

# **The PAUSE Scholarship Foundation 2008**

## **Key Indicators for HR Management in China**

*How to attract and motivate young Chinese*

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# ABSTRACT

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Title:	Key indicators for HR Management in China – How to attract and motivate young Chinese.
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Conclusion:	<p>The tremendous change that takes place in China today makes organizing and managing extremely dynamic, complex and uncertain. This leads to the fact that international companies feel the urge to understand and cope with Chinese behaviour and culture - in order to make the best out of their business in China. Cross-cultural studies show that leadership in Chinese culture requires a unique approach and that a manager has to be aware of the differences that may occur.</p> <p>The purpose of this report is to enlighten key indicators on how Swedish organisations, from a HR management point of view, should act in order to attract and motivate young Chinese.</p> <p>According to the empiric result, there are some aspects that Swedish companies can have in mind when doing business in China. Following measures should be in focus when attracting and motivating young Chinese: campus recruitment, bonus- and high potential programs, management development, teamwork and good communication channels. As a final action I believe, by outsourcing to neutral third parties, that organisations can uncover employee dissatisfaction that is not in any personnel records, neither easy to discover.</p>
Keywords:	Management, Culture, Swedish Management Culture, Chinese Management Culture, Cross-Cultural Management

# TABLE OF CONTENTS

1. Introduction.....	5
1.2 Purpose.....	5
2. Method.....	6
3. Theoretical Framework.....	7
3.1 Swedish Management Culture.....	7
3.2 Chinese Management Culture.....	8
3.2.1 Retention Drivers.....	10
3.3 Main Differences.....	10
3.4 Global Management Culture.....	12
4. Empirical Result and Analysis.....	13
4.1 Preferences for Swedish Managers in China.....	14
4.1.1 Attract.....	14
4.1.1.1 Employee Branding – Campus Recruitment.....	14
4.1.1.2 Strategic Country Training – Attract Expatriates.....	15
4.1.1.3 Communicate Corporate Culture.....	15
4.1.2 Motivate.....	16
4.1.2.1 Team Building.....	16
4.1.2.2 Trust Building.....	17
4.1.2.3 Mentor System – “Work Buddy”.....	18
4.1.2.4 Cultural Barriers.....	18
4.2 Preferences for Chinese Employees and Students.....	19
4.2.1 Attract.....	19
4.2.1.1 Development Possibilities.....	19
4.2.1.2 Salary Issues.....	20
4.2.1.3 Reputation.....	20

4.2.2 Motivate.....	21
4.2.2.1 Qualified Manager.....	21
4.2.2.2 Interest in Job.....	22
4.2.2.3 Corporate Culture.....	23
<b>5. Conclusion.....</b>	<b>23</b>
5.1 How to Attract Young Chinese.....	24
5.1.1 Selection – Campus Recruitment.....	24
5.1.2 Financial Incentives/Bonuses.....	24
5.1.3 High Potential Program – Individual Career Plan.....	25
5.2 How to Motivate Young Chinese.....	26
5.2.1 Management Development.....	26
5.2.2 Communication Channels.....	26
5.2.3 Teamwork.....	27
5.3 Further Aspects.....	28
5.3.1 Age Groups – One Child Policy.....	28
5.3.2 Outsourcing a Third Part.....	28
<b>6. References.....</b>	<b>30</b>

# 1. Introduction

China is today one of the world's most developed countries and is about to become the major economic power, with an increase of 11 percent in 2006, and has attracted investments from 90 percent of the world's top multinationals (Howard et al., 2007).

The tremendous change that takes place in China makes organizing and managing extremely dynamic, complex and uncertain. This leads to the fact that international companies feel the urge to understand and cope with Chinese behaviour and culture - in order to make the best out of their business in China.

Each month, as many as four Swedish companies start up their businesses in China (Swedish Trade Office, 2008), which explains why there has been an increased interest in knowing more specifically how Swedish companies can develop further in China. This newfound interest has led to a discussion in the area of HR and on how, in this particular case, Swedish companies can improve and develop their abilities on recruiting and retaining Chinese employees.

Through the PAUSE-Scholarship foundation I was given the trust and opportunity to look further into different possibilities for Swedish companies to develop, and grow, in China. The research described in this report mainly sheds light on why employees stay or leave and what Swedish organisations can do to prevent the accelerating outflow of human talent.

This report describes how Swedish companies can identify, and adopt, the best practice for attracting, satisfying and motivating young employees in China. Furthermore, it aims to illustrate what young Chinese appreciate and prioritise amongst employers. These findings, I believe, can be of significant use for Swedish organisations and their HR Management team when operating in China.

## 1.2 Purpose

The purpose of this report is to enlighten key indicators on how Swedish organisations, from a HR management point of view, should act in order to attract and motivate young Chinese.

