

## THE ACADEMIC TRANSFORMATION OF HRM IN CHINA

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### Abstract

In the past few years most of the literature about HR in China can be characterized as taking a comparative view of different models—e.g., Western, Japanese, or Asian. This literature can be further subdivided into two categories. One is the broad panorama of the industrial relations view, which tries to explain the dynamic interplay of several disciplines such as law, labor market behavior, and workplace institutions. The other is the practice of HR within Chinese establishments, analyzed by organizational form such as joint ventures or direct foreign investments, or by size and location.

This paper takes a very different perspective by developing a description of the academic dimension of HR in China. This is important because of the need for a Chinese intellectual cadre of sufficient critical mass to perpetuate local research, upgrade teaching content, and compete with other views in putting forth practical solutions. No less is the need to produce competent HR professionals in great numbers.

The paper is presented as a cursory description of the status of HR in Chinese higher education. In this context it is a work in progress, and hopefully other scholars interested in the topic will contribute to the small body of information presented herein.

The author is indebted to the following for continuing commentary on the subject. Ms. Christine Hung, Ph.D. candidate in international economics at the University of Social Sciences (Paris, France); Dr. Cherrie Zhu at Monash University (Melbourne, Australia), Malcolm Warner, University of Cambridge (England), and John Shieh, Professor, Institute For Mainland China Studies, National Dong Hwa University (Taiwan) and Professor of economics emeritus, Cal Poly (California).

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### Introduction

This paper describes the status of HRM education in Chinese (PRC) Universities. Curiosity about this topic is motivated by the supposition that the dynamically changing Chinese economy has decentralized and generated multiple, and compared to western models, somewhat unique paths of evolution of HR practice. This raises the question of how Chinese higher education is coping with this change. The question is interesting and valid because without the intellectual glue that holds the field together, there is no core framework of thought that supports the derivation of Chinese solutions to unique Chinese problems.

The importance of the question is obviously related to the flexibility of the Chinese intellectual environment. Currently, Communist Party (CP) ideology and pragmatism is controlling. As perceived in the West, most academic fields and sub-fields are not well established in Chinese universities and hence there is no intellectual framework to compete with CP ideology.

The need for a "localization" of academic thought mirrors a problem in practice. For example, direct management control by foreign investors inhibits the flow of the small proportion of educated Chinese nationals into professional ranks, for the obvious reason of the language barrier. Hence, localization of production control is one way to widen the gate of access. [Doran, Ng, and Rangan, 1998] Chinese management and professional talent are in short supply, and this shortage includes HR professionals, of particular interest because this is the functional area responsible for recruiting the other talent. Finally, the need for an educational system to produce these professionals is equally critical. On this last point the development of Chinese HR faculty who will contribute at the level of international standards of scholarship and teaching is the obvious starting point. The goal of this paper is to sketch an initial description of the academic context. (For a discussion of practical issues facing HR managers in China, see Cheung and Yiu, 1998.)

### Recent Literature Describing HR Practices in China

In 2001 China will join the World Trade Organization, further accelerating the economic forces at work that are transforming the practice of HR. Still, two things set China apart from other countries in this expanding global trade network. First, unlike other centrally planned and controlled economies such as the USSR or the Central Europe of the past, China clings to the idea of market socialism. The relevancy to HR is that state owned enterprises (SOE's) will likely have very different practices than firms that are directly owned by foreign companies (DFI's), joint ventures (JV's), or even township-village enterprises (TVE's).

Second, despite the progress in China's industrial modernization and initial development of service industries, the nation is still predominantly a labor pool of low skilled and educationally disadvantaged workers. While there is arguably a piecemeal framework of minimum wages, social safety nets, and retraining programs in advanced western economies, even this is probably at best a long-term hope for China. Therefore, the size of China's low skilled labor pool would seem to demand a high degree of government activism in HR workplace practices to serve as any viable check on unfettered profit maximizing management.

