



Study on Difficulties and Development Directions of Current Human Resource Management in China

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Abstract

With the implementing of Labor Contract Law of the PRC in 2008, the development of China human resource management will face very austere challenge and encounter unexpected difficulties. The human resource management of China is developed under the backgrounds without the pressure of labor union and legal restriction, which makes enterprises adopt the single and employer-oriented development mode of the human resource management and rarely consider employees' benefits. The current human resource management of China is facing the development difficulties such as the quickness of the labor and capital contradiction, the solidification of labor and capital relation, the ossification of talents withdrawal mechanism and the written and administration trend of labor and capital relation, and aiming at that situation, the development directions of China human resource management should be to emphasize the adjustment of the labor and capital relation, more strictly choose employees, strengthen the review of the employee probation period, emphasize the legal based management of human resource and strengthen the construction of human resource management regulation and system.

Keywords: Labor Contract Law, China human resource management, Labor and capital relation

With the implementing of Labor Contract Law of the PRC in 1 Jan, 2008, the development of China human resource management will encounter unexpected difficulties. The Labor Contract Law recurs to the power of administration and extends large of compelling standards to the management domain of the enterprise, which will largely limit the space of enterprise human resource management and make the human resource management and labor laws begin comprehensive collisions, and China human resource management will face very austere challenge on its development road (Dong, 2007, p.2), and is going to the crossroad with uncertain and confused development direction.

The challenges and difficulties of current human resource management of China come from the limitation of the development course of China human resource management on the one hand, and the condensation of human resource management space from labor law system on the other hand. It is the urgent tasks to answer challenges and walk out difficulties for the current human resource management of China.

1. Development characters of China human resource management

Modern human resource management of China was introduced from foreign developed countries at the late of 1980s. However, China human resource management didn't go through a long-term and tough course like the human resource management of western countries. Comparing with the development course of western human resource management, the development experience of China human resource management has three obvious characters.

1.1 China human resource management is developed under the background without the pressure of labor union

The western human resource management was growing in the counterwork with the labor union. In order to prevent that the labor union organizes worker confront the enterprise and prevent the grandness of the power of the labor union, the enterprise deals with the relationship with employees, solves employee welfare and relaxes the contradiction of labor and capital relation through developing the human resource management in the interior of the enterprise.

But the human resource management is almost developed under the condition without opponents. Because most China works are in the disorganized state and the labor union doesn't represent worker's benefits and the organization power to confront employer, so in fact, China human resource management faces a group of disperse individual worker and doesn't come into contact with the resistible force of the labor union. Under this background without oppositional pressure of labor union, the enterprise human resource management generally represents employer, adopts a sort of superincumbent management mode, excessively emphasizes employer's profit object, doesn't treat employees as a relatively equal main body, always ignores employees' basic legal benefits, and doesn't really treat the problem of labor

and capital as viewed from the both-win of enterprise and employee.

1.2 China human resource management is developed under the background without legal restriction

China human resource management was growing under the condition without legal restriction. In 20 years, China human resource management has obtained quiet great development, but the construction of labor legal system is still weak and lagged the development of human resource management. The programmatic Labor Law of China came into force only in 1995, and the Labor Contract Law and PRC Employment Promotion Law were constituted till 2007, and other more labor law systems are still in the initial stage.

1.3 China human resource management walks on the single development mode

The development mode of China human resource management is single. In the employment relation, China human resource management emphasizes a sort of superincumbent single management and rarely considers employees' benefits. In human resource management, the adjustment of labor and capital relation is not treated as an important content, for example, the human resource management has not the position of labor commissioner, and the labor management has no position in the human resource management.

2. Difficulties faced by current human resource management of China

2.1 The quickness trend of labor and capital contradiction

At present, the contradiction of labor and capital has become into the most extrusive problem which effects the social and economic development of China. According to the statistics, the cases of labor dispute and labor and capital conflict is increasing by degrees with 30% every year (Chang, 2006, p.4). The labor and capital relation in China enterprise has following three characters. First, the marketization of labor and capital relation has been basically formed. Second, the force development of labor and capital is extremely unbalanced, and the labor rights and interests are damaged and the contradiction of labor and capital is deepening. Third, the labor consciousness, labor estate and the collective labor and capital relation is forming.

The main objective of human resource management is the organizational benefit and competitiveness (Kaufman, 2001, p.340), but to face current speculate labor and capital contradiction, when human resource management pursues enterprise benefits, the biggest difficulty faced by China human resource management is how to pay attention to employees' benefits, harmonize capital side and labor side's relation to adapt the adjustment of labor and capital relation at present.