## 2. Method

The information I founded my report on is based on interviews with Swedish managers, as well as Chinese workers within Swedish companies and Chinese newly graduated students. In order to find a subject of relevance and of interest among Swedish companies, I performed a pre-study where I interviewed Swedish managers working in China, on their thoughts of interesting, up to date, considerations concerning HR in China. The questions asked considered possible problems and opportunities that may occur in their companies. In total I interviewed eight Swedish managers, as well as taking part in an Experience Sharing Forum, via the Swedish Chamber of Commerce in Shanghai, where Swedish managers met and discussed the topic “Swedish Management Style”. After conducting the pre-study I wanted to learn more on the subject, and I thought it would be of interest to know more about intra relations in connection to Swedish companies already operating in China - or, at least, who are in the process of entering the Chinese market. In the interviews, a lot was mentioned about the problems with finding the right people and keeping them within the company for a longer period. This was seen as one of the major obstacles when recruiting people in China and the focus within the HR area, has been on how to develop the companies in order to prevent the employee retention in China. After the interviews with Swedish managers, I decided on focusing on how Swedish companies in China could find a way to overcome this obstacle. With this evoked interest follows Chinese reflections well at hand: what are their reflections and thoughts on working within a Swedish company? And what is attractive and important for them when deciding where to work? I also wanted to find out what could motivate Chinese workers enough to stay within the company for a longer period of time. In order to get this information I performed my interviews with newly graduated Chinese students and Chinese employees within Swedish companies in China. My purpose was to find key indicators for Swedish companies in order to attract and motivate their Chinese employees.

When conducting this report, I used semi-structured interviews in order to open up for a discussion and reflection among the interviewees I met. When interviewing the Chinese students I put together two different groups with five people in each group. This was an effective and good way to meet students and have them discussing the issue with each other. The other interviews with the Chinese workers were carried out individually in separate rooms at their different jobs. In total I performed interviews with ten students, all majoring

differently, and six interviews with Chinese employees working at Swedish companies within a variety of business areas. This because I wanted to conduct a report of interest for all kinds of business areas, and therefore I focused on putting together a general and practical report that may be useful for a large number of organisations who are on their way to establish, or who already are operating, in China.

## 3. Theoretical Framework

I will start the theoretical part with describing the subject area concerning management and what is significant for Swedish management culture since my point of departure is about Swedish managers and therefore it is important to be aware of their way of acting. Furthermore, I will continue with describing what characterize Chinese management culture and what the main differences between the two are. At last, some focus will be on global management culture and its acceptance in Chinese business culture.

### 3.1 Swedish Management Culture

When talking about Swedish management it often comes down to one question: what do we really mean by Swedish management, how do we describe it?

Swedish organisations are often seen as open, flat and team-oriented places with few management levels, which lead to a simple and direct decision-making process. Matrix organisations are common, since Swedish employees often report to more than one manager. Swedish organisations are less rigid than most of their foreign counterparts – they try solving problems in an informal and pragmatic way, even if it means bypassing one or more layers of executives. Decisions are made in order to achieve a result, not to prove or demonstrate one's own position. Swedish companies also put a lot of effort into information exchange. The reason for this is that if people know what is going on, they will feel more involved and therefore also more motivated to work (Dragon News nr. 2, 2008).

The Swedish style of management can be cut down to two elements – empowering and coaching. Empowering is about delegating responsibility to the people who work for you; sharing the decision making with them and appreciating their initiative. Coaching is about

making everyone feel part of the team: encouraging employees to co-operate, keeping them informed and taking an interest in their individual performance (Birkinshaw, 2002).

In Swedish organisations, employees on all levels have the freedom of making their own decisions and solving problems without asking their superior for permission. In Sweden, a good manager is the one person capable of taking advantage of natural creativity and motivation within his staff. They often lead their employees through people oriented management rather than result oriented ones. Not through power or formal position, however, but through the principles of cooperation and agreement.

Swedish employees emphasise empowerment in general, but they are less keen on coaching and they intensely dislike close supervision. In other words, they favour a model that gives them a lot of freedom to do their work uninterrupted by their boss. They believe they should be given a particular objective to meet but it should be up to them to figure out *how* to meet it. And they think the boss should be prepared to take *their* advice on matters concerning their area of responsibility (Birkinshaw, 2002).

## 3.2 Chinese Management Culture

Much research has indicated that theories of leadership are culturally bound and might vary across cultures (Hofstede, 1980, 1994; Jung et al., 1995 in Leung, 2005). Cultural variations are related to various kinds of management behaviour and organisational practices. Cross-cultural studies show that leadership in Chinese culture requires a unique approach; for example when it comes to power in organisations. Power is a highly productive force in a Chinese organisation that is associated with benevolence and moral standing (Pye, 1985 in Leung, 2005).

Over the centuries in China, there have been many schools of thoughts, ideas that still colour the perception of Chinese managers today. The predominant social fabric of Chinese culture is the Confucian value system (Lo, 1997 in Chin, K et al., 2000). The Chinese Confucian collectivism entails a very strong relationship orientation. The need to sustain harmonious relationships in the workplace is crucial and employees are concerned with fulfilling the



expectations of others for the attainment of collective interest (Hofstede and Bond, 1988 in Leung, 2005).

Teachings from ancient China stress the importance of both the followers and the leaders. Chinese management philosophy focus on people and the relationship between each other, which are defined by five virtues such as humanity/benevolence, righteousness, propriety, wisdom and trustworthiness (Watt, 1999 in Chin, K et al., 2000). These virtues are seen in Chinese management culture as an ideal state in relations among people. For Chinese people, group interests and relationship building also override individual concerns and self-actualization; however, their collectivism is based on the family, and teamwork is rare outside this (Wong 1985 in Chin, K et al., 2000).

