

Human Resource Strategies in Post-WTO China

David Ahlstrom ■ Sharon Foley ■ Michael N. Young ■ Eunice S. Chan

Executive Summary

China's rapid economic growth has presented numerous opportunities and challenges for foreign firms there. As firms have increased their presence in China, their concerns are increasingly focused on implementing successful human resource management (HRM) practices. To shed light on effective HRM for foreign firms in China, we conducted interviews with senior managers, private equity specialists, and management consultants there. Using a framework of human resources deliverables, we propose several keys to successful HRM in China. HRM is crucial for firms' success in post-WTO China, and managing human resources there poses distinctive challenges to commonly held "Western" assumptions about effective HRM. © 2005 Wiley Periodicals, Inc.

INTRODUCTION

How do firms maintain their competitive and operational edge when doing business and hiring workers in the challenging environment of a transition economy? More and more managers of foreign firms and joint ventures are facing this test as companies increasingly globalize their operations (Ahlstrom, Bruton, & Chan, 2001; Peng, 2000; Shleifer & Treisman, 2001). China's entry into the World Trade Organization (WTO) has sparked additional interest in this question as well. The set of challenges faced by foreign firms entering China today differs from those faced by the first wave of foreign firms entering China in the late 1970s (Ahlstrom et al., 2001; Peng, Lu, Shenkar, & Wang, 2001; Wong & Maher, 1997). Whereas

David Ahlstrom is a professor of management at The Chinese University of Hong Kong. He teaches organizational behavior and international relations for global managers. His research interests include strategic alliances and entrepreneurship in Asia (ahlstrom@cuhk.edu.hk).

Sharon Foley is an assistant professor of management at Drexel University where she teaches organizational behavior and human resource management. Her research interests include diversity in organizations, workplace fairness, and work-family conflict (sf46@drexel.edu).

Michael N. Young is an assistant professor at The Chinese University of Hong Kong where he teaches strategic management. His research interests include corporate governance in Asia and state-owned enterprise reform in China (michaely@baf.msmail.cuhk.edu.hk).

Eunice S. Chan is a senior consultant with Cap Gemini Ernst & Young, where her work centers on organizational change and implementing new business systems. Her research interests include corporate turnaround and human resource management (eunice.chan@cgey.com).

China's entry into the WTO has increased the urgency for further legal and commercial reform.

the earlier set of concerns tended to focus on “hard” issues such as infrastructure and a lack of foreign exchange (Harding, 1987; Mann, 1997), recent emphasis has been placed on “softer” human resource challenges (Bjorkman & Lu, 1999; Schlevogt, 2000; Wong & Law, 1999; Wong & Maher, 1997). Researchers and consultants working in China have recently argued that human resource management (HRM) problems represent an increasing concern for Chinese senior executives in the PRC (e.g., Ahlstrom et al., 2001; Hoon-Halbauer, 1999), perhaps outweighing other problems (Bjorkman & Lu, 1999; Chen, 2001, p. 170).

China's entry into the WTO has increased the urgency for further legal and commercial reform (Ahlstrom, Young, Nair, & Law, 2003; Becker, 2000; Panitchpakdi & Clifford, 2001). This historic event has ushered in a major “third wave” of growth and reform, following those of the 1980s and 1990s (Schlevogt, 2000). China's top leaders hope that China's WTO accession will speed up economic and legal reform and prevent progress from stalling (Powell, 2001), forcing firms to adjust more rapidly in several areas (Nolan, 2001; Panitchpakdi & Clifford, 2001). Managers need to understand the challenges emerging from China's increasingly rapid economic transition, particularly in the area of creating effective HRM systems in order to compete at home and abroad (Chen, 2001; Powell, 2001; Schlevogt, 2001a, 2001b; Wright, Mitsuhashi, & Chua, 1998). Indeed, in a recent survey of senior executives from multinational corporations with substantial experience in China (BASF, IBM, PricewaterhouseCoopers, and others), respondents cited localization of management and developing employee skills as their main HRM challenges (Chen, 2001, p. 170). Managing this localization process is quite important, as firms in China will likely hire many new employees with little exposure to a market economy, including numerous laid-off state-owned enterprise (SOE) employees and surplus rural labor (Ding & Warner, 2001; Naughton, 1996; Panitchpakdi & Clifford, 2001; Steinfeld, 1998; Wong & Law, 1999). This localization challenge has come to be known colloquially in China as “handling the state-owned enterprise mentality.”

In this article, we focus on HRM practices in China in the face of changes brought by the accelerated reforms and the increasingly competitive environment (Liu, Liu, Wang, & Woo, 2001; Panitchpakdi & Clifford, 2001; Schlevogt, 2000). Recent research suggests that HRM practices must be modified to fit China's unique cultural and institutional context (Ahlstrom et al., 2001; Ding, Goodall, & Warner, 2000; Ding & Warner, 2001). To examine how

this can be done, we employ Ulrich's theoretical framework of deliverables of effective HRM (Ulrich, 1997, 1998; Ulrich & Smallwood, 2003). This framework includes: (1) administrative efficiency, (2) employee contribution, (3) strategy execution, and (4) capacity for change. Using this framework as a point of reference, we interviewed 16 individuals for this study. These included senior managers, management consultants, and private equity specialists, all working with foreign companies in China. They were asked about the HRM practices there. We also asked them to discuss the main HRM challenges currently facing foreign firms in China, with a particular focus on the problems in managing numerous local employees with little or no experience working in a competitive work environment. The findings suggest that the conventional "Western model" of HRM may not fully capture the HR challenges facing firms in China (Schlevogt, 2001a) or in other transition economies (Kamoche, 2001). HR managers need to carefully respond to the culture and context of post-WTO China to develop effective HRM systems (Ding & Warner, 2001; Lewis, 2003; Schlevogt, 2001a, 2001b).

In recent years, HRM challenges have increasingly taken center stage in China and in other transition economies.

In addressing these issues, the next section of this article provides a brief outline of China's process of opening up to the world, with special emphasis on specific HR challenges faced by foreign firms there. Section three adds several WTO-related problems and opportunities. Section four introduces the theoretical framework used in this article, followed by a discussion of methodology in the fifth section. Section six presents the interview findings, structured around the four HRM deliverables. Finally, implications of the findings for HRM in China are discussed, and suggestions for future research are addressed.

