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## Improving the human resource management system at Haier

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### Abstract

It is not easy to be a successful world-class company. This requires effective management, which includes the following: constant innovation, understanding different cultures and adapting business models to them, organizing teams scattered around the world, keeping them enthusiastic and learning how to keep abreast of modern business. Undoubtedly, Haier has achieved this. Haier is one of the first Chinese companies to embark on global expansion. Haier has a clear strategic mindset and is competitive in business. It is innovative and attractive. Today, the leadership of Haier has established a dynamic contractual relationship between entrepreneurs and customers. The Haier model is the creation within the company of thousands of small groups engaged in entrepreneurship. The company is a world leader in innovation and organizational management. The relevance of the topic lies in the fact that at present the human resource management system permeates all spheres of the organization's "life", underlies the effectiveness of most processes, and therefore should be considered in a broad aspect – from economic and statistical to philosophical and emotional. At the same time, it is important to remember about the significant differences between human resources and other types of resources used in the organization's activities, which justifies the need for specific methods of managing this type of resources. The improvement of the human resources management system is one of the most acceptable ways leading to an increase in the efficiency of the company.

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### Keywords

HR potential, human resource management, specialists, HR policy strategy, system efficiency.

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## Introduction

The modern human resource management system is a system of certain ideas and techniques for the most effective formation and management of organizations that are formed under the influence of the realities of business life in developed countries, and also include the following elements [Akoff, 1985]:

- knowledge of business etiquette;
- search for the necessary professionals;
- training/retraining of employees and their certification;
- selection of job candidates;
- study of the employee's professional orientation;
- assessment, development, relocation and rotation of human resources [Wong, 2020].

The key elements of the human resource management system can be attributed to [Cole, 2019]:

- "recruitment policy and behavior in the labor market (from where and how the enterprise draws labor resources);
- human resources use policy (organization's requirements for human resources);
- compensation policy (due to which factors the productivity of work is ensured and how the employee's labor costs, guarantees and obligations of the employer are compensated);
- policy of release (grounds and methods of termination of labor contracts (contracts) with employees);
- positioning of management (who and how to engage in human resources management)".

Human resource management covers all management decisions affecting the relationship between an organization and its employees, and means that the practice of human resources management is increasingly closely linked to the strategy business. Therefore, human resource management sets as its ultimate goal to increase the effectiveness of the organization and meet the needs of employees. Of all the characteristics of human resource management that distinguish them from traditional "HR management", nothing is more fundamental than its integration with business strategy [ibid.].

The ability of any employee to perform professional tasks depends both on the potential that he has when coming to the organization, and from the professional training that he receives in the organization, his physical and moral condition, which is determined by a number of factors, as well as from the assessment received by the employee from the manager and, in some cases, from colleagues.

The principles of human resources management in China are a set of rules that managers and senior management must follow in order for the work to be productive.

## Methods

In the study, the authors used some methods such as analysis and synthesis, induction and deduction, historical and logical, abstraction and concretization.

## Results

The Human resources Management Service of Chinese enterprises pays great attention to the training and professional specialization of employees. Training, as a rule, includes four programs [Maslov, 2019]:

- professional development;

- management skills training;
- training in organizational culture and norms of behavior;
- customer training.

According to the results of professional retraining, employees receive a diploma or certificate certifying their qualifications and the right to conduct professional activities in a certain field.

The system of labor incentives in various Chinese companies involves a whole range of measures. Wages are usually made up of three parts [Mintzberg, Alstrand, Lampel, 2020]:

- basic salary: its amount depends on the level of education, work experience or simply on the contract with the staff;
- payment related to the results of the evaluation and certification of the work of the staff;
- bonuses depending on the company's profits for the current year.

In addition to the first part (the basic salary), the other two parts are closely related to the results of the work of employees, so the system of evaluation and certification of work is the core of this incentive system. Usually 30-70% of the total salary on average falls on these two parts [Davis, 2022].

In fast-growing companies, the chances of promotion and career planning are effective measures to stimulate staff. Some companies take personal equity participation (ESOP). Managers of the highest and middle levels own shares or a deferred right to receive shares. Employees call it "golden handcuffs".