At present, many traditional Chinese organisations are highly formalized and bureaucratic. They are not only characterized by a tight set of business rules, but also close supervision of the workforce. Explicit work instructions are given to employees and expectations of the end results are usually spelled out for them (Ng 1998 in Chin, K et al., 2000). It is rather rare for them to encourage employee empowerment and promote self-management practices in their organisations. These companies may attach their own meanings to management and organisational life. Chinese managers perceive a significant use of, and devotion to, timetables and deadlines, and they also desire a high degree of consultation with subordinates in managerial decision-making. When employees are reluctant to question authority and to disagree with their supervisors, this makes it difficult to encourage or incorporate significant levels of employee involvement and participation. There is always a failure by workers to report negative things to senior management and lack of communication of ideas from the top to the bottom of the organisation (Fukuda, 1994). Nevertheless, with the concern for maintaining harmony and order, Chinese people believe that it is duty of a benevolent leader to treat all people fairly and to provide them with order and stability (Ng, 1998 in Chin, K et al., 2000).

### 3.2.1 Retention Drivers

Many potential workers in China lack the education and skills to assume productive roles in a modern economy. As a result, despite a population of 1.3 billion, China has a large talent shortage. Although the number of university graduates is rapidly increasing, Chinese and foreign-invested companies still cannot fill their vacancies. A university degree does not, in other words, guarantee that the person in question has sufficient skills (Howard et al., 2007).

With this in mind, many organisations in China have difficulties in finding the right and most talented employees and make them stay within the company. Therefore a lot of focus has been on trying to find the reasons why Chinese employees want to stay or leave their workplace. According to the DDI and SHRM research on employee retention in China, some work characteristics show why employees are motivated to stay within a company:

1. A good manager/boss.
2. Opportunity for accomplishment.
3. Recognition of individual contributions.
4. Great company leadership.
5. A creative or fun workplace culture.

(Howard et al., 2007).

Howard et al., (2007) state through their research that strong leadership is the key to gain employees' commitment, since it shows that three of the top four employee retentions are directly related to leadership. This means that these are clearly areas where management should focus their attention if they want to retain their talent. Good managers are, in other words, essential for retaining talent.

When it comes to general perspectives on why employees leave their workplace, the top five reasons are as follows: 1. Lack of growth/development opportunities. 2. Better career opportunity elsewhere. 3. Insufficient compensation. 4. The work is not interesting enough. 5. Insufficient rewards/recognition (Howard et al., 2007).

### 3.3 Main Differences

Chinese management culture starts with the family as the basic building block of society, whereas western management culture typically starts with the individual and then moves to the group (Bond 1991 in Chin, K et al., 2000). Triandis (1992) also argues that relative

emphasis is placed towards individualism in the West and collectivism in the East, although people in every culture may have both collectivist and individualist tendencies. Merging the Chinese traditions to create a new management culture will contribute to enhancing the organisational performance and success. (Su et al, 1998, in Chin, K et al, 2000).

Chinese management culture stresses that morality is the foundation of all things. The individual operating from a basis of morality would do more than simply follow job requirements. Another concept with roots in ancient China is the notion of non-specific behaviour. A leader will not set out specific demands, but rather pursue general guidelines and goals that allow the followers to have considerable leeway for task accomplishment. This is consistent with the concepts of empowerment and self-management that are popular among Swedish management. Su et al, (1998) argues that these ideas may actually fit Chinese management better. In addition, Chinese peoples stress on showing respect to others stems from one of the five virtues advocated by Confucianism (Chin, K et al., 2000).

According to Tse (1998), Chinese management culture offers a very strong dichotomous judgement on people – they are either good or bad. This strong labelling creates in-groups and out-groups, where the in-group commands respect but not the out-group. It is easy to compete with out-groups but not in-groups. Chinese values also tend to only give direction but not details. For example, Chinese had clear thoughts about crisis management for some considerable time but had never formulated any plans for what to do once the crisis actually happened (Tse, 1998 in Chin, K et al., 2000). On the other hand, the western style of management puts the emphasis upon rational decision criteria, and management is operating through legal-rational authority. Child (1994) suggests that the western style of management works under the assumption that there should be compatibility of individual and corporate interests, and organisational success is based on the primary contribution made by competent and motivated individuals. Chinese managers tend to adapt to a specific environment, while western managers want to control all aspects of the work environment.

When it comes to Swedish managers, they attach considerable importance to systematic recruitment and selection, training and development, worker involvement and participation, worker appraisal and incentive schemes, which is rarely focused on in Chinese state-owned companies.

Understanding the differences in culture between west and China is vital for success. According to Billinger et al., (2007) a winning concept is to find a Chinese manager with deep knowledge in Scandinavian management. This manager will act as an interpreter and understand the top management and communicate the management doctrine in a way the Chinese employees understand.

### 3.4 Global Management Culture

Different cultural environments require different managerial behaviours. Managing relations between multicultural organisations and cultural environments is thus a matter of accurate perception, diagnosis and appropriate adaptation (Miroshnik, 2001). To understand the differences between domestic and global management, it is necessary to understand the ways in which cultures vary. Cross-cultural management can be defined according to Burke (1983), “as the global management, which studies the behaviour of people in organisations around the world and trains people to work in organisations with employee and client populations from several cultures” (Miroshnik, 2001). Cross-cultural management describes organisational behaviour within countries and cultures, compares organisational behaviour across countries and cultures and seeks to understand and improve the scope of domestic management to encompass the international and multicultural interaction of co-workers from different countries and cultures (Miroshnik, 2001).

