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## HUMAN ELEMENTS OF CHINEESE-STYLE INNOVATION BEYOND THE KNOWLEDGE-BASED ECONOMIC TRANSFORMATION

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### ABSTRACT

China has been building globally one of the most powerful knowledge and innovation-based economies. The country's main strategic goals were becoming a superpower with efficient economy that was able to minimise the object poverty and transform the country into upper-mid class income, economically developed region. According to the traditional Chinese maxim: "strong nation is a rich nation", that used to be regarded as a tool holding the leading position around the world. The investments, realised by the private companies were encouraged in many cases by governmental initiatives as well. China has continually transformed the elements of its innovation strategy and refined them in the global direction of innovation.

Despite of the growing literature on Chinese innovation, consensus as to a unique model of Chinese innovation management has yet to emerge. In this context, one of the most crucial but less discussed aspect can be the engagement of the well-educatated, experienced high quality labor work force in China. During the last decades you can observe a significant shifting toward the previous, cheap and huge amount labor workforce corporate attitude toward attracting and managing talents, providing Chinese manner "tailor made" onboarding and personal and professional development of the adequately recruited and selected labor workforce, eliminating the labor turnover but on different way compared to the Western countries methods.

This review paper is aiming to reveal the specific features of Chinese-style Human Resource Management (HRM) practice linked with the Chinese traditions and cultural values.

*Keywords: Chinese-style innovation, Chinese HRM environment, collaborative knowledge sharing, tradition, state-of the art solutions, cultural values*

## 1. Introduction

China's unprecedentedly rapid economic growth has led its per capita income from one of the poorest in the world to the level of an upper-income country, and from an economy with basic agriculture and technology to a global manufacturing centre-hub, transitioning now into an knowledge-based economy. China's set up Special Economic Zones (SEZs), which proved an effective institutional support system for China's innovation activities in practice. These zones provide preferential investment conditions, which have led to large-scale FDI attraction and, the emergence of advanced, cutting-edge technologies. (V. Babenko et. al. 2020, pp. 524-525)

China launched the Medium and Long-Term National Plan for Science and Technology Development (MLNP) (2006-2020), paving the road in front of China's economic development and transformation. The aim of this strategic governmental document is to make China a world-leading innovation country by developing its innovation economy. In addition, this strategy is mainly focusing to foster innovation paradigms including three pillars: introducing technology through digestion and absorption, integrating innovation, and encouraging original innovation (Chen et al., 2018).

At the same time, the opening-up policy has made market competition increasingly fierce. Competition among firms no longer limited to domestic competition in China, and major enterprises in the world have joined the ranks of competition one after another. Foreign mobile phone industries such as Apple and Samsung, foreign car industries such as Ford and Mercedes-Benz have entered the large Chinese market, bringing many opportunities to domestic companies, successfully diversified the market and they also bring many challenges. As China becoming a key global actor, and its enterprises represent an increasing share of the global market, it is crucial to understand how Chinese firms have managed their people at home and globally to achieve performance outcomes shifting their attitudes from the huge number of available, cheap labor workforce (regarded as the emerging cost to be optimized) towards the most valuable corporate intellectual asset element.(D. Lamond and C. Shao-mei Zheng 2010)

Promote Chinese Culture to Return to the Mainstream of World China is the only ancient civilization in the world with an unbroken history and profound cultural heritage. For almost three decades, Chinese government put emphasis on innovative solutions and ideas in the process of cultural innovation and foreign cultural exchanges. You can see numerous successful examples including Confucius Institutes, Chinese Medicine, Chinese Kung Fu, Chinese Food, Chinese Language and Chinese Studies outside the China have been promoted and recognized worldwide. This is an essential manifestation of the enhancement of Chinese culture in international contexts and this is inseparable from the attractiveness of Chinese culture, concept of free communication channels, the means and innovation of cooperation methods.(Zhifeng Shen et al., 2020, pp. 12)

For enterprises, the high quality human resources, which mean the pillar of innovations, can largely contribute to the competitiveness, business stability and profitability. Recognising the crucial role of corporate employees and improve their relevant competencies, human resource planning will become one of the key elements in human resource management.