Many companies have also felt that salaries are insufficient to stimulate labor in order to retain qualified employees, because there are always other companies that pay higher salaries. Since there is no tax to be paid for the amounts received in the form of compensation, compensation becomes a more valuable income. Medical insurance, transportation and telecommunications expenses (telephone, mobile phone, Internet, etc.), allowance for buying your own apartment, financial assistance for education or retraining, etc. they are typical compensations in advanced Chinese companies. However, social protection and compensation are carried out within the framework of the law and the growth of real incomes of employees from these programs depends on the economic power of enterprises.

In the traditional culture of China, collectivism is stronger than individualism, the family and the collective of the enterprise are valued higher than the individual. Therefore, the cooperation and hard work of Chinese workers are valued more than innovation. Thus, enterprises gradually establish strict standards of organizational behavior of employees, while at the same time allowing them to make mistakes at work, encouraging innovative ideas and granting broad powers in work.

For example, Haier encourages employees to change jobs to enrich their professional knowledge and skills and increase competitiveness. The organization notices the advantages and abilities of employees and will create ideal working conditions to develop their reserve abilities. The salary system based on abilities and skills enhances this incentive. Ordinary employees are promoted under the influence of objective reasons and personal success, winning the competition, and the movements of senior and middle-level managers are forced, and they change jobs about once every 3-5 years. Haier believes that vertical and horizontal movements in the service create chances and conditions for the education of human resources. The fact is that these movements effectively prevent abuse of power by managers [Zhang Bo, 2021].

As a rule, in companies, human resources assessment and certification take place annually, and in some companies, simplified evaluation procedures are also applied every six months. Strict control and assessment of the strengths and weaknesses of employees' activities allow them to provide the necessary assistance in retraining to correct their shortcomings. If an employee takes the last place in the labor collective twice or thrice according to the results of the evaluation, the company dismisses him.

In China, there are a number of urgent problems in the theory and practice of human resources management [Chan, 2021]:

- shortage of qualified specialists. So, in Beijing, IT companies lack 20 thousand programmers. The market of professional managers in the country is still being formed and insufficiently developed;
- staff turnover in high-tech companies is significantly higher than in other enterprises;
- motivation for the work of managers and management of their behavior are especially relevant in state-owned enterprises;
- creating reserves of senior human resources and improving the efficiency of the management team in companies, as well as creating harmonious and long-term relationships between employers and professional managers;
- facts of violations of labor legislation and the problem of its improvement is acute. For example, with violations of the law, employees are hired and dismissed, working hours are extended without additional pay, etc.

These are the most acute problems of human resources management in modern China.

### **Recommendations And Conclusions**

Today, Haier is one of the world's leading manufacturers of household appliances and electronics, which customers associate with impeccable quality, professional service and reasonable prices. Haier designs, manufactures and sells its products, including air conditioners, mobile phones, PCs, microwaves and refrigerators. Haier owns 9738 patents. The company takes an active part in the development of international standards for various classes of equipment, it has already more than 400 international quality standards [Haier Group. The history, www].

The organizational, legal and administrative activities of the company, the rights and obligations of its shareholders are defined in accordance with the Civil Code of the People's Republic of China and the Law "On Companies" of December 29, 1993. The supreme governing body of Haier is the general meeting of its shareholders. The General Meeting of Shareholders elects the Board of Directors headed by the General Director of the company. The organizational management structure of Haier is built in such a way that with a moderate demand for products, human resources management can be carried out effectively with a minimum of managerial levels [ibid.].

All Haier products are manufactured using advanced technologies, in accordance with the requirements of international quality standards, approved regulatory and technical documentation of production and meet the high scientific and technical level and product safety, which is confirmed by numerous awards and certificates of conformity. With the constant improvement of quality, the complexity of the technologies used and the introduction of new equipment into the production process, despite the increasing competition from domestic and foreign manufacturers, the sales level of Haier has a stable growth dynamics.

The main economic indicators reflecting the production and economic activities of Haier are presented in the table.