According to above mentioned, it is of major interest to see how Chinese management culture can adapt to and accept a more global way of managing organisations, since another major outcome of the economic reform is the opening of the Chinese market to foreign firms. As foreign, mostly western, businesses pour into the Chinese market, their management philosophies and practices create another important factor that challenges the old ways and provides Chinese business leaders with an alternative model of leading and managing. The expatriate executives in the foreign-invested companies, along with increasing numbers who are Chinese nationals trained in the west, have brought into China western management philosophies and practices. Working for foreign firms in China, interacting with foreign expatriates or overseas-trained Chinese, receiving western style M.B.A. degrees or executive education courses, and taking frequent business trips abroad are all opportunities that expose Chinese business leaders to the influence of different managerial philosophies and leadership

styles. In summary, Chinese executives, more than ever before, are facing the challenges of continuous restructuring of organisations, increasing global competition, value changes in the workforce, and rapid technological developments. They have to deal with an extremely high level of complexity in the internal and external environments of organisations. The increasingly competitive environment requires them to constantly adopt, or at least to try out, new ways of doing things. All these challenges result in a rich variety of leadership behaviours among Chinese executives (Tsui, A, et al., 2004).

In spite of above mentioned, Chen (1995) points out the fact that, for a relatively long period, some aspects of Chinese management will continue to be heavily influenced by the Chinese cultural tradition. However, Ng (1998) argues that with the emergence of a highly educated younger generation of employees, it is believed that they will be more receptive to foreign values and may therefore be more willing and ready to accept the western approach to management (Ng, 1998 in Chin, K et al., 2000).

Although, Child (1995) points out that Chinese management follows logic of its own within a cultural and economic context that cannot be equated with other countries. Therefore, changes made in the Chinese mode of management will not only take time, but will also require changes in people's attitudes and cultural norms.

## 4. Empirical Result and Analysis

This chapter will present the empirical result that has been carried out through the interviews with Swedish managers, Chinese employees and Chinese newly graduated students. The presented result is what I have, gradually, based my analysis on, which also will be discussed in this chapter. I have divided the chapter into two different sections; the first one describes the pre-study with the Swedish managers, followed by the section that presents the interviews with the Chinese employees and students. The two sections are further divided into two different areas: how to attract and motivate young Chinese.

## 4.1 Preferences for Swedish Managers in China

This area of the report was conducted through a pre-study where I wanted to find out what could be of interest for Swedish companies to know, and learn more about when it comes to doing business in China. I met randomly chosen Swedish managers, already working in China, and asked them about their experiences and perceptions on how to manage Chinese workers in China. Through these interviews I got a lot of input on possibilities, as well as problems that can occur in China and how they handle different situations. This part will highlight some general thoughts on how the Swedish managers described their management role in China when it comes to attract and motivate their Chinese employees.

### 4.1.1 Attract

When it comes to how to best attract their employees the Swedish managers gave example of different methods they normally use when finding the mostly qualified workers to their companies. Following part will highlight some of the most common methods used by the interviewed companies in China.

#### 4.1.1.1 Employee Branding - Campus Recruitment

Some of the Swedish companies are using campus recruitment as a strategy to find the best-qualified employers for their companies. They have realized the importance of focusing more on the recruiting phase and to be able to match the corporate culture with the employee candidates already on an early stage, which will simplify the prospective training process. They believe that using campus recruitment is an effective and successful way to reach out to the huge amount of talent that exists in China and also that it is a good opportunity to brand their company name to all newly graduated students willing to work for a Western company. When using campus recruitment, the companies made sure they were sending out the message in a clear way, so the students knew exactly what type of company they were joining. The kernel of the message was in which way the students can provide and be of importance to the company, as well as in what way the employees can develop and grow. The companies also mentioned the importance of letting the students know their future plans and major goals of the company in question. They noticed that the more relaxed and personal presentation they

provided the better it all carried on; this was for instance done by focusing on the individual and sharing personal work experiences. The students like to hear in what way the company affects them personally - what can they specifically provide to the company? A simplified presentation is preferable, and focus should be more on presenting the personal experience rather than business strategy.

#### 4.1.1.2 Strategic Country Training – Attract Expatriates

One of the interviewed managers explained that his company focuses on the use of strategic country training, where one of the methods is to attract the right kind of expatriates to their company. With the help of using this method they believed it easier to implement the corporate culture and to make the expatriates work as role models, when it comes to passing on the desirable corporate culture to the local workers. The manager also thought it essentially to mix locals and expatriates working together in the company: in that way they can contribute with different skills and knowledge, necessary for making a successful business in China. Knowing the local culture is just as important as an awareness of corporate company culture.

#### 4.1.1.3 Communicate Corporate Culture

In order to attract the right, talented, people it is necessary to communicate the corporate culture and values in an early stage, which is preferable at the beginning of the recruitment process. If the company sends out a clear message, it is more likely to attract the right suitable employees who will match the values that the company stands for. The interviewed Swedish managers pointed out the importance of a well organised and clear communication channel from top level and down, and that the managers are clear on what they expect from the employees, what goal the company has for them and what kind of management culture that exists within the company. The Swedish managers mentioned that something they sometimes miss in China is the fact that ground values and corporate culture are not addressed from top level to the employees in a clear way, which can be the reason why so many Chinese employees do not understand what kind of company they are working for, which can lead to a turnover already within a few months. High turnover rate in China can be a result of a lack of good communication from top management, concerning corporate values and culture in an