The development of a human resource plan requires preliminary investigation preparation, human supply and demand forecasting, implementation, and feedback adjustments. Equipped with scientific and reasonable human resource planning can effectively improve the company's

human resource exploitation efficiency and optimize the human resource supply and demand structure, thereby improving the company's overall quality and competitiveness, and ensuring that the company can survive and developing in the strong market competition.

In general, human resource management (HRM) contribute remarkably to the business success of any company. HRM can be defined as the effective management of people in an organization. HRM helps harmonising the employees' performance and the organization's strategic objectives. Moreover, an efficient HRM can provide firms an edge over their competition. China is worldleading country in scientific fields as chemistry, materials science and physics. A number of important scientific and technological breakthroughs have been achieved in quantum communications, manned space flight, the moon program, the Beidou navigation system and others. In recent years, the Chinese government, focused on market demand, continuously encouraged enterprises to innovate. Many technological giants are growing rapidly, such as Alibaba, BYD, Huawei, Tencent and others, allowing the country to get the first rank in the world in the following areas: artificial intelligence, 5G, mobile payments, high-speed rail, cars and buses on new energy sources, financial technologies. (V. Babenko et. al. 2020, pp. 526)

The paper is aiming the make an overview on the main contexts of the everyday's Chinese-style innovation and HRM practice, concluding several recommendations as well.

## **2. Research methods and data**

As a review paper, we mainly focused on the methodology based on secondary research analysing scientific publications, studies, online literature sources and relevant, up-to date data as well.

The conclusions and recommendations based on this „desk research” finding reflects the authors' own professional views and hopefully can contribute to understanding the main driving forces of the sucessfully applied Chinese-style innovation form human resource management aspects.

## **3. Theoretical background of the Chinese-style innovation**

According to the latest 2021 Fortune Global 500 lists, there are 143 Chinese companies on the list, including the Hong Kong Special Administrative Region (SAR) and the island of Taiwan as well. This fact put China at the first place on the list again in front of the United State (122 American companies). This number of Chinese companies were 133 in the previous year, the first time China's number surpassed the United States) The rapid iteration of the internet and traditional industries has shaped the Chinese culture such as mass innovation and entrepreneurship. (Zhifeng Shen et. al., 2020; pp.6.); (Global Times 2021)

The main feature of the Chinese-style innovation can be briefly summarized as that these processess prioritizing simplicity, speed and low costs. The true reason in the background can be that China has the largest population in the globe and limited resources, therefore it is the core mission of Chinese-style innovation to take into practice more value-added solutions with limited resources. Chinese-style innovations reflect more the pragmatic value orientation of Chinese traditional philosophical wisdom. (Confucianism, Taoism and Law have different aspects of simplicity, their basic philosophy and values are the same which can be concluded

as the treasure of resources and the importance of people’s livelihood and security and thus the wisdom of green and sustainable development). On the other hand, as most powerful strength of Chinese companies, that they have tendency devoting attention to “accelerating innovation”. It means that looking for new methods, speeding up product upgrading, significantly shortening the market introduction time of products, minimizing the cost of introducing new products into the market, shortening innovative products, and the scale of investment in production and rapid opening of the mainstream market cycle. (Zhifeng S. et al., 2020, pp 2-17); (Jun Li and A. Acosta, 2020, pp. 1-10)

In addition, the in case of Chinese-style innovation, you have to keep in mind the strong political influence and the top-down centralised initiatives. In China, there are numerous innovation centers, technology parks, and innovation incubators to support businesses, publicly financed research organisations and individual innovations by providing initiatives, policies and regulations and funding for research. The Chinese government has strong policy decisions and executive power to ensure conditions for implementation of the goals. (Zhifeng S. et al., 2020, pp 2-17); (Jun Li and A. Acosta, 2020, pp. 1-10)

An other interesting characteristic of the Chinese-style innovation can be the collaborative knowledge sharing and learning from the failure attitude, that assumes the innovation “completion is more important than perfection. Western companies used to worry about the quality and reputation of brand and could not make the necessary flexible and quick adjustments to the changes. They are defeated by its Chinese counterparts with lower quality but lower prices and faster iteration speed mostly due to the continuous trial-and-error spirit of Chinese-style innovation. China attaches importance to collectivism and Chinese government’s involvement in innovations of enterprises, research institutes and other individuals.

