
Xing-Ju CHEN
Dahongying University, Ningbo, Zhejiang, China
717527124@qq.com

Keywords: SMEs; HRM; Problems; Solutions.

Abstract. Human resources are the core resource for the development of enterprises in the 21st century. Otherwise, the problems of small and medium-sized enterprises (SMEs) in the management concept and practice of human resource management science seriously restrict the health and long-term development of them at present. In order to promote the sustainable development of human resources management (HRM) in SMEs, this article takes B company as an example to study its specific situation in HRM. The article finds out that some current problems in HRM in the SMEs of China, including a strong personality, lack of standardization and imperfect performance appraisal system. In terms of these problems, some countermeasures are put forward at the same time.

Introduction

According to China’s actual situation, SMEs can be divided into: medium-sized, small, micro-enterprises except for non-state-owned enterprises. Private enterprise refers to all enterprises except for state-owned enterprises, state-owned assets holding enterprises and foreign-invested enterprises in China, including individual proprietorship enterprises, partnership enterprises, limited liability company and joint stock limited company. As an important part of national economy, SMEs are the most active organizations in our national economy, which plays an irreplaceable role in promoting employment, increasing tax revenue, creating job opportunities and promoting regional economic development. Since the reform and opening-up, China's SMEs have developed rapidly and made great contributions to the national economic development. Although the SMEs have many advantages, such as small-scale, flexible, and they can adapt to the changes in the external environment quickly, there are many problems in the HRM. For example, they attach little importance to HRM, the human resource management system of these enterprises lack systematization and standardization because of strong family color, the managers in SMEs takes people as cost rather than resources. Therefore, in order to fully arouse the enthusiasm and creativity of talents in SMEs and promote the healthy and sustainable development of SMEs, they should set up scientific HEM concept throughout the whole process, from the recruitment, training, performance appraisal, compensation and welfare system development, human resource management system designing to employee relationship dealing. SMEs should use scientific management methods to do a good job on internal HRM of the enterprises, covering the selection, utilization and retention.

Current Situation

The Brief Introduction of B Company

B Company was founded in 2002 and headquartered in Beijing Tongzhou District. It is a bio-engineering private company which produces environmental disinfection products. There are 50 employees in the company, with three product distribution department in Haikou, Guangzhou and Foshan respectively.
The HRM of B Company

From the perspective of organizational structure, B Company's organizational structure is a simple line function model, the administrative office, product development department and sales department are subordinate to the company's president directly, each department has a supervisor, responsible for the implementation of the president's decision and department staff’s management (Fig. 1).

![Figure 1. The Organizational Structure of B Company.](image)

As a small and medium-sized private enterprise, B company has relatively simplified organizational structure and functional distribution, showing an excessively flat organizational form. The administrative office department need to assume more arduous corporate management duties and must take into account the work that should have been undertaken by the human resources management department, the financial department, the procurement department, etc. There are many problems in the enterprise management, especially in the HRM, which restrict the functions of other department.

Existing Problems

The 21st century is the era of knowledge economy. Human, as the creator and carrier of knowledge, will become the most important strategic resources. Scientific HRM has become the core competitiveness of SMEs. However, China's market economy system started relatively late and there are still various problems in HRM.

Traditional Concept of Employment is Serious, "Rule by Man" Color is Thick

As an ordinary private enterprise, B Company has some problems in recruiting and selecting. First of all, the department heads are mostly close to the president and the president decides whether to appoint or dismiss them. This "family-style" management concept will lead to the situation that the present nominates the position and set up salary level of employees in the enterprise according to the closeness of blood and relationship between employees and presidents. This is closely related to China's traditional culture. Since the implementation of the market economy system, the traditional culture still affects the development of SMEs nowadays. Secondly, in terms of the restrictions of scale, costs, concept and other aspects of the restrictions, the company is controlled by its administrative departments. Without specialized human resources management departments and professionals, it not only increases the workload of the administrative department, but also leads to chaotic functions, which endangers the company’s long-term human resources development. Finally, SMEs are susceptible to short-term interests and they regard human resources management as an irrelevant, non-reproductive value chain, which results in omitting a lot of necessary procedures of HRM.

HRM of B Company is Arbitrarily and Lacks a Standardized System

Through research on B Company, it discovered that the company lacks certain normative documents in recruitment, training, assessment and salary management system, which leads to the random and perfunctory behavior in the process of HRM. In this enterprise, the company's rules and regulations, including human resources management system are formulated almost by the president.
The company's enterprise culture is "boss culture", everything need to be executed after the president's consent. The management totally depends on the boss's likes and dislikes, which lead to a highly centralized and arbitrary management mode. Under the guidance of this "latent rule", it is inevitable that there will be omissions and fallacies in making the formulation of the human resources management system due to the influence of the president’s personal culture, ideology, and values. Besides, the subordinates are reluctant to point out the some irrationality even if they have found something wrong because of the sensibilities, which leads to a vicious circle.