early stage of the recruiting process. An awareness of this issue can in many cases simplify the management role when it comes to co-operating with Chinese employees. Also, when it comes to decision making, it is of great importance that the management team has agreed on what decisions are to be sent out and that these are well stated among top level – meaning that everyone addresses the same thing and is being clear in the message sent to their workers. This has sometimes been addressed as a problem, since the management is not always informed of what the corporate values and goals are, leading to them, instead, sending out a mixed message to their employees. A shared standpoint from all managers within the company is of major importance, in order to get full co-operation and understanding from the employees. A good communication strategy from the executive management team is a must in order to get all the employees to know what to do. It has been pointed out that a lot of companies in China underestimate the need for internal communications among their employees. One way is to use Intranet and internal newsletter, as well as regular dialogs and meetings with the employees. If a company fails to create a positive working environment, or with communicating their corporate culture, it will likely lead to the fact that the mostly talented employees will leave. With a strong and well-communicated corporate culture the company can get by most of the obstacles that can occur in China, according to one of the Swedish managers.

## 4.1.2 Motivate

This part will discuss different aspects on how the Swedish managers, interviewed for this report, motivate their Chinese employees.

### 4.1.2.1 Teambuilding

Something that the Swedish managers felt as appreciated among the employees is that Swedish organisations are focusing a lot of teambuilding and team spirit. This can, at the start, be quite unfamiliar for the Chinese workers, since they are not used to working together in groups. The interviewed managers stated that they have noticed that teamwork is a good way of making the Chinese workers to co-operating and feeling as a part of the group. One thing that is of importance in every organisation world over, is the fact that the employees need to feel that they belong to the company, they want to be seen and heard, especially among



Chinese workers since they think more of the company as their family, and therefore appreciate a more close and familiar environment. Since Chinese employees in general are not used to expressing their thoughts and ideas in front of the management team and their colleagues, the Swedish managers are working hard on getting the employees to open up and being able to present their ideas in front of the team during group meetings and projects works. It needs a lot of time and patience among the management team, but it will be worth it in the end, one Swedish manager mentioned. As soon as the employees feel secured and well oriented within the company, they are more willing to speak up and be a part of the decision-making. According to several of the interviewed Swedish managers, a lot of efforts are made within their companies on group- and case discussions, where the employees can be able to help and learn from each other, and in that way develop their skills further. This is a good way for the newly recruited persons, which might feel insecure with their work in the start up process. To discuss possible issues and questions that have been raised, can be very helpful for the employees. It is of major importance that the employees feel they have full support within their company, both from the management team, as well as their colleagues.

#### 4.1.2.2 Trust Building

As mentioned above, Swedish organisations focus a lot on empowerment and delegation as management strategy, which is important when building up trust among the employees. The Swedish managers interviewed in this report stated that they put a lot of effort on trust building and want to make sure the employees realize that the management team believes and supports decisions made by the employees. The managers want to let the employees know it is acceptable to make their point of view and raise their voice within the company without being punished for it, as it can be in many Chinese companies; where it is common to use management by punishment as leadership style. The interviewed pointed out that it is necessary to be patient as manager and that this kind of trust building process takes time, but in the end it is a winning situation for the company. Getting the employees to open up and dare to take part in discussions and decisions made within the company is a challenge but of great importance when doing business in China. In order to get the employees to act this way, the Swedish managers pointed out the need to be humble, to show respect, and to be clear and straightforward in their role as a manager.

#### 4.1.2.3 Mentor System – “Work Buddy”

One of the interviewed managers mentioned the use of a special mentor system when trying to motivate and support the employees within their company. The use of a mentor, also called a “work buddy”, can be a good help for the newly recruited employees, who often can feel insecure and not always comfortable with the new work environment and work tasks. Having a mentor can make the first period in the new company much more easier and relaxed, and be a good support when struggling with different work issues and trying to adapt to the new environment. A mentor can, in a more informal way, work as a good spreader of the corporate culture to the newly recruited employees, as already pointed out, is of great importance for the Chinese employees to be aware of in an early stage.

#### 4.1.2.4 Cultural Barriers

The biggest obstacle for almost every one of the interviewed Swedish managers was the fact that they do not speak Chinese. For many western people, this is a major issue of their daily business life in China. Even though Chinese workers speak English they sometimes have difficulties with expressing themselves in the right way, and the same goes for Swedish managers, who may not be used to English as their business language. One of the Swedish managers mentioned that it had happened several times that not enough effort had been made on communication with the employees, as a result of the language barrier. This lack of communication can cause a major effect on the business, which is why the interviewed Swedish managers pointed out the importance of learning some Chinese when moving to China. Doing that, even though it is only basic knowledge, shows that you are willing to learn and adapt to Chinese culture and society, which is very much appreciated among the Chinese workers. Adapting to Chinese culture in different ways: such as language, food, social behaviour, history, etc., are something that the Swedish managers viewed as a must in order to get a full understanding of their Chinese employees. To summarize - an awareness of the environment you will work in is essential.

## 4.2 Preferences for Chinese Employees and Students

When interviewing Chinese employees within Swedish companies and newly graduated students, I wanted to get information concerning their perceptions on what they consider as important when choosing a workplace. Such as, their main criteria and expectations and what they would need to feel motivated to stay within a company. Differences between Chinese and western companies were also discussed, and in which of the two they would prefer to work in. This part will also be divided into two main areas, attract and motivate, where I decided to highlight the most important criteria the Chinese employees and students mentioned.

