

An Analysis of Human Resources Management Features in the Context of Enterprise Evolution

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Abstract—Drawing from the legacies of organization development theories and by studying the enterprise evolution rules and its prominent characteristics in different phases, this paper introduces human resources management features in different enterprise development stages and presents how to make relevant human resources policies in order to accelerate its growth. The study makes a reference of Professor Chen Jiagui' s life cycle model to describe enterprise development phases, known as incubation period, survival period, development period, mature period, recession period and transformation period.

Keywords-organization development; enterprise evolution; enterprise life cycle; human resources management features

I. INTRODUCTION

Traditionally speaking, research of human resources managements concerns how human resources functions help to fulfill to enterprise business target. In this background, human resources management is only playing functional roles. In recent years, more researches show that human resources has significant meaning in business strategy, which requires human resources works comes from the strategy and serve for the strategy. Human resources professionals need to be able to deal with the functional works as well as business strategy. In practice, however, strategies are often made based on the external business environment and human resources management practices and policies are more related to external adaption than internal consistency. In the theoretical research, the ignorance is reflected as fail to recognize human resources features in different phases.

II. ENTERPRISE EVOLUTION AND ITS PHASES

Traditional organization development theory believes that the change of external environment is the key factor that drives the enterprise to transform and develop. However, in the early 1980s, Kimberly came up with a concept of enterprise life cycle and divided the whole course of enterprise development into entrepreneurial stage, integration stage, standardization stage and mature stage. Based upon these different stages, Kimberly analyzed and demonstrated key management roles and features. Set up from the viewpoint that organization development and innovation is a process of balancing the driving force and obstruction, Kurt Lewin brings up a three-phase-cycle theory, which starts from unfreeze to move to re-stabilize to re-unfreeze. Greiner thinks that enterprise development is

an alternated process of growth and crisis and enterprise grows through evolution and revolution. In his theory, the enterprise growth phase and crises are known as entrepreneurial stage (crisis of leadership), direction stage (crisis of autonomy), decentralized stage (crisis of control), coordination stage (red-tape crisis) and collaboration stage (crisis of psychological saturation).

In domestic research, Professor Chen Jiagui sets up an enterprise evolution model which divides the enterprise life cycle into incubation period, survival period, fast-growth period, mature period, recession period and transformation period.

According to his theory, in connection with various enterprise scales, Professor Chen Jiagui divides enterprises into the following three growth types.

Type A is the less-developed enterprise, which means being a small-size enterprise when first established, the enterprise has earned its strength and a stable market share later, but fails to grow up as a large and medium-sized enterprise.

Type B is the normally developed enterprise, which means when gradually build up its own strength, the enterprise has grew up from a small-size enterprise to a large and medium-sized enterprises or even a giant enterprise. This is an ideal model of development for most enterprises.

Type C is the extraordinarily developed enterprise, which means the enterprise was a large and medium-sized enterprise when first being established. They are starting at a higher level and have a more powerful strength. Many of them are growing into giant enterprise and multinational companies.

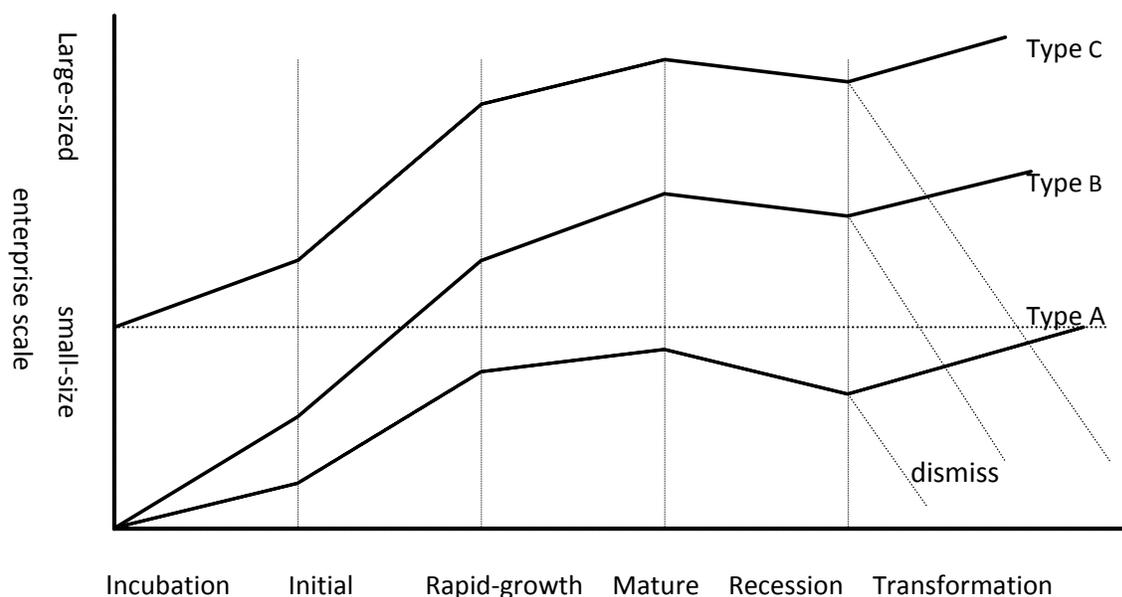


Figure 1. enterprise life cycle

III. HUMAN RESOURCES MANAGEMENT FEATURES IN THE CONTEXT OF ENTERPRISE EVOLUTION

A. Incubation Period.

An enterprise is during its incubation period when it is under establishment. At that time, an enterprise is rather a construction idea. The entrepreneur makes entrepreneurial decision under impulse and enthusiasm and then followed by entrepreneurial preparation, such as market research, financing and recruitment of the entrepreneurial team.

