

A Comparative Analysis of Human Resource Management Practices in State-Owned Enterprises and Private Enterprises

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ABSTRACT

With the deepening of China's economic system reform, enterprises of different ownership systems show significant differences in human resource management and resource integration. However, in the past, most of the comparative analyses of state-owned enterprises and private enterprises in terms of human resource management remained at the theoretical level. Therefore, through the study of specific cases, we can gain a deeper understanding of the characteristics of different ownership enterprises in human resource management, so as to provide useful experience and reference for other enterprises. Firstly, this paper reviews the development history of the field of human resource management at home and abroad. It is found that the development of HRM in western countries focuses more on theoretical innovation and practical application, while China has gone through the transition process from a planned economy to a market economy. During this transition process, Chinese enterprises have faced many challenges and opportunities, and human resource management has undergone significant changes. Secondly, this paper chooses State Grid and Alibaba as typical cases, representing state-owned enterprises and private enterprises, respectively, and conducts a comparative analysis in terms of organizational change and human resource management. Through the case study, it is found that there are many differences in human resource management between the two. Finally, this paper expects to further explore the deep-rooted reasons behind the differences in the future and propose corresponding management strategies to help enterprises overcome the challenges they face and realize sustainable development.

KEYWORDS

state-owned enterprises; private enterprises; human resource management; comparison

1 Introduction

Human resource management, as an important driving force for enterprise development, has developed its own characteristics in terms of selection and hiring mechanisms, incentive mechanisms, and talent allocation between state-owned enterprises and private enterprises with the advancement of theories and practical exploration. The social responsibility, policy orientation, and internal structural adjustment faced by state-owned enterprises make them face the challenges of adapting to market changes and retaining talents in talent management, while private enterprises need to attract and retain talents in competition, balancing economic benefits and employee welfare to maintain competitive advantages.

Comparative analysis of the practices and challenges of these two types of enterprises in human resource management can not only reveal their respective strengths and weaknesses but also provide targeted learning and improvement paths for other enterprises.

Through the combination of theory and practice, HRM strategies that are more applicable to different corporate environments can be refined, thus promoting the progress of the whole industry.

In conclusion, an in-depth comparative study of state-owned and private enterprises in human resource management is extremely valuable for enhancing the competitiveness of enterprises, optimizing the internal management structure, and providing theoretical insights into practical issues. This will help enterprises better respond to market changes and realize sustainable development.

2 Literature Review

2.1 Recent advances in human resources management theory

Human resource management (HRM), as an important discipline, is closely linked to changes in the social and economic environment and is developing rapidly. As China's economy continues to grow and globalization accelerates, human resource management (HRM) is playing an increasingly important role in Chinese companies. Human resource management (HRM) refers to the management activities for employees in an organization, including recruitment, training, performance management, compensation and benefits, and employee relations. Its goal is to enhance the overall effectiveness and market competitiveness of an organization by optimizing the allocation and utilization of human resources.

2.2 The Development of HRM in China

Zhao Shuming (2009) argues that during the transformation of China's economic system, China began to introduce Western management concepts, focusing on the shift from labor and personnel management to human resource management and attempting to explore management models suitable for local conditions. Scholars such as Zhao Shuming and Chen Jiaxi (2023) divided the development of human resource management in China into four stages: the introduction and reform stage from 1984 to 1993, the exploration and growth stage from 1993 to 2002, the deepening and improvement stage from 2002 to 2013, and the change and innovation stage from 2013 to the present. From the three dimensions of institutional context, management practice, and academic research, the development of China's human resource management is systematically sorted out.

2.3 HRM Research from an International Perspective

Azizi M R, Atlasi R et al. (2021) explored the impact of COVID-19 on HRM through a literature review by visualizing co-authorship and co-occurrence networks and proposed a conceptual model of sustainable organizations based on literature discovery.

Salima Hamouche (2023) synthesized the impacts, challenges, and opportunities of COVID-19 on HRM and provided insights into HRM's future development. Cooke, F. L., Schuler, R., et al. (2020) assessed HRM research in Asia and found that in China, the research focus was on the manufacturing sector, while in India, the focus was on applications in the information technology (IT) sector.

Govand Anwar and Nabaz Nawzad Abdullah (2021) explored through a quantitative study the relationship between decentralization and organizational performance. Saks A. M. (2022) proposed a caring HRM model that highlights the impact of caring HRM practices (e.g., job design, training and development, flexible work arrangements, work-life balance, decision-making participation, health and safety, career development, and health and wellness programs) on employee engagement. Rontis D, Christofi M et al. (2023) systematized the scholarship on intelligent automation in HRM and identified its contributions and challenges to HRM.

Overall, HRM development in Western countries has focused more on theoretical innovation and application, while China has gone through a process of transformation from a planned economy to a market economy.

