In some of China’s industrial parks, the demand for skilled manufacturing employees can be more than double the available supply. In these highly competitive environments, foreign-invested enterprises are resorting to ‘poaching’ employees from neighbouring firms.

Dr Yiqiong Li from the School of Management’s Centre for Human Resource Management has been studying human resource management practices in China’s industrial parks in collaboration with Assoc Prof Peter Sheldon from the University of New South Wales.

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Hands off! That employee’s mine!

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Ask human resource managers in Western countries about employee poaching, and they are likely to describe the challenges of retaining knowledge workers with specialised intellectual capital. But in some of the most highly-developed areas of China, foreign-owned enterprises are abandoning their earlier low-cost low-skill missions in favour of delivering higher quality products using complex manufacturing technologies. This transformation is making skilled manufacturing employees a valuable – and poachable – human resource.

‘The competition for skilled manufacturing employees is intense and newcomer firms are particularly keen to poach experienced employees from more established firms operating in the same industrial park’, Dr Li explained. Some firms poach line supervisors and encourage them to bring their subordinates along. One newcomer firm parked a truck outside an established company and offered to double employees’ wages. If an employee agreed, the employee would immediately be driven by truck to the newcomer’s factory to start work.

‘It’s a real dilemma for foreign-invested enterprises’, Dr Li emphasised. ‘If these firms train their employees, they can manufacture higher quality products with more sophisticated technologies. That means more profit for the firm. But trained employees are more poachable – their skills can easily be transferred to another firm’.

The researchers conducted a series of case studies to see how firms were protecting themselves against employee poaching. ‘In Western countries, firms might try to retaliate against poachers. But China’s legal system provides few options for firms to punish poachers’, Dr Li reported. There’s also very little incentive for poached firms to retaliate by stepping up their own poaching activities. ‘Most poaching is done by newcomer firms who haven’t yet made the training investments that would make their own employees poachable’.

Instead, the researchers found that firms engaged in defensive responses that ‘handcuffed’ employees to their current employers. Some firms refused to provide employees with certificates documenting the training they had received. Other firms required employees to sign contracts committing them to a fixed term of work after receiving training. ‘These activities make it much more difficult for employees to transfer their skills to another employer’, Dr Li said.

However, the researchers noticed that some firms engaged in more constructive responses to poaching. ‘These firms continued to provide training to their employees’, Dr Li said. ‘But they also initiated employee opinion surveys, quarterly consultation meetings, and exit interviews. They trained their managers to engage in better face-to-face communication with production employees. These firms were committed to making their factories better places to work so that employees would be better able to resist poachers.’

‘The competition for skilled manufacturing employees is intense and newcomer firms are particularly keen to poach experienced employees...’

In a follow-up study, the researchers conducted a survey of the manufacturing foreign-invested enterprises operating in one industrial park. Their analyses demonstrated that the firms most likely to engage in constructive responses to poaching were the ones with larger human resources units.

‘Constructive responses to employee poaching require that firms develop a long-term strategic perspective on employee retention’, Dr Li explained. ‘Human resource managers can reduce an organisation’s vulnerability to poaching by developing initiatives to identify sources of dissatisfaction and correct them quickly.’

Are there lessons Australian organisations can learn from these research findings? ‘Absolutely’, Dr Li insisted. ‘First, our research suggests that organisations need to be more vigilant. Poaching isn’t just aimed at knowledge workers. Second, our research demonstrates the key role human resource units play in developing retention strategies.’

The research team’s findings will be published in the Journal of World Business.

If you would like to learn more about the project and its results, contact Dr Yiqiong Li (yiqiong.li@unisa.edu.au).
What is the Centre for Human Resource Management?

The Centre for Human Resource Management (CHRM) was established in 2008 and is housed in the School of Management on UniSA’s City West campus.

CHRM brings together researchers with expertise in human resource management (HRM) to address major HRM-related challenges in the South Australian and international contexts. CHRM’s primary objective is increasing the quality, quantity and impact of research in HRM and developing academic-industry collaborations.

What’s new at CHRM?

We congratulate CHRM’s Postdoctoral Research Fellow, Dr Yiqiong Li, on receiving her PhD from the University of New South Wales. Dr Li’s research program focuses on HR practices in China (see cover story on pages 1–2 for details).

CHRM is celebrating the award of a new Linkage Grant funded by the Australian Research Council. The grant will support a three-year project focusing on gender diversity in Australian workplaces (see page 4 for details).

