Human Resource Management in Hisense

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Abstract. Employees are the essential element of companies. Their performance is related with company’s achievements. So, Human Resources Management (HRM) becomes a more important part in a successful company. Whether the organization can gain more advantage during competition depends on how they take care of their employees and how to manage them. This paper takes Hisense Corporation as an example to describe how human resources management can help companies gain competitive advantage. Hisense has created an organization culture that is egalitarian, participative, and decentralized by making his employees remuneration based on their productivity, job security, and fair treatment. This organization culture has made Hisense get a great development and has become the top ten of 100 largest electronic enterprises and the most respected companies in China. It is a good example for the research.

1. Research Questions

1. Why human resources management is so important to a company?
2. How can a manager do a better job during employee management?
3. What are the advantages and disadvantages of judging performance based on the bottom line of quality, productivity, and profitability?
4. What incentives does company use to motivate and maintain its employees?
5. Could company reduce costs and gain flexibility by using temporary, part-time, or virtual workers?

2. Background

Hisense is one of China’s leading enterprises in Qingdao in white goods industry, which has built 16 overseas companies all over the world. In 2006, in order to exploit overseas market, to grow into a world-class brand, Hisense established a “Brand Globalization” strategy, which was committed to provide first-class quality, first-class service and competitive price. To form a complete set of human resources Hisense strengthened the Human Resource Management. Hisense has a top domestic and overseas marketing team. This is a very promising young group. They all have a bachelor degree or above, most of them are graduated from the university which enjoys a high reputation in China and abroad, while majoring is international trade, foreign languages, logistics, graphic design, marketing, management, etc. In addition, each person has a rich experience in sales and marketing. Hisense international market share and brand awareness continues to rapidly and consistently increase. Overseas sales revenue reached $2.6 billion in 2014, the brand sales revenue reached $1.3 billion, increased by 40.8%, and the brand sales ratio reached 50.5%. Hisense to build direct overseas sales department, engaged in overseas sales business, greatly improve the professional level of business and management efficiency. Also promotes the development of hisense brand overseas. Hisense overseas company is located in North America, Europe, Australia, Africa, the Middle East and Southeast Asia. Hisense has four overseas production bases in South Africa, Algeria, Egypt and Mexico. In addition, Hisense has seven overseas R&D centers, including China, USA, Canada and Europe continue to strengthen the key technology and create cutting-edge
products. Hisense products have been sold to more than 130 countries and regions, and Hisense-branded products have been sold to more than 80 countries around the world.

3. What Could Help Managers Do Better in Hisense?

All the Hisense’s managers believe that emphasizing the human resources management will provide a stable internal environment for organization structure, and it could help the company to be more competitive. Good managers are an important part of human resources management. How could managers do their job? According to this research, the author summarized four points which could help managers do a better job.

3.1 Firstly, good managers should motivate employees and encourage them to be honest with their boss

Loyalty is not only a moral issue, but also a kind of ability which takes the core and commander position beyond all the other abilities. A lack of loyalty will lead an imbalance on dealing with works. Based on this thesis, employees with great working skills should never be the only standard when enterprises do the recruitment. Successful enterprises should also consider loyalty as the other important requirement. Loyalty cannot be replaced by the working skills. It also shows its absolute controlling during the working process. The employees with high loyalty could do their best in their works without any doubt.

3.2 Secondly, good managers should always be ready for listening

Many managers don’t have the motivation for listening, especially when their employees have something to say. Most of the time, many managers would think if they listen too many from subordinates, they will lose the power of total control. In actual fact, this opinion is totally wrong. The ability of listening is not about hierarchy, but shows a good ability of respecting. Every person has the right to express their thoughts. To respect this right, every person should learn to be a good listener. 80 percent of managerial issues occurred due to the communication problem. If managers don’t listen to their employees, they will not actually know how employees think. When managers have no idea about their employees’ thoughts, they will only follow their own opinions to do the management job. This one-sided view leads that employees are a lack of working motivation. Listen by heart is more than by ears. The ability of listening could help managers understand how their subordinates feel about the work environment, the working process and so on. Most of time, subordinates will express their real feelings, also some creative and useful ideas for business running. Taking notes for those good opinions after listening, accepting the reasonable suggestions, practicing the useful methods in the future business will bring an absolute huge improvement for enterprises.

3.3 Thirdly, another managers’ job is to teach their employees how to do a good job

Mistakes can be made all the time during the working process. Mistake is not a thing we should be too afraid about. When managers give tasks to subordinates, they don’t have to worry that if subordinates could handle them right or not, especially those green hand. People need to learn, and we learn from practicing. The process of finishing tasks is the process of practicing. Mistakes occur during practicing. It is not a bad thing because it is a great opportunity to learn and gain experience. People become more proficient and specialization due to the experience they get from mistakes. As a manager, presume to let go, give employees opportunity to fail, then, encourage them to try better, will gain expert workers and get more benefit for business from mistakes. Meanwhile, managers themselves should learn to do self-communion all the time, and try to find mistakes they made and correct them in the future.
3.4 Finally, if managers want to gain respect from their team, they must treat everyone equally.

Work enthusiasm is not only related to the salary workers actually get, but also related to how their salary is allocated and how fair their salary is allocated. People are used to compare with others. When they feel their hard working is treated unfairly, the bad feeling for the unfair judgement will lead to unstable work emotion which has directly negative effect on work motivation and behavior. Therefore, managers have to learn to treat every subordinate equally, to keep being fairly in every single work. Avoiding the unfair movement caused by emotion affect the managerial judgement.

The Human Resources Management function includes a variety of activities, and key among them is deciding what staffing needs the manager has and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring the personnel and management practices conform to various regulations [2].