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\* HRM (or HR) in this paper is not only focused on professional practices, but is also inclusive of such related fields as industrial relations and labor economics.

Besides the WTO and the wide scale of economic restructuring, the broader backdrop for HR includes the flux of Chinese labor markets and institutions. This mosaic presents a complicated and rather unique mix of daunting challenges. Underemployment, the dissolution of the iron rice bowl, the ambiguous status of the All-China Federation of Trade Unions and the Communist Party apparatus in the workplace all require a multiplicity of expertise in the HR field that is unfamiliar to the western framework of thought and practice. This broad Industrial Relations (IR) view is well articulated and need only be noted here. For examples, see Levine (1997) and Verma, et al (1995).

More narrowly focusing on HR practice, very interesting work has been done by Ding, Goodall, and Warner (2000), and by Zhu and Warner (2000). The first paper explores the variations of HR practice with respect to firm size, location, and ownership. While the second paper essentially concludes that there is certainly no homogeneous model in China, these works do explore the HR templates emerging in China--e.g., the Western, Japanese, and those of uniquely Chinese qualities. This last dimension incorporates the unsettled doctrines of SOE perpetuation and the ACFTU's role, and the Chinese social fabric of *guanxi* (i.e., networking, or connections).

The Zhu and Warner paper also contains very good examples illustrating the difficulty of linguistically articulating HR and related concepts into Chinese. The assimilation of foreign concepts into a stable socio-economic system is difficult enough, but in the case of China the struggle to translate the concepts in a dynamically changing system reflects the underlying intellectual conflicts. Finally, the Zhu and Warner paper has a reference to the introduction of HR as an academic concept in China beginning with the joint teaching-arrangements between Chinese and foreign universities, alluding to earlier publications on the topic by Warner (1992 and 1995). However, neither of these works explored the infrastructure of academic institutions. This serves as a reasonable point of departure for the topic at hand.

## **The Chinese Higher Education System**

As is characteristic of most Chinese developments in the past two decades, the Chinese higher education system's past is a poor predictor of the future. Under the centrally planned system the curricula in different universities were uninspired with respect to diversification in response to changing economic needs. In major universities many of the disciplines offered were very narrowly defined because these institutions were responsible for the job assignment of graduates, although a broadening of the curricula and phase out of the job assignment system has recently taken root. (Surowski, 2001) Still, this old system has left a heritage of subject matter minutia taken to the point of absurdity and scholarship and teaching that suffers from lack of originality and diversity. (Hin, 2000) While this may be a broadly accurate view of the Chinese environment as a whole, this author's experiences in China lead to the conclusion that Chinese academics are very eager to learn about western views and communicate with western academics, including sharing these ideas with Chinese students.

The prospects for information technology being a major force of change in the Chinese educational system are slim for the immediate future. There are some publicly accessible academic web pages on Chinese HRM, but as yet these do not provide a great deal of detail. (For example, see Chinese Human Resource Management.) One might immediately jump to the conclusion that if western scholars would put their academic HR material online (as many have), the problem of content availability would be partially resolved. Indeed, there is reason to believe that this would benefit the top tier Chinese universities with sufficient Internet access, and faculty and students with good English skills. However, the rest of higher education suffers greatly from Internet access. Furthermore, the more field specific the content, the more subtle the linguistic distinctions and the greater the difficulty of the non-native speaker picking this up. (Slay, 2001) For example, consider the difficulty in the U.S. of explaining to our own students the differences among the phrases: Industrial Relations, Employment Relations, Labor-Management Relations, Human Resource Management, Personnel Relations, and so forth.

Academic localization--i.e., Chinese enrichment of Chinese HR--obviously requires freedom with respect to developing relevant curricula and a diversity of pedagogies to fit field specializations. As long as the state (CP) views itself as a monopoly of the intellectual context for this evolution, a competing academic paradigm is at best running on one leg. However, the recent Ministry of Education's encouragement of undergraduate HR programs is a positive sign.

