Recruitment in China By Nell Moley

Contributed by The JLJ Group
Thursday, 04 March 2010

The JLJ Group Chinaâ€™s rapid economic growth has transformed its society in many ways.

For example, many Chinese now place their personal interests as priority, diverging from than the typical stereotype of the conservative and collectivist Chinese society many view it to be.

Consequently, many foreign companies face difficulties recruiting in China. If companies keep abreast of major trends, however, and employ proper recruitment techniques, recruitment in China will be greatly facilitated.

There are several major trends in the current labor market that affect foreign companiesâ€™ recruitment. One major development and possible challenge in the current Chinese labor market is a high rate of turnover.

Younger Chinese are very competitive and are always looking for career progression opportunities to better position themselves in the global market.

Hence, they tend to welcome headhunters and do not hesitate to take up better offers. This makes it increasingly common for Chinese employees to switch jobs every few years. As a result, talent is easily accessible for employers who have the relevant contacts, although it generally remains difficult to retain those talents in a single company for long-term commitment.

A second trend involves increasingly competitive salaries. In 1st tier cities such as Shanghai, Beijing, and Guangzhou, these are approaching levels found in more developed countries. The phenomenal economic growth of China has led to a rapid rise in salaries, particularly for managerial and higher positions.

This contrasts with the very stable and generally stagnant salaries found in developed countries. Cheap labor is thus disappearing in China for managerial and higher positions, especially in 1st-tier cities.

A last important trend in the Chinese labor market is the increased prevalence of younger upper management. Due to the Chinese economic reform in 1978, education standards have improved drastically over the past years. This has resulted in a great disparity in knowledge and capabilities between the young and the old, especially in terms of English competency levels.

This situation has thrown off the conventional thinking that senior candidates are always more capable than their younger counterparts. In fact, many directors of corporations in China are only in their early thirties. As a result, highly educated young Chinese are now possible candidates for managerial and higher positions in China, and such positions are no longer necessarily held by senior employees.

Rules of Thumb for Hiring Managrs in SMEs
With these trends in mind, there are several helpful things to know when hiring managers for Small to Medium Enterprises.

To begin with, it is often beneficial to look for passively available candidates for important positions. These tend to be highly capable individuals who are not threatened by the possibility of retrenchment, and differ from active job seekers who may have been retrenched due to performance-related issues.

This is particularly important for positions that are responsible for a companyâ€™s profits and losses. Hence, companies are advised to be careful of being tempted by the extremely convenient and active online recruitment services in China. Instead, professional recruiters should be engaged to source for and recruit quality candidates from other companies.

A recruiter can also be useful if you are unfamiliar with a candidateâ€™s culture. Employers are advised not to negotiate themselves with such candidates, especially for such sensitive issues as salary negotiations.

Miscommunications tend to occur in such negotiations due to cultural differences in expression. This has repeatedly resulted in foreign companies dismissing good candidates prematurely.

Hence, companies should always negotiate salaries and other sensitive issues via experienced recruiters or HR professionals who are familiar with the local culture.

When hiring employees in China, companies should avoid relying on phone interviews alone whenever possible. Phone interviews provide insufficient information for screening candidates. There have been cases of deceit in phone interviews where candidates engaged external help to ace through interviews without actually possessing the required competencies.

Moreover, due to Chinaâ€™s great diversity of ethnic groups, it becomes even harder to assess the qualities and reliability of a person through a simple phone call. Hence, companies should always conduct face-to-face interviews for better evaluation of candidates and prevent the occurrence of frauds. Proficient users of English are clearly desirable, although often require high salaries.

Due to the great disparity in English competency levels existing in China, candidates strong in English can easily command premium salaries that are 30% higher than the average employee.

This is partly due to the high demand for such candidates from multi-national corporations (MNCs). Therefore, expect to pay a premium for proficient users of English.

If an office is located in a 2nd or 3rd tier city, companies are advised to hire candidates from the vicinity. Foreign SMEs have been found to prefer candidates from 1st tier cities even when their offices are located in 2nd or 3rd tier cities, because these candidates are more likely to be able to relate easily to their employers in terms of both language as well as their expectations for standards of living.

However, such candidates may find it difficult to adapt to the poorer living conditions of the lower tiered cities. This can eventually lead to high employee turnover rates and become detrimental to the company. Likewise, as English proficiency levels tend to be lower in 2nd and 3rd tier cities, it may be difficult to locate candidates who are both good in English and have the required competencies.

One way to work around this is to hire candidates with English majors and train them in the relevant skill sets. Alternatively, companies can hire candidates based on the required competencies and leave the linguistic requirements to a specialized role within the company.

Therefore, greater emphasis on core competencies in 2nd and 3rd tier cities may solve potential challenges.

Finally, once a company has chosen an employee to hire, they should keep in touch with this selected candidate in the time before work begins. As already mentioned, Chinese candidates have very strong desires to succeed in the global economy.

Hence, it is not uncommon to find t hem continuing to search for better opportunities despite having accepted an offer. Thus, it would be wise for hiring managers to keep in touch with the selected candidates and take note if they are still keen and available to join the company.

This will help to avoid unnecessary surprises when the candidate fails to show up on the first day of work.

Engaging a Professional Recruiter
As we have seen, employers are advised to engage professional recruiters when sourcing for specific talents to fill important positions. In all, they can help ensure the timely arrival of suitable candidates who are committed to and interested in pursuing the opportunity. This avoids the dire consequences of leaving such important positions vacant for extended periods of time.

The key differentiating factor between a professional recruiter and an amateur lies in the methodology adopted in their search for candidates. Professional recruiters are in control of the entire process.

They understand the specific needs of their clients and are able to accurately identify a best-fit candidate in the shortest possible time. In contrast, amateurs are heavily reliant on the quality of resumes they receive and may not be able to perform when faced with unfamiliar industries.

In particular, many professional recruiters use a precise search process called the Social Networking System (SNS). It helps recruiters to narrow down and identify potential candidates efficiently via recommendations from oneâ€™s contacts in the relevant industry.

The process is then repeated for several degrees of separation until a best-fit individual emerges from the recommendations. Nonetheless, this is a complicated process and requires many years of experience in headhunting as well as in-depth knowledge of niche areas in specific industries to be effective.

Besides methodology, intangible soft-skills are also critical in headhunting. These are important factors that must be considered when evaluating the professionalism of a recruiter.

Companies should choose a recruiter with a good network, which determines the range of coverage in an executive search service. However, a wider search is not necessarily always better, as in-depth knowledge of a specific labor market may have been compromised for greater coverage.

Hence, the suitability of a recruiterâ€™s network depends on the job requirements and where such candidates can be found. Pursuasion skills are also highly desirable in a recruiter. Best-fit candidates may be passively available instead of being actively engaged in job-hunting. In other words, they are still employed and may require substantial persuasion to leave their established portfolio.

Hence, a recruiterâ€™s ability to motivate a candidate to explore new opportunities is a crucial, final step in headhunting. Moreover, the way an offer is positioned in terms of career development will also affect a candidateâ€™s commitment to the client company after the end of the probation period.

It is thus extremely important to engage a capable recruiter, especially for positions that are hard to fill. Otherwise, mismatches may occur repeatedly, wasting both time and effort of all parties involved.

This article was contributed by The JLJ Group, a one stop services provider assisting foreign companies to enter and grow in the China market.

For more information please email to Katja.Friedrich@jljgroup.com .

www.jljgroup.com