**Table 1 - Haier Financial Report [Haier Group strives for scientific and technical innovations, www]**

Indicators	2021	2020	2019
Gross profit	4 506 194 508.21 HKD	4 506 194 508.21 HKD	4 944 482 736.42 HKD

Indicators	2021	2020	2019
Cost price	20 864 157 098.86 HKD	20 864 157 098.86 HKD	21 505 367 244.70 HKD
Total revenue	25 370 351 607.07 HKD	25 370 351 607.07 HKD	26 449 849 981.12 HKD
Operating revenue	25 370 351 607.07 HKD	25 370 351 607.07 HKD	26 449 849 981.12 HKD
Operating income	1 138 250 163.78 HKD	1 138 250 163.78 HKD	1 222 613 224.43 HKD
Net income	1 112 285 285.58 HKD	1 112 285 285.58 HKD	1 306 981 829.43 HKD

Haier's total revenue was HK\$ 25,370,351,607.07 and changed by 0% compared to last year. The net profit of Haier Group in the last quarter was 1,112,285,285.58 HKD, net profit changed by 0% compared to last year [ibid.].

Today, the Haier enterprises employ 79,000 people.

In the process of researching the Haier human resources management system, in order to identify and analyze existing problems, a survey was conducted among the company's employees regarding various aspects of activity. In accordance with the responses received, it was concluded that there are a number of problems in the organization's human resources management system, among which: the problem of the lack of competence maps. The competence map is a kind of drawing up a portrait of the ideal employee for the position being applied for. The map should identify the desired personal characteristics, his ability to perform specific functions, social roles and reflect the desired type of behavior.

At Haier, the process of human resources formation is chaotic and fragmented, there is no planning of human resources needs, and recruitment and adaptation are actually carried out by direct managers without the use of competence maps and modern human resources selection technologies. There is also no uniform algorithm for human resources selection, which affects the professionalism of newly hired employees, the quality of their performance of work duties and, as a result, this may cause an increase in the percentage of staff turnover.

Today, Haier uses two approaches to recruitment: the search for "ready-made specialists" (for which, clearly, competence maps are needed), as well as the "cultivation" of employees from graduates of higher educational institutions (for which the proposed maps are also needed, and organizations to understand what else needs to be taught to a future employee, and potential for an employee to understand their own career trajectory).

One of the main factors in stimulating the work of staff at Haier is the personal interest of employees in the growth of labor productivity and quality indicators. But at the same time, the employee's interest directly depends on objective, correctly and carefully developed criteria for his personal performance.

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## Улучшение системы управления персоналом в компании Haier

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### Аннотация

Быть успешной компанией мирового уровня нелегко. Это требует эффективного управления, которое включает в себя следующее: постоянные инновации, понимание различных культур и адаптация к ним бизнес-моделей, организация команд, разбросанных по всему миру, поддержание их энтузиазма и обучение тому, как идти в ногу с современным бизнесом. Несомненно, Haier добилась этого. Haier – одна из первых китайских компаний, приступивших к глобальной экспансии. Haier имеет четкое стратегическое мышление и конкурентоспособна в бизнесе. Это инновационно и привлекательно. Сегодня руководство Haier установило динамичные договорные отношения между предпринимателями и клиентами. Модель Haier – это создание внутри компании тысяч малых групп, занимающихся предпринимательством. Компания является мировым лидером в области инноваций и организационного управления. Актуальность темы заключается в том, что в настоящее время система управления человеческими ресурсами пронизывает все сферы «жизни» организации, лежит в основе эффективности большинства процессов, а потому должна рассматриваться в широком аспекте – от экономико-статистического до философского. и эмоциональный. При этом важно помнить о существенных отличиях человеческих ресурсов от других видов ресурсов, используемых в деятельности организации, что обосновывает необходимость

специфических методов управления данным видом ресурсов. Совершенствование системы управления человеческими ресурсами является одним из наиболее приемлемых путей, ведущих к повышению эффективности компании.

#### Для цитирования в научных исследованиях

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#### Ключевые слова

Кадровый потенциал, управление человеческими ресурсами, специалисты, стратегия кадровой политики, системная эффективность.

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