



The Construction of Human Resource Management System in Small and Medium-sized Private Enterprises

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Abstract

The small and medium-sized private enterprises (SMEs) play an increasingly important role in creating output value and providing new employment opportunities, but there are a lot of problems with human resources in SMEs, such as poor quality of business owners, lack of strategic planning on human resources, etc. It's necessary, therefore, for SMEs to strengthen the setup of human resource management system. This paper puts forward some implementation details according to "human resource evaluation, assessment, & examination methods" and "job evaluation table", and draws up the diagram on implementation of these steps, both vertically and horizontally evaluating human resource management system in SMEs.

Keywords: SME, Human resource management, Human resource management system

1. Instruction

With the progressive development of the market economy, SMEs play an increasingly important role in creating output value and providing new employment opportunities, but those factors, which do not adapt to the development of the market economy, have become more and more obvious. These adverse factors have restricted the reform and development in SMEs, followed by the polarization of SMEs: because of stronger market adaptability, some of them, with their congenital conditions poor, seized opportunities so as to achieve a swift development. In contrast, a few of them, though brilliant at one time, were made exhausted due to a variety of market economy shocks, and finally went bankrupt. There are lots of reasons accounting for the latter' failure, and one of the most important ones is because those firms lack in a good mechanism, viz a kind of human resource management mechanism by which staff abilities and enthusiasm can be explored and utilized, and by which employees attracted to be loyal to their owners. For private enterprises to have an edge in human resource management, they must adapt to the new era development trend of human resource management, avail themselves of their advantages, and take effective measures to strengthen human resource management, thus becoming a strategic business partner. Only through the improvement of human resource management, can private enterprises improve its effectiveness, so as to stand in an invincible position in a highly competitive market economy.

Therefore, how to strengthen and perfect human resources management of private enterprises is one issue that needs to be urgently addressed at present in this region and even our country.

2. The definition of human resource management

The function of human resource management (HRM) large organizations involves a wide range of activities, and crucial ones among them include deciding on what staffing needs a firm has and whether to use independent contractors or hire employees to meet these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include management approaches, employee benefits and compensation, employee records and personnel policies. Usually small businesses (for-profit or nonprofit) have carried out these activities themselves because they can't yet afford part- or full-time help.

3. Research on human resource management (HRM) at home and abroad

The initial concept of HRM originates from the western resource of labor. Durkcer (1954) puted a emphasis on the labor force, followed by steady improvement by Schultz(1963) and Beeker(1964). Among them, Beeker set forth the theory of human capital in 1964, which continues to be used until now. During the first half of twentieth century, the basic framework of modern personnel management theory has been formed under the guidance of scientific

management and organization behavior represented by Taylor. HRM, which appeared in the early 1970s, took place of personnel management. Later on, there are lots of researchers who contributed to HRM, such as Buraek and Smith, Foulkes and Livernash(1982), Klatt, Murdiek and Sehuster(1985), FISher, Sehoenfeldt and Shaw(1990), et al. In the 1980s, HRM was continuously adapted to the development of the market economy and corporate culture, and at the same time there had appeared issues such as whether business goals were suitable, in which way for firms to achieve the corrected aims, and the fact that senior personnel executives or human resource managers were more and more involved in the discussion of the direction of business development.

After the second world war, the speedy development of Japanese economy gave a impetus to the research on HRM. Countries all over the world amazingly discovered that the soar of Japanese economy didn't lie in the fact that rather than traditionally attaching single importance to material factors such as production, products, quality, etc., people put their emphasis on HRM. For the moment, the concept of HRM has been lifted to the strategic level. Jeffrey, Mello, Raymond, A. Neu, Wayne, Robert and others emphasized that a wide range of guidelines and policies related to HRM should be combined with business strategy, and become an important part of corporate strategies and an indispensable pillar of realizing other parts of firm's strategies, thereby proposing the concept of SHRM. The strong empirical characteristics of HRM pre-determine that its development and creation is greatly influenced by the degree of business development. Enterprises in developed countries have been practically groping for the rules of SHRM and the methods of how to be combined with business strategies in order to gain a bigger competitive advantage.

The HRM function and HRD profession have undergone tremendous change over the past 20-30 years. Many years ago, large organizations looked to the "Personnel Department," mostly to manage the paperwork around hiring and paying people. More recently, organizations consider the "HR Department" as playing a major role in staffing, training and helping to manage people so that people and the organization are performing at maximum capability in a highly fulfilling manner.