MANAGEMENT CHALLENGES IN CHINA'S TRANSITION ECONOMY

In recent years, HRM challenges have increasingly taken center stage in China and in other transition economies (Ahlstrom et al., 2001; Chen, 2001; Ding & Warner, 2001; Kamoche, 2001; Schlevogt, 2001a, 2001b). Many older employees in China grew up during the upheavals of China's Great Leap Forward and the Cultural Revolution (Chen, 2001; Tsang, 1994). The attitudes of this broad cohort were heavily shaped both by these events and the "iron rice bowl" policy of the day whereby employees had the right to lifetime employment and a range of social services (Ding & Warner, 2001). Partly as a result, Chinese organizations were often overstaffed (Glover & Siu, 2000), and employees felt they were

When foreign firms started returning to China in larger numbers in the 1980s, they encountered many difficult HR-related problems that required immediate attention.

largely in charge (Ding & Warner, 2001; Mann, 1997). The Industrial and Commercial Bank of China, for example, recently had about one million employees; this was thought to be ten times the number they needed to run the bank efficiently (“U.K. Scheme Breaks China’s HR Mould,” 2000). In addition, although many of the old Statist policies have been abandoned, vestiges remain and continue to affect the attitudes of some managers and local employees (Child, 1994; Ding & Warner, 2001; Weldon & Vanhonacker, 1999; Wong & Maher, 1997).

The concept of HRM was largely absent in China prior to the return of foreign firms in the 1980s (Child, 1994; Ip, 1994); young people were usually assigned to jobs by the state, and the HR function was purely administrative in nature (Ding & Warner, 2001; Gittings, 1995; Lewis, 2003). When foreign firms started returning to China in larger numbers in the 1980s, they encountered many difficult HR-related problems that required immediate attention (Ahlstrom et al., 2001; Ahlstrom, Young, & Nair, 2002; Mann, 1997). For example, early reports from joint ventures in China found that employee productivity was much lower than expected; employees were commonly late, were unmotivated and difficult to train, had virtually no valuable skills, napped during work shifts, and left work early without permission (Mann, 1997; Warner, 1995; Wong & Maher, 1997). It was also common for workers to ask managers to spend time and company resources helping them with personal problems (Boisot & Child, 1988; Child, 1994; Mann, 1997). One senior HR manager of a multinational consumer products firm in China commented on this mentality, which can still trouble HR managers today:

Workers from state-owned enterprises still think that the factory boss should be their uncle; responsible for any and every personal problem they have. If someone’s wife gets sick, that person will want the factory boss to help get her to the doctor. Then it is expected that the boss will call the doctor to check that things are OK. They often want time off to take care of personal affairs. Imagine how many times workers would go home early or take a day off if they can use any excuse? If the boss does not appear helpful and supportive, the workers will complain to their boss’s superior—and this can cause problems. Some workers almost feel that they are in charge of the workplace.¹

These types of problems are still evident in contemporary China (Ahlstrom et al., 2003; Warner, 1999). The WTO agreement exposed China to unprecedented foreign competition in most industries. The agreement covers all agricultural products, industrial

goods, and service areas. Industrial tariffs, for example, will fall from an average of 25% to 9% by 2005, including a reduction in the tariffs on imported automobiles from 100% to 25% by 2006, and IT tariffs will be eliminated by 2004 (Panitchpakdi & Clifford, 2001). As a result, the Chinese market is more open to competition, foreign goods, services, and investment. The WTO agreement has initiated a “new growth paradigm” that will help allocate resources more efficiently (Panitchpakdi & Clifford, 2001; Young & Tan, 2001).

WTO entry is requiring additional reform in China, including the establishment of a modern enterprise system and commercial law (Ahlstrom et al., 2003; Liu et al., 2001; Panitchpakdi & Clifford, 2001). This has sped up the dismantling of the traditional personnel management system, causing it to be steadily replaced by an employment contract system backed by a new commercial code and regulatory regime and additional enforcement (Lewis, 2003; Lubman, 1999; Warner, Goodall, & Ding, 1999). In this more competitive and dynamic environment, the HR function will be crucial for creating flexible and adaptable organizations and managing the still-problematic legal environment. Building an HRM system and developing employees in China is complicated by the fact that an increasing portion of the labor force available for foreign firms has little experience working in a competitive market environment (Warner et al., 1999; Whiteley, Cheung, & Zhang, 2000). Thus, standard “Western” models of HRM may have to be adapted to China’s culture and changing environment (Ahlstrom et al., 2001; Bjorkman & Lu, 1999; Warner et al., 1999; Lewis, 2003) while capturing several effective local practices (Schlevogt, 2001a; Whiteley et al., 2000; Wong & Law, 1999).

WTO entry is requiring additional reform in China, including the establishment of a modern enterprise system and commercial law.

AN OUTCOMES-BASED CONCEPTUALIZATION OF HUMAN RESOURCE MANAGEMENT

Given that major concerns in post-WTO China will increasingly center on “softer” issues such as organizational flexibility, adaptability, employee development, motivation, and retention (Schlevogt, 2001a, 2001b), HRM practices will need to be proactive (Ip, 2000). For this reason, we have organized our examination of Chinese HRM practices² around the outcomes or “deliverables” of HRM developed by Ulrich (1997, 1998). This framework is designed to bridge the gap between HRM and strategic management as it focuses on outcomes as well as processes. Ulrich defines four generic deliverables for effective HRM; the first two are day-to-day or operational in nature,

while the last two are more future-oriented or strategic in nature: (1) administrative efficiency, (2) employee contribution, (3) strategy execution, and (4) capacity for change. These four deliverables represent “capabilities of competitive companies and must be championed by both line managers and HR professionals” (Ulrich, 1997, p. 19) and include the following:

Effective management of people is achieved by HR practices that include empowerment, promotion from within, and selectivity in recruiting.

1. *Administrative efficiency* results from organizing work such that costs are reduced while quality of HR processes is maintained. If HR is to play an integral role in achieving competitive advantage, it must first oversee day-to-day HR operations efficiently and effectively (Cauldron, 1999). In addition to improving its own efficiency, HR must improve firm efficiency by causing employees to rethink how work is performed throughout the entire organization.
2. *Employee contribution* increases when employees are committed, competent, and able to produce results and innovate. “High-commitment strategies” refer to relational HR practices such as employment security, high wages, and employee participation, which focus on treating employees as individuals (Wood, 1995). Enhancing the value of a firm’s human resources through factors such as increasing commitment can enhance firm performance, particularly in an environment of rapid change (Schlevogt, 2001a; Welbourne & Cyr, 1999). Effective management of people is achieved by HR practices that include empowerment, promotion from within, and selectivity in recruiting (Pfeffer, 1994). Firms incorporating these high-performance work practices experience increased firm profitability and market value (Huselid, 1995), which may be particularly helpful for retaining key personnel in China (Schlevogt, 2001a).
3. *Strategy execution* is enhanced when HR works together with managers to convert business strategy into action on the front line. The focus of these processes is on aligning all of the organization’s various HR practices and policies and gearing them toward execution of the overall strategy. HRM practices can enhance firm competitiveness and performance when they are “strategic.” In simple terms, they can contribute directly to the bottom line (Beatty, Huselid, & Schneier, 2003; Huselid, 1995; Pfeffer, 1998).
4. *Capacity for change* is increased when an organization’s routines, culture, and management encourage employees to adapt, learn, and act quickly, sometimes on their own. To achieve this, corporate cultures should advocate risk taking and speed;

management must reward employee flexibility, responsiveness, and willingness to adapt, innovate, and learn (Dess & Picken, 2000; Schlevogt, 2001a). Our basic proposition is that foreign firms utilizing Ulrich's basic HRM deliverables framework—with modifications to suit the Chinese environment—will be best able to make the adjustment to the post-WTO environment in managing local employees.

