings and have created a global working environment that is not restrained and bounded by geographic boundary
- Economic globalization has brought diversification and innovation of management. Economic globalization has created a perfect development environment for enterprises and at the time of expanding the enterprise market, has also proposed austere challenge to the management level of enterprises. Management innovation of enterprises includes functional innovation, emphasis on human capital development and innovation of human-oriented management concept, management function and methods, etc
- Revolution of human beings has become the most profound in transition of the traditional system. Globally speaking, as the carrier of knowledge, persons have become the critical factor to gain victory in the cruel and fierce competition of enterprises and talents with combination of interdisciplinary, innovativeness, cooperation and learnability will be the critical resource in development of enterprises in the future

However, as is well-known, economic globalization is a double-edged sword, which, at the time of brings opportunities and development to human resource management and development, also brings new challenges.

- Transnational flow of talents gives rise to complication of human resource management. Labor forces flow within a global sphere. For instance, overseas labor forces account for 25% of the total in Australia; overseas labor forces employed by French enterprises account for 1/3 of the total local industrial employees, whereas there are 1/4 of local working staff who are employed by foreign enterprises. According to the latest data of International Labour Organization, there are approximately a number of 0.13 billion people all over the world who are employed overseas, not yet

including those undocumented floating population which is estimated at about 10-15 million. All these labor forces come from 55 countries who hunt a job in approximately 67 countries. Different races, different values concepts and manners and customs, different knowledge levels and even age structures and work force diversity make human resource management and development more complicated.

- Transnational contest of talents causes brain drain of senior talents in developing countries. Nowadays, competition for talents is more and more fierce. All over the worlds, especially economically developed countries extensively hunt up talents with their own economic advantages and all sorts of preferential policies. For example, foreign-owned enterprises offer a fat salary and better undertaking and training opportunities to attract quite a large number of high quality talents who finally emigrate to developed countries. Under such a tendency, the labor market of a local country will gradually lose the high quality talents who are engaged in mental undertakings, but, instead, leaves behind only those cheap labor forces with low level engaged in physical labor. Soon afterwards, developing countries are at a condition with low diversification, insufficiency of talents, low management level and vulnerable pioneering capacity and competitive competence. Thus, it is more difficult for the plan of collaborative development by developed countries and developing countries to be fulfilled.
- Deficiency of human resource personnel who get a mastery of high modern information technique. Realization of human resource globalization and internationalization benefits from rapid development and widespread application of such interactive technologies as electronic communications technique, computer and internet. For the time being, the global economic situation is quite austere and complicated. The international financial crisis that occurred in 2007 is still lingering and what's worse, the economic downside pressure is aggravated as a result of the spreading effects of the international financial crisis and the obvious slow-down of the global economic growth. A human resource department has to pay high attention at any time to external operating environment and should be well prepared to respond to the crisis in the long run. Human resource talents with high modern information technique become indispensable and have gradually

posed a serious threat to the talent market of underdeveloped countries.

THE STATUS QUO AND PROBLEMS OF HUMAN RESOURCE MANAGEMENT IN CHINESE ENTERPRISES IN ECONOMIC GLOBALIZATION

Development of Chinese enterprises is closely connected with the global development of world economy. On December 11, 2001, China entered WTO and from then on, Chinese economy and the world economy stepped together towards globalization. Generally speaking, Chinese enterprises are with low diversification, small scale, weak capital, shortage of talents, low management level and vulnerable pioneering capacity and competitive competence.

Shortage of senior management talents engaged in international undertakings: Although China is a great power in human resources, there is no difficulty to recruit talents at a low level and it is quite difficult to recruit first class talents. According to a survey by Social Survey Institute of China, outflow of senior management personnel is an important feature of crisis in human resources in state-owned enterprises. It was reported by Mckinsey and Company, with a conservative estimation, 75000 corporate leaders with advanced international experiences were needed for only those Chinese companies that wished to expand the international business in the forthcoming 10 to 15 years. However, at present, there are only approximately a number of 3000 to 5000 such leaders in China. Deficiency of senior management talents is manifested as:

- Deficiency of senior technical personnel
- Deficiency of basic scientific research talents
- Deficiency of senior talents in different fields

Deficiency of senior management talents in different fields slows down the progress of globalization in quite a large number of enterprises and affects the innovative spirit of enterprises. The changes of the market are continuously aggravated and thirst for senior talents is also on a continuous increase. How to satisfy the demand of the market on senior talents indeed is not accomplished in one day, but requires a long term plan.