3 Comparative Analysis of State-owned Enterprises and Private Enterprises

With the deepening of China's economic system reform, enterprises of different ownership systems show significant differences in organizational change, human resource management, and resource integration. These differences not only stem from the nature and objectives of the enterprises themselves but are also influenced by multiple factors such as the external environment, policy orientation, and market competition. The purpose of this paper is to summarize the recent studies on the differences between state-owned enterprises and private enterprises in these aspects, with a view to providing references for enterprise practice and policy making.

3.1 Differences in Organizational Change

Based on Lewin's three-stage organizational change model, Fu Yonggang and Wang Di et al. (2018) compared two cases of different ownership enterprises in the same industry. The study points out that state-owned enterprises tend to adopt the conservative change path of "establish first and then break," relying on external consulting organizations to promote change, while private enterprises are more inclined to adopt the aggressive path of "breaking while establishing," and the use of external consulting is more instrumentalized. This difference stems from the fact that SOEs and private companies are more likely to take an aggressive path and use external consulting more instrumentally. This difference stems from the differences between SOEs and private enterprises in terms of power structure, decision-making mechanism, human resource management, and leadership style.

3.2 Differences in human resources management

3.2.1 Professional Values

Li Qingyin (2008) found through questionnaires and interviews that there are some differences in the professional values of managers in private enterprises and state-owned enterprises, but these differences are not significant compared to the comparison of other types of enterprises. The reform and opening up and the flow of market elements have gradually narrowed the gap between the two types of enterprises.

3.2.2 Motivator Preferences

Wang Jia (2008) found that there is a significant difference between the preferences of knowledge workers in state-owned and privately owned enterprises for motivational factors. Employees in state-owned enterprises emphasized "rewards and benefits," "job security," and "salary income," while employees in private enterprises valued "the job itself," "rewards and benefits," and "motivation from superiors." The private sector employees are more interested in "the job itself," "rewards and benefits," and "motivation from superiors."

3.2.3 Talent Pooling and Management

Sun Jian and Xu Hui et al. (2007) concluded that foreign-funded firms are more advanced in talent pooling performance, while state-owned and private firms have more problems in talent management. Different ownership enterprises show significant differences in talent selection, incentive mechanisms, and training systems.

3.3 Differences in Resource Consolidation

Qi Ping and Li Ruxiao (2019) point out that enterprise resource integration is crucial for promoting innovation and development. SOEs and private enterprises are complementary in terms of the intrinsic mechanism of resource integration and innovation development. Effective resource integration can enhance the innovation ability of enterprises, which in turn promotes industrial restructuring and economic growth.

3.4 Recruitment and Executive Team Characteristics

Zhang Fajun (2002) pointed out that the recruitment workflow in state-owned enterprises is traditional and procedural, while the recruitment of top management has gradually introduced performance-oriented and internationalized external recruitment models. A study by Ying Wu (2008) found that executive teams in different types of firms differ significantly in terms of gender ratio, education level, and team tenure, and that these characteristics have different impacts on behavioral integration and organizational performance.

4 Case Studies

4.1 Analysis of human resource management in state-owned enterprises: the case of State Grid

With the rapid development of the electric power industry and the intensification of market competition, the State Grid, as a leading enterprise in the national energy industry, faces a series of new challenges in its human resource management. Under the new situation, Chen Ming (2016) pointed out that the existing system must be reformed to adapt to the changes in the market and meet the development needs of the enterprise.

Chen Ming (2016) emphasizes that in state grid enterprises, compensation management and performance management are core components of human resource management and have a significant impact on the development of the enterprise. The focus of the reform includes improving the attention and treatment of talents, as well as establishing a sound employee training mechanism. Through the reform, excellent talents can be attracted and retained, and employees' working ability and vocational skills can be enhanced, while their sense of belonging to the enterprise is strengthened.

The State Grid has certain problems in compensation and performance management. Li Yang (2018), Zheng Yang (2023), and other scholars pointed out that the concept of compensation and performance management is relatively backward, failing to fully take into account the personal development of employees and the long-term interests of the enterprise; the compensation management system is unscientific, and the salary formulation mostly adopts the traditional standards, and the adjustments are not timely enough, which results in the disconnection between the salary level and the market level; the performance management system is irrational, and it can't accurately reflect the employees' work performance and contribution. These problems have affected employees' motivation and creativity and restricted the sustainable development of the enterprise.

In response to the challenges of compensation and performance management, Xing Fu (2018) proposed that the compensation incentive mechanism must be reformed. The State Grid Hubei Electric Power Company has carried out a useful exploration in this regard. Xing Saipeng, Zhao Chenhui, and other scholars (2017) scholars deeply analyzed the implementation process and effect of the comprehensive pay incentive mechanism. In addition to traditional material-based incentives, enterprises should also emphasize non-material incentives such as developmental, work-based, and cultural incentives. By constructing a comprehensive pay incentive mechanism, the overall value of employees can be comprehensively enhanced, and the sense of belonging and loyalty of employees can be strengthened.

