

What Do You Want from Me?

Employers in China Need to Better Understand How to Retain Staff

By Eva Krotoschak and Zarah Kleine

Qualified employees are an integral part of any successful company; this is as true in China as anywhere else. Yet despite the country's vast population, businesses – both domestic and foreign – often decry the lack of suitable talent to staff their offices. Even when good staff can be found here, they are notoriously difficult to retain – employee turnover rates in China are much higher than in economies of similar stature. Therefore, the so called “war for talents” leads to a need for sophisticated human resources (HR) strategies and tools that attract and retain the right staff.

China's employment pool suffers from a lack of internationally experienced employees. Those who are adequately qualified can choose from a wide range of offers. Up to now, most local and multinational companies have reacted to this by offering higher salaries, leading to the phenomenon of salary boosting in recent years. This is one of the reasons for the conspicuously high employee turnover rate. But is there no exit from such a vicious circle? What could be the alternatives for companies striving to attract and retain talented employees in China?

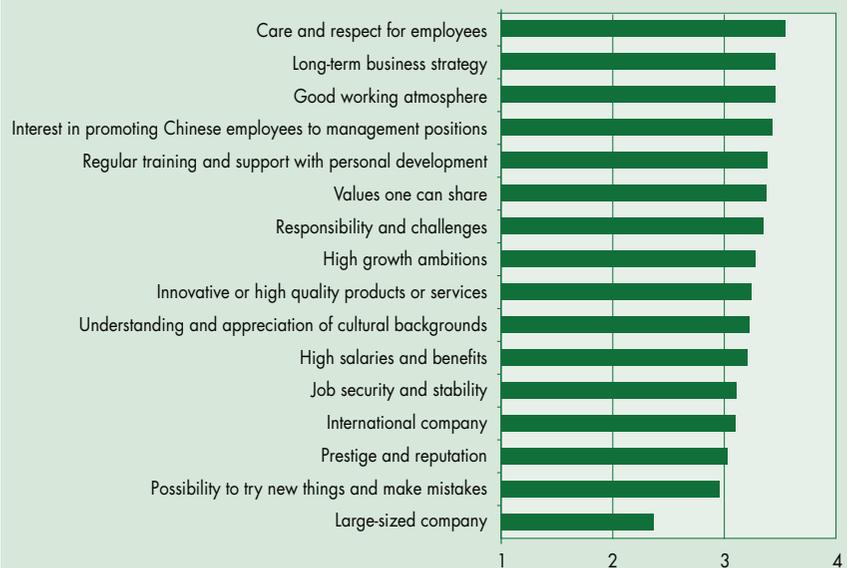
Not Just About the Money

The common belief held by most foreign companies is that for Chinese staff nothing but money counts. This belief has led some to superficially observe that Chinese workers delight in moving quickly from one company to the next. This is far too simple and could not be more wrong. Only by truly

understanding the motivations of an employee can an employer stand any chance of keeping him or her.

For the participants of a survey conducted by HR firm Interpool Personal, money is not the main driving force when moving from one company to another. The survey polled well-educated white collar workers with international experience between the ages of 20 and 49. For them, soft factors like the perceived respect for the employee and a good working atmosphere have a much bigger influence on the decision of whether to stay in a company or not. So how can a company attract employees and keep them for the long term without paying exaggerated salaries?

Top Factors that Chinese White Collar Workers Look for in a Company



Source: Interpool

Chinese employees want to be respected by management; they want their skills and efforts to be appreciated by their superiors and to feel cared about. Additionally, a positive working atmosphere is crucial to motivate and retain staff. Furthermore, Chinese want to learn and develop their skills so that they can be promoted to higher positions. Even business strategy and company values are more important than salary and benefits.

Although a competitive and suitable salary cannot be disregarded, there is more to the decision of an employee to leave than meets the eye of many HR managers. If a company's working atmosphere, career development, and management style are attractive, then that company has a good chance of retaining its employee, even if another company promises to pay a higher salary.

Show Me Some Respect

Some of these results might not be surprising, and some might be similar to the situation in other countries. Care and respect, a good working environment, and the chance to develop further are also the main reasons to stay with or leave a company in Russia, Germany, or the US. So, superficially seen, there seem to be no obvious culturally motivated differences as to why people move on in their careers and what they expect from their employers. However, it is not enough just to know that Chinese employees want to feel respected: Businesses need to understand how to make them feel respected.

Respect is deeply influenced by culture, and the way someone shows respect or feels treated respectfully is highly dependent on social learning. Consequently, it is important to know what respect means in the frame of the according culture and through which behaviours, symbols, gestures, words, etc. respect is shown.