Last, but not least the intercultural management also belongs to the Chinese-style innovation. Chinese companies in process of product innovation and service model innovation has also enabled a group of Chinese companies such as Xiaomi to succeed in the Chinese market as well as overseas rivals. The developed solutions can be adopting „tailored-made manner” in different countries, cultures and languages. (Zhifeng S. et al., 2020, pp 2-17); (Jun Li and A. Acosta, 2020, pp. 1-10). The below table briefly summarize several characteristics of the Western and Chinese-style innovations:

*Table 1: Comparison elements of the Western and Chinese innovations*

Element	Western countries (e.g. EU, USA, Canada, Australia)	China
Intellectual Property Management	<p>Strong tradition, patents, trade marks, utility sample, design, commercial secret regarded as intellectual corporate assets contributing the organisational development, raising the corporate business value.</p> <p>Employees will abide contracts and high ethics, so company IP will be protected</p>	<p>Not-fully-assimilated,</p> <p>IP legal system have not matured to the level of the USPTO or other western regulators.</p> <p>China to be the largest contributor to the up to \$600 billion IP theft costs the US economy every year.</p>

<p>Social attitude</p>	<p>Individualism based on successful goal achievement, outstanding performance Data driven world, omnichannel marketing, Clear and honest communication, „don’t be shy”</p>	<p>Collectivism, hierarchical traditions, tolerance, strong team work, collective knowledge sharing uncomfortable getting raw feedback, expecting a more respectful, genteel tone</p>
<p>Innovation strategy</p>	<p>Predominantly offensive (originality) or defensive (modification of the previously successfully introduced solutions raising the added value content)</p>	<p>Mainly (but not exclusively) imitation. This allows products to be manufactured only in the middle phase of their life cycle. At this point, the product elements and technology solutions developed by others are simply taken over. China doing what the West does, more radically and more comprehensively.</p>
<p>Innovation attitudes</p>	<p>Western governments’ readiness for tech disruption has declined significantly Often, most ambitious request of government is usually to get out of start-ups’ way, and allow them to innovate in the way that they know best. Western governments become more interested in liberalising their markets, and aggressively using anti-trust law to protect consumers from tech companies’ monopoly power. US leading position in cloud computing, artificial intelligence (AI)</p>	<p>Large, state-controlled venture capital funds, Besides helping to grow its own firms, the Chinese Government has been willing to hindering their rivals: Google is blocked in China, as are Facebook, YouTube and Twitter. China needs to wean itself off low-cost manufacturing, if it wants to continue to grow China’s middle class during an era of aggressive automation. Chinese companies that have already developed highly efficient, scalable platforms will be well-positioned for global expansion. Simple, cost effective innovative solutions that can be applied in different countries. Main focus on electric vehicle, mobile gaming, led by Alibaba and Tencent, the Chinese mobile payments system has established itself as world best practice China’s companies and government apply digital technologies in a radically different way to what their Western counterparts are used to.</p>

*Source:* Own edition based on P. Shetler and M. Silva (2017) and own research

#### 4. Human elements of the Chinese-style innovation

It is crucial to reveal the driving principles of Chinese-style HRM as one of the constituting element of the Chinese-style innovation. It is based on a) exploration of the relationships among three important factors of organisational behaviour – personality traits, job performance and satisfaction. b) Linkages between the leadership-styles and HRM, positively affects employee’s voice mediating and moderating by Chinese traditions. c) The cognitive

backgrounds of top managers are significant in coordinating strategic resource allocation including labour workforce, which is available for the organisation. d) The relationships between occupational commitment, industrial relations. e) Informal networks with significant impact on employee performance, and individual brokerage of performance is greater for direct contacts than it is for indirect contacts (S. Lin and D. Lamond 2014).