When interviewing Chinese students it soon got clear that most of them were interested in working within western companies. They thought of a future job at a western organisation as very attractive and a good way to get valuable work experience. Most of the interviewed Chinese students saw work within a western company as a good start in their career, but after a few years they saw themselves continue and finish their work career at a Chinese state owned company, where they most likely would get more bonuses and status that benefit their family, which is highly wanted among Chinese people. This statement can be of interest for the HR departments operating in China, and might be a reason why elder Chinese employees decide to quit after a few years within a western company.

### 4.2.1 Attract

#### 4.2.1.1 Development Possibilities

One of the major criteria for the Chinese workers when choosing a work place was the importance of a clear career path and possibilities to develop within the company. The Chinese workers mentioned this as one of the top three factors when searching for a job. If the company was clear on what kind of career the employees can have and in what way they can develop individually, the Chinese employees would know what to expect and would hence not be disappointed about their future work. As mentioned above, the Chinese are today more eager to learn and expand their knowledge, which is why they prefer a developing and clear career path, instead of a high salary, when applying for a job. When someone is recruited to a

western company, the Chinese workers expect a detailed career plan. The interviewed pointed out that such a plan is prerequisite for a long lasting relationship between the employee and employer. Today Chinese employees are very eager to go abroad and get more input from the western world, which is why it is very attractive with a work place that can offer them possibilities to get work experience outside China. Almost all of the interviewed Chinese employees and students wanted to work at a company where they could get the opportunity to learn and develop during a period abroad.

#### 4.2.1.2 Salary Issues

Even though Chinese workers are not very focused on the salary, and prefer a job of interest and possibilities to develop, they still want some kind of bonus or benefit when performing a god job. The Chinese workers are attracted to the fact that if they perform well they should be rewarded from the management. To gain a reward is prestigious; even if it is a non-cash reward it would still be very appreciated among the Chinese workers. Some of the interviewed Chinese employees even suggested that the management should take away benefits when the workers are not performing a good job. These statements are probably based on the fact that Chinese workers are used to management by punishment when working within some Chinese companies. The findings of this research show that salary and compensation are not the main reason for Chinese people when choosing their workplace. This does not mean that salary and compensation can be ignored; labour costs are surging in China and organisations need to conduct frequent salary reviews to stay in touch with the market. Organisations need competitive salaries, but high salary and compensation alone is insufficient for retaining Chinese workers.

#### 4.2.1.3 Reputation

Interviews with the Chinese students in particularly, but also with the workers within Swedish companies, indicated that what makes them join a company is the importance of a company's reputation. Given the choice, Chinese students and workers typically prefer working in foreign-based organisations, primarily because they give employees more status and more opportunities to grow. Organisations of greater size, and with a well-known brand, tend to attract Chinese employees on a higher level than both smaller western- and large domestic

organisations. Some students also mentioned that, depending on in what way the company present themselves, how much effort they put in their employee branding, i.e sending the CEO to make the presentation at the campus recruitment, or even such a small thing as using the biggest room for the presentation, shows how much the company actually cares and is willing to sell its brand name to the Chinese students in order to get the most qualified workers. These kinds of choices during campus recruitment can be of major importance when Chinese students decide which company is most attractive one and of interest for them to apply to.

## 4.2.2 Motivate

### 4.2.2.1 Qualified Manager

One of the most important criteria for the Chinese employees and students when it comes to a feeling of satisfaction and motivation at their workplace is the relationship with their manager. They believe a good and respected manager is one of the key aspects for wanting to stay long within a company. A lack of good cooperation and respect between them and their manager can be a reason to quit their job, one of the employee mentioned. It is also of major importance that the manager is qualified enough and has the right skills for his or her position; otherwise the employees would not respect and trust their manager. They believe a manager should have more knowledge and be of higher rank than the employees, which can be a result of the strong hierarchy of status that exists in China. Often many western managers work in China for a short period, which can be a problem when they leave and go home, since the employees have built up a trust and learned to adapt to the cooperate culture that existed during this period of management. It is not unusual that Chinese employees quit their job if their western manager decides to leave the company, even if they enjoy their work and have a great future career ahead. To cope with this, western managers should stay for a longer period in China, preferable for a 5 years contract, so the managers have time to build up a long lasting trust between the employees and the company. Get them to understand the corporate culture and what the company stands for, and through that reassure that the employees feel strongly for the company and not only for the manager.

The Chinese employees and students interviewed for this report prefer a manager that is open minded and who gives a lot of feedback and encourage to the employees in their work. There has to be a mutual respect between the employees and the management team. What the Chinese employees preferred with working within a Swedish company was the fact that the manager told them what to do and that they can be a part of the discussions and have an impact on the decisions made within the company. They also liked that the managers told when something was not correct, which is rarely happening in Chinese companies, where the employees have unclear orders and therefore make the same mistakes all over again. When comparing Chinese managers with western managers, according to the interviewed, the Chinese managers tend to have a need for control and are more afraid of losing face, than the western managers. Chinese managers are not so much straightforward, which can lead to the fact that the employees often feel insecure with their work assignments, since they are not always allowed to speak up and make their point.