Seriously insufficient development and investment of human resources: The role of scientific talents in

enterprises under a globalization background becomes more and more prominent. Compared with overseas enterprises, state-owned enterprises still have a long way to go in terms of employee training. A sampling survey on a number of approximately 100 enterprises in big cities indicates that, investment in human resource management development in state-owned enterprises has been reduced by a large margin. The enterprises that speed up in investment in human resources development account for only 5% and 30% of enterprises just symbolically make an investment in education training, with an annual fee of less than 10 Yuan per person. After China's entry into WTO, in order for state-owned enterprises to remain invincible in the international market, they have to enlarge investment in human resources management and enhance the scientific management level of leaders and the scientific and technical level of technicians.

Impacts of advanced overseas management concepts on the employment mechanism in China: What the economic globalization competition has impacted most is not the market, but the system and the people! Quite a large number of managers feel uncomfortable about the economic globalization and have great difficulty in accepting the working mode of foreigners, so they have great pressure in their work. Nevertheless, quite a lot of foreign-owned enterprises attract a huge number of young highly qualified talents to flow from state-owned enterprises to foreign-owned enterprises by virtue of their advanced and flexible management system and compensation system, which leads to outflow of mental laborers who are previously engaged in high tech and high intelligence service in the labor force market. For instance, Motorola China Corporation had a number of 15000 employees in 1997, including 14700 Chinese employees and 300 foreign employees. By the year 1999, the number of foreign employees reduced to 150. In Zhongguancun, Chinese companies and foreign companies exist side by side. Yet, there is a great gap between their treatments. It goes without saying which companies they would choose.

Both internal and external mechanisms in China for the time being have problems, such as, miscellaneous personnel institutions, complicated interpersonal relationship network and meticulous procedure, etc., which are all crucial elements that impede Chinese enterprises from being better integrated into the globalization. The reason why a lot of people choose to hunt a job in foreign-owned enterprises is not merely consideration of compensation, but more concern about the working environment, opportunities for promotion and establishment of corporate culture. Choice also

accompanies with comparison. The Chinese society is now at a transitional process and likewise, Chinese enterprises need to keep pace with the times.

Measures of Chinese enterprises to respond to improvement of human resources management in economic globalization:

Knowledge in expansion of human resource functions: Mission of human resources has, in the past few years, presented a tendency of sustained expansion. Just as the statement from winter mantel, this tendency contains the five totally different phases which human resource organization is undergoing. The first phase describes that the function of the traditional human resources is to offer corresponding human resource service to the requests of customers. Human resource specialists are regarded as a “servant” and what their managers expect of them is nothing more than “Just Do It”. In performing their job, human resource specialists are deemed just as employees with cheap relative value. It is likely that human resource specialists may have such a feeling that their self-value has been underestimated and thus may be depressed, or feel inferior for their performance has not been paid due attention. The second phase specifies some particular functions of human resource organization, which have surpassed the traditional functions. Their functions include optimizing human resource processes and systems. For example, they apply new computer software or other technology into operation to enable them to process information in a faster way. As indicated in the third phase, human resource organization expands its own business scope, including offering assistance for productive organizations to enlarge their productive capacity and enhance their competitive force. Human resource organization resorts to the organizational capacity (such as, skills, arrangement of employees, relevant culture and operational mechanism) and the particular strategies implemented to successfully implement this task. Human resource organizations which are shown in the fourth phase have already expanded their business scope which includes shaping a successful mode of enterprises. Human resource specialists help work out commercial strategies to construct competitive advantages and make use of internal human resource advantages of a section. This role acquires them with the sense of achievement and with value of self-fulfillment. As competent assistants of their leaders, human resource specialists are invited to participate in a strategic meeting. As is shown in the fifth phase, human resource organization has carried forward its work task, namely, leading the creation, preservation and utilization of human and intellectual capital. In this

process, human resource specialists develop and design a system and work out strategies of the system, which is directly connected with the direction of decision making in the company and makes human resource organizations make full use of their intelligent resources to the largest extent. The economic globalization requires enterprises to ponder over the functional issues of human resources from a globalization perspective.