METHODS

Research Design

To examine how firms are managing human resources in response to China's changing environment, we conducted 16 semistructured interviews with senior managers, management consultants, and private equity specialists, all based in China, with extensive experience with the HR function. Interviews were chosen over a survey instrument for several reasons. First, because the treatment of human resources in China is a sensitive topic, top managers, even from foreign ventures, are often reluctant to fill out questionnaires. Thus, face-to-face interviews were conducted on conditions of anonymity. Second, it is difficult to identify a random sample of foreign firms in China; the response rate from managers in such a random mailing would likely prove inadequate (Abramson & Ai, 1999). Third, interviews are less structured than surveys, allowing for an unprompted discussion of problems and solutions as they arise. This allows for follow-up questions on the topic and development of recommendations that have practical value (Frey & Oishi, 1995). Fourth, interviews provide elaborated information that can be used as a basis for action research and clear guidelines (Stringer, 1999), as well as for developing hypotheses, questionnaires, or supplying otherwise neglected details (Abramson & Ai, 1999; T. W. Lee, 1999). Finally, interviews allow for deep penetration into a topic. The interviews were open-ended, but a standardized questionnaire was used to provide commonality without overly restricting the parameters of the interviews.³ While a small sample of cases can create questions of validity, such rich qualitative information is ideal for building insight in a new and rapidly changing area such as HRM in China (T. W. Lee, 1999).⁴

Sample Selection

Initially, we identified three foreign firms with significant operations in China. Through initial interviews with three China-based senior managers in those firms, we were able to identify 13 additional interview subjects. These included four HR managers, six other senior

While a small sample of cases can create questions of validity, such rich qualitative information is ideal for building insight in a new and rapidly changing area such as HRM in China.

Over the course of the interviews, a consistent picture of human resources in China, structured around Ulrich's HR deliverables, developed.

managers with some responsibility for human resources, one China-based management consultant, and two private equity specialists active in China. The three initial interviewees were China-based country managers for major multinational enterprises (MNEs); all interviewees had a minimum of five years of experience in China and were working in China at the time of the interview.

Guided by our initial framework of both operational and strategic HR deliverables, we developed a series of questions to discover what HR practices foreign firms were using in China. Most of the interviewees were of Chinese ancestry, but the majority had also worked outside of Hong Kong and China. Two of the interviewees were from North America, while another was from Europe. All of those interviewed had some HR responsibility, while the private equity specialists were often responsible for assisting firms with management recruitment and selection. The management consultant also assisted firms locating in China or seeking strategic partnerships and helped them with the selection process and their general HR policies. The 16 interviews averaged just over 90 minutes each, for a total of approximately 26 interview hours. Table 1 summarizes the sample characteristics.

The Interviews

We collected and analyzed the interviews in a manner consistent with a replication logic approach increasingly used in international research (Eisenhardt, 1989; Yin, 2003). Interviews were structured around the HR deliverables discussed earlier; this is consistent with replication logic, as interviews (and other data searches) are conducted to compare and build on a referent model (Eisenhardt, 1989; Yin, 2003). This also helps in identifying key concepts and provides additional clues to the model's application, particularly in a new research site such as mainland China (Strauss & Corbin, 1990; Yin, 2003). We first discussed our initial framework with the interviewees and asked them to assess this in the context of HR in China. At each interview, the model, along with information supplied in previous interviews, was presented to the next interviewee for confirmation, and the framework was updated as necessary. Some follow-up questions were also asked via telephone or e-mail. Thus, over the course of the interviews, a consistent picture of human resources in China, structured around Ulrich's (1997, 1998) HR deliverables, developed.

The interview protocol contained 12 main questions in total, with several follow-up questions for clarifying certain points. The initial questions that guided the building of this understanding were based

Table 1. Profile of Foreign Firms and Subjects Interviewed

Company	Type of Business	Person Interviewed	Time Spent Working in China	Approximate Firm Revenue
1	Consumer food products manufacturer	Human Resources Director	12 years	US\$10 billion annual revenue in 2000
2	Food products manufacturer and distributor	Human Resources Manager	10 years	US\$200 million annual revenue in 2000
3	Consumer product manufacturer	General Manager	10 years	US\$225 million annual revenue in 2000
4	Consumer products retailing	General Manager	20 years	US\$5 million annual revenue in 2000
5	Consulting services to business	Senior Consultant	21 years	US\$2 million annual revenue in 2000
6	Import-export (luxury goods)	Country Manager	8 years	US\$20 million annual revenue in 2000
7	International bank	Private Equity Specialist	4 years	US\$50 billion in assets
8	Private equity firm	Private Equity Specialist	5 years	US\$50 million under management
9	Hotel	Manager	6 years	US\$30 million annual revenue
10	Retailer	Country Manager	6 years	US\$400 million annual revenue in China and over \$25 billion worldwide
11	Retailer	Country Manager of Retail Area	15 years	US\$60 million in China and over \$25 billion worldwide
12	Logistics firm	Country Manager	10 years	US\$20 million annual revenue in China
13	Consumer health & beauty and food products manufacturer	Country Manager	10 years	US\$20 billion annual revenue
14	Consumer health & beauty products manufacturer	HR Manager	13 years	US \$30 billion annual revenue
15	Consumer confection products manufacturer	Senior HR Manager	8 years	US\$10 billion annual revenue
16	Toy manufacturer	Company Managing Director	11 years	US\$2 million annual revenue

on the four categories of HR deliverables. For example, a question was asked about HR practices and their alignment with business goals. The insights provided by each interview subject were compared to what is known about HR deliverables. After each interview, the model of how firms responded to these challenges and what strategies were commonly used was adapted incrementally, based on

the new information provided, and then discussed with the next interviewee for validation. We reviewed our interview notes to identify a group of HR actions that summarized the data and provided illustration for the model.

Selection is one example of an HR process in China that can be crucial for administrative efficiency.

Overall, it became clear from both the insiders (managers) and outsiders (consultant and private equity specialists) that the HR strategies in China, while broadly similar in conceptualization and categorizations, differed from that of the West, particularly in their implementation. The respondents placed particular emphasis on certain key differences in China regarding recruitment, selection, training, and retention. We detail these responses in the next section and highlight similarities and differences from HRM in the West.