Still, this is an area about which the rest of us in the global HR community have a stake, something to share, and much to learn. In this sense HR evolution in China can be a microcosm of global collaboration.

## **Findings**

### **Personal Visits**

A recent personal perspective may be insightful. During my most recent trip to China in the summer of 2000, I visited Kunming Normal University, the Yunan Institute of Finance and Trade, Xi Xidian University, Beijing Normal University, and Tsinghua University. This is hardly a scientific sample, but it does reasonably represent the spectrum of university environments in large urban centers.

Observations are as follows. First, as expected, instructional technology and Internet access varied greatly--from basically non-existent in the classroom to a caliber similar to U.S. universities (e.g., Tsinghua). Second, my inquiries about teaching reinforced other anecdotal evidence and published accounts of the prevalence of the long-lecture format. (Indeed, I was invited and did give a two hour lecture on HR, which was something of a struggle given my departures of recent years into other pedagogical approaches.) Third, my contacts with Chinese students on this trip (and previous trips) reinforce the view that they are extremely disciplined and hungry for skills that will make them successful in China's emergent economy. Finally, contacts were made with Chinese faculty for follow-up communications, greatly enhanced by the increased faculty access to and use of the Internet.

### **Internet Contacts**

Working from the list of the top 40 ranked Chinese universities (*Asiaweek*, 2000), a systematic search for web materials posted by these institutions was conducted. This effort also included extracting faculty contacts from the pages. Though this sample is small, the assertion is reasonable that these institutions would represent the most advanced development of the HR field. However, subsequent comments from readers of this paper pointed out the likelihood that many university level HR programs may not be included in this top 40 list, for example the University of International Business and Economics in Beijing.

Messages were also posted to the Internet discussion lists--Industrial Relations Research Association (IRRA), Pacific Region Industrial Relations (PRIR), and the International Employment Relations Network (IERN)--asking for help in contacts and for perspectives on the subject of this paper. A brief description of what was learned from the web material and direct email contact with faculty follows. Exhibit I provides a more thorough listing of courses.

Of the ten universities from which information on HR offerings could be obtained, the listing of courses appears quite similar to the western profile. Note that many of the courses listed in Exhibit I would likely be within the context of an MBA program, not specialized HR types of degrees. The variety of courses, which can only be assessed by the title, is encouraging, and at least in these renditions apparently devoid of overt political dogma. If in fact these ten universities capture the core of HR offerings, this is rather miniscule in the scheme of China's needs, but at least a solid foundation. In comparison, there are 82 HR (or IR) degree granting programs in the U.S. listed by the IRRA (2000).

## **Inquiries of North American Universities as to Cooperative Programs**

In February of 2001 email contacts were initiated with universities in the U.S. and Canada that award HR, IR, or related degrees. There were 79 programs with IRRA listed email contacts. An individual email was sent to each. Of 46 responses, none confirmed the existence of cooperative programs with Chinese universities. Two responded that negotiations were in progress, and two indicated that efforts to establish cooperative relationships had failed.

These observations merely suggest the lack of formal program-to-program relationships for HR offerings. However, other levels of learning are clearly present. These include HR as part of MBA programs taught in China, comprehensive examples including the presence of western university MBA programs, especially in Shanghai, and the China Europe International Business School MBA (which includes HR Management and HR Strategy). In other programs Chinese managers are brought to the U.S. for executive development programs (non-credit). Finally, individual faculty are often involved in teaching arrangements with Chinese universities, usually through consortia arrangements, grant support, or individual arrangements.

## **Conclusions**

In the panorama Chinese economic transformation, the big ideas such as the feasibility of market socialism, the growth of free markets, and the attraction of foreign investments have had exotic appeal for practitioners and academics alike. The time has come for more attention to transforming institutions that can develop and sustain the movement of ideas into practice--one being higher education. HR is an example of the need to initiate fields of specialization that are intellectually and practically relevant, and arguably urgent in the context of economic restructuring.