#### 4.2.2.2 Interest in Job

It has been shown in the interviews, both with the Chinese students and employees, that one of the main criteria for staying in a company is the importance of performing an interesting work. According to the employee retention research performed by DDI and SHRM, (see theory part), interviewed employees also expressed their restlessness and boredom of an uninteresting work when asked why they left their previous jobs. Employees concern with the lack of interesting work suggest that the HR function might need to move beyond traditional tasks and concern more on issues such as how jobs are designed and organized. If HR professionals mentored line managers on how to design jobs to interest and motivate employees, they could also make their own jobs more interesting. For the students it is also important that their future job is related to their education, and that they can use the learned skills on a more practical level in business life. If not, it is more likely that they would feel insecure with their knowledge related to the given work tasks, and therefore not satisfied with their performance, which can lead to a turnover.

### 4.2.2.3 Corporate Culture

Many of the interviewed students and employees believe that an inspiring work environment, such as a good relationship with colleagues, as well as with their manager, and a strong corporate culture, is of major importance when feeling motivated in their work. They consider teambuilding and team spirit as key factors in order to reach a good cooperation between the employees, but also with the management team. This because they are aware of the fact that Chinese people often need time to open up and feel secured in their work, and therefore a focus on teambuilding would simplify the process. If the employees feel they have the support and trust from the company, it is more likely they will feel secure and more motivated in their work. A strong and clear corporate culture, where the employees know what is expected from them and where they are able to work together and learn from each other, can be of great value for the company when it comes to motivate and sustain their employees. According to this, I believe an effective leader and a strong culture are more important than the size of the paycheck.

## 5. Conclusion

In this conclusion chapter my intention is to account for the purpose of the study, which is to highlight some of the key indicators mention above that can be useful for HR Management in China to look into when it comes to attract and motivate young Chinese. I have chosen to focus on the aspects of the empiric result that I believe is of most value for the purpose of the study. I believe the main similarities between how Swedish managers and young Chinese perceive leadership and what is of importance in a workplace, is the fact that both Swedish and Chinese employees need to feel they are a part of the company, when it comes to decision-making and the corporate culture. They prefer an open and people oriented manager, and want developing possibilities and an interest in their work. What also was of major importance for both parties were the need for clear and straightforward communication channels, from top level down and vice versa. According to the Swedish managers, lack of good communication is common among many companies in China, which can lead to a devastating result for the business. When it comes to differences in how young Chinese perceive the management role comparing to the Swedish managers, it was interesting to see that the Chinese expected to have a manager that is qualified enough for the job and have

more developed skills in the business area than themselves, which is not always prioritised within Swedish companies, where it is more common with a manager with good leadership skills.

According to above mention, I believe there are some aspects that Swedish companies can have in mind when doing business in China. To be able to succeed in China the following measures, according to me, need to be taken:

## 5.1 How to Attract Young Chinese

### 5.1.1 Selection – Campus Recruitment

Campus recruitment is a good way to identify candidates that have the necessary skills and who are a good match to the company culture. The key to find the right people often starts at the selection. Sometimes companies do not focus enough on the selection and recruitment period. However, ensuring that candidates are the right fit for the job, the organisation, and the leader, reduces the probability of employee dissatisfaction after being hired. In addition to evaluating candidates' skills, experience and knowledge, organisations need to take steps to understand their expectations and match them with what the organisation can offer. The chances of turnover increase the larger the gap is and it will pay off in the long run.

### 5.1.2 Financial Incentives/Bonuses

The company should offer some short- and long term incentives; such as stock options and retention bonuses. Compensation is certainly important, and salaries are rising quickly in China. But large salary discrepancies between the popular coastal cities and inland cities have led to a distinct swing in China's labour market. Companies move inland in search of cheaper labour, only to find that human talent has moved toward the coastal cities in search of higher salaries. Thus, businesses hoping to ease employee costs are instead facing a shortage of talent and therefore it is important for the companies to focus on financial bonuses offered to their employees in order to prevent turnover.



### 5.1.3 High Potential Program – Individual Career Plan

One of the major aspects to be aware of when Swedish companies get established in China is how to adapt the Swedish management style to the Chinese culture. It was shown during the interviews that students and young employees would focus on career and individual development. To attract these employees the companies need to realize the importance of providing an individual career plan so that the employees are aware of their opportunities within the company from an early stage. This will also strengthen the loyalty and trust for the company among the employees, when they know what to expect and can see a future career path within the company.

As mentioned above, something mentioned in all interviews with the Chinese students and workers was the fact that it is important to have the opportunity to learn and grow within their companies. Because the educational system in China has only recently started pursuing the standards needed for global competition, opportunities to learn on the workplace have particular value to the employees. Moreover, the fast growing economy makes it important for them to keep the job skills up to date. Some experts say that professional development opportunities are becoming the most desirable reward or job benefit in China.

An opportunity, such as further training in western companies, is one of the most appreciated benefits for an employee. The chance to expand their knowledge of the English language is considered a merit in their future career, which is why the interviewed Chinese employees suggested that Swedish companies on their way to establish in China should focus on offering their staff English language training.

The emphasis on growth and development reflects on a sense of impatience among employees with elevated expectations of personal career growth. Many of China's young professionals moved into higher-level positions very fast as a result of opportunities in organisations experiencing aggressive growth. Employees thus came to expect that they should be continuously progressing in their careers. Comparisons with friends and family members in the closely linked China market also contribute to higher expectations for rapid advancement.

Employees identified as having high potential for advancement are prepared for future leadership roles with clear career paths, development plans, and highly valued international rotational assignments.