FINDINGS

Operational Issues

Efficient Administration. The HR function can act as an “administrative expert” in directing the firm’s human resources efficiently (Bartlett & Ghoshal, 2002; Ulrich, 1997, 1998). Selection is one example of an HR process in China that can be crucial for administrative efficiency. Our sample noted that in addition to hiring certain managers for their connections, they also like to hire young people just out of school before they pick up work habits that may have to be unlearned. Indeed, China’s successful private firms have reported selecting for character—that is, hiring those that do not drink, smoke, or gamble (Schlevogt, 2001a). Several interviewees also stated that local government officials have been encouraging firms to hire extra workers as nearby state-owned enterprises retrench. While firms obviously want to minimize redundant employees and hire only the best workers (Wong & Law, 1999), the managers in our sample argued that there are benefits to “strategic” overstaffing. Some participants pointed to potential benefits from hiring workers from local state-owned enterprises. Although this may add extra costs, the firm may be able to negotiate some reciprocal benefits from the local government. For example, some firms in our sample reported receiving land grants, new buildings, and other rewards largely because of their maintenance of high local employment levels. Firms in our sample also reported (as have many successful private firms in China) that they were able to gain good industry contacts and information by hiring former SOE employees (cf. Schlevogt, 2001a). A local SOE may also be a potentially large customer, or have connections that can benefit the foreign firm, so it may be valuable to work with that SOE

in some way (Peng & Luo, 2000). Thus, for foreign firms in China, efficiency considerations in employee selection should be balanced with the need to maintain good relations with local government officials and key organizations.

Employee Contribution. A useful metaphor for the relational role that HR can play in managing employee contribution is that of the “employee champion” (Ulrich, 1997, 1998). This describes HR’s involvement in the day-to-day lives of employees and is quite consistent in principle with Chinese culture (Chen, 2001). It includes things like listening and responding to employees and allowing them to share their ideas and be innovative in their tasks. When employees’ needs are understood and met, their contribution (i.e., commitment and competence) should increase (Ulrich, 1997, 1998). Systems that allow individuals to voice their suggestions and concerns are viewed as fairer than those that limit them, regardless of the nature of outcomes (Giacobbe-Miller, 1995). These fairness perceptions, in turn, lead to increased levels of commitment and satisfaction (Greenberg, 1996).

In order to better harness employee contribution in China, it may be necessary to change employee mentality, especially that of former SOE employees.

In order to better harness employee contribution in China, it may be necessary to change employee mentality, especially that of former SOE employees. To achieve this, a different approach is needed from what might be taken in the West. For example, Chinese employees associate mistakes with penalties and losing face, and thus can be quite risk-averse (Wong & Law, 1999). This is illustrated in a well-known Chinese saying, “Do less, make fewer mistakes; do nothing, make no mistakes.” Foreign managers in our sample regularly complained that their local employees fear doing anything outside of their job descriptions, thus suggesting it is important that HRM policies be aimed at helping Chinese employees overcome this fear (cf. Beamer, 1998). Former SOE employees may be especially risk-averse (Warner, 1995), and many of our interviewees expressed frustration with this. One hotel executive recalled:

A large group of [Chinese government] officials had checked out very late from the hotel, and there was a long delay in getting the rooms for incoming guests. When the rooms were finally prepared, several hours late, I noticed that our staff gave no apology or explanation [to waiting hotel guests] for the delay. I was not happy with this but decided to observe how they handled the situation. When one angry guest asked the front desk staff the reason for the long delay and why there was no explanation provided, the guests were told that the group had to leave late and the staff was not able to do anything about it. And besides, it was an important group. They wondered why they

should apologize for something that was not their fault or even bother to explain why it had occurred. I realized at that time we had to reassess our training.

Chinese employees who are used to having very specific task instructions may need more regular interaction with managers in order to perform such tasks effectively.

Chinese employees who are used to having very specific task instructions may need more regular interaction with managers in order to perform such tasks effectively. Managers in our sample reported, for example, that production workers had to be shown exactly what constitutes a defective product; little was left to chance. In the training programs, firms would demonstrate as complete a range as possible of specific defects in the product or service. In manufacturing, they tried to show the new hires everything that could go wrong with production; even with relatively simple goods such as handbags and wallets, employees were shown nearly every possible button, fastener, and stitching defect. In the service firms, trainers used extensive customer service role-play and made liberal use of mystery shoppers. Although time-consuming, this training increases employees' contribution to the organization and encourages them to think outside of the standard operating procedures. One factory manager recalled:

Managers must realize that workers in China are rather risk-averse and almost never take any initiative. They will do their jobs exactly the way you have trained them. One time, we got a shipment of metal fasteners to attach to our wallets. Many of them were black when they should have been golden. The line workers used them anyway and no one said a word. A batch of 2,000 wallets was assembled before we caught the problem . . . [and] was ruined because no one spoke up. . . . Now we try to anticipate things that can go wrong and show them ahead of time: "this is good, and that, or anything else, is bad" . . . And we tell them that if they see something that does not conform it is OK to tell the supervisor or stop the line.

The interviewees generally concluded that training programs in China needed to be more comprehensive than comparable programs elsewhere. HR managers in the sample particularly emphasized that training programs should not only teach what to do and how to do it, but also what is wrong and how to fix it. Basically, the managers interviewed agreed that many Chinese workers needed very basic instruction in doing simple tasks and in lending a hand with doing things outside of their job descriptions. When asked how they reconcile seemingly mechanical (and extensive) rules and steps to follow with the idea of working beyond one's job description, the interviewees stated that you have to be patient. One factory manager said that workers would learn their jobs well first and, after some time, could

be encouraged to innovate beyond their job description. A time frame of about one to two years was mentioned for employees to be able to do this. Encouraged by an environment that was supportive and did not punish risk taking, it was also reported that even lower-level workers would take initiative in performing tasks and start to exercise ownership over their jobs.

Strategic Issues

Strategy Execution. The metaphor for HRM's role in strategy execution is that of "strategic partner" (Ulrich, 1997, 1998). Strategic partners participate in the process of defining strategic priorities, including the design of HR practices aligned with the company's strategy (Bartlett & Ghoshal, 2002). In China, strategy development must be closely linked to a firm's network of external relationships (Peng, 2003; Peng & Luo, 2000). This is because China's relational system is still based not on the rule of law (*fazhi*) but largely on the rule by man (*renzhi*) (Ahlstrom et al., 2003; Lubman, 1999). The lack of well-established ground rules allows bureaucrats and powerful individuals to interfere with operations (Chen, 2001; Peng & Luo, 2000; Xin & Pearce, 1996). Certain individuals have the power to stop firms from selling certain products or can compel them to exit an industry altogether.⁵ This power can also vary by region: some provinces in China may be friendlier to certain industries than others (Ahlstrom & Bruton, 2001). Thus, foreign firms need to determine who the relevant influential persons are in that particular location and then build connections with those individuals (Chen, 2001; Luo, 2000) or hire those that already have the needed connections (Ahlstrom, Bruton, & Lui, 2000).