#### *4.1. Main tasks of the corporate HRM Department*

In general terms, for the enterprise itself, the goal of human resource planning is to put the right people in the right place at the right time. In order to achieve this goal, human resource planning is required to be in line with the company's strategic goals, which is more conducive to promoting the long-term development of the company. If an enterprise has problems in human resource management, it is generally because the human resource regulations formulated are in conflict or inappropriate with the company's strategic goals. Corporate strategy is a development strategy formulated by an enterprise for the long-term development of the enterprise according to the internal and external environment, and personnel are the main body of enterprise operation. The corporate strategic goals determine the design of the internal organizational structure of the enterprise and necessary quantity and quality of the human resource. Under the premise of determining a good corporate structure, the selection of the best person for a job needs to be based on human resource planning, which further determines that human resource planning needs to be consistent with the company's strategic goals. In order to achieve corporate strategic goals, people are the core force. Human resource planning plays an important role in the company. It guides the deployment of personnel to provide the company with appropriate talents at the right time and at the right position to meet business needs. Therefore, human resource planning and it is very important to match corporate strategic goals. (Civil Service Journal 2011)

Improving human resource planning and analysis is a prerequisite for human resource management. HR planning can allow human resource managers to fully understand the emerging challenges related to the complexity of human resources, making human resource management work both rationalized and integrated with the market and the enterprise. The development of human resources can better make overall arrangements and coordinate development, and at the same time make corresponding adjustments to the company's own strategies to achieve long-term development of the company. As a prerequisite for human resource management, human resource planning promotes the realization of corporate goals through the coordination of various tasks. (Chen Lin 2016)

*Forecast the supply and demand of human resources and timely supply of human resources.* Forecasting of demand for human resources is to determine the needs of departmental positions on the premise of clarifying the corporate strategy, and predict the future needs of various departments, the number of positions and the future business processes of the enterprise. In order to ensure the normal operation of corporate business and reduce the occurrence of job vacancies or saturation, it is necessary to predict the future human resource needs of the company. Supply forecast is based on the forecast of the number and quality of employees that can play role in the future development of the enterprise based on the market trends and challenges. With the clear human resource needs of the enterprise, the human resource planning can ensure that future human resource supply channels can meet the needs of the enterprise.

Guaranteeing the balance of human resources supply and demand through human resource supply and demand forecasting is the main goal of human resource planning.

*Ensuring the interests of the company and employees.*

During preparation and implementation of the corporate plan to attract and to retain talents, the plan not only needs to reflect the overall objectives and interests of the company, but also needs to be accepted by the company's employees, therefore the benefits should be unambiguous and understandable for the companies employees as well. The individual interests of employees are not only embodied in economic goals such as well paid jobs and attractive compensation system, but also reflecting personal values, desires, expectations and the satisfaction of various needs. For stable, long-term, mutually beneficial relationship between the company and its employees reducing the loss arising from the labor turnover, the HRM Department should be responsible for managing systematically and strategically of the human resources regarding as most valuable corporate asset element. These tasks including:

- professionally managed recruitment and selection process (matching the best people for the vacant jobs)
- effective onboarding process (integrating the new labor workforces into the organisational structure, culture and operational processes)
- ensuring professional and personal development opportunities for the employees, including different in-the jobs and out of the jobs learning forms, trainings (in teams and individually)
- offering different potential career pathways keep in mind the win-win approach,
- managing talents individually (mentoring, coaching) – developing talents and enhancing the organisational effectiveness at the same time
- operating a tailored motivation system in strategic partnership with the employees based on transparent, fair performance assessment system and feedbacks
- professionally managed being laid off or getting fired processes including adequate severance agreements.
- exit interviews
- arranging the retirement matters

Therefore, in human resource planning, pay attention to the mental and material needs of employees and physical and mental health, and care for employees from all aspects in the planning, which can motivate employees to better play their own advantages, realize the common development of employees and the company, which realize personal value, while achieving its strategic goals and then rationally allocate human resources. HRM practices mean more or less different cultural approach in the Chinese companies. 1) Respect for age and hierarchy which results in centralised decision making system. 2) Face and harmony which is considered significant aspects of social life in China. 3) Group orientation refers to being a part of certain group, Chinese people like to be represented on the basis of group they are part of. 4) Personal relationships as explained above is return of favours based on friendships. (UKEssays 2018)

#### *4.2. Main challenges and trends in the field of HRM*

The below table briefly summarizes the main trends that can impact the HRM strategy and methods. Furthermore, in China paternalism, collectivism, tolerance and wisdom can be main driving force of HRM. On the other hand, the well educated, Western-stlye Chinese young

generation significantly focuses on their individual interests, and less loyal to their employers. resulting rising level of labor conflicts.