Evolution of strategic human resource functions in globalization of Chinese enterprises: In order to resolve all sorts of issues in management and development of human resources in Chinese enterprises under a globalization background, we are required to make reflections and studies by standing on a strategic height. “Human Resource Management: A Strategic Perspective” by M. Devanna, C. Fombru and N. Tichy as early as 1981 symbolized birth of the research field of internationalized strategic human resource management. The central functions of strategic human resource management include the four aspects of distribution of human resources, development of human resources and evaluation of human resources and incentive of human resources.

Economic globalization requests enterprises to distribute human resources needed based on the strategic goal of globalization, make dynamic adjustment on human resources, bring in human resources that satisfy the strategic requirements of globalization and, at the same time, set up effective employee inflow and exit mechanism and realize rational global flow of human resources by means of job position adjustment and optimization. Human resource development offers systematic development and cultivation given the current human resources of enterprises and satisfies the need of enterprises in development of globalization strategy. Human resource evaluation is to give objective evaluation on the quality capacity and performance of employees. On one hand, human resource evaluation ensures that the strategic goal of an enterprise is effectively combined with the performance of an individual employee; on the other hand, it offers reliable decision making evidence for enterprises’ incentive towards employees and their vocational development. Human resource incentive is to offer incentives to employees according to the strategic need of the globalization and performance of employees. Employees are stimulated to give full play to their potential by working out scientific compensation and welfare and long term incentive measures and fulfill their own value on the basis of creating value for the enterprises. Challenged by the economic globalization and world economic integration, enterprises have to cultivate a concept of global human resources, conduct global strategic

human resource management and set up scientific and effective human resource management mechanism of “recruiting people, cultivating people, employing people and retaining people”.

Tactics for improvement of human resource management mechanism in chinese enterprises:

Functioning of enterprise employees' capacity has an important connection with appreciation of managerial personnel, their selection of employees, employment and training of employees as well as effective human resource development and management mechanism. In the face of the economic globalization, we have to set up all sorts of effective human resource management mechanisms, which mainly include the following:

Investment appraisal mechanism: All the time, enterprises have had fragile consciousness of appreciation and hedging of this particular asset of human resources, ignored or showed indifference to development and utilization of human resources and failed to set up effective human resource investment mechanism, which ultimately affected the economic benefits of the enterprises. Under the background of economic globalization, it is even more necessary to set up a rational mechanism of human resource investment and return to satisfy the need of internationalized talents development. In the meantime, we have to set up human resource evaluation system according to the running principle of the market.

Organization and management mechanism. It is necessary to optimize and organize human resources, classify different management levels in a scientific way, coordinate relationships between human resources and different functional departments of enterprises and enable human resources to give full play to their talents and initiative and enthusiasm in work, so as to fulfill the goal of globalization development of the enterprises to the great extent.

Education and training mechanism: In the face of the economic globalization, the enterprises have to combine vocational education together with lifelong education and enable employees to make use of modern information technology. In this way, the employees can continue to learn in their study, continue to renew knowledge, which helps them to fit in with integration of the neo-economic globalization with rapid economic development and increasingly fierce scientific competition with human resource development of enterprises.

Incentive and security mechanism: The feature that human resources are inseparable from their proprietors decides the variability of the efficiency. Only if the enterprises work out an effective incentive and security mechanism, can they attract and retain talents. Hence, the enterprises need to set up and improve such incentive mechanisms as remuneration mechanism, undertaking mechanism and emotional mechanism, etc.

CONCLUSION

The economic globalization has exerted enormous influences upon human resources management, whereas problems in human resources management are related with survival and development of enterprises. Thus, the enterprises have to continuously concentrate on the latest development and changing trend of human resource management and study advanced human resource management mode; continue to bring in advanced overseas experiences, employ modernized scientific management concepts, establish human-oriented management thoughts, make full use of opportunities offered by the economic globalization, analyze resolutions to human resources in a scientific way, make explorations in new modes of human resource management that suit with the national situation, provide all kinds of talents with a good growth and undertaking development environment by means of institutional innovation, create considerable economic benefits and realize sustainable development of enterprises.

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