The lack of well-established ground rules allows bureaucrats and powerful individuals to interfere with operations.

The enforcement of existing legal and regulatory codes in China can be inconsistent and arbitrary (Clarke, 1991; Leggett, 2000; Lubman, 1999). Although China is struggling to create a modern legal and commercial code consistent both with WTO requirements and local concerns, this will likely prove to be a long and arduous task (Ahlstrom et al., 2003; Lubman, 1999; Panitchpakdi & Clifford, 2001). Regulations can still be interpreted by whoever is in authority in a given geographic region or by one of the many governmental departments that has jurisdiction over the firm (Ahlstrom et al., 2000; Peng & Luo, 2000; Tan, 1999). Judgments can be arbitrary and based heavily on the personal connections of those involved (Becker, 2000; Lubman, 1999). Thus, many foreign firms find that they must spend considerable time in noncommercial activities, including enforcing their contracts, arranging protection for their

The selection of well-connected individuals in the management team and board of directors is a paramount issue.

assets, establishing rights to physical and intellectual property, securing supplies, transferring funds, and collecting payments (Ahlstrom & Bruton, 2001). Foreign firms in China have to manage these crucial external relationships carefully to facilitate these actions, and the HR function can play a pivotal role in this area. The selection of well-connected individuals in the management team and board of directors is thus a paramount issue (Au, Peng, & Wang, 2000). Observed one senior executive of a major Western retailer in China:

When we first came to China, and started building our stores, we were met by a number of local individuals, sometimes government officials, sometimes not, with some authority insisting that we do certain things and follow certain regulations. In particular, one fire inspector insisted that we purchase a half-million-dollar (U.S.) fire detection system for our new store. We did so without question, as the request did not seem unreasonable. Later we learned that this was unnecessary, based on local regulations. We also discovered that the inspector's [relative] owned the company that supplied us with, and maintained, the system . . . Since then we have been careful to hire people with particular connections . . . This is an important part of our recruitment and selection process for management as we expand.

One means to quickly establish the needed connections is by strategically utilizing the recruitment and selection process. It became apparent in a majority of our interviews that it is not uncommon to ask prospective hires for a list of connections with key officials (cf. He, 1997). Indeed, job advertisements in China often require applicants to have connections with various government bodies and sometimes with key individuals within those organizations (He, 1997, p. 148). As one retailer explained:

We like to hire people with good connections with local governments. Usually they are insiders who can get things done with the city or various bureaus. These people can help you get permits or find out if a regulation to put in a new wall or the purchase of some expensive equipment is really necessary. Their input can also help protect you from interference and surprise tax assessments. These managers spend a lot of time taking officials out to dinner when they show up at our facilities. This can be costly, but at least those expenses are predictable.

By hiring such connected individuals, firms ensure that they have a voice with officials at various levels and in different regions to help overcome difficulties. A related solution mentioned was to open or expand in those areas where the firm has established relations with officials. For example, many Hong Kong businesses have opened fac-

tories in their ancestral counties in Guangdong province, and Taiwanese firms in Fujian province. In such cases, relatives and friends may be available to render assistance (Ahlstrom & Bruton, 2001).

A firm's strategic HR role can help to align HR strategies and practices with business goals. In China, *guanxi* is a consideration that still can override other factors in the selection process. If connections with outside officials are necessary to execute the firm's strategy, then HR practices are able to lend their support. To Western managers who espouse the notions of procedural justice in selection, as well as appraisal and promotion (Greenberg, 1996), this concept of hiring for connections can seem to violate a sense of fair play. In China, such boundary relationships can be crucial for executing strategy, even for large firms (Chen, 2001; Peng, 2003; Peng & Luo, 2000).

A firm's strategic HR role can help to align HR strategies and practices with business goals.

Capacity for Change. HR can also play a somewhat relational "change agent" role across the firm (Ulrich, 1997, 1998). When HR professionals act as change agents, they enhance firm capacity to implement new programs, to change and improve processes, and to transform the culture of the organization. All three types of change are needed in China's post-WTO environment. As both national and organizational cultures in China differ significantly from those of the West (Chen, 2001), foreign firms reported more extensive training programs in China. In addition to giving employees detailed production steps and tight schedules, firms reported that they spent more time on inculcating corporate culture. For example, one major retailer, in transferring its friendly customer service culture to China, was careful to specify what employees were to say to customers who came within three meters of them. Service workers in the travel industry were taught specifics about smiles, handshakes, eye contact, courtesy to customers and coworkers, and even basic hygiene. In addition, many firms included training not only on what to do and how to do it, but also on why things are done and how this fit with the corporate mission. Several in our sample argued that in addition to inculcating firm culture, this also encouraged employees to think and act outside of their job descriptions and work out better ways to do their jobs.

Capacity for change is likely to be particularly critical in the more competitive environment of post-WTO China. Thus, firms will need to examine existing HRM strategies carefully. In particular, HR can act as a valuable catalyst in this transformation by fostering an organization culture that encourages and rewards flexibility and the capacity for change and is tolerant of mistakes. The firm culture should be one in which young, high-potential employees are assigned

to supervisory and leadership positions and then observed for signs of hard work and loyalty. Table 2 summarizes our findings in terms of the above operational issues and strategic issues.

Culture and environmental context should be considered in anticipating how employees may interpret and react to HR practices.

EXAMINING EFFECTIVE HRM STRATEGIES IN POST-WTO CHINA

In recent years, some foreign firms have balked at the numerous challenges, HR and otherwise, present in China and have responded by scaling back operations (Roberts, Barnathan, Moore, & Prasso, 1999; Wong & Law, 1999). China's entry into the WTO has presented fresh opportunities, and while some firms retreated, others are expanding. HRM can play a crucial role in helping firms during this transitional period in China's economy (Schlevogt, 2000, 2001a, 2001b; Weldon & Vanhonacker, 1999). The major outcomes of effective HRM—including strategy execution, administrative efficiency, employee contribution, and capacity for change—should be observed to minimize HR problems. Yet HR practices should be modified to fit China's unique cultural and institutional context. It is important to remember that the Chinese environment requires innovative and sometimes counterintuitive approaches not only because of Chinese culture, but also because of differences from the West in stages of development and a lack of supporting commercial institutions (Peng, 2003).