Strictly speaking, an enterprise does not have human resources management in real meaning during its incubation period. All efforts and works in relation with human resources management are surrounded by the entrepreneur himself/herself. At that time, the entrepreneur is rather a promoter than a real leader who will make his/her best to promote his entrepreneurial idea and find business partners and financing methods.

This thesis explores human resources management features in different growth phases of an enterprise by using the normally developed enterprise as model since it has more practical meanings. Meanwhile the author will demonstrate how human resources development and management will help enterprise earn its sustained competitiveness and achieve goals in different phases.

Thus, the personal ability of the entrepreneur will decide the length of the incubation period and whether the businesses will succeed or fall. In incubation period, technical oriented professionals will have more authority and power. After establishment, when the enterprise is transiting into its initial period, the marketing department will play a more prominent role.

B. Initial Period

The ultimate goal of the enterprise during its initial period is to survive and live as soon as possible. At that time, the enthusiasm of the entrepreneur or the entrepreneurial team will have strong impact on its employees and will plays a vital role for an enterprise to overcome difficulties.

During its initial period, human resources management will limited by core human resource functions, such as compensation management or recruitment. On the aspect of company structure, normally they will neither set up a human resources department nor a full-time human resources specialist. Human resources functions are often realized by entrepreneur himself/herself. The welcomed talents will be generalists rather than specialists which means multitask bearing for one person and more works to the person with more abilities. When recruiting, the enterprise will select result oriented talents and wants to turn their experience into value sooner. In the birth stage of an organization, the enterprise will attract talents through emphasizing affirmative career prospects, challenging works or even long-term equity incentive. With limited cash incentive plan, the enterprise will promote a performance based flexible remuneration package. In its practices of employee management, the enterprise usually observes and supervises employees directly.

C. Rapid-growth Period.

Those enterprises who survive the second phase within three to five years often grow into rapid-growth period. In this period, the enterprise will earn a certain market share, enlarge its business scale and the cash flow will be greatly improved. Financing issues are no longer the obstacles of

growth but management efficiency problems or human resources issues emerge.

While the organization expands, a fast growing enterprise needs more sophisticated and professional internal label division and thus there is a call for authorization which means management needs to be decentralized and formalized. Enterprises that enjoy rapid growth also need to adjust its organization structure and therefore position management becomes more crucial. More standardized methods are required to fix the positions and personnel budget which give birth to a set of position based human resources management system and operation rules. During the courses, human resources department is set up and internal divisions are made. Human resources management is playing a more active role. With rapid expansion in business, the enterprise needs more effective recruitment which is achieved by compensation level that is above the average. By the same time, social influence of the enterprise is also important in the competition for talents. In its further expansion, the enterprise needs more delicate performance assessments. Meanwhile, the enterprise would attach great importance to the labor laws and regulations to make sure the validity of its labor contracts and prevent labor disputes.

D. Mature Period.

After the high-speed growth period, the development pace of the enterprise will slow down and evolves into its mature period. This is the golden age of business with characteristics of a stable market, sustainable profit and better ability to resist market risks. In its mature period, the enterprise needs more sophisticated and systematic human resources management. The in-depth management will no longer a copy of competitors but a request of innovation or even a request of being benchmark in the industry. The new change of human resources management are indicated in the following aspects: with more appeal to talents and facing the risk of excess labor force, moderate turnover rate is acceptable; succession plan ,back-up personnel training plan and construction of talent team is under progress. The HR manager needs to set up a practical incentive mechanism to help the organization stay innovative and well-prepared for the future. During this process, external consulting institutions or experts will be hired in order to overcome internal sluggishness and resistance. HR manger may also use the tools of E-HR to achieve high efficiency of management.

E. Recession Period and Transformation Period.

Like human beings, an organization will go through its downturn. The main characteristics in this period are: Less competitive, declined market share and profitability, insufficient production task, idle fixed assets, plant equipment, work desaturation and lower work spirit etc. In this period, the goal of human resources management is to retain key talents and prepare deduction plan. Deduction may relief some of the stress but HR manager has to resolve in accordance with laws and regulations. If the recession turns into bankruptcy, the employee will be dismissed and

all functions of human resources will be vanished. If the enterprise is under merger and acquisition, the existing management will be incorporate into another system.

The only way to avoid bankruptcy is revolution which may in form of technical innovation, new business mode or a transformation. Innovation is an enterprise self-transformation process, which is being viewed as the second startup and the third startup in domestic business industry. If revolution succeeds, the enterprise will go into a new cycle of growth.

IV.CONCLUSION

This thesis demonstrates the features of human resources management activities in different phases of enterprise evolution and how human resources management facilitates the growth. In a whole, accompanying the growth of the enterprise, human resources management concept and policies experience a evolution from rule of man to rule of law, from de-normalization to normalization, from single functions to systematization operations. While less-developed human resources policies will restrict the growth of the organization, concepts or tools ahead of its time will also embrace resistance. Therefore, human resources management have to keep consistency with the characteristics of different enterprise evolution phases and make sure their adaptability and promote positive interactions.

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