*Table 2.* Main trends determine future challenges in HRM

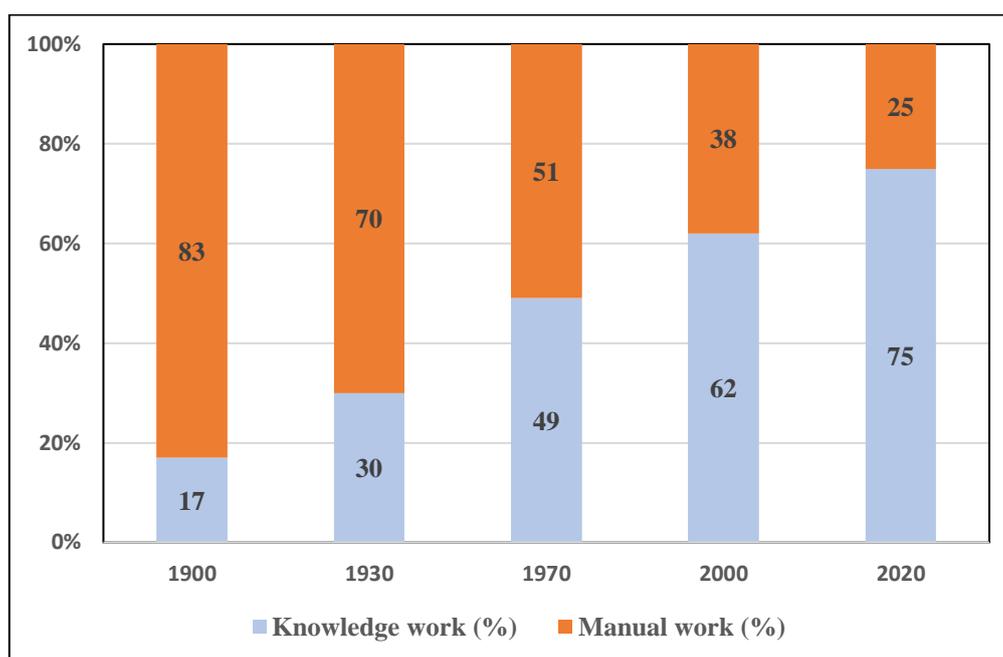
Trends	Future challenges
Innovation	Acquire new talents Give the right rewards Support lifelong learning
Demography	Leverage employee potential Support diversity
Globalization	Retain and share knowledge Shape attractive working conditions Build successors
Value change	Retain the best talents Manage strategic changes

*Source:* Own edition based on A. Trost (2017).

Recently, human resource management has been paid more and more attention. At present, China's economic development is becoming more and more mature. Human resource management must match the actual situation of the enterprise to strive for the best resource efficiency. It is necessary to transfer the best people to the available open positions as much as possible. If inappropriate HR match inappropriately for the posts, the potential benefits of resources can be lost. In this context, to get the labor workforce to be engaged, self-motivated and self committed should be crucial, if the company intends to prevent itself from additional costs due to the high labor turnover (Study the influencing factors and improvement measures of employee engagement, 2018)

The figure 1. reveals the accelerating, widespreading trends that the ration of the knowledge work based jobs requesting more complex and different competencies and skills compared to the traditional manual work jobs has been continuously increasing for many decades around the globe including China as well.