Research on strategic HRM has been conducted primarily from a Western perspective. Theories on which these studies are based are not equally useful when applied in a Chinese cultural and organizational context, and foreign firms can learn from the best practices of successful private firms in China (Ahlstrom & Bruton, 2001; Schlevogt, 2001a, 2001b). The evidence from this study supports the notion that HRM in China is different in a number of ways from that of the West. Thus, the extent to which HR can contribute to competitive advantage in China may not have been fully captured by the previous research conducted largely from a Western perspective (cf. Whiteley et al., 2000). Culture and environmental context should be considered in anticipating how employees may interpret and react to HR practices. In particular, consideration should be paid to differences in relationship-orientation versus rules-based institutions, and challenges of the legacy of the command economy and the "iron rice bowl" work culture. In a global economy, managers of foreign firms should be prepared to modify HRM practices to fit the unique Chinese context. In addition, Western firms can learn much from the best Chinese companies, and can even emulate Chinese practices that

Table 2. Summary of Findings

	Process Orientation	Relational Orientation
Operational Issues	EFFICIENT ADMINISTRATION: Staffing is often inefficient (costly) and in some cases ineffective (inadequate quality of workers initially)	EMPLOYEE CONTRIBUTION: Employees fear making mistakes and are risk-averse; therefore, training needed to encourage thinking beyond one's job
	Firms are often encouraged to hire unnecessary "extra" personnel; however, "strategic" overstaffing can be used positively in some cases	Employees require high and regular levels of encouragement and interaction with management
	Higher training costs can result from overstaffing, need for basic education of employees, and inculcating firm culture and work habits	More comprehensive training programs than in West usually needed Training on what to do and what <i>not</i> to do
Strategic Issues	STRATEGY EXECUTION: Strategy execution linked to firm's network of external relationships	CAPACITY TO CHANGE: An organization's capacity for change is critical to success in fast-moving China
	Selection of employees can also be based on positive character	Training offered to educate employees on the firm's corporate culture
	Executive selection of well-connected individual to the top management team	Sharing information about the whys of doing something
	Selection of key officials and former government officials in firms located in smaller towns	Employee participation encouraged, mistakes tolerated
	Businesses may be established in locations in which relatives and friends can be of assistance to the firm	HR must work as a catalyst in organizational transformation by fostering a culture that encourages and rewards flexibility and capacity for change
	Recruitment, selection, and training, as well as rewards, performance appraisal, and promotions, need to support the cultivation and maintenance of strategic connections with those outside the firm	HR can help employees to understand and implement corporate mission

are innovative and that work in practice in China (Chen, 2001; Schlevogt, 2001b).

There are several specific recommendations for HRM in China that were identified by the study participants. First, employee recruitment and selection in China have a number of distinctive aspects that need to be taken into account. Firms in our sample sometimes based hir-

Managers of foreign firms operating in China should reexamine their inputs to the strategic HR framework developed in the West.

ing decisions on both background and connections. Prospective hires are commonly asked to provide a list of connections and the nature of those connections with key officials. Some firms even recommended hiring former government officials or important people to help manage affairs with the city or provincial governments. In China, given the weak rule of law and people's preference for dealing with those they know—the continuing primacy of *guanxi*—implies the need to hire management with local connections. This still plays an important role in the recruitment and selection process, even for influential multinational firms.

Second, foreign firms in China should also expect local governments to ask them to hire as many people as possible, especially if a nearby state firm is being restructured. Foreign managers should realize that the benefits of carrying extra workers from the state enterprises might outweigh the costs. Doing this can help the firm obtain important concessions from the local government, build key connections, or acquire important industry information.

In addition, foreign firms in China reported developing training methods such as giving employees very detailed conformance parameters for relatively simple goods as well as very tight work schedules. For service workers, codified customer service approaches were regularly specified, especially the importance of seeing the service experience through to its conclusion. Such detail would seem excessive to most employees and managers from the West. New employees are also provided training in confronting problems, even those outside of their job description. Employees are not only trained on what to do, but also on what not to do, along with the reasoning behind actions, and thus are given room to learn their jobs well and innovate beyond their job description.

Managers of foreign firms operating in China should reexamine their inputs to the strategic HR framework developed in the West. Established management frameworks are useful as a starting point for approaching HRM, but HR managers in China need to consider the different application of certain aspects of HR in the Chinese context and thus should be prepared to make necessary modifications.

LIMITATIONS AND FUTURE RESEARCH

A homogeneous model of HRM in organizations in China does not yet exist. Enterprises are reforming their HR systems based on their individual corporate cultures and increasingly on local context

(Schlevogt, 2001a, 2001b). In addition, the region where the firm locates can play a role in who can be hired and how their HR system will be configured (Ding et al., 2000; Schlevogt, 2001c). All of our interview subjects came from foreign firms located in southern China. As other regions of the country were not part of the sample, generalizing the results to all of China may not be appropriate; such conclusions would be tentative at best. HRM with Chinese characteristics (e.g., Warner, 1995) may be accurate for some enterprises, but fails to recognize the ongoing nature of change within these enterprises or unfolding regional differences in China (Schlevogt, 2001c). To improve external validity, future research should be composed of foreign firms that are more widely distributed around China's North, South, and West.

It is difficult to overestimate the importance of WTO entry to China's current and future economic landscape.

In addition to regional differences, cultural values still influence the current behavior of management in China (Chen, 2001). Traditional commercial practices in China are feeling pressure from economic transition and reform and the weight of market imperatives (Peng, 2000; Schlevogt, 2001a). For the time being, however, foreign firms report that *guanxi* is still important for hiring (He, 1997), for locating key customers (Peng & Luo, 2000), and for dealing with government officials (Ahlstrom et al., 2000; Chen, 2001). Changes will likely make *guanxi* less important with time as the legal infrastructure and regulatory regime improves and firms are forced to become more competitive (Peng & Luo, 2000; Schlevogt, 2000). Future research needs to weigh these issues against the prevalence of *guanxi* for determining organizational behaviors.

CONCLUSION

It is difficult to overestimate the importance of WTO entry to China's current and future economic landscape. Many analysts assert that accession to the WTO will prove to be the most important economic and political event in China since Deng Xiaoping launched his groundbreaking economic reforms in the late 1970s. If handled well, the WTO's terms will help China become more competitive, modern, and economically open (Nolan, 2001). If managed inadequately, China could see an increase of rural poverty and possibly a weakening of central control similar to Indonesia (Liu, Hirsh, Pappas, & Esaki-Smith, 1999).

Among the WTO's effects are increased competition, a shrinking state sector, and a changing legal landscape, all of which will require organi-

zations in China to be more flexible and adopt creative HR practices to fit the new environment. From our research, we can see that inflexible rules, poorly defined objectives, slow decision making, and a limited strategic role for HR managers need to be addressed. These matters are all related to key commercial and political issues facing firms in China such as improving selection, retention, and promotion methods within firms as well as external institutions, such as the rule of law. In other words, changes at the enterprise level are important, but significant changes are also required at the institutional level (Steinfeld, 1998). In that sense, further economic and political reform is necessary for guiding a more effective enterprise reform agenda. HR policies that ease the transition of employees from state firms to foreign joint ventures and other private firms, provide pay for performance, offer promotion based on merit, and give employees room to innovate can become a key part of the process that will improve the chances of a smooth transformation of the economy in China under the WTO.

