

ORCHESTRATING EFFECTIVE HUMAN RESOURCES

Many changes have taken place in human resource management since the 1978 economic reforms. Would you please exchange these to our international readers?

The exponential growth of business in China since the late 1970's to the present has created various challenges and significant developments in terms of human resource management, in roughly three phases.

In the third and current phase which started in the early 2000s to the present, the theme has been heavy competition. Private owned enterprises have become sizable, state owned enterprises have grown larger and it is commonplace that in each industry more than two large foreign players exist who compete head to head. Based on the abundance of choice for employees, retention has become a core challenge. Foreign companies need to protect their staff from being hired not only by other foreign competitors, but by state owned and private companies as well.

Is the lack of educated professionals in business still a problem in China?

China is currently moving from a production-based economy to an innovation-based economy, which requires new skills and knowledge. At this point, two classes of imperatives to improve talent exist.

The first imperative to develop this can be classed as organic. Various Chinese commitments have been made to liberalize education, by removing barriers on foreign education which existed previously. This has allowed local talent to be developed at par with foreign standards, with increasing participation rates for secondary and tertiary education.

The second imperative to develop this can be classed as inorganic. Over the last 10 years, a wave of Chinese returning to China has been witnessed – bolstering the talent available.

Is the emphasis on technical skills over business skills still a problem in China?

This area represents a huge development and optimization potential for Chinese companies. For those Chinese enterprises having international expansion ambitions, business acumen and skills will be paramount. Internationalization requires that the entire approach to business needs to be reviewed and various questions answered – outside of the operational com-

petencies which employees hold specific to their profession and industry.

Is there still frequent “poaching” of key personnel by other foreign companies in China?

The ‘war on talent’ is not a Chinese phenomenon, and can be witnessed in almost every single developed and fast growing economy. China recently ranked high among those countries where people often changed their job – a shift from the traditional single corporation loyalty which is prevalent in Asian economies. This shift in attitude is opportunistic in nature, and a rational response to the employment potential which exists in one of the world's fastest growing economies.

It is often cited that multinational corporations in China must change their HR strategies to enable them to keep pace with surging market competition and with changing employee needs and profiles. Have these changes occurred and what are they?

Indeed, employee needs and profiles have changed over the years. During the rise of China, many employees were overwhelmed by the opportunities available and were focused and driven solely by financial aspirations. In recent years, it seems that many Chinese employees have realized that remuneration is only one facet to work life and satisfaction. Equally important criteria include the working environment and the learning opportunity as well as the growth prospects available within the company.

It is often said that companies in China too often “buy” talent for the short run rather than “build” talent for the long run. Is this still the case?

Sincerely, I do not believe that poaching and buying practices are a sustainable business practice, and they definitely provide negative signals to the market, the ecosystem and the employees. Companies with a long term interest and strategy need to build talent. I believe sustainable business success is not built on individuals but on well functioning teams. Building these teams needs time, staff and knowledge continuity. High team productivity requires that people work together and grow over a certain period of time.

Understanding and shaping a company's employment image can boost employee engagement. Do companies do this in China?

International companies which have



Wolfgang Lehmacher
CEO

GeoPost Intercontinental

Wolfgang Lehmacher is a German businessman and the former President and CEO GeoPost Intercontinental, the La Poste global expansion vehicle. Lehmacher graduated in Business Administration and has held various senior management positions at TNT (1991–1999) and at French La Poste (1999–2010).

understood and incorporated the dimension of company image with the aim of attracting and retaining human capital have proven immensely successful, e.g. Intel, Procter and Gamble, Google, and will follow the same proven strategy in China. As the Chinese employment market is so large and dynamic and a constant influx of talent is needed, companies are well advised to leverage the entire range of instruments which assist this, including building an appealing image to enhance their hiring capabilities.

Multinationals, particularly U.S. firms are seeking to ensure upward mobility for talented Chinese nationals and are often dissatisfied with the pace of “localization” or their overreliance on expatriate leadership. To counter this, they bring in expatriate talent at the professional and technical levels on short-term assignments of less than two years. Is this still a familiar pattern?

In the short term, new entrants have been known to bring expatriates into China to bridge gaps of knowledge, corporate culture and expertise between the foreign head office and local practice.