Figure 1. Increasing ratio of the knowledge work against manual work as global trend



Source: Own edition based on Jaldeen, R. M. (2016) and (A. Trost (2017)

According to the data between 1990 and 2017 in China the proportion of employment in the primary sector dropped significantly from over 60 to 27 per cent, in the secondary sector it rose slightly from 21.4 to 28.1 per cent, while the tertiary sector reflected significant rise from 18.5 to 44.9 per cent. Skilled workers remain a minor fraction of Chinese employment. Many areas suffering from the largest labour shortages: new-generation ICT, equipment for electricity generation and distribution, high-end machine tools and robots and new materials will witness a skills gap on a scale of millions in the near future. The skills gap in the field of high-end machine tools and robots in China is expected to reach three million in 2020 and 4.5 million in 2025. (Xiaojun Feng 2021, pp. 72-81)

With the development of global economic integration, the market urgently needs high-quality international human resource management talents. Human resource management is an extremely important field of work, because it may directly or indirectly impacts on the company's core competitiveness. In China, many companies have inaccurate positioning of human resource management, and often regard the past personnel department directly as the human resources department. In fact, there is a difference between the personnel department and the human resource management department. The biggest difference is that in addition to recruiting and managing personnel files, the human resources department is also one of the important tasks providing feedbacks for the financial department. Cost basis, and perform performance appraisal of personnel based on the data you have, so as to intuitively reflect the value of each employee, and the decision is to praise, lay off or train. (Li Yuan 2013).

#### 4.3. Different HRM environmental circumstances between China and other western countries

In addition, besides the similarities there is several differences between the Western-style and the Chinese-style human resource management. Each one is aiming optimization of the exploitation of the available labor workforce capacities, skills and competencies to achieve the corporate goals contributing the stability, profitability, growing of the enterprises. Nevertheless,

the western companies HRM have tendency to focus on the individual personal and career development, talent management, fairness, correctness, tailor-made working conditions, the Chinese companies due to their historical and practical (wisdom, honesty, loyalty) and pragmatic cultural background (guided by ancient Chinese philosophies and thoughts (Confucianism, Taoism, Legalism, Buddhism and Mohism). Furthermore, Chinese firms put emphasis on prioritizing the democratic centralism, group accountability, transformational leadership instead of transactional leadership, which has a positive impact, reducing both work stress and negative employee behaviours.(Sudhir K. Saha 2009); (Song Ting 2010); (J. L. Andrea et. al. 2015)

You can see a comparison about the main features of the Western and Chinese-style HRM the below Table 3.

*Table 3. HRM environment in the Western countries and China*

Western countries (e.g. EU, USA, Canada, Australia)	China
Government Legislation	National Economic Plans
Competition – flexibility, effectiveness	The Four Modernisation Programs
Economic Climate	Special Economic Zones
Political Leadership	Political Leadership
Anglo-Saxon cultural values (equal treatment, prohibition of discrimination, fairness, follow the rules)	Chinese cultural values (informal relations, democratic decentralization, wisdom, patient, loyalty, respect of the leader)
Labor Market	Labor Unions
Performance appraisal and improvement focus on individualism primary	Performance improvement future-oriented and focus on group

*Source: Own edition*

Due to China's national conditions and the actual situation of the current enterprises, the development trends of domestic human resources is that more and more business managers will use the power of technology: use human resource management information solutions to strengthen the human resource management of enterprises, to improve organizational capabilities and promote effect of achieving strategic goals.

China has been in the new time era, where tradition and modernity coexist at the same time. As long as the tradition gives new content, the tradition still has value. HRM is becoming more and more difficult, because the management has to face more and more uncertain environment with unknown hidden risks and pitfalls, and the objects of management are becoming more and more personalized and complicated as the below Table 4. summarizes briefly.

*Table 4. The complexity of the HRM*

Tasks	Description
Monitors the culture	HR owns the culture, but as in all other employee relations matters, the ownership is spread across all employees. HR makes sure that workplace activities, events, ceremonies, field trips, team-building opportunities are occurring.
Owens the talent management processes	HR leads the way in management development, performance management, succession planning, career paths, and other aspects of talent management. HR can't do it alone and relies heavily on managers and executive staff to help plan and execute the strategies
Responsible for recruiting of a superior workforce	HR provides leadership, training, scheduling assistance, a systematic hiring process, recruitment planning processes, interview expertise, selection monitoring.
Recommends market-based salaries and compensation plan	HR provides guidance to managers as they determine the salary ranges within their organizations coincide with the strategic business goals
Implements employee benefits programs that attract and retain your best employees	HR is also responsible for controlling costs and considering various options before recommending adoption. HR can help by knowing the stakeholders and taking on the necessary role of advocate, coach and/or mediator to develop effective working relationships with contributions and productivity..
Managing organizational changes	HR leads the way with employee programs and processes if the company is changing direction, developing new products, changing mission, vision, or goals.