Wei Yunwu (2018) pointed out that there are problems such as backward management mode, lack of incentive mechanism, slow informatization process, and insufficient capital investment in human resource management in State Grid. To solve these problems, he put forward the following suggestions: change the concept, raise the strategic height, and incorporate human resource management into the strategic planning of the enterprise; accelerate the construction of informationization to improve the efficiency and accuracy of human resource management; improve the performance appraisal mechanism to ensure that the employees' payment and return match; strengthen training to improve the professional quality and working ability of the employees.

To summarize, the State Grid is facing many challenges and problems in human resource management, which must be reformed and innovated. By improving the attention to and treatment of talents, establishing a sound employee training mechanism, improving the compensation and performance management system, and constructing a comprehensive compensation incentive mechanism, the human resource management level of State Grid can be improved to provide strong support for the development of the enterprise. In the future, State Grid should continue to deepen reform and strengthen innovation to cope with the increasingly fierce market competition and challenges.

4.2 Analysis of Human Resource Management in Private Enterprises: The Case of Alibaba

With globalization and intensified market competition, human resource management plays a crucial role in corporate success. Alibaba Group, as a leading company in China's Internet industry, has attracted a lot of attention for its unique human resource management model. As the world's leading e-commerce and digital service platform, Alibaba has always been at the forefront of human resource strategy. In recent years, Alibaba has been increasing its investment in employee rights and benefits, diversity and equality integration (DEI), and talent cultivation and development, aiming to build a healthy, inclusive, and efficient work environment. Based on the Alibaba Group Employee Rights and Benefits Code published in FY2024 and related financial reports, this paper provides an in-depth analysis of Alibaba's HR strategies and practices.

4.3 Alibaba's Human Resource Management Practices

Alibaba focuses on the implementation of corporate culture into personnel recruitment, promotion, and performance appraisal, which strengthens the combination of performance management and corporate culture. Wu Xiaowen and Chou Fengrong (2019) pointed out that Alibaba Group's success in human resource management is due to its advanced management concepts and innovative practice models. Among them, systematic performance appraisal, emphasis on the integration of corporate culture and values, and scientific recruitment and training mechanisms are the keys to its innovation.

Alibaba released its Employee Rights and Benefits Code in FY2024, covering a number of important areas, including occupational health and safety, and Diversity and Equality Inclusion (DEI). To ensure that these policies are effectively implemented, Alibaba has set up a DEI working group dedicated to formulating relevant policies, establishing relevant standards, and implementing specific initiatives. Through these efforts, Alibaba has successfully created a favorable working environment conducive to employee development.

4.4 The Role of Corporate Culture in Human Resource Management

The study by Fang Xiru (2017) found that corporate culture not only shapes the company's management style and employee behavior but also provides strategic direction and support for the company's human resource management. Alibaba's corporate culture has fully demonstrated its positive impact on human resource management during the many adjustments and restructuring of its organizational structure. By emphasizing teamwork, customer focus, and innovation, Alibaba has created a positive working atmosphere.

4.5 Alibaba's Motivational Culture and Its Impacts

Alibaba has established an equity incentive system since its inception, launching the "RSU Program," which motivates employees by granting restricted share unit awards in conjunction with year-end bonuses. Wang Hao Yang and Wang Heng Xiaoyuan (2020) studied Alibaba's incentive culture in depth and explored its role in enhancing the company's core competitiveness and promoting stable operation. They also combined with empirical analysis to explore the factors restricting the development of Alibaba's incentive culture and its countermeasures, which provide useful references for enterprises.

As of September 30, 2023, Alibaba had a total of 224,955 employees. The large workforce and solid talent base have laid an important foundation for Alibaba's success. From FY2022 to FY2024, Alibaba's equity incentive expenses

amounted to RMB23,971 million, RMB30,831 million, and RMB18,546 million (US\$2,569 million), respectively, accounting for 3%, 4%, and 2% of the current period's revenue, respectively. Through equity incentives, Alibaba closely links the personal interests of its employees with the long-term development of the company and stimulates the motivation and creativity of its employees.

Human resource management is an important factor driving the development of enterprises; this paper provides a new perspective for the development of management theory by, for example, taking the State Grid and Alibaba as examples of the comparative analysis of various aspects of human resource management in state-owned enterprises and private enterprises, revealing the differences between the two in terms of incentives and organizational culture, and facilitating the innovation of the management model.

Differences in organizational change, human resource management, and resource integration among enterprises with different ownership systems contribute to their respective strengths as well as pose challenges. Future research should further explore the deep-rooted reasons behind these differences and how to overcome the challenges by optimizing management strategies to achieve sustainable development of enterprises. At the same time, policymakers should also take into full consideration the characteristics of enterprises under different ownership and formulate more targeted policies to promote balanced economic development.

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