Appreciation is expressed to C. M. Lau for helpful comments and suggestions on an earlier version of this article.

The work in this article was partially supported by a grant from the United College Endowment Fund Research Grant for 2002/2003, United College, The Chinese University of Hong Kong.

NOTES

1. Prior to China's economic reforms, workers, particularly in the larger factories, had a great deal of authority over how a plant was run and over rules and discipline (P. N. S. Lee, 1987; Vogel, 1971). In China's state-owned enterprises, this participative authority still exists in a reduced form and can have a lasting impact on employee attitudes there.
2. We use the terms *HR* or *HRM* interchangeably in reference to the HR department, HR professionals, or HR practices (recruitment, selection, performance appraisal, compensation, etc.), regardless of who is responsible.
3. This interview method is known as a funnel technique and is often used with replication logic (Eisenhardt, 1989; Frey & Oishi, 1995). A funnel interview is structured so initial information provided in an interview serves to help verify existing categories or create new ones. It also helps direct the interviews through follow-up questions to a finer level of detail (Frey & Oishi, 1995). This technique is effective in gathering information about key events and firm operations, sometimes starting from a common model. Thus, it is also useful for examining cross-cultural differences, especially when starting from a normative model (Ahlstrom & Bruton, 2001).
4. Information about the interview questions can be obtained upon request from the authors.
5. The cases of direct marketers Amway and Avon being ordered to stop their direct selling activities in China are but two of many such examples (Chan, 1999).

REFERENCES

- Abramson, N. R., & Ai, J. X. (1999). Canadian companies doing business in China: Key success factors. *Management International Review*, 39(1), 7-35.

- Ahlstrom, D., & Bruton, G. D. (2001). Learning from successful local private firms in China: Establishing legitimacy. *Academy of Management Executive*, 15(4), 72–83.
- Ahlstrom, D., Bruton, G. D., & Chan, E. S. (2001). Human resource management by foreign firms in China: Solving the human resource quandary of managing host country personnel. *Business Horizons*, 44(3), 59–68.
- Ahlstrom, D., Bruton, G., & Lui, S. S. Y. (2000). Navigating China's changing economy: Strategies for private firms. *Business Horizons*, 43(1), 5–15.
- Ahlstrom, D., Young, M. N., & Nair, A. (2002). Deceptive managerial practices in China: Strategies for foreign firms. *Business Horizons*, 45(6), 49–59.
- Ahlstrom, D., Young, M. N., Nair, A., & Law, P. (2003). Managing the institutional environment: Challenges for foreign firms in post-WTO China. *S.A.M. Advanced Management Journal*, 68(2), 41–49.
- Au, K., Peng, M. W., & Wang, D. (2000). Interlocking directorates, firm strategies, and performance in Hong Kong: Towards a research agenda. *Asia Pacific Journal of Management*, 17, 29–47.
- Bartlett, C. A., & Ghoshal, S. (2002). Building competitive advantage through people. *Sloan Management Review*, 43(2), 34–41.
- Beamer, L. (1998). Bridging business cultures. *China Business Review*, 25(3), 54–58.
- Beatty, R. W., Huselid, M. A., & Schneider, C. E. (2003). The new HR metrics: Scoring on the business scorecard. *Organizational Dynamics*, 32(2), 107–121.
- Becker, J. (2000). *The Chinese*. London: John Murray.
- Bjorkman, I., & Lu, Y. (1999). The management of human resources in Chinese-Western joint ventures. *Journal of World Business*, 34(3), 306–324.
- Boisot, M. H., & Child, J. (1988). The iron law of fiefs: Bureaucratic failure and the problem of governance in the Chinese economic reforms. *Administrative Science Quarterly*, 33, 507–527.
- Cauldron, S. (1999). HR vs. managers: Are they from the same planet? *Workforce*, 78(8), 32–38.
- Chan, R. Y. K. (1999). At the crossroads of distribution reform: China's recent ban on direct selling. *Business Horizons*, 42(5), 41–46.
- Chen, M. (2001). *Inside Chinese business: A guide for managers worldwide*. Boston: Harvard Business School Press.
- Child, J. (1994). *Management in China in the age of reform*. Cambridge, UK: Cambridge University Press.
- Clarke, D. C. (1991). What's law got to do with it? Legal institutions and economic reform in China. *Pacific Basin Law Journal*, 10(1), 1–76.
- Dess, G. G., & Picken, J. C. (2000). Changing roles: Leadership in the 21st century. *Organizational Dynamics*, 28(3), 18–33.
- Ding, D. Z., Goodall, K., & Warner, M. (2000). The end of the “iron rice bowl”? Whither Chinese human resource management. *International Journal of Human Resource Management*, 11, 217–236.
- Ding, D. Z., & Warner, M. (2001). China's labour-management system reforms: Breaking the “three old irons” (1978–1999). *Asia Pacific Journal of Management*, 18, 315–334.
- Eisenhardt, K. M. (1989). Building theory from case study research. *Academy of Management Review*, 14(4), 532–550.
- Frey, J. H., & Oishi, S. M. (1995). *How to conduct interviews by telephone and in person*, Survey Kit, Vol. 4. Newbury Park, CA: Sage Publications.
- Giacobbe-Miller, J. (1995). A test of the group values and control models of procedural justice from the competing perspectives of labor and management. *Personnel Psychology*, 48, 115–142.
- Gittings, J. (1995). Rethinking the second revolution. *China Now*, 154, 8–9.
- Glover, L., & Siu, N. (2000). The human resource barriers to managing quality in China. *International Journal of Human Resource Management*, 11, 867–882.
- Greenberg, J. (1996). *The quest for justice on the job: Essays and experiments*. Thousand Oaks, CA: Sage Publications.
- Harding, H. (1987). *China's second revolution: Reform after Mao*. Washington, DC: Brookings Institution.