Humans are an organization's greatest assets; without them, everyday business functions such as managing cash flow, making business transactions, communicating through all forms of media, and dealing with customers could not be completed. Humans and the potential they possess drive an organization. Today's organizations are continuously changing. Organizational change impacts not only the business but also its employees. In order to maximize organizational effectiveness, human potential—individuals' capabilities, time, and talents—must be managed. Human resource management works to ensure that employees are able to meet the organization's goals.

The country has been using the concept of HR. The concept of human resource management has been spreading in a rapid way. Wang Tongxun, an expert on science personnel, speaks volumes for the importance of HRM and the talent cultivation; Zhao Shuming et al, with Nanking University, made a comparative research on the system of HRM in various nations, introducing the indices of human resources invented by Schuster, and conducted a comparative study on the current condition in various kinds of enterprises. Wang Yulan et al. proposed a counter-measure scheme of HRM associated with contemporary firms; Wang Qun et al studied sci-tech talents from the angle of the talent ability and comprehensive quality, and according to a large amount of testing and assessment, established the multi-layer, dynamic and multi-dimensional checking on sci-tech talented people, and the expert system of optimizing groups.

But because of the later introduction of SHRM into this nation, it is still at the stage of waiting to be improved. The long-run history of planning economy has made reform in state-owned enterprises go through a comparatively protracted exploration, and the development of private enterprises has been made tardy; with the reform of "three terms of institution" and the transformation of business operation mechanic, a new opportunity has been brought into HRM, making lots of improvement in introduction, retaining, and training of talents. However, HRM in the country is yet in the phrase of learning from foreign advanced practices due to the inertia effect of macroeconomic environment and conventional system of personnel management, and the HRM differences (for instance, differences in culture, policies and regulations, market environment, etc.) must hinge on digestion, improvement, innovation of overseas practices, and combined with property rights system in transition, inject it in the process of the actual management and lift it to a strategic level. As a result, the emphasis and implementation is imperative, and the key is to take concrete measures as soon as possible to put in place SHRM, such as in institution and status. In the meantime, close attention ought to be paid to the fluctuations in social environment.

4. A overview of the current situation of HRM in SMEs

There is a wide distribution of SMEs in almost all kinds of industries, which deal with processing and manufacturing, services, wholesale and retail, agriculture, forestry, animal husbandry and fishery, construction, logistics, catering industry, IT industry, etc. According to 2007 statistics released by Beijing Municipal Development and Reform Commission, high-tech industries accounted for less than 2 percent of aforementioned sectors. Most of SMEs concentrated on traditional industries with main characteristics of the labor-intensive sector, and had relatively weak strength of enterprise.

A majority of SMEs have been developing between the system gap of market economy and planning economy at the beginning of reform and opening-up. Influenced by the institutional factors and atmosphere of establishing a firm at that time, the success of starting a business closely linked with entrepreneur's personal charisma, innovation spirit, and special endowment. But the huge chance given by the market in the phrase of institution transfer covers up the defaults existing in the management of SMEs. During this period, a great number of SMEs adopted the person-oriented and kin-dominated management mode, and the entrepreneur's personal charisma and appeal became the main source of cohesion, which played a decisive role in the early cohesion in order to ensure efficient decision-making.

With the deepening of institution reform, rivals faced by SMEs have been becoming increasingly strong and diversified, with competition more fierce, and long gone are the days when market mechanic was depended on to obtain a large number of opportunities. In contrast, former chronic hindrances to SMEs management have been being laid bare, having becoming a shackle to their long-range growth. The main issues is embodied as follows: the conflict between scale expansion and management capacity of firms; serious phenomena of insider control induced by blurry property rights; etc. Those conflicts are prominently reflected in the HRM of interior enterprises.

In implementing the development strategies of SMEs, planning on human resources is often ignored, and there is a lack of consideration of the human resource condition and whether the system of firm's human resources is a effective support to its development strategy, with a result of a mismatch of human resources and business development. Meanwhile, there is utilitarianism in many SMEs, which thinks of staff as a kind of cost rather than resource, and there is a shortage of the concept of development of personnel, training personnel, the rational use of personnel, effective management of human resources. Lack of a strategic planning on HRM is a serious impediment to the realization of firm development strategy, and obsolete concept of talented people makes talent development stay at the stage of the current level. Failure to give full play into human potential and motivate the staff initiative and creativity is extremely detrimental to the business development, with a result of the fact that many firms can't develop in a bigger and stronger way after they have developed to a certain degree.

With the growth in the number of organizations participating in some form of international business, the need for HRM research will only continue to grow. Therefore, it is important for human resource professionals to be up to date on the latest trends in staffing, performance appraisals, compensation and benefits, training and development, employee and labor relations, and safety and health issues— both in the United States and in the global market.

5. Establishment of a Sound Human Resource Base and Corporate Human Resource Evaluation System

A corporate human resource base is created based on its own mobility of human resource. It does not only can grasp the movement of human resource, but also provides human resource structure with systematically classified information, which is the basis for human resource management. Evaluation system of human resource is the key to human resource management, and whether or not the system is comprehensive, forward-looking, practical and able to objectively reflect enterprise management level and current human resource situation has a direct bearing on the effectiveness of human resource management.

5.1 Human resource evaluation system must comprehensively reflect the status quo of various types of human resources and balance of a reasonable structure. The design of human resource evaluation system complies with the development trend of production and needs to be continuously improved and added. It should be adjusted based on the status quo of human resources, vertically classified in accordance with position differentiation, and horizontally classified according to the individual quality of staff engaging in a given post. The staff's team collaboration ability and the overall quality of the team should be considered on the basis of practical production, and the mechanism of competition for posts ought to be gradually perfected. At this stage, uniformity can not be imposed in all cases so that it is conducive to stabilizing the staff thought and improving their own quality.

5.2 The human resource evaluation system must be very operational and forward-looking in order to adapt to the continuous development of production and operation. "Operational" refers to the fact that in designing evaluation system, test methods and assessment process should be made clear and simple as much as possible on the basis of comprehensive evaluation index and test contents, and a combination of the construction production process should be made as much as possible, reducing the psychological impact on staff. They must be favorable to the stabilization of staff, and help to promote the rise in staff's overall quality and ability. "Forward-looking" implies that in designing evaluation system, the advanced development should be thought of as a starting point, and in accordance with the planning objectives of enterprise, the potential that human resources should be equipped with should be formulated.

5.3 The design and use of human resource evaluation system

5.3.1 Human resource evaluation system design.

First of all, enterprises should create human resource assessment center out of human resource management department, whose main task is to provide an internal market for a reasonable and orderly flow of internal human resources, is responsible for all corporate human resource assessment, job evaluation and training and development of human

resources, and comprehensively evaluate the technical inputs and output of professional and technical staff, as well as evaluation, assessment and determination of economic and technological indicators. Secondly, businesses should draw up "human resource evaluation, assessment, examination methods" and "job evaluation table" suitable for the actual situation. Job evaluation and technology assessment ought to be imposed on staff in a systematic and comprehensive way, and evaluation and assessment report formed accordingly. This report can be used to re-divide staff's posts and determine the nature of their work, which is the basic information of wage distribution.

"Human resource evaluation, assessment, examination methods" should focus on the design and evaluation of job system. Posts ought to be assigned on the basis of institutions, engagement by one employee in more than one post encouraged, and control and incentive conducted according to remuneration. As an integral part of "human resource evaluation, assessment, examination methods", "Job Evaluation Comparison table" horizontally evaluates the individual quality of human resources, which should be designed from the level of moral self-cultivation, personal comprehensive ability, and individual potential, as well as qualifications and other qualifications. There should be a longitudinal analysis of the importance of jobs, qualifications required, the degree of potential to be exerted, and so on.

5.3.2 Utilization of human resource evaluation system

According to the details on "human resource evaluation, assessment, examination methods" and "job evaluation table", planning charts can be implemented and prepared, and vertical and horizontal evaluation of the work carried out at the same time to prepare the accumulation of evaluation and analysis data. At the same time, there should be a recording of the amendment rate of evaluation index. In the first use of human resource evaluation system, middle-level and grass-roots management and service jobs should be ranked as key positions, placing extra emphasis on the efficiency evaluation. In accordance with the labor standards and related technical standards, physical and skill level must be evaluated for operation and implementation positions. Extra importance should be attached to the evaluation of skill level in the light of professional qualifications and staff structure.

6. Conclusion

With the implementation of human resource evaluation system, companies must set up corresponding price of wage standards, in accordance with the realized evaluation results, and otherwise, the evaluation of human resources will become a mere formality. In short, with the implementation of the scientific enterprise system evaluation system of human resources, human resources do not only promote the improvement of the overall skill level and stimulate the production of active employees, but also are able to promote the improvement in management of enterprises, and comprehensively improve the management level of enterprises, thereby enhancing market competition force.

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