The Performance Appraisal System is Imperfect and Lacks Incentive Mechanism

The interview found that the turnover rate of employees in the company was generally higher, and the employees resigned on average 1-2 years, some even less than 3 months. According to the data, the annual turnover rate of ordinary employees in SMEs is as high as 50% (Su Zhongxing, 2009). The main reason of the high employee turnover rate is that the enterprises can't meet the employee’s career development needs. Through the interview of the grass-roots employees, it is found that: grass-roots employees generally lack a sense of belonging in the company, the supervisor sometimes is grumpy and doesn’t care about the employees; some workshop operators are less motivated, less efficient and unwilling to work hard. Besides basic salary, overtime pay and meal supplement, employees lack other material rewards. Workers in the workshop have no weekends, even in the statutory holidays, they have only one day to rest, therefore the work often produces exhaustion for them. The company has never organized outside activities, the life of work area is monotonous.

Solutions

According to the existing problems, it is of great significance to establish "people-oriented" concept of HRM and modern enterprise human resources management system and perfect performance evaluation system and incentive mechanism, in order to explore the sustainable development of SMEs.

Establish the Concept of "People-oriented" HRM

"People-oriented" is the core concept of HRM, and modern enterprises should take "human" as the starting point and foothold of enterprise management, rather than "thing". First, the company leadership should get rid of the family management concept of "nepotism" in the process of HRM, and set up the modern concept that jobs are provided on merit rather than on cronyism. Second, the enterprises should value the talent of the company by creating a good environment, in which every, respect knowledge and talent. Besides, in order to input "new blood" for the company, the SMEs have to establish policies which are conducive to the development of professional and technical talent and broaden the range of them. Third, the company leadership should change the over flatter organizational management mode, try to expand the hierarchy and reduce the span of management. Last, carrying out a flexible and humanized management mode. The company leaders should learn to delegate, they should give junior staffs more autonomy, relax strict control.

Establish the Corporate Culture at the Behavioral Level and Standardize the Functions of HRM

Enterprise culture is the objective existence of a social cultural phenomenon. For contemporary enterprise management, the emergence and development of enterprise culture theory is a revolution. It had experienced four phrases, from empirical management, scientific management and behavior science to the modern management, after the development and sublimation, these theories are known as the "the soul of management" of enterprise (Liu Guangming, 2003). Therefore, one of the focuses of the HRM in SMEs is to shape the company's enterprise culture, including material culture, behavioral culture and spiritual culture. The three parts are coordinated and integrated into all aspects of corporate management. As well as we know, "nothing can be accomplished without norms or standards." The impeccable regulation is the guarantee of ruling staff behavior and
management affairs. In order to realize the standardization of HRM, the company should establish a integrate human resource management system, including recruitment system, training system, salary system, and appraisal system, which can promote the employee's recruitment, promotion, salary and welfare and other human resources management procedures transparent, open, and professional. The standard system can guarantee the HRM operate orderly.

Perfect the Performance Appraisal System and Introduce the Incentive Mechanism

In order to perfect the performance appraisal system of the company, SMEs needs to absorb the experience of large and medium-sized enterprises, and adopt appropriate assessment mode in combination with the company’s scale and institutional setting. As the standard of salary and welfare, the performance appraisal system should be open and impartial, which allow staff to submit suggestions and complaints.

In the aspect of building incentive mechanism, in order to meet the demand of the diversity of the employees and improve the job satisfaction and sense of belonging, the company leaders should be good at applying a variety of incentives, including material incentives and spiritual incentives. In the first place, promote ranks, raise salaries, or distribute bonuses for employees who have made outstanding contributions. The company are encouraged to organize all employees to travel or dine together, and to send holiday gifts and blessings to their families. Secondly, focus on exploiting the potentialities of employees, encouraging the innovation idea on management and creation on the new product by providing enough financial support. Last but not the least, pay great attention to employee’s career planning, and combine the employee’s individual career goals with the strategic goals of the enterprise ingeniously. It will help to promote the company's internal cohesion and employees' sense of belonging and will improve the company's operating performance as well.

Conclusion

SMEs are in a period of rapid development, and competition between them is becoming fierce increasingly. Now the competition between enterprises has gradually turned into the competition between talents and technology, but in the final analysis, it is the competition for talent. For the long-term development, SMEs must abandon the traditional concept that treat human as the cost of and set up the modern concept of HRM. Furthermore, SMEs should attach great importance to introducing and training of talents, establish a standardized human resources management system, perfect the performance appraisal system, and strengthen the incentives of employees.

References