4. The Ways to Improve the Performance Appraisal System in Hisense

4.1 Instead of a separate performance appraisal system, Hisense judges performance based on the bottom line of quality, productivity and profitability (par 3-5)

The author thinks that the way of Hisense to judge performance has both advantages and disadvantages. The bottom line of quality, productivity, and profitability shows a company’s performance directly. Using the bottom line to judge performance is like using the shortest wood plate to judge the capacity of a bucket. The bottom line is the shortest wood plate of a company. If it stays in a low level, whatever how good the other parts of the company do, water will also flow out. So this choice is an objective behavior. On the other hand, if company just focuses on how bottom line performances, but ignores the strategy of human resources management, it will separate the company strategy and performance.

4.2 Another important part of human resources management in Hisense is using incentives to motivate and maintain employees (Griffin, par 6-8)

These incentives include both financial and nonfinancial. Hisense gives its employees performance bonuses and profit sharing for the financial incentives. On the nonfinancial side, Hisense thinks worker suggestions are the most important source of new ideas for the firm and trusts its employees. I think incentives make people feel encouragement from psychological, which could help employees pay more attention to their work. On the motivational pattern, Hisense has been sticking to the 3P1M salary mode. This incentive mode based on Position payment, Personal ability payment, Performance payment and Market payment. All the employees get their payment followed by 3P1M mode. During the process of implementation, Hisense introduces variety managerial tools, and the most famous ones are Mercer International Position Evaluation system (IPE) and Competency model. The ultimate goal for Hisense is to build a diversifying salary system with the concept of “position at the core, guided by performance, ability as the benchmark” to reflect the true value of employees based on fairness.

4.3 To improve individual working abilities is a best way to enhance efficiency

Nowadays, as the company is becoming more and more internationalized, to enhance efficiency could help companies be more competitive during the globalization [1]. So, to improve individual working abilities is a best way to enhance efficiency. Individual performance is based on efficiency as well (par 3). The author’s view is that individual performance is generally determined by three things: motivation, ability, and the work environment. Motivation is the desire to do the job. Ability means the person’s capability to do the job. If an employee lacks ability, the manager can provide training or replace the worker. If the work environment or resource has problem, the manager can correct it. But, if motivation is the problem, the task for the manager is more challenging. An
employee may choose to work as hard as possible at a job, work just hard enough to avoid a reprimand, or do as little as possible. Therefore, the goal for the manager is to maximize the likelihood of the first behavior and minimize the likelihood of the last. Only in this way, an organization could enhance efficiency which determines the benefit of an organization [1].

5. Temporary Workers in Hisense

Many firms today use temporary, part-time, or virtual workers to reduce costs and gain flexibility. Hisense has not tried [3]. This is based on Hisense’s simple management structure, with few layers and few staff (par 1). The author’s view is that to using temporary workers, HR managers must understand how to use such employees most effectively. They need plan carefully and understand what it can and cannot achieve from the use of temporary workers. Also comparing the employee on a direct-cost basis, organizations must assess the real cost. In my view, not all the companies need to use temporary workers because that would cost more including money and time for them to train such employees to suit for its system. Meanwhile, sometimes it could reduce the quality level of workers and affect all their product line.

Furthermore, Ms. Miller, the founder and CEO of the Business Talent Group published an article in Wall Street Journal named Temporary Workers and the 21st Century Economy, she said “the availability of temporary staff who can get the job done quickly means that firms can rethink how work is organized.” [4] So, whether using temporary worker depends on what strategy the company wants to develop. And sometimes the government policies affect external environment to give some pressure to company. At this situation, company must have a clearly plan for its development to suit for the entire economy.

6. Conclusion

Employees are the most important part in company. To motivate individual performance is the best way for the organization to enhance efficiency. Also, it is good to help organization meet the internationalized development needs. Efficiency enhancement cannot do without the initiative of every single staff. For Hisense’s example, it judges performance based on the bottom line of quality, productivity, and profitability; it uses incentives to motivate and maintain employees and refuses to use temporary, part-time, or virtual workers. Hisense has a good and unique way to deal with HRM. However, it is not suit for every company because each company has its own strategy. Whatever how to judge performance or whether to use temporary workers, it depends on the different situation.

Besides those, education is also the fundamental part for an enterprise to increase the level of human resource. Hisense takes great importance attachments to use both internal and external existing knowledge database of its own, which has a huge positive influence on their recruitment. Based on the better enterprise education system, much more employees extent their skills and experts on their specialty.

In May 1998, Hisense formed its own training base, the Hisense College, targeting on providing variety classes for different demands. More than 5,000 employees graduate from Hisense College each year, and the investment of educational training for Hisense is above ten million yuan.

In Hisense enterprise spirit, there is another thing they do that we cannot ignore, which is employee relationship. Managers in Hisense believe that people is the first place in the enterprise, nothing can be produced without people. Based on this concept, the Hisense culture is try to build the better employee relationship. They focus on providing a “warm, comfortable, entertaining, healthy and environment friendly” working and living environment. Managers take care about what employees care, take great consideration for the demands of employees, and try to solve their concerns. For those employees who are far away from home are hard to go back for National holidays, Hisense arrange the special lines to make sure every of them could get home without problem. Meanwhile, Hisense also provides variety of infrastructures to satisfy the after-work life, such as library, electronical lab, gym, movie theaters and grocery stores, to bring convenience to all the employees.
In conclusion, the reason is obviously why Hisense could gain an unbreakable position during the fierce competition. Good human resource management can help organizations gain more advantages during competition. The best way to be a successful manager is to keep good labor relations, regret employees and give them fair treatment. Then the organization works in a highly contented manner, with the greatest capacity for satisfaction. Combining the suitable managerial method and advantage managerial model will absolutely increase the efficiency of human resource management, which is the sure thing Hisense showed to us.

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