*Source:* Own edition based on Susan M. Heatfield (2020); (Á. Szlávicz et al.; 2018, pp 803-804)

Enterprises have higher and higher requirements for Heads of the Human Resource Management Departments. As HRM directors, they increasingly need to think about people's issues like entrepreneurs. Human resource management has increasingly penetrated into corporate strategy and entered the level of corporate operations. It is not enough to think about human issues at the functional level, and it is difficult for a few experts in the human resources department to undertake human resource management responsibilities. (<https://wenku.baidu.com/view/1659d31555270722192ef75a.html>)

Today's personnel directors must have the talent management awareness and think about human issues like as entrepreneurs. They must have insights into the future, human nature, and trends. Especially in such a time era of change, we must pay attention to the changes in the business model and organizational model of future enterprises.

Human resource managers, especially personnel directors, must think about the reform and development direction of human resource management from the perspective of the times and the future, and they must have systematic thinking.

## 5. Conclusions

### 5.1. *The different characteristics of HRM in China and Europe*

Due to the large number of European countries and different countries with different histories, cultures and languages, human resource management in Europe is relatively complicated, and a variety of human resource management models unique to Europe have been formed. Focus on balance, pay attention to social balance and fairness within the enterprise, this kind of HRM provides a little protection for employees. Compared with other models of HRM, it also finds a suitable position for each employee through human resource management and conducts training and development according to the positioning. Although the European countries have different HRM models, they have a common feature: the education level of the European labor workforce is relatively high. Through the rapid development of information technology, human resource management in Europe is becoming more and more digitized. Through digitization can be reducing the waste of human resources, it also allows employees to obtain advanced technology, which is more in line with the development of the enterprise.

China is developing a socialist market economy which determines the allocation of human resources as well. Except for breakthrough international companies, the HRM mode of many companies is still constrained by traditional thinking especially in SME's (unlimited number of available cheap and hardworker labor workforce), which has led to obvious shortcomings in corporate human resource training and development, negatively impacted the corporate sustainable competitiveness.

### 5.2. *The advantages and drawbacks of HRM in China and Europe*

Although the HRM originated in the United States, Europe is the birthplace of the current corporate system, and it has made a great contribution to the development of HRM management. Internally, the core work of the human resources department is to serve the formulation and decision-making of the development strategy of the enterprise. The scope has expanded a lot. At the same time, because trade unions have an extremely important part and influence in Europe, this not only allows ordinary employees to participate in corporate management, but also enables the EU to formulate many relevant laws to protect employees' rights to participate in management. In summary, the advantage of European HRM is that it allows employees to participate in the management of the company through the influence of the trade union, which can increase the enthusiasm of employees. Because of the existence of trade unions and its shortcomings, because of the excessive influence of trade unions, it is easy to intervene in the enterprise's human resource management in the business development of the enterprise, such as the strikes and demonstrations organized by the trade unions, it is easy to affect the established enterprises HRM strategy.

The HRM of Chinese enterprises is transformed from personnel management, and it is becoming more and more important in the category of enterprises. Many large enterprises are paying more and more attention to the role of HRM for the survival and development of enterprises. For example, China's leading company Huawei implements strategic HRM. Human resources match the development strategy of the enterprise, and human resource management gradually plays a fundamental role in the realization of enterprise goals. This shows that HRM is gradually changing in China's large enterprises.

At present, more and more professional education institutions for business management have emerged in China. For example, the emergence of MBA and EMBA training courses in major

universities has cultivated many professional managers. The emergence of a large number of professional managers is very beneficial to the professional development of the enterprise. They can better analyze the development prospects of the enterprise through a professional perspective, and combine it with diversified talent recruitment. Companies recruit professional managers through headhunting companies, online recruitment, campus recruitment and social recruitment. The HRM model of Chinese companies is based on Western HRM theories and practices. It has been formed through continuous exploration and practice HRM model with Chinese characteristics. Its advantage is that it can combine the classical HRM theory and experience of European and American countries to improve the HRM mode of the enterprise. Due to the rapid economic development and the rapid improvement of human resource quality, the enterprise attaches great importance to HRM. The emergence of a large number of professional managers makes the development trends of enterprises professional and refined, and diversified talent recruitment also enables enterprises to have commensurate human resources while developing rapidly; of course, there are advantages, but there are also some disadvantages.