One great test of the Chinese economic adjustment will be how well labor markets and the employment processes serve the Chinese people. A central variable in this economic test is the quality of HR (in the micro and macro sense). This paper has merely reported cursory data and highlighted the current status and critical paths for development of this discipline in China. More research and more collaboration are obviously needed. Hopefully the points summarized below will raise both the awareness and the energy to accelerate this evolution.

1. Principle of localization. Knowledge of competing HR systems is necessary, but is not sufficient for the current Chinese economic environment. Reason argues that the best solutions to Chinese HR issues should be those derived from Chinese intellectual leadership, and that the best place for thought to ferment is in academia.
2. Utilization of technology. Western scholars who are interested in accelerating the academic development of Chinese HR can assist from afar by collaborating with Chinese scholars through the Internet through providing access to teaching materials or joint research.
3. Chinese students studying abroad. A systematic collection of information about Chinese students studying HR in the U.S. or other countries, and who will be returning to the PRC would begin the foundation for a larger network of academics.
4. Network of western HR academics with Chinese interests. As this author has learned through Internet contacts, there are a large number of scholars who have individual contacts, and research and teaching experience in China. Electronically networking these scholars could magnify their efforts, both among themselves and to the benefit of Chinese scholars.

5. Formalization of HR program exchanges. As paper has reported, this activity is virtually non-existent. Perhaps all or most of the above points must be realized first. However, an important qualification is that we westerners also have much to learn about the details of the Chinese system, and a process of institutionalizing that knowledge is important. Scholars and students on both sides of the Pacific would benefit from this shared knowledge.
6. The Chinese Model. Perhaps in the 21<sup>st</sup> century a more unique Chinese model of HR will be one of the competing models being examined by other countries. There are dimensions in the evolution of Chinese HR that are unique and present us with interesting challenging academic and practical questions. For example, I find quite intriguing the SOE problem with respect to HR practices compared to JV's and other enterprises. The SOE dilemma is not unlike the duality of HR systems in the U.S. when one considers the private vs. public employment sectors, and the more ambiguous situation of government corporations.
7. In the context of the march of economic globalization it is to our benefit to have a working knowledge beyond our own national boundaries. This paper has perhaps been excessively speculative already, and the only remaining item to offer is a simple schematic that might better illustrate the complexity of our challenges. This is done in Exhibit II A and B.

**Exhibit I****Summary of HR Courses at Chinese Universities****PEKING UNIVERSITY**

Comments: In the process of setting up an independent HR major.

Courses:

- (1) Strategic HRM
- (2) Compensation and Incentives
- (3) HR Economics
- (4) Leadership
- (5) Organizational Behavior
- (6) Organizational Culture
- (7) Seminars in HR Issues

**TSINGHUA UNIVERSITY**

Courses:

- (1) HRM for graduate students
- (2) Organizational Behavior
- (3) HRM for MBA students
- (4) Organizational and Industrial Psychology

**RENMIN UNIVERSITY OF CHINA**

Courses:

- (1) Human Resource Management (HRM)
- (2) Employee Performance Appraisal
- (3) Labor Economics
- (4) Wage and Salary Administration
- (5) Organizational Behavior

**LANZHOU UNIVERSITY**

Courses:

- (1) HRM
- (2) Tax
- (3) Organizational Behavior
- (4) Labor Law
- (5) Labor Economics
- (6) Performance Appraisal
- (7) Public Relations
- (8) Leadership
- (9) Financial Management
- (10) Insurance

**NANKAI UNIVERSITY**

Courses

- (1) Macro HRM (course description given)
- (2) Performance Appraisal and Incentive

- (3) Labor Economics
- (4) Wage and Salary Management
- (5) Organizational Behavior
- (6) Management
- (7) Enterprise Culture
- (8) Psychology of Management
- (10) Leadership

#### SHANGHAI JIAO TONG UNIVERSITY

##### Courses

- (1) Human Resource Development and Management
- (2) Organizational Behavior
- (3) Development and Plan of Organization
- (4) Performance Appraisal
- (5) Wage and Salary Management
- (6) Analysis of HR Economic Action