2.2 The solidification trend of labor and capital relation

Except for the economic responsibility, enterprise still has the social responsibility which is a sort of moral responsibility of the enterprise and is assumed voluntarily by the enterprise, but the Labor Contract Law turns quite part of social responsibility into the legal responsibility of the enterprise which is put teeth in by the law.

The Labor Contract Law strictly regulates many stages of the labor and capital relation such as conclusion, alteration, terminating, and resuming, and specifically defines both sides' rights and obligations in this process. To prevent that enterprise evades these legal responsibilities through firing employees, Labor Contract Law compulsively pushes the open-ended work contract which strictly limits the hiring behavior and regulates the employees with ten years' service length must be concluded this contract. The open-ended work contract must be concluded when the fixed period contract is concluded two times. The enterprise which doesn't conclude the open-ended work contract according to the law must pay double wages for the employees. The contract can be terminated at term, but it can not be terminated by promise. The enterprise which would not resume the contract when it is at term must pay economic compensation capital for employees. These regulations make the employment of the enterprise and the labor and capital relation come forth the trend of solidification, which largely limits personnel employment right of enterprise human resource management.

2.3 The ossification of employee withdrawal mechanism

The Labor Contract Law makes the withdrawal of China employees become into a sort of legal withdrawal mechanism. The law strictly regulates the behavior that enterprise releases from the contract, and all withdrawal of employee must base on legal proof and accord with legal regulations. Without legal reasons and procedures, the enterprise can not fire employees.

As a rule, three international standards including dismissal reason, dismissal procedure and dismissal compensation are adopted to regulate the dismissal behavior of the enterprise. But Labor Contract Law regulates that except for the dismissal situation that employees have serious defects, the dismissal of the enterprise must accord with these three standards simultaneously. The Labor Contract Law canceled the article that can promise the contract terminating, and changed "promise terminating" to "legal terminating", and regulated that even if the contract was terminated naturally, enterprise also should pay economic compensation to the labors, which increased the costs that enterprise illegally

released or terminated contract, and if enterprise illegally released and terminated contract, it should pay to the labor according to double economic compensations. The Law also regulated the sequence of dismissal, and confirmed that enterprise should firstly stay those employees with open-ended work contracts when it dismissed employees. When the Labor Contract Law enhanced the dismissal standard of the enterprise, it also endowed labors more occupation choose right and free right, and the labors could put forward demission and needed not pay breach penalties even if they didn't abide by the promise period. This regulation brings large influences to the enterprise. In the past, the mature contract can be terminated naturally, but now if the labor has continually worked for ten years or resume the second contract, the enterprise must continually conclude the open-ended work contract even if the contract is mature, which increases the difficulty of employee withdrawal, enhances the employee withdrawal cost, and make the employee withdrawal mechanism present rigescent trend.

2.4 The written trend of labor and capital relation

The labor and capital relation includes written contract relation and unwritten psychological contract relation. With more and more popularity of knowledge work, the function of written contract is smaller and smaller, and the psychological contract gradually becomes into the core content of human resource management (Guest, 2001, p.98). The psychological contract emphasizes that except for formal contents regulated by the written contract, there are concealed and informal mutual expectations in the mutual relation between the organization and employees, which are also the important factors to decide employees' attitudes and behaviors (Rousseau, 1995, p.287).

But the Labor Contract Law pushes the written management, and puts forward requirements to the enterprise in many aspects such as collective contract, regulation and systems, labor contract and daily management. For example, it regulated that the regulation was confirmed by enterprise and labor union or employee representatives together, and any alteration of the contract must acquire consensus and adopt the written form. This sort of written contract management runs counter to the development trend of psychological contract in labor and capital relation.

2.5 The administration trend of labor and capital relation

The human resource management emphasizes the method that employer solves problems, and it thought the labor problem can be solved through the perfection of interior management, and effective management policies can balance the benefit relation between employer and employee and achieve the unification of both benefits, and it also thought that it is not necessary to limit the management right, and the first mechanism of the work place governance is the human resource management, and the labor union and government administration are unnecessary, or it is a sort of interference (Godard, 2000, p.15). The Labor Contract Law set up many legal obligations for the enterprise, and also give priority to adopt administration means to solve the problem of labor and capital, which largely strengthens the right of the government to the manage the work place.