### 5.3. *Future prospects of Chinese-style HRM and innovation*

The COVID-19 pandemic had serious impact on the global economy through multiple channels, including lower investment and innovation, the erosion of human capital, and a retreat from global trade and supply chains. China was able to revival its economic growth. (Growth in China is expected to be 7.9 percent in 2021 and 5.2 percent in 2022). On the supply side, economic growth is predicted to shift from industry toward services. According to the experts forecasts, the recovery will accelerate in those services sectors that rely heavily on face-to-face communication or close physical interaction. In general, growth in services will contribute to economic recovery and outpace growth in industrial production and manufacturing. More than half of GDP growth in 2021 is expected to originate from service. (World Bank Group 2020)

The special characteristics of Chinese-style innovation and its human elements combining the modernity and the traditions can be powerful tool for overcoming the difficulties related to the challenges of the post-COVID world, speed-up automatism, robotization, digitizing trends. In this context, there is a huge demand for future talents. The reserve of talents, the improvement of capabilities, and the transformation of existing talents are all closely related to strategic development. Establishment of the Talent Alliance will be extremely helpful to fill up the talent gap of Chinese companies in the future and make it continue to grow bigger and stronger.

Looking at China, the development of human resources is still in an imperfect state. There are also imitators in the follow-up, ranging from restaurants and bars to large companies, and more or less have the concept of corporate talent management. If this concept can be more widely accepted by the market, leading China's human resource management to a new level.

## 6. Summary

China committed itself to become the world-leader, global economic power. In order to take it into practice, the economy has been gradually but continuously transformed into knowledge-based economy. The key to sustain the unbelievable GDP growth and modernisation process that raised up China into the most developed countries and empowering the country resists against the negative impacts of corona virus pandemic can be the unique Chinese-style innovation combining the ancient cultural and societal traditions with the state-of-the-art solutions.

The Chinese-style innovation can be characterised with simplicity, cost and time effectiveness, collective knowledge sharing (crowdsourcing and open innovations), learning from the failures, effective intercultural management for developing products, services, other innovative solutions and the strong political control to ensure implementing the strategic goals. The main pillar for operating the Chinese-style innovation can be sufficient number of high quality labor workforces and the professional HRM practices with Chinese features can be different comparing the Western companies HRM methods.

Human Resource Management plays essential role in any organisation's success. HR managers coordinate corporate strategies to ensure the organisation reaches its business goals, as well as contributing significantly to the corporate decision-making process, which includes assessments for current employees and predictions for future ones based on business demands. HR professionals used to be trained to make efficient negotiations with potential and existing employees, as well as being well-versed with employee benefits that are likely to attract quality candidates and retaining the existing workforce. HR experts work hard in setting up a healthy and friendly work culture, which further translates into better productivity among employees, enhancing the corporate credibility and at the same time human capital positively affects organizational success.

The HRM practices in China has been undergoing significant changes due to institutional, demographic and technological changes and prioritizing the domestic and international business competition on the different market segments. At the same time, traditional cultural values remain influential in workplace relationships. Paternalism and collectivism as unique cultural characteristics that influence the way people behave and are managed at work. On the other hand, the well educated, Chinese young generation less willing to endure hardship, more assertive of their individual interests, and less loyal to their employers, less tolerant against the lack of career development opportunities. Since the marketization process reached significant progress, the relationship between employees management has worsened in many workplaces, resulting rising level of labor conflicts undermining the Chinese HRM practices.

Currently, more and more, newly established professional business management education institutions started their activities in China providing valuable contribution for rapid development of the Chinese HRM, raising it in higher level and harmonising the Chinese traditions and cultural values with the Western-style HRM methods at the same time overcoming difficulties arising the above mentioned challenges.

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