#### SICHUAN UNIVERSITY

##### Courses

- (1) Macroeconomics
- (2) Managerial Economics
- (3) Management Information Systems
- (4) Labor Economics
- (5) Organizational Behavior
- (6) HRM
- (7) Theory and Measurement of Employee Appraisal
- (8) Social Insurance
- (9) Social psychology

#### NANJING UNVIERSITY OF SCIENCE AND TECHNOLOGY

##### Courses:

- (1) HRM
- (2) Efficacy
- (3) Performance Appraisal

#### XIAMEN UNIVERSITY

##### Courses:

- (1) Chinese CEO Reward System
- (2) Performance Appraisal and Reward System
- (3) Employee Turnover
- (4) HRM

#### UNIVERSITY OF INTERNATIONAL BUSINESS AND ECONOMICS

Comments: HR program in development.

#### CHINA EUROPE INTERNATIONAL BUSINESS SCHOOL

##### Courses:

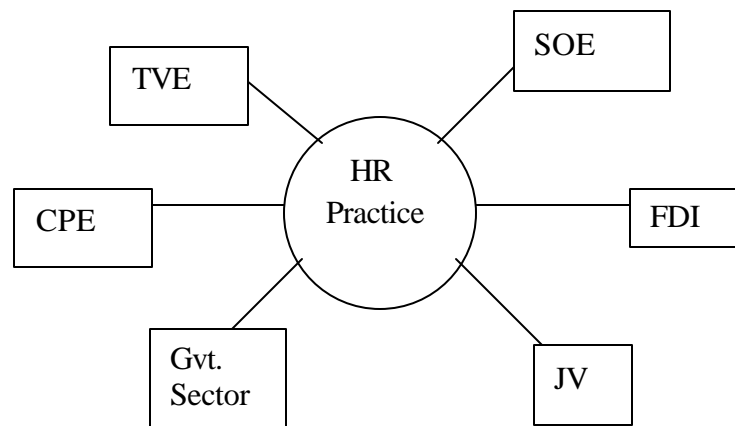
- (1) HR Management
- (2) HR Strategy



## Schematics of Chinese HR Practice and Academic Complexities

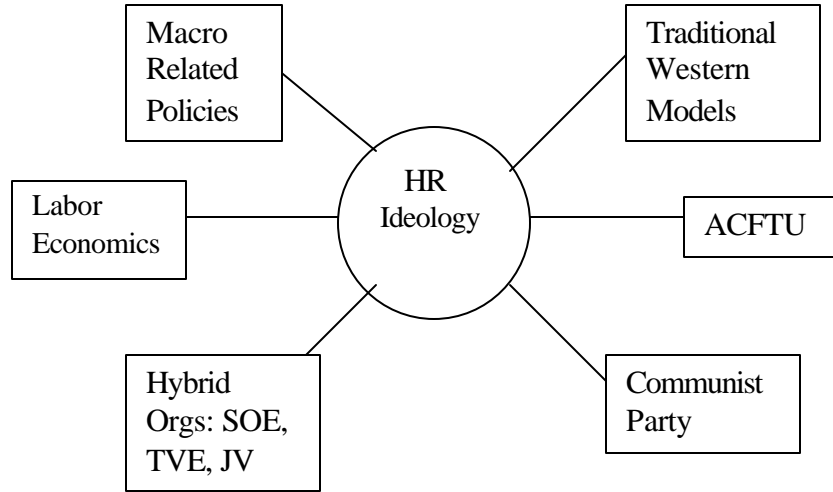
### Exhibit II A

Different Organizational Environments of Practice



SOE = State Owned Enterprise  
FDI = Foreign Direct Investment  
JV = Joint Venture  
Gvt. Sector = Employees of government  
CPE = Chinese Private Enterprises  
TVE = Township Village Enterprises

**Exhibit II B**  
**Ideologies to be Reconciled**



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