- He, Q. L. (1997). Primary capital accumulation in contemporary China [in Chinese]. Hong Kong: Mirror Books.
- Hoon-Halbauer, S. K. (1999). Managing relationships within Sino-foreign joint ventures. *Journal of World Business*, 34, 344–371.
- Huselid, M. A. (1995). The impact of human resource practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635–672.
- Ip, K. M. O. (1994). Changing employment systems in China: Some evidence from the Shenzhen Special Economic Zone. *Work, Employment & Society*, 9(2), 269–285.
- Ip, K. M. O. (2000). Human resource management in the PRC: Some case studies in the Shenzhen Special Economic Zone. In C. M. Lau, K. K. S. Law, D. K. Tse, & C. S. Wong (Eds.), *Asian management matters* (pp. 357–372). London: Imperial College Press.
- Kamoche, K. (2001). Human resources in Vietnam: The global challenge. *Thunderbird International Business Review*, 43, 625–650.
- Lee, P. N. S. (1987). *Industrial management and economic reform in China, 1949–1984*. Hong Kong: Oxford University Press.
- Lee, T. W. (1999). *Using qualitative methods in organizational research*. Thousand Oaks, CA: Sage Publications.
- Leggett, K. (2000, September 22–24). Chinese deadbeats cringe at the sound of Mr. Li's gong. *Asian Wall Street Journal*, XXV(16), 1.
- Lewis, P. (2003). New China—Old ways? A case study of the prospects for implementing human resource management practices in a Chinese state-owned enterprise. *Employee Relations*, 25(1), 42–60.
- Liu, G. S., Liu, X., Wang, L., & Woo, W. T. (2001). China's new horizon: Challenges and opportunities from WTO membership. *China Economic Review*, 12(2/3), 103–106.
- Liu, M., Hirsh, M., Pappas, L., & Esaki-Smith, A. (1999, November 29). A tale of two cities: Beijing. *Newsweek*, p. 54.
- Lubman, S. B. (1999). *Bird in a cage: Legal reform in China after Mao*. Stanford, CA: Stanford University Press.
- Luo, Y. (2000). *Guanxi and business*. London: World Scientific Press.
- Mann, J. (1997). *Beijing Jeep: A case study of Western business in China* (rev. ed.). Boulder, CO: Westview Press.
- Naughton, B. (1996). *Growing out of the plan: Chinese economic reform, 1978–1993*. New York: Cambridge University Press.
- Nolan, P. (2001). *China and the global business revolution*. Basingstoke, Hampshire, UK: Palgrave.
- Panitchpakdi, S., & Clifford, M. (2001). *China and the WTO: Changing China, changing world trade*. Singapore: John Wiley & Sons.
- Peng, M. W. (2000). *Business strategies in transition economies*. Thousand Oaks, CA: Sage Publications.
- Peng, M. W. (2003). Institutional transitions and strategic choices. *Academy of Management Review*, 28(2), 275–296.
- Peng, M. W., Lu, Y., Shenkar, O., & Wang, D. Y. L. (2001). Treasures in the China house: A review of management and organizational research on Greater China. *Journal of Business Research*, 52(2), 95–110.
- Peng, M. W., & Luo, Y. (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. *Academy of Management Journal*, 43(3), 486–501.
- Pfeffer, J. (1994). *Competitive advantage through people: Unleashing the power of the work force*. Boston: Harvard Business School Press.
- Pfeffer, J. (1998). *The human equation*. Boston: Harvard Business School Press.
- Powell, B. (2001). China's great step forward. *Fortune*, 144(5), 128–142.
- Roberts, D., Barnathan, J., Moore J., & Prasso, S. (1999, February 22). China: What's going wrong. *Business Week*, pp. 48–52.
- Schlevogt, K. (2000). China II. Investing and managing in China: How to dance with the dragon. *Thunderbird International Business Review*, 42(2), 201–226.
- Schlevogt, K. (2001a, September). Bonding loyalty. *China Economic Review*, 11, 16–18.
- Schlevogt, K. (2001b, August). Cultivating loyalty. *China Economic Review*, 11, 1, 18–19.
- Schlevogt, K. (2001c). Institutional and organizational factors affecting effectiveness:

- Geoeconomic comparison between Shanghai and Beijing. *Asia Pacific Journal of Management*, 18, 519–551.
- Shleifer, A., & Treisman, D. (2001). *Without a map: Political tactics and economic reform in Russia*. Cambridge, MA: MIT Press.
- Steinfeld, E. S. (1998). *Forging reform in China: The fate of state-owned industry*. Cambridge, UK: Cambridge University Press.
- Strauss, A., & Corbin, J. (1990). *Basic of qualitative research: Grounded theory procedures and techniques*. Newbury Park, CA: Sage Publications.
- Stringer, E. T. (1999). *Action research* (2nd ed.). Thousand Oaks, CA: Sage Publications.
- Tan, J. (1999). The growth of entrepreneurial firms in transitional economy: The case of a Chinese entrepreneur. *Journal of Management Inquiry*, 8(1), 83–89.
- Tsang, E. W. K. (1994). Human resource management problems in Sino-foreign joint ventures. *International Journal of Manpower*, 15(9/10), 4–21.
- U.K. scheme breaks China's HR mould. (2000, October 6). *People Management*, p. 11.
- Ulrich, D. (1997). *Human resource champions: The next agenda for adding value and delivering results*. Boston: Harvard Business School Press.
- Ulrich, D. (1998). A new mandate for human resources. *Harvard Business Review*, 76(1), 124–134.
- Ulrich, D., & Smallwood, N. (2003). *Why the bottom line isn't! How to build value through people and organization*. Hoboken, NJ: John Wiley & Sons.
- Vogel, E. F. (1971). *Canton under communism: Programs and politics in a provincial capital, 1949–1968*. New York: Harper & Row.
- Warner, M. (1995). *The management of human resources in Chinese industry*. New York: St. Martin's Press.
- Warner, M. (1999). Human resources and management in China's "hi-tech" revolution: A study of selected computer hardware, software and related firms in the PRC. *International Journal of Human Resource Management*, 10(1), 1–20.
- Warner, M., Goodall, K., & Ding, D. (1999). The "myth" of human resource management in Chinese enterprises. *Asia Pacific Business Review*, 5, 223–237.
- Welbourne, T. M., & Cyr, L. A. (1999). The human resource executive effect in initial public offering firms. *Academy of Management Journal*, 42, 616–629.
- Weldon, E., & Vanhonacker, W. (1999). Operating a foreign-invested enterprise in China: Challenges for managers and management researchers. *Journal of World Business*, 34(1), 94–107.
- Whiteley, A., Cheung, S., & Zhang, S. Q. (2000). *Human resource strategies in China*. Singapore: World Scientific Press.
- Wong, C. S., & Law, K. (1999). Managing localization of human resources in the PRC: A practical model. *Journal of World Business*, 34(1), 26–40.
- Wong, Y., & Maher, T. (1997). New key success factors for China's growing market. *Business Horizons*, 40(3), 43–52.
- Wood, S. (1995). The four pillars of HRM: Are they connected? *Human Resource Management Journal*, 5(5), 49–59.
- Wright, P. M., Mitsuhashi, H., & Chua, R. S. K. (1998). HRM in multinationals' operations in China: Building human capital and organizational capability. *Asia Pacific Journal of Human Resources*, 36(2), 3–14.
- Xin, K. R., & Pearce, J. L. (1996). Guanxi: Connections as substitutes for formal institutional support. *Academy of Management Journal*, 39, 1641–1658.
- Yin, R. K. (2003). *Case study research: Design and methods* (3rd ed.). Thousand Oaks, CA: Sage Publications.
- Young, M. N., & Tan, J. (2001). Beijing Jeep Corporation faces the challenges posed by China's entry into the WTO. *Asian Case Research Journal*, 5(1), 1–26.