3. Development directions of China human resource management

3.1 Emphasizing the adjustment of labor and capital relation

The competitiveness is the highest objective of the enterprise human resource management, and the harmonious labor and capital relation is the base to realize this objective. Whether from theory or practice, the human resource management and the labor and capital relation can not be divided, and they all pay attention to the managers, the labor union and the governmental policies, and they all put forward people-orientation, and they all belong to the domain with multiple subjects. The human resource management has predominance in the microcosmic aspect, but the labor and capital relation pays more attention to the macro and middle-sized layers. Therefore, we can integrate the human resource management and the labor and capital relation adjustment. Facing current speculate labor and capital contradiction, China human resource management must put the labor and capital relation adjustment on the important position.

3.2 More strictly Choosing employees

According to the regulations of Labor Contract Law, if the labor contract can not be resumed at term, the enterprise also should correspondingly compensate employees, and the range that concludes the open-ended work contract is also enlarged, and once the open-ended work contract is conclude, the enterprise will not retire employees at will if it has not legal reasons. To adapt this new law, the enterprise should more carefully and strictly select employees than before, and the enterprise should first analyze and evaluate the post, scientifically measure employee character, technology and ability of every post needed, and try to segment and standardize the explanation books of various posts. Second, through summarizing excellent employees' characters in the enterprise, the enterprise should establish the employee competence ability model of every post. Third, the enterprise should test job seekers through various exam tools and measures, for example, it can visually review job seekers through locale operation or work simulation. Fourth, the enterprise should enhance human resource managers' operation level, and these personnel should emphasize application quality and avoid firing unsatisfactory job seekers.

3.3 Strengthening the review of employee probation period

It is very important to strengthen effective discrimination to employees' abilities in their probation period for the enterprise for the future. In the probation period, the enterprise can release the labor contract with incompetent employees relatively expediently and don't pay compensation, so if the enterprise can prove that employees fall short of the requirements of the enterprise in the probation period, they can more timely and economically solve the problem of employee withdrawal. Therefore, the enterprise should emphasize every stage of human resource management, and it should not only definitude basic employing condition of various posts, but also clearly tell the probationary employees. Concretely speaking, three aspects should be prepared at least. First, the basic works should be completed, i.e. the post explanation should segment contents such as responsibilities, occupation qualification, performance index and assessment index, which should be taken as the base and proofs for other works. Second, in the invitation system, the employment condition should be confirmed and listed detailedly, for example, it requires the job seeker have to offer real individual information, and once the information is false, the enterprise has right to refuse the employment. At last, in the assessment system, the assessment of the probation period should be strengthened, because after the probation period, even if the enterprise finds the deficiency of the employee's ability, it hardly retire him by the reason of disqualification in the probation period.

3.4 Emphasizing the legal based management of human resource

The human resource management of the enterprise must base on the labor laws, gradually transform from the formal and technical management method to the management mode which emphasizes the essential contents and macro system, and run the labor and capital relation management through the whole process of the human resource management.

First, the assessment system should be legal. The Labor Contract Law regulated that if employees were not competent for the work, the enterprise could release the contract. When the enterprise implements the assessment, it should more perfect the assessment system and meet with the Labor Contract Law. For example, the enterprise can not use the method of "elimination of the last one" any longer, because the behindhand assessment position doesn't indicate that the employee is not competent for the work. If the enterprise wants to use this method, it should adjust the assessment technology, for example, confirming the last class as the "unfitness", which can fulfill the requirement of the law. In addition, the operation should be standardized in the assessment process, i.e. the enterprise can not confirm "unfitness" only, and it also needs written records and employees' signatures. Therefore, the enterprise can clearly know that the assessment is not formal any longer, because after assessment, the demotion, salary drop or contract dismissal must base on the written proofs, and the law only admits the proof.

Second, the employee withdrawal must be legal. With the implementing of Labor Contract Law, the open-ended work contract will become into a sort of important form of labor contract. The advantages of this contract are to protect workers' occupation stability and enhance employees' loyalties to the enterprise. But for enterprise, it also needs forming corresponding employee flow mechanism and elimination mechanism, which can make unqualified employees quit from the enterprise. According to Labor Contract Law, the legal proofs and reasons that the enterprise retires the employees with open-ended work contract include employees' serious discipline breaking, or unfitness, or some objective situations change or economic staff reduction. Therefore, the enterprise should establish legal employee withdrawal mechanism according to these laws and regulations in order to make employees keep energy.

3.5 Strengthening the construction of human resource management regulation and system

Facing the written trend of labor and capital relation, the enterprise should specially emphasize the regulation and system construction of human resource management, and establish perfect performance assessment system, salary system, work attendance checking system, leave system and overtime system. The human resource management should not conform to the past extensive management mode, and every system should be specified and written.

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