## 5.2 How to Motivate Young Chinese

### 5.2.1 Management Development

It can be of major importance that managers have opportunities to enhance their business skills at university courses on management coaching. This is a good way to improve leadership skills, since a lot of the interviewed students and employees wanted a good and qualified manager with professional skills. It is hence well worth the time and effort to assure that managers have the skills they need to be effective. It was also appreciated among the Chinese employees to go abroad for management coaching, in order for them to learn and adapt to the Swedish management style, as well as to receive a more international touch that can be valuable for their work experience. It has also been shown that the management team, especially foreign executives should preferably stay for longer periods, up to 5 years, in order to reach continuity and trust among the employees in the company. Thus, the ultimate goal for the Swedish organisations interviewed, is to get the local Chinese to present the management team, since they can communicate and share the corporate culture in a more Chinese way and do not have to depend on the foreign managers operating only for short periods in China. In that way, the Chinese managers can be role models for the employees, since it shows that there are opportunities to develop and reach management level within the organisation.

### 5.2.2 Communication Channels

What is of importance for the Chinese workers and students, as well as for the Swedish managers, is a major focus on clear and straightforward communication channels from top level down and vice versa. The Chinese workers appreciate when their company is clear with what it represents, what kind of organisation it is and what its future goals may be. If the employees understand this from the beginning and feel that they are a part of it, it is much bigger of a chance that they feel motivated and wants to stay within the company. I got the impression that it is within this area a lot of companies fail in China; they are not clear in

communicating their corporate culture, values and goals, and many new employees may therefore not understand what kind of company they work for and have difficulties to adapt to this new environment. The Swedish organisations need to clearly communicate to the Chinese the differences between Swedish and for example an American management, since there are differences in how we act. Swedish managements are more focusing on group achievement rather than focusing on the individual, as in American companies. It is also essential that the organisations make clear what kind of expectations they have on the employees, that they are part of the goal, in what way and how can they be involved. It is central to evaluate if the person interviewed for a job understands and shares the values of the organisation. The use of a mentor, a buddy, within the organisation, can be a successful method when it comes to communicate the corporate culture to the newly recruited employees. The mentor can work as a role model, and be a good help and support for the newly recruited the first period.

### 5.2.3 Teamwork

Many of the Swedish managers expressed that Chinese workers usually have problems with how to collaborating with colleagues. Attempts to work in a group tend to be more of a rivalry for promotion, than teaming up for the task at hand. But the Swedish managers noticed that when the Chinese workers are starting to feel more secure and confident about the western way of working, they would accept more responsibilities, which will benefit the organisation. Many of the interviewed Chinese students and employees pointed out the importance of a flat organisation, a team spirit and a feeling of belonging in the organisation as an advantage. Team spirit and teamwork can be key indicators when it comes to motivating the Chinese workers, since it was clear during the interviews that they preferred and appreciated this cultural behaviour within their company. They do not only want to work for the salary and themselves, but also for the feeling of making a difference in the company and in the team – to be able to learn from each other and support one another. This is also why so many pointed out that an individual career plan is of highly interest among the students and workers when applying for a job.

## 5.3 Further Aspects

### 5.3.1 Age Groups – One Child Policy

Throughout the interviews I noticed that a lot depends on different age groups when it comes to Chinese perception on jobs and what they value as important. Young Chinese people often have a different point of view of their contemporary society and are more straightforward and willing to learn from the western world. They have a higher interest in and are more eager to achieve an international career; they are, shortly, more adaptable to a foreign lifestyle. I got the impression that young Chinese are much more open to learn and develop within a western company; they want to travel and see the world. One of the interviewees even said that “nothing is impossible” which I believe to be significant words for the young age group in China. This could, to some extent, be explained by the one child policy. The young Chinese that are born under the policy are in general more competitive and charismatic, they have to prove to their family that they can manage to get a good job and also that they are capable of supporting the family in the future. This can lead to a level of high psychological stress where the fact of you being the future sole provider of your entire family causes a lot of pressure. With this follows competition well at hand and consequences could be the fact that these individuals need more feedback and attention - which is why the company needs a more active and understandable HR department.

### 5.3.2 Outsourcing a Third Part

As a final action I believe, by outsourcing interviews to neutral third parties, that organisations can uncover employee dissatisfaction that is not in any personnel records, neither easy to discover. To use follow-ups with employees, as well as surveys, interviews and discussions will help organisations keeping in touch and enable them to take actions to meet employee expectations before it is too late. Organisations need to focus retention strategies on their own unique situations. Organisations need more than just a wide-ranging approach to retention in order to mitigate employee turnover in China. To deal with turnover effectively, organisations need a precise understanding of employees’ expectations and what matters most to them personally. The right strategy retention is the one best suitable of the circumstance of each organisation and the nature of its employees.

I believe an international manager in China first of all should focus on creating knowledge and an understanding concerning Chinese culture, in order to adapt and learn how to deal with any possible problems that may occur. I consider that by adapting to this and also by reflecting on other cultures and their influence on the manager's own culture, it may be easier to accept the possible differences that exist and in that way managers can learn how to deal with them. On the other hand, not too much focus should be laid on the differences that exist; instead it is the similarities different cultures share that should be focused upon. Because in the end there are very few differences between Swedish and Chinese culture, since I believe our thinking and acting in business life are the same all over the world. One cannot help but wonder whether it is a good thing to let the Chinese employees adapt to the Swedish leader style, instead of the other way around.

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