On 21 June CHRM hosted its inaugural Insights Lecture. This annual lecture provides the South Australian public an opportunity to engage with leading academic, industry and political figures. The 2012 Insights Lecture featured Prof Christina Shalley from the Georgia Institute of Technology, USA (see the righthand column of this page for details).

We hope you enjoy reading the CHRM newsletter. You can learn more about CHRM, its people and its activities at our website www.unisa.edu.au/chrm.

Prof Carol T. Kulik
Director, CHRM

CHRM Insights Annual Lecture:
Stimulating individual and team creativity

Creativity can be demonstrated in any job and at any level of an organisation, but how can organisations nurture their employees’ creative potential? Prof Christina Shalley (Georgia Institute of Technology, US) explains how organisations can manage the work context to harness the creative potential of their employees.


CHRM-ASHRR forums

The Australian Senior Human Resources Roundtable (ASHRR) is a network of senior HR executives whose aim is to facilitate a more effective dialogue between HR practice and research. The CHRM-ASHRR partnership sponsors twice-yearly forums in which local senior HR practitioners and HR academics meet to discuss emerging HR issues.

The 19 September forum ‘HR’s role in reducing the costs of work – in money, in lives’ will examine the role of HR professionals in moving workplace occupational health and safety toward a wider emphasis on employee health and well-being.

Prof Peter Chen (International Graduate School of Business, UniSA) will report on the alarming statistics Associated with occupational suicide in Australia and the US, and describe a research program addressing this challenge from multiple levels. Mr Chris Reynolds (Chair of the ASHRR committee) will describe the ‘safety journey’ that transformed the safety culture at a major construction company.

CHRM seminars

The CHRM Practitioner Seminars showcase industry best practice exemplars and forge links between practitioners and the CHRM community.

24 August 2012 Ms Michelle Lyon-Green (Workforce Planning Australia) will present an overview of the current workforce planning approaches used in workplaces and the challenges workforce planners are facing.

If your organisation would like more information about CHRM events, contact Tina Morganella (tina.morganella@unisa.edu.au).
Empowerment through performance management

A recent survey by a leading US HR firm reports that today’s jobseekers value opportunities for professional development more than financial compensation.

Performance management is usually viewed by managers and their subordinates as an unavoidable but distinctly unpleasant activity. In a traditional performance management system, the manager evaluates an employee’s past performance and sets future performance goals. This system focuses attention on the organization’s production goals but often fails to fully engage either the manager or the employee in the organization’s strategic objectives.

A comprehensive performance management system empowers both the manager and the employee to take control of the performance management process. Most importantly, a comprehensive performance management system explicitly puts training and development on the agenda. Managers are responsible for creating conditions that motivate the employee, identifying developmental opportunities to help the employee perform better, and rewarding high performance. Employees are responsible for achieving performance objectives, soliciting feedback and identifying their own developmental needs.

In this kind of system, managers and employees work together and develop in parallel. The developmental discussions can forge stronger relationships between managers and employees. Effective planning and conducting of performance management can help organisations to attract and retain talented employees.

If you’re interested in learning more about how performance management systems can balance production goals and employee empowerment, contact Dr Erich Fein (erich.fein@unisa.edu.au).

What CHRM is working on

Putting the spotlight on gender diversity

Women constitute 45 percent of the total workforce in Australia but only 8 percent of executive managers and 14 percent of corporate board members in the 200 largest companies on the Australian Securities Exchange (ASX).

In an effort to address these gender imbalances, the ASX now requires publicly listed companies to report on gender diversity plans and progress at all levels. These requirements, first announced in December 2009, are already having an impact: more than 20 percent of the new appointments to ASX 200 boards in 2012 have been women.

But will the ASX requirements make a lasting impact on gender diversity in Australia? Regulatory pressure might motivate ASX-listed organisations to launch strategic changes to address gender disparities – or to engage in ‘window dressing’ compliance efforts. Regulatory pressure might inspire smaller organisations not listed on the ASX to more fully utilise the female workforce – or to dismiss gender disparities as a ‘big company’ problem.

Prof Carol Kulik (School of Management) and Assoc Prof Isabel Metz (Melbourne Business School) are embarking on a three-year project in collaboration with industry partners Diversity@Work and the Australian Senior Human Resources Roundtable. The project is funded by an Australian Research Council Linkage Grant and will examine the impact of the ASX requirements on organisational strategies for achieving gender diversity.

If you’d like to learn more about the project, contact Prof Carol Kulik (carol.kulik@unisa.edu.au).

Would you like to receive future copies of our newsletter and updates on CHRM’s activities? Please join our mailing list by emailing tina.morganella@unisa.edu.au.