Take a company training course as an example. Participants normally tend to show respect and interest towards the trainer. In a more direct culture (eg, Germany) this would probably happen through eye contact with the teacher, questions, comments, and gestures such as nodding. In China, since communication is much more indirect regarding giving and losing face, participants tend to show respect through not giving critical comments, and not asking direct questions (since a question, for example, could already disregard the teacher's didactic ability).

Respect, to give a second example, is an important consideration when it comes to understanding hierarchy, which is strongly embedded in Chinese culture. The superior assumes a kind of parental role. In a business context, he or she bears most of the responsibility and gives detailed instructions about what to do. Respect is widely shown by not weighing down an employee with unnecessary or overly-complicated duties. (Should an employee be unable to fulfil a task to a satisfactory level then he or she would normally feel very awkward, which could affect future job performance.) An employee in the US on the other hand would probably feel respected if given a broader scope of responsibility as it would give him or her to a chance to prove him- or herself in a challenging situation.

What these examples show is that a business always has to adapt its retention management methods according to the culture it is operating in, especially when it comes to behaviour in daily routine. While respect is as important to a Chinese employee as it is to a German one when deciding whether or not to stay, how a manager of company shows respect is dependent on the local culture. Taking culture into account shows that the understanding of respect and expected behaviour is different. Consequently, the same retention management approaches that work in the US cannot be applied to China.

A Society in Motion

While the aforementioned retention management parameters reflect the HR environment within each company that can be controlled by an employer, it is also worth looking at the external factors that influence Chinese employees and how businesses can use them to keep staff.

China is still a family-oriented society – less than it once was but more so than most Western nations. Providing family-wide benefits, such as offering private healthcare insurance schemes, can tap into the “family values” held dear by staff. This is especially important in a country such as China which lacks a reliable social welfare system. Paying or subsidising school fees is a proven retention method in China. At the very least an employee will stay with the company for the duration of the sponsorship.

A stable job and a good position are naturally attractive propositions, especially so in China (and many other Asian nations), where a great deal of significance is still attached to social status – often reflected in a job title. For that reason, providing employees with training or education and the chance to progress up the career ladder is another motivating factor.

Chinese society is obviously changing. Beyond the superficial changes (clothes, lifestyle choices, food habits, etc.) young and dynamic Chinese want to “make a difference” at work. They are no longer content with the stifling consensus culture that demands obedience and compliance in exchange for a slightly better view of an employee in the eyes of a manager. They believe in meritocracy, an environment in which workers are happy to take on additional risks and responsibilities in the knowledge that their hard work has a much better chance of being recognised and rewarded.

Factors such as proximity to family and a position with prestige and reputation do not have as much influence on the decisions of well educated white collar workers as they used to have. However, it is easy to get carried away. These changes, while potentially huge, have yet to revolutionise China's company culture.

A foreign company would most likely find it easier to foster the kind of meritocratic environment found in the West than its local counterparts. While still not big, the number of Chinese employees willing to embrace such a competitive work place is growing, particularly the number of those young managers who have worked or studied abroad. More importantly, the recent

financial crisis has unnerved many. It is increasingly difficult for young Chinese to find work. At times of uncertainty, people look for security, and for job security there is nothing better than working for the state. Until the employment situation stabilises, private sector and foreign companies will be competing with state-owned enterprises and increasingly with Chinese authorities for top talent, and this includes blue chip multinationals.

Bundle Your Incentives

A good salary is still important, of course, but more often that not is serves to attract an employee for a short period of time. Retaining Chinese employees requires an overhaul of traditional retention methods in the context of the local culture.

The interview stage is a great time in which to build the foundation for retaining a future employee. It allows a business to engage in culturally-aware communications that clearly define the career paths on offer. This can help to reduce misunderstandings and manage the expectations of the candidate. It also moves the emphasis away from the pay package. Like with any company in any country, a business in China needs to sell its story – from office culture to corporate values.

As the competition for qualified talent heats up in China, only those companies that embrace the needs of employees (while balancing them with their own demands and resources) will be able to create a stable and valuable workforce. ■

Profile

Interpool is an internationally focused HR Consultancy with its head office in Berlin, Germany. With our services – Recruiting, Training, and Strategic Consulting – we advise companies on the HR side on globalisation processes. We follow an integrated approach by paying special attention to the companies' corporate culture at headquarters and affiliates. In particular and just to name a few of our activities, we prepare expatriates for their stay abroad, conduct intercultural trainings and team buildings, conduct global recruiting processes, and consult international employer branding strategies. Eva Krotoschak studied Cultural Studies majoring in Business Administration and Communication Science. As managing director of interpool she covers the fields of recruiting, intercultural training, and strategic HR consulting. Zarah Kleine is a graduate in Business Administration, Chinese and Intercultural Communication. In China she worked as a point of liaison for Chinese and German companies. At interpool she supports recruiting